

G.0 APPENDIX G: POTENTIAL FUNDING SOURCES

G.1 U. S. Department of Agriculture - Rural Development

Water and Environmental Programs

Water and Environmental Programs (WEP) provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. Public bodies, non-profit organizations and recognized Indian tribes may qualify for assistance. WEP also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems.

Texas USDA-Rural Development Community Facilities Loans

Community Programs can guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Loans and guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to non-profit corporations and tribal governments. Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.

G.2 Texas Water Development Board (TWDB)

Development Fund

The Development Fund II program, administered by the TWDB, includes state loans (does not receive Federal subsidies) for water supply, water quality enhancement, flood control and municipal solid waste. This Development Fund II serves the purposes previously served by Development Fund (Development Fund I), but separates the State Loan Program from the State Participation Program and the Economically Distressed Areas Program components. The Development Fund II enables the Board to fund multiple eligible components in one loan to borrowers, e.g., if an applicant applies for funding of water and wastewater components, this is done with one loan. Financial assistance for Wastewater (Water Quality Enhancement Purposes) may include acquisitions and improvements or construction of wastewater facilities such as sewer treatment plants and collection systems. Nonpoint Source pollution abatement is also eligible. Development of new municipal solid waste disposal facilities can also be funded. Eligible applicants include political subdivisions, districts, water supply corporations and access is on a first-come, first-serve basis.

Economically Distressed Areas Program

The Economically Distressed Areas Program provides financial assistance in the form of a grant, a loan, or a combination grant/loan to bring water and wastewater services to areas where the present water and wastewater facilities are inadequate to meet the minimal needs of residents. The program includes measures to prevent future substandard development.

Eligible Applicants include all political subdivisions, including cities, counties, water districts, and non-profit water supply corporations. An economically distressed area is one which has a

median household income that is not greater than 75% of the median state household income. An eligible economically distressed area is an area in which:

1. The water supply or wastewater systems are inadequate to meet minimal needs of residential users;
2. The financial resources are inadequate to provide services to meet those needs; and
3. There was an established residential subdivision on or prior to June 1, 2005.

State Participation Program

Generally, the State Participation Program enables the Texas Water Development Board (TWDB) to assume a temporary ownership interest in a regional project when the local sponsors are unable to assume debt for the optimally sized facility. The TWDB may acquire ownership interest in the water rights or a co-ownership interest of the property and treatment works. The loan repayments that would have been required, if the assistance had been from a loan, are deferred. Ultimately, however, the cost of the funding is repaid to the TWDB based upon purchase payments, which allow the TWDB to recover its principal and interest costs and issuance expenses, etc., but on a deferred timetable.

The intent of this program is to allow for optimization of regional projects through limited State participation where the benefits can be documented, and such development is unaffordable without State participation. The goal is to allow for the "Right Sizing" of projects in consideration of future growth. The program recognizes two types of State Participation Projects those that create a new supply of water and those that do not.

- Eligible Applicants – Political Subdivisions. Districts, water supply corporations
- Access/Eligibility – first-come, first-served; no PDF; Funs Excess CAP (Up to 50%); findings
- Approximate Funds Available - \$25 million/year

Clean Water State Revolving Fund (CWSRF)

The Clean Water State Revolving Fund (CWSRF) provides loans at interest rates lower than the market to political subdivisions with the authority to own and operate a wastewater system. Loans can be used for planning, design, and construction of wastewater treatment facilities, wastewater recycling and reuse facilities, collection systems, stormwater pollution control projects. They can also be used for implementation of nonpoint source pollution control projects. The CWSRF also includes Federal (Tier III) and Disadvantaged Communities funds that provide even lower interest rates for those meeting the respective criteria.

Rural Water Assistance Fund (RWAFF)

The RWAFF program is designed to assist small rural water utilities to obtain low cost financing for water or water-related projects. The TWDB offers attractive interest rate loans with short and long-term finance options at tax exempt rates. Funding through this program gives an added benefit to Nonprofit Water Supply Corporations by making construction purchases qualify for a sales tax exemption.

Access/Eligibility – Service area of 10,000 or less in population or a county in which no urban area exceeds 50,000 in population

G.3 Texas Department of Rural Affairs

Community Development Block Grant

Every year, the US Department of Housing and Urban Development provides federal Community Development Block Grant (CDBG) funds directly to states, which, in turn, provide the funds to small, rural cities with populations less than 50,000, and to counties that have a non-metropolitan population under 200,000 and are not eligible for direct funding from HUD. These small communities are called "non-entitlement" areas because they must apply for CDBG dollars through Texas Department of Rural Affairs (TDRA). Funded activities include sanitary sewer systems, clean drinking water, disaster relief and urgent need projects, housing, drainage and flood control, passable streets, economic development, community centers, and other related activities. In fiscal year 2009, TDRA received \$73,017,739 from HUD for the administration of the state's CDBG non-entitlement program.

Small Towns Environment Program

Communities may apply for the Texas STEP Program by invitation from Texas Department of Rural Affairs (TDRA) only. The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Texas Capital Fund Main Street Improvements Program

The Texas Capital Fund (TCF) Main Street Program fosters the economic development in downtown areas by providing financial assistance to non-entitlement cities for public improvements. The program funds are a part of the United States Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program and matching funds are required.

Texas Capital Fund Infrastructure Development Program

The Texas Capital Fund Infrastructure Development Program is an economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program can be utilized for public infrastructure needed to assist a business which commits to create and/or retain permanent jobs, primarily for low and moderate income persons. This program encourages new business development and expansions. Awards may be provided for construction of a wide variety of public infrastructure including measures proposed in the LG WPP such as water and sewer, purchase of real estate related to infrastructure, drainage channels and ponds, and engineering fees. Businesses or individuals may not directly submit applications. Projects must demonstrate project feasibility and financial capability. Matching funds are required.

G.4 Environmental Protection Agency

A variety of grants are available through the EPA. Some of the available programs are described below.

Targeted Watersheds Grant Program

The Targeted Watersheds Grant program is designed to encourage successful community-based approaches and management techniques to protect and restore the nation's watersheds. Implementation Grant projects that have been funded thus far focus on a broad array of methods for addressing watershed concerns including water quality trading, agricultural best management practices, wetland and riparian restoration, nutrient management, fish habitat restoration and public outreach and education.

EPA expects to announce a Request for Proposals (RFP) early in 2010 that will be for Targeted Watersheds Grants for Capacity Building in Urban Watersheds. Anticipated federal funding under the competition is approximately \$600,000 for FY 2010. In addition to supporting on-the-ground watershed projects through Targeted Watersheds Grants (TWG) Implementation Grants, the TWG program also supports the development and dissemination of tools, training, and technical assistance to strengthen the effectiveness of community-based partnerships working across the country to achieve clean water goals. The goal of the capacity building component of the Targeted Watersheds Grant program is to assist local watershed organizations across the country to develop and successfully implement watershed plans. TWG Capacity Building grants will assist local watershed organizations to better address water resource issues.

Pollution Prevention Incentives for States

Under CFDA 66.708, EPA has approximately \$5 million to support pollution prevention grants in FY 2010 through the **Pollution Prevention (P2) and Pollution Prevention Information Network (PPIN)** grant programs. Eligible applicants include the 50 States, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico, any territory or possession of the U.S., any agency or instrumentality of a State including State colleges or universities, and Federally-recognized Tribes and Intertribal Consortia that meet the requirements for treatment in a manner similar to a State as described in 40 CFR 35.663. P2 Grant recipients must provide at least a 50 percent match of the total allowable project cost by the time of award to be considered eligible to receive funding.

The PPIN grants focus on providing P2 information services that: increase awareness of P2 approaches and practices; and support the adoption and implementation of P2 practices. The Request for proposals (RFP) asks for proposals that address: identified audience needs for P2 information and assistance; and measure changes in awareness, knowledge, or adoption of P2 plans and practices. The PPIN competition awards about \$800,000 annually to promote quality P2 information services, references and training that is shared nationally. The Regional centers receiving these grants have developed their own organization called the Pollution Prevention Resource Exchange (P2Rx).

Under CFDA 66.717, EPA has approximately \$1.4 million to support the **Source Reduction Assistance and the Pollution Prevention Information Network Centers** grant programs. Eligible applicants include the fifty States, the District of Columbia, the United States Virgin

Islands, the Commonwealth of Puerto Rico, any territory or possession of the United States, local governments, city or township governments, independent school districts, incorporated non-profit organizations (other than institutions of higher education), public and private institutions of higher education, community-based grassroots organizations, and Indian Tribes and Intertribal Consortia. EPA requires the applicant to provide a minimum 5% match, as part of the total allowable project cost, in order to receive an award.

Environmental Justice Small Grants Program

The EPA Environmental Justice Small Grants Program (EJSG) supports community based organizations addressing local environmental and public health issues by building collaborative partnerships. Successful collaborative partnerships involve not only well-designed strategic plans to build, maintain and sustain the partnerships, but also to work towards addressing the local environmental and public health issues. The EPA EJSG Program is a national program with the total funding available for awards under this solicitation at \$1,000,000. EPA anticipates awarding approximately 40 grants in the amount of \$25,000 each.

Section 106 State Water Pollution Control Grants

Section 106 of the Clean Water Act authorizes EPA to provide federal assistance to states and interstate agencies to establish and implement ongoing water pollution control programs. Prevention and control measures supported by State Water Quality Management programs include permitting, pollution control activities, surveillance, monitoring, and enforcement; advice and assistance to local agencies; and the provision of training and public information. The Water Pollution Control Program is helping to foster a watershed protection approach at the state level by looking at states' water quality problems holistically, and targeting the use of limited finances available for effective program management.

Section 319(h) Federal Clean Water Act

Under Section 319, states, territories and tribes receive grant money from the USEPA that supports a wide variety of activities including technical assistance, financial assistance, education, training, technology transfer, demonstration projects and monitoring to assess the success of specific nonpoint source implementation projects. If a state's funding plan is consistent with grant eligibility requirements and procedures, EPA then awards the funds to the state. In Texas, Clean Water Act Section 319(h) funds are provided only to both the TSSWCB and the TCEQ to implement their approved nonpoint source management programs. The Brazos River Authority has applied for 319(h) funds administered through TCEQ to support implementation of select management measures from the Lake Granbury WPP, specifically targeted at hiring a watershed coordinator.

G.5 U. S. Department of Agriculture – Natural Resource Conservation Service (NRCS)

Watershed Protection and Flood Prevention Program

Summary – This program provides technical and financial assistance to address resource and related economic problems on a watershed basis. Projects related to watershed protection, flood prevention, water supply, water quality, erosion and sediment control, wetland creation and restoration, fish and wildlife habitat enhancement, and public recreation are eligible for

assistance. Technical and financial assistance is also available for planning and installation of works improvement to protect, develop and use land and water resources in small watersheds.

Funding – typical awards range from \$3,500,000 to \$5,000,000

Local Match – none noted

Watershed Operations is a voluntary program which provides assistance to sponsoring local organizations of authorized watershed projects, planned and approved under the authority of the Watershed Protection and Flood Prevention Act of 1954 (P.L. 83-566), and 11 designated watershed authorized by the Flood Control Act of 1944 (P.L. 78-534). NRCS provides technical and financial assistance to States, local governments and Tribes (project sponsors) to implement authorized watershed project plans for the purpose of watershed protection; flood mitigation; water quality improvements; soil erosion reduction; rural, municipal and industrial water supply; irrigation water management; sediment control; fish and wildlife enhancement; and wetlands and wetland function creation and restoration.

Project sponsors are provided assistance in installing planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements, and rights-of-way are delineated. Technical assistance is also furnished to landowners and operators to accelerate planning and application of needed conservation measures on their individual land units.

Resource Conservation and Development Program

The purpose of the Resource Conservation and Development (RC&D) program is to accelerate the conservation, development and utilization of natural resources, improve the general level of economic activity, and to enhance the environment and standard of living in designated RC&D areas. It improves the capability of State, tribal and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves coordination systems in rural areas. Current program objectives focus on improvement of quality of life achieved through natural resources conservation and community development which leads to sustainable communities, prudent use (development), and the management and conservation of natural resources. RC&D areas are locally sponsored areas designated by the Secretary of Agriculture for RC&D technical and financial assistance program funds.

Funding – in FY 2009 Texas was awarded \$2,486,594

Local Match –

<http://www.nrcs.usda.gov/programs/rcd/>

Environmental Quality Incentives Program (EQIP)

EQIP offers contracts with a minimum term that ends one year after the implementation of the last scheduled practices and a maximum term of ten years. These contracts provide financial assistance to implement conservation practices. Owners of land in agricultural production or persons who are engaged in livestock or agricultural production on eligible land may participate in the EQIP program. Program practices and activities are carried out according to an EQIP program plan of operations developed in conjunction with the producer that identifies the

appropriate conservation practice or measures needed to address the resource concerns. The practices are subject to NRCS technical standards adapted for local conditions.

EQIP provides payments up to 75 percent of the incurred costs and income foregone of certain conservation practices and activities. However certain historically underserved producers (Limited resource farmers/ranchers, beginning farmers/ranchers, socially disadvantaged producers) may be eligible for payments up to 90 percent of the estimated incurred costs and income foregone. Farmers and ranchers may elect to use a certified Technical Service Provider (TSP) for technical assistance needed for certain eligible activities and services. The new Farm Bill established a new payment limitation for individuals or legal entity participants who may not receive, directly or indirectly, payments that, in the aggregate, exceed \$300,000 for all program contracts entered during any six year period. Projects determined as having special environmental significance may, with approval of the NRCS Chief, have the payment limitation raised to a maximum of \$450,000.

G.6 Texas Commission on Environmental Quality (TCEQ)

Texas Clean Rivers Program (CRP)

The Texas Clean Rivers Program (CRP) is a statewide program for water quality monitoring, assessment, and public outreach funded by state fees. The CRP is a partnership between TCEQ and 15 agencies who all work to promote improving water quality in river basins across the state. The CRP coordinates the efforts of diverse organizations, both locally and regionally, by providing a framework and forum for managing water quality issues within a river basin.

The Clean Rivers Program coordinates watershed management with both the Nonpoint Source Program and the Total Maximum Daily Load Program for which the TCEQ and the Texas State Soil and Water Conservation Board (TSSWCB) are responsible. The TCEQ is the lead agency for preventing and abating nonpoint source pollution from urban and other nonagricultural sources. The TSSWCB fulfills those responsibilities for agricultural and forestry lands. Both agencies administer grant funds that may be used to prevent or reduce nonpoint source pollution.

CRP funds are used to promote watershed planning and quality assured water quality data. The LG WPP will continue to employ this resource to support surface water quality monitoring in the watershed.

Supplemental Environmental Project Program

A Supplemental Environmental Project (SEP) is a means for directing fines, fees, and penalties for environmental violations toward environmentally beneficial uses. Through a SEP, a respondent in an enforcement matter can choose to invest penalty dollars in improving the environment, rather than paying into the Texas General Revenue Fund.

The Texas Assoc. of Resource Conservation & Development Areas (RC&D) is funded through SEP funds. Through this is a project (Project 8) specifically for Water or Wastewater Assistance. Through this project the RC&D shall repair or replace failing water systems or on-site wastewater systems for low-income homeowners. RC&D shall use SEP Funds to pay for the labor and materials costs related to repairing or replacing the failing systems. The recipients will not be charged for the cost of replacing or repairing the failing systems. RC&D shall use a

consistent and documented system for determining eligible participants. Funding through this source may be pursued to replace failing on-site wastewater systems in areas where connecting to a collection system may not be feasible in the near future due to physical location and/or economic constraints.

More information about RC&D may be viewed at
http://www.texasrcd.org/about_rcd.htm.

Benefit: Protect water sources for drinking, recreation and wildlife from contamination from the failing systems; protect public health from contaminated drinking water supplies.

Minimum Contribution: \$2,000

Eligible Counties: Statewide

G.7 Texas State Soil and Water Conservation Board (TSSWCB)

Water Quality Management Plan (WQMP) Program

In addition to the Texas Clean Rivers Program and administering 319(h) funds for agricultural non-point source pollution, the TSSWCB provides the Water Quality Management Plan (WQMP) program. The purpose of WQMPs is to implement pollution prevention or abatement practices. A site specific WQMP is developed and approved by soil and water conservation districts for agricultural or silvicultural lands. The plan includes appropriate land treatment practices, production practices, management measures, technologies or combinations thereof.

In accordance with the Lake Granbury WPP, individual large acreage land owners will be encouraged to obtain WQMPs by working with the local soil and water conservation district (SWCD). There is no charge for development of a WQMP; however, there may be costs for implementing certain practices required in the WQMP, for which there may be financial assistance available.

G.8 Environmental Finance Center at University of New Mexico

The New Mexico Environmental Finance Center (NMEFC) is a program of the Institute of Engineering Research and Applications (IERA) at New Mexico Institute of Mining and Technology and is dedicated to helping state, local, and tribal governments with the "how to pay" issues of environmental compliance and regulation. The NM EFC was established to assist the states of EPA Region 6 (New Mexico, Texas, Oklahoma, Arkansas, and Louisiana) and the first emphasis of the EFC was public private partnerships. The NM EFC work includes public private partnerships, water system capacity development, source water protection, tribal water system compliance, tribal operator certification, water regionalization, drought preparedness planning, arsenic rule compliance, leak detection, and asset management.

<http://nmevc.nmt.edu/home.php>

G.9 Department of Commerce – Economic Development Administration

Grants for Public Works and Economic Development Facilities

EDA provides Public Works investments to support rehabilitation construction of essential public infrastructure and development facilities necessary to generate higher-skill, higher-wage jobs and private investment. Characteristic projects include investments in facilities such as water and sewer systems, industrial access roads, industrial and business parks, port facilities, rail spurs, skill-training facilities, business incubator facilities, brown-field redevelopment, eco-industrial facilities, and telecommunications and broadband infrastructure improvements necessary for business creation, retention and expansion. A project must be located in or benefit a region that, on the date EDA receives an application for investment assistance, satisfies one or more of the economic distress criteria set forth in 13 CFR 301.3(a).

Funding – FY 08 \$169,919,000; FY 09 est \$129,280,000; The average size of a Public Works investment in FY 2008 was \$1.32 million.

Local match – The EDA generally requires a 50% match for grants. In-kind contributions may be included in the match requirement. An applicant can request a waiver or reduction of the non-Federal share, based on criteria established in EDA regulations.

More info – <http://www.cfda.gov/public/viewprog.asp?progid=167>

Other Department of Commerce – Economic Development Administration

EDA oversees three (National, Local and University Center) types of *technical assistance* to promote economic development and alleviate under-employment and unemployment in distressed areas. EDA also has the *Economic Adjustment Assistance* program to assist State and local interests design and implement strategies to adjust or bring about change to an economy. The EDA generally requires a 50% match for grants.

G.10 Texas Department of Agriculture

Rural Municipal Finance Program

The Texas Agricultural Finance Authority (TAFA) provides financial assistance through loan guarantees to lenders for eligible applicants who wish to establish or enhance their farm and/or ranch operation or establish an agriculture-related business. Funds must be used to improve or assist in the economic development of the rural area such as: Purchase of real estate, construction of buildings and site improvements, equipment, water and wastewater systems, and municipal infrastructure projects. Eligible applicants include city and county governments; economic development corporations; hospital districts; rail districts; utility districts; special districts; agricultural districts; and private water and wastewater corporations.

G.11 State of Texas Office of the Governor

Texas Enterprise Fund

The Texas Enterprise Fund was established in 2003 (and reauthorized in 2005) to allow the state to respond quickly and aggressively to opportunities to bring jobs and employers to Texas. The funds are used primarily to attract new business to the state or assist with the substantial expansion of an existing business as part of a competitive recruitment situation. Funds are also appropriated for a variety of economic development projects, including infrastructure

development, community development, job training programs and business incentives, as well as to attract technology and biotechnology businesses and support university research.

To be eligible for Texas Enterprise Fund support, a project must demonstrate a significant return on the state's investment and strong local support. The review process will consider a variety of factors associated with each project, including job creation and wages, capital investment, the financial strength of the applicant, the applicant's business history, analysis of the relevant business sector, and public and private sector financial support. Before funds can be awarded, the Governor, Lieutenant Governor and Speaker must unanimously agree to support the use of the Texas Enterprise Fund for each specific project.