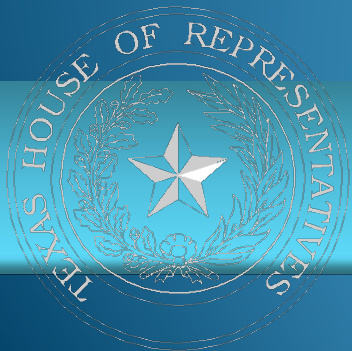


Potential for Texas Water Plan to Address Future Water Needs

2014 Texas Water Summit

Securing Our Economic Future

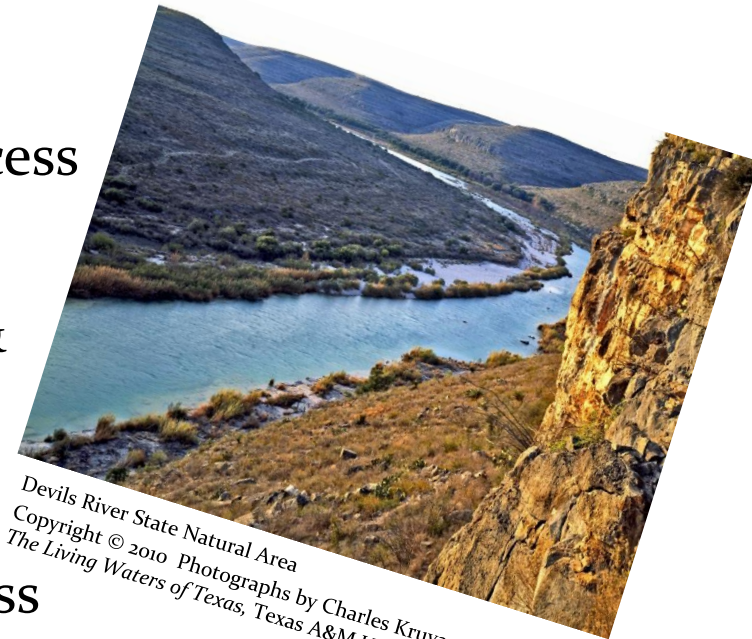


Elizabeth Fazio, J.D., LL.M., Director, House Natural Resources Committee

Texas State Water Planning

Legislation

- Senate Bill 1 (1997)
 - Created “bottom-up” Planning Process
- Senate Bill 2 (2001)
 - Created water infrastructure fund & instream flow analysis
- Senate Bill 3 (2007)
 - Created environmental flows process

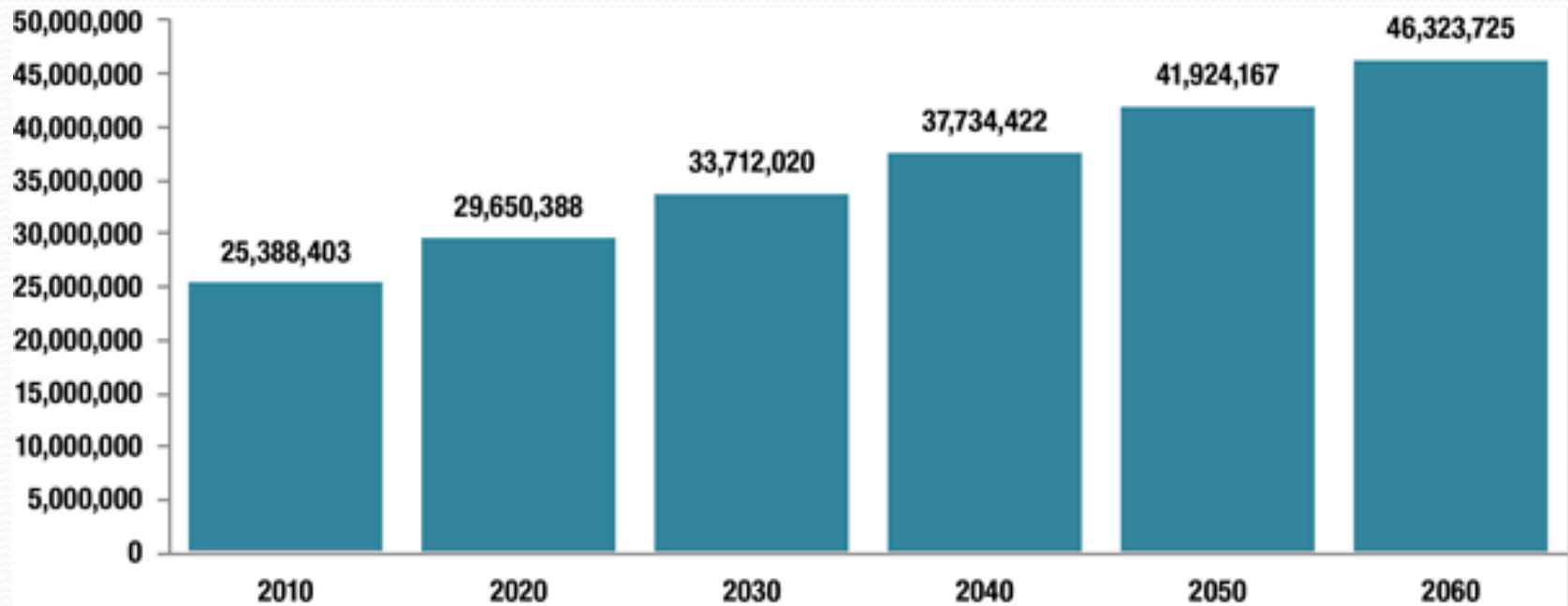


Devils River State Natural Area
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Texas State Water Planning

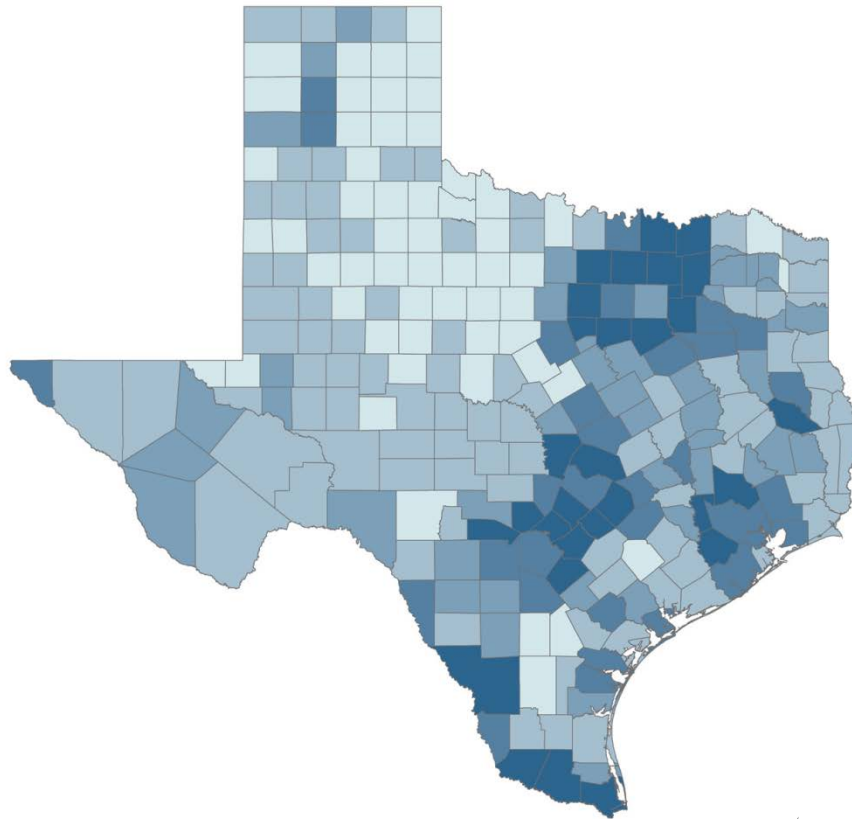
Projected Population Growth



Texas State Water Planning

Projected Demand for Additional Water

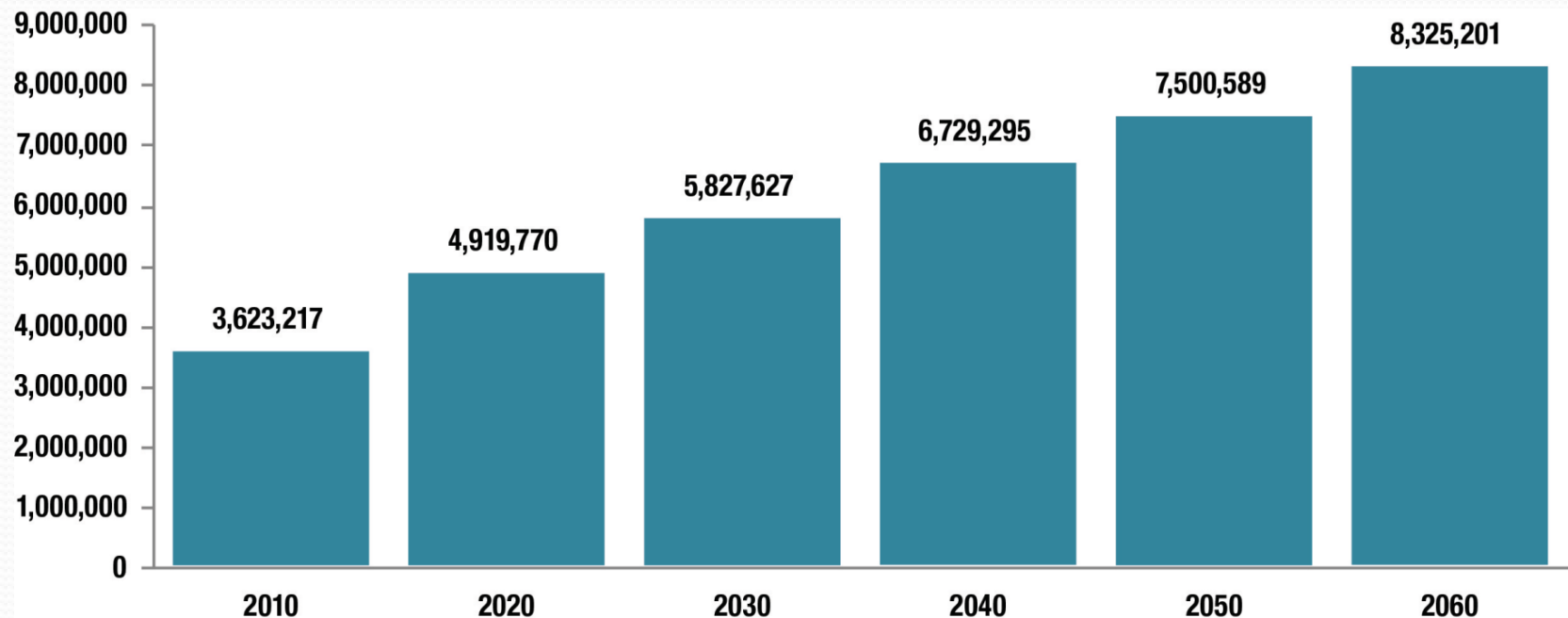
Actual
Population
Projections
by County



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Texas State Water Planning

Projected Shortages of Water in *Drought of Record



*Drought of Record is based off of information from worst drought in Texas history during seven-year period in 1950s.

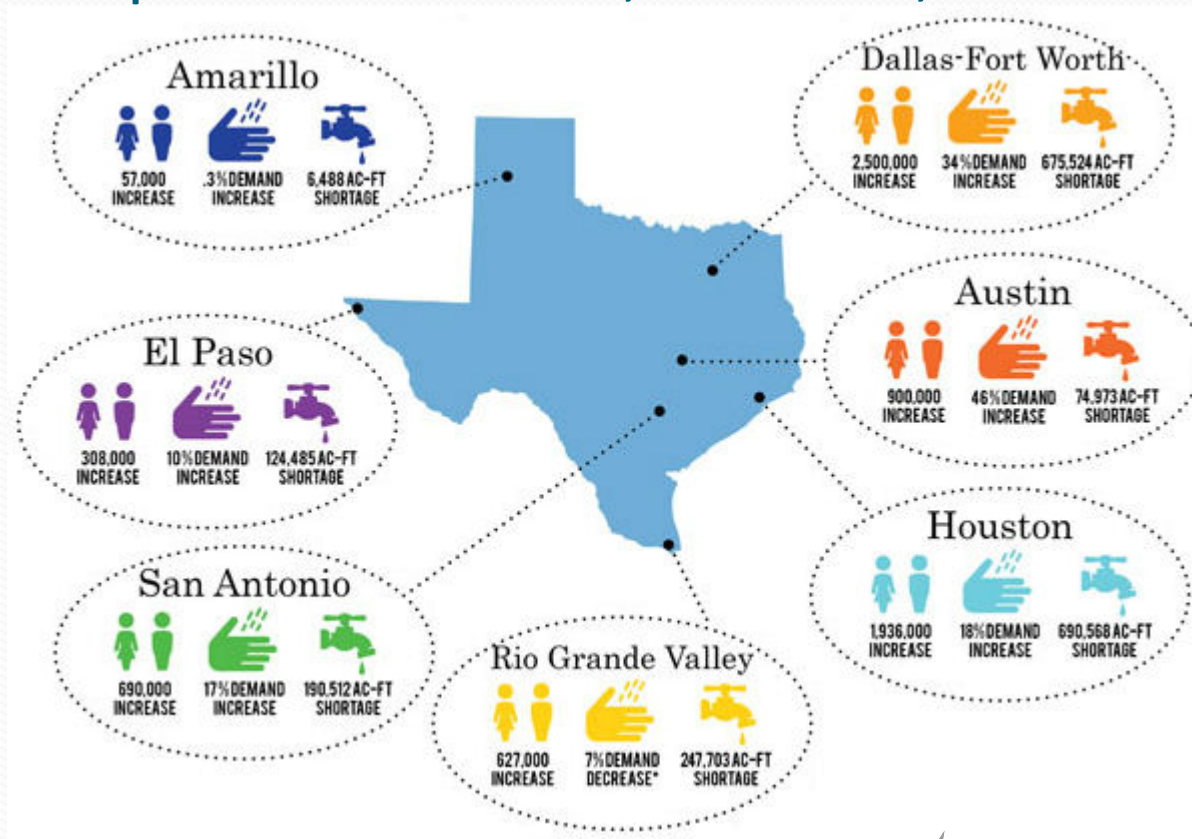


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Texas State Water Planning

Projected Population Growth, Demand, and Shortages

Next
30 Years



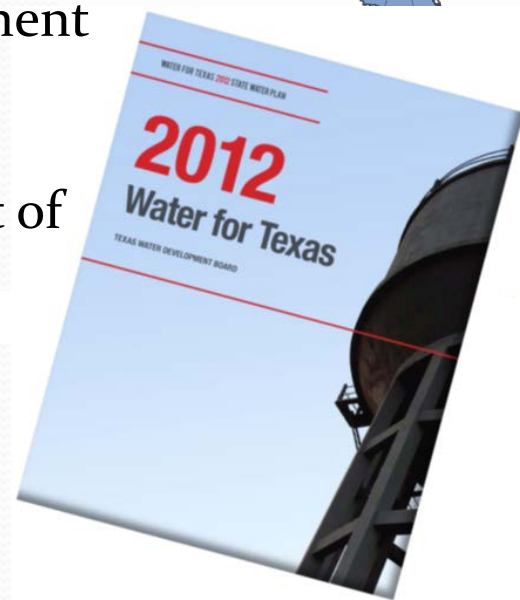
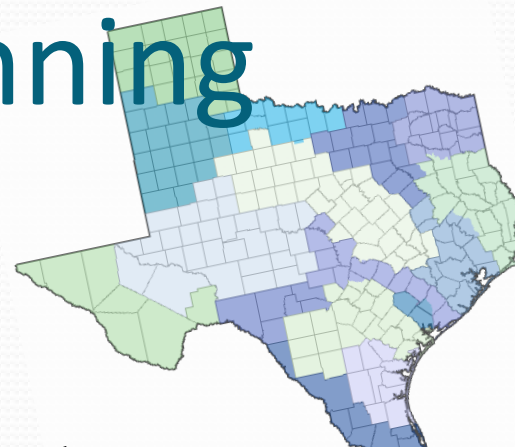
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Texas State Water Planning

2012 Water for Texas

By the Numbers

- 16 Regional Water Planning Groups
- 8.3 million acre-feet of water shortage
- Cyclical 5-year Planning over 50 year period
- 562 Water Management Strategies
- 9.0 million acre-feet of water supplied
- \$53.1 billion – Total Cost
- \$26.9 billion – State



Texas State Water Financing

Legislation & Constitutional Amendments

- House Bill 4 (2013)
 - Outlines the structure of the fund and management
- Proposition 2 (2011):
 - \$6B Evergreen GO Authority
- Proposition 6 (2013):
 - \$2B SWIFT/ SWIRFT Dedication



Table Falls West Fork

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Texas State Water Financing

Goals

- Increase/ Protect Our Water Supply for Texas
- Leverage a One-Time Capitalization w/ Bonding Capacity
- Protect the Corpus
- Provide Support/ Incentives to Local and Regional Communities



Texas State Water Financing

Recommended Water Management Strategies

- Explored Financial Solutions
 - Cash Flow Models vs. Leveraged Funds



\$2B Cash
Capitalization

\$6 B
General
Obligation
Bonding
Capacity

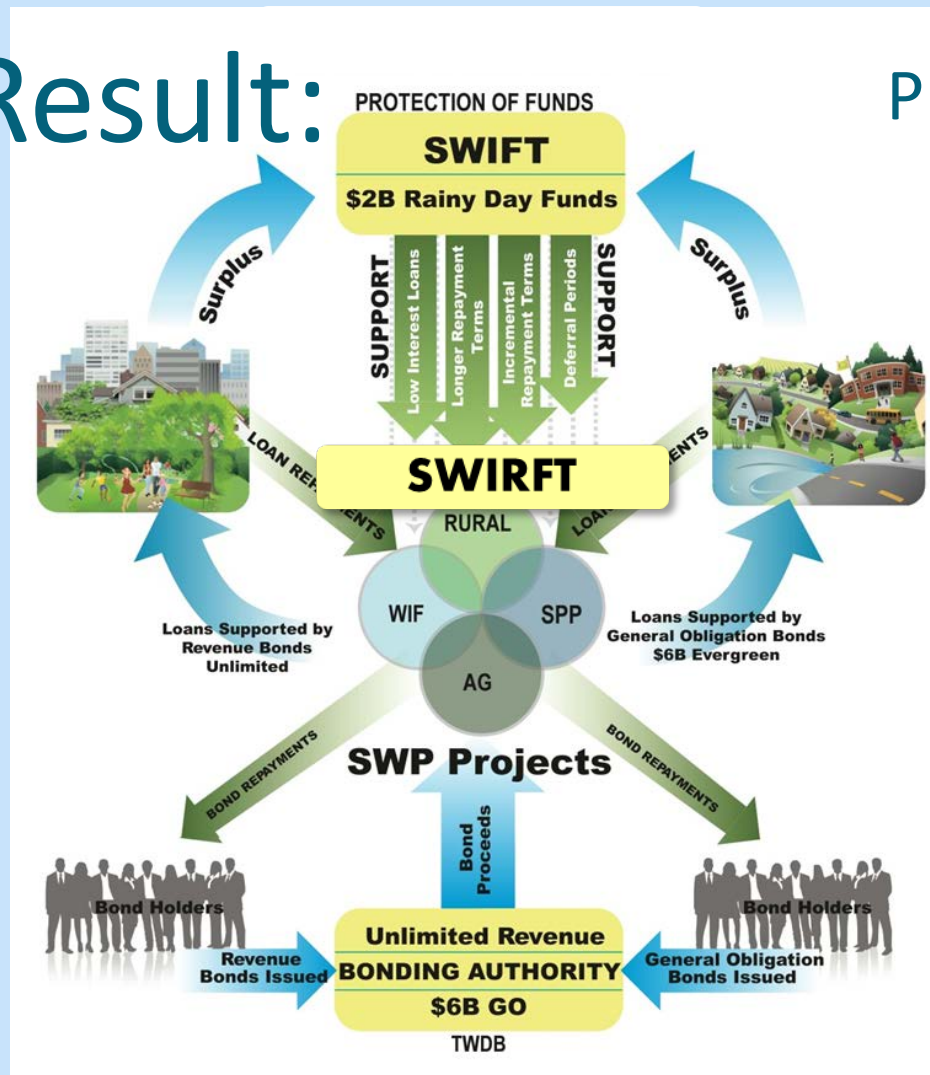
Unlimited
Revenue
Bond
Capacity

- Created Incentives
 - Lower interest rates → Up to 50% off market-rate available
 - Longer repayment terms → Up to 30-year amortization
 - Incremental repayment/ repurchase terms → State ownership
 - Deferred repayment terms → Debt service coverage



Texas Result:

Dynamic,
Innovative
Revolving
Program



Protect the
Corpus

Leverage
the Funds

Provide
Incentives



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Texas State Water Financing

Models

2012 SWP Financial Assistance Requested (\$B)				
	WIFC	WIFD	SPP	Total
-2019	11.9	2	1.2	15.1
2020-2029	2.9	0.3	0.9	4.1
2030-2039	2.7	0.7	0.69	4.09
2040-2049	1.6	0.1	0.22	1.92
2050-2059	0.83	0.155	0.4	1.385
	19.93	3.255	3.41	26.595

Reserve Fund Concept*				
	WIFC	WIFD	SPP	Total
-2019	5	0.62	0.36	5.98
2020-2029	6.81	0.6	0.42	7.83
2030-2039	3.52	0.3	0.43	4.25
2040-2049	3.52	0.3	0.43	4.25
2050-2059	3.87	0.33	0.47	4.67
	22.72	2.15	2.11	26.98

Cash Flow Concept				
	WIFC	WIFD	SPP	Total
-2019	3.33	0.42	0.24	3.99
2020-2029	4.54	0.4	0.28	5.22
2030-2039	4.75	0.4	0.59	5.74
2040-2049	4.75	0.4	0.58	5.73
2050-2059	5.22	0.44	0.64	6.3
	22.59	2.06	2.33	26.98



Texas State Water Financing

Eligibility & Reserves

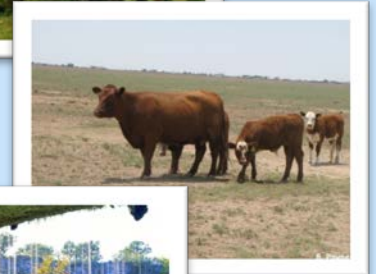
- Eligibility Consideration
 - Political subdivisions and nonprofit water supply corporations
 - Conservation plan implementation
 - Infrastructure survey completion
- Rural and Conservation/ Reuse Set Asides
 - 10% of projects funded to rural areas
 - 20% of projects funded to water conservation or reuse



Texas State Water Financing

Regional Prioritization

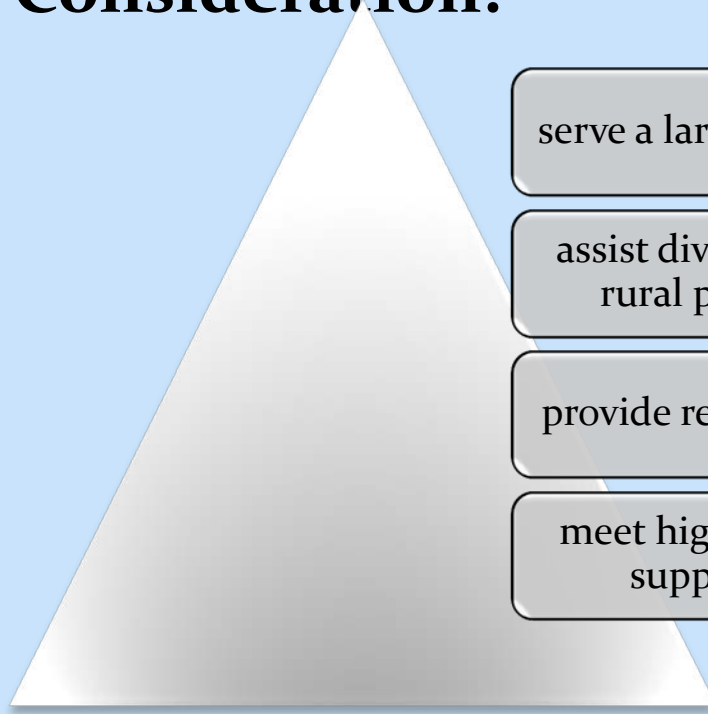
- decade of need
- feasibility
- viability
- sustainability
- cost-effectiveness



Texas State Water Financing

Agency Prioritization At The Time of Financial Request

Highest Consideration:



serve a large population

assist diverse urban &
rural population

provide regionalization

meet high % of water
supply needs



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Texas State Water Financing

Agency Prioritization At The Time of Financial Request

Other Agency Prioritization Factors:

local contribution

financial capacity

ability to leverage local and federal funds

emergency need

shovel ready

demonstration of water conservation

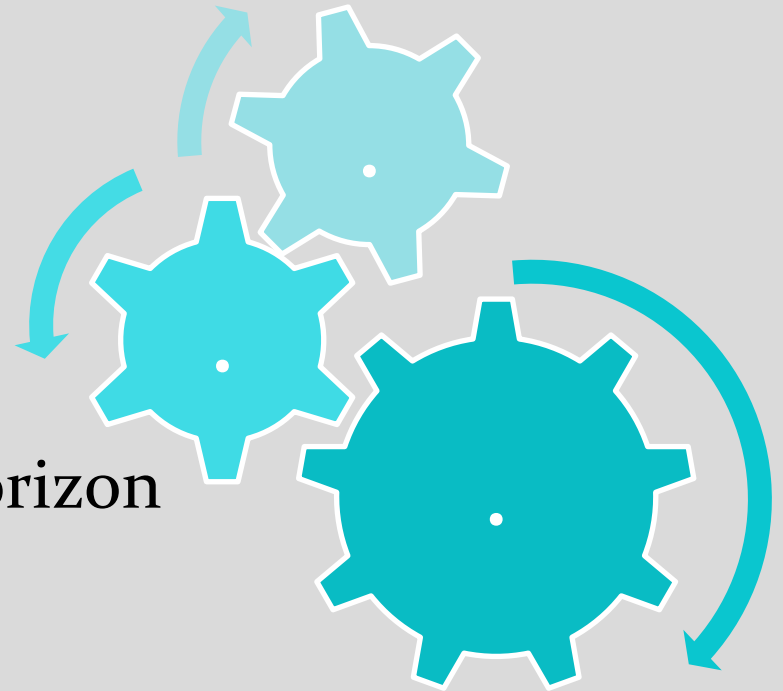
regional priority



Potential

Planning: State Water Plan

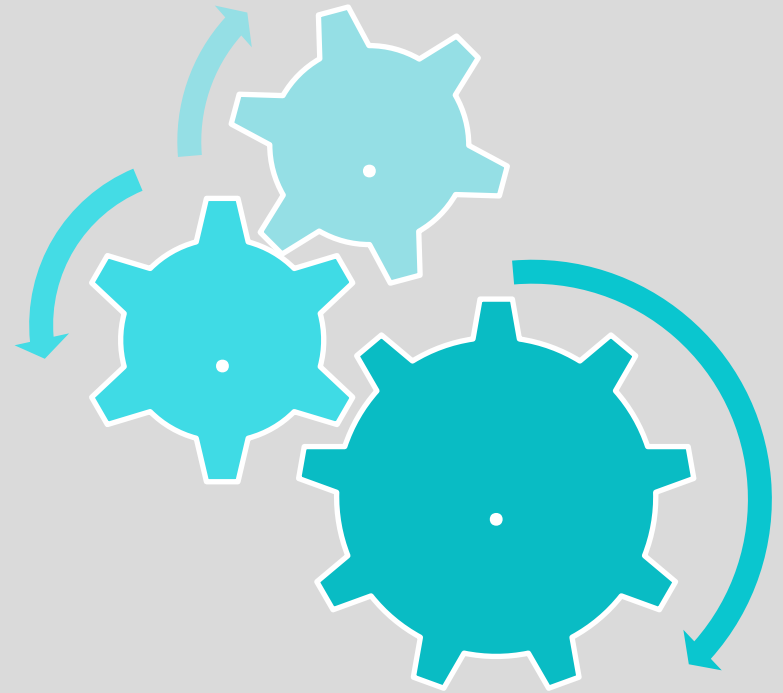
- State vs. Local Control
- Cyclical Process, Planning Horizon
- Prioritization of Projects
 - Supply Creation
 - Regional Cooperation
 - Diverse Population
- Resolution of Conflicts



Potential

Financing: State Water Plan

- Management of Corpus
- Program Structure
 - Loans, grants, etc.
- Incentives
 - Interest Rates
 - Repayment Terms
- Negotiation of Interests
 - Business, industry, municipal, environmental, rural
 - Public and private partnerships



Potential

Rural and Conservation/ Reuse Set Asides

- Definitions
- Amounts Requested
- Differences



Questions?

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Texas House of Representatives

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