

AGENDA ITEM MEMO

BOARD MEETING DATE: July 7, 2022

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Ashley Harden, General Counsel
Rebecca Trevino, Chief Financial Officer
Matt Nelson, Deputy Executive Administrator, Office of Planning

FROM: Sarah Backhouse, Manager, Regional Water Planning

SUBJECT: Regional water planning contract amendments and unused planning funds

ACTION REQUESTED

Consider authorizing the Executive Administrator to: (a) negotiate and execute contract amendments to complete the sixth cycle of regional water planning (2026 Regional Water Plans) in an amount not to exceed \$12,801,852; and (b) transfer these funds with an additional amount not to exceed \$165,000 to support anticipated regional water planning activities during development of the 2026 Regional Water Plans from the Water Assistance Fund to the Research and Planning Fund.

BACKGROUND

2026 Regional Water Plan contracts

In June 2021, the Texas Water Development Board (TWDB) Board authorized the negotiation and execution of the 16 initial regional water planning grant contracts for the sixth cycle of regional water planning (2026 Regional Water Plans). Funding to commence planning activities was comprised entirely of reserved Fiscal Year (FY) 2021 funds for regional water planning activities, a total of \$2,844,856. This amount is currently under contract. Funding for the completion of the sixth cycle of planning is comprised of FY 2022-2023 appropriations of \$5,689,712, and anticipated FY 2024-2025 and partial FY 2026 appropriations of \$7,112,114 (Table 1).

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Jeff Walker, Executive Administrator

Table 1: Estimate of Funding to be Available for Sixth Cycle of Regional Water Planning*

Texas Legislature	Basis for amount	FY	Anticipated Regional Water Planning Grant Amount
86 th	committed	FY 2020	<i>committed in 2019 (5th cycle)</i>
		FY 2021	\$2,844,856 committed in 2021 (6 th cycle)
87 th	appropriated	FY 2022	\$2,844,856
		FY 2023	\$2,844,856
88 th	anticipated LAR	FY 2024	\$2,844,856
		FY 2025	\$2,844,856
89 th	¼ of anticipated LAR	FY 2026	\$1,422,428
			<i>remainder of FY2026 reserved for 7th cycle</i>
	Estimated total 6 th cycle	(FY 2021-2026)	\$15,646,708

*Projected funding estimate based on appropriations continuing at FY 2022-2023 levels

Unused funds from prior planning cycles

Unused funds from prior planning cycles reside in the Water Assistance Fund. In 2019, the Board approved transferring \$81,730 from the Water Assistance Fund to the Research and Planning Fund for TWDB to support efforts during development of the, prior, 2021 Regional Water Plans. The balance remaining from this transfer is approximately \$35,000. Additionally, there is approximately \$130,000 in unused funds from the 2021 Regional Water Plan grant contracts, resulting in a total of \$165,000 available to transfer from the Water Assistance Fund to the Research and Planning Fund to support the development of the 2026 Regional Water Plans.

KEY ISSUES

2026 Regional Water Plan contracts

Staff proposes allocating the remaining \$12,801,852 in funds, by formula, to the 16 regions as the anticipated ‘Total Project Cost’ funding amount shown in Table 2. The proposed funding allocations by region and task shown in the attachment are formula-based estimates of the amount of funding that planning groups will need to perform technical and administrative work in accordance with statute and rule requirements to complete the 2026 Regional Water Plans.

Table 2: Summary of Funding Allocated to Regional Water Planning Groups for the Sixth Cycle of Regional Planning

Region	Initial funding currently under contract (FY2021)	Additional appropriated funds to be committed into existing contracts (FY 2022-2023)	Anticipated future appropriations (FY 2024-2025, partial FY2026)*	Total anticipated funding to complete the 2026 Regional Water Plans*
A	\$149,303	\$259,502	\$304,825	\$713,630
B	\$115,146	\$186,440	\$211,125	\$512,711
C	\$277,846	\$834,059	\$1,181,756	\$2,293,661
D	\$205,691	\$401,056	\$496,156	\$1,102,903
E	\$100,852	\$158,016	\$175,676	\$434,544
F	\$197,987	\$367,341	\$444,859	\$1,010,187
G	\$338,173	\$663,265	\$822,542	\$1,823,980
H	\$287,657	\$729,081	\$988,234	\$2,004,972
I	\$228,814	\$406,956	\$483,361	\$1,119,131
J	\$90,233	\$137,720	\$150,777	\$378,730
K	\$161,580	\$316,729	\$392,696	\$871,005
L	\$186,453	\$363,165	\$449,087	\$998,705
M	\$149,448	\$288,819	\$355,984	\$794,251
N	\$119,837	\$190,574	\$213,667	\$524,078
O	\$148,772	\$270,887	\$325,281	\$744,940
P	\$87,064	\$116,102	\$116,114	\$319,280
TOTAL	\$2,844,856	\$5,689,712	\$7,112,140	\$15,646,708

*Subject to change in response to future Legislative action.

There is a risk that the 88th or 89th Texas legislatures take actions that result in either: a) new requirements for planning groups, or b) appropriations of an amount more or less than \$7,112,140. In these events, the task or 'Total Project Cost' funding amounts for each region will be adjusted proportionally to facilitate completion of regional water plans that meet new statutory or minimum rule requirements. Any such change would be brought to the Executive Administrator before the need to request any associated Board authorization.

Use of unused funds from prior planning cycles

In order to support the development of the 2026 Regional Water Plans, the following activities are proposed for use of the \$165,000 in unused funds from the prior cycle:

1. Resolution of Interregional Conflicts as outlined in 31 Texas Administrative Code (TAC) §357.62, if required. Funds used for this activity would only include potential mediation and other required activities (e.g., public notice costs for hearings on Board resolution of conflict) should the Board identify an Interregional Conflict.
2. Update to the Regional Water Planning Uniform Costing Model. This would be an update to a required tool to be used by regional water planning groups in estimating

costs for water management strategy projects during development of the 2026 Regional Water Plans.

3. Any other activities identified as eligible in 31 TAC §355.92, as appropriate.

RECOMMENDATION

The Executive Administrator recommends (a) approval to authorize the negotiation and execution of regional water planning grant contract amendments to increase funding by an amount not to exceed \$12,801,852, (b) to authorize the use of an additional amount not to exceed \$165,000 to support anticipated regional water planning activities during development of the 2026 Regional Water Plans, and to transfer these funds from the Water Assistance Fund to the Research and Planning Fund.

Attachment: Summary of Recommended Formula Funding Allocations to Complete the Sixth Cycle of Regional Water Planning

Summary of Recommended Formula Funding Allocations to Complete the Sixth Cycle of Regional Water Planning

				PLANNING TASK										
				3	4A	4B	4C	5A	5B	5C	6	7	9	10*
				Water Supply Analyses	Identification of Water Needs	Identification of Infeasible Water Management Strategies	Prepare and Submit Technical Memorandum	Identification of Potentially Feasible Water Management Strategies and Water Management Strategy Projects	Evaluation and Recommendation of Water Management Strategies and Water Management Strategy Projects	Water Conservation Recommendations	Impacts of Regional Water Plan	Drought Response, Activities & Recommendations	Implementation and Comparison to the Previous Regional Water Plan	Public Participation and Plan Adoption
Region	Initially Committed and Contracted (Tasks 1-2, 8, 10)	Total Additional Funding	Total Funding	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
A	\$149,303	\$564,327	\$713,630	\$71,177	\$13,930	\$17,473	\$16,618	\$16,139	\$233,163	\$21,570	\$21,247	\$45,025	\$11,984	\$96,001
B	\$115,146	\$397,565	\$512,711	\$65,021	\$9,914	\$14,182	\$11,661	\$8,406	\$156,197	\$11,472	\$12,769	\$24,324	\$9,223	\$74,396
C	\$277,846	\$2,015,815	\$2,293,661	\$124,195	\$60,140	\$73,241	\$39,285	\$115,516	\$1,000,788	\$114,963	\$111,313	\$110,210	\$69,530	\$196,634
D	\$205,691	\$897,212	\$1,102,903	\$139,038	\$23,124	\$22,152	\$25,674	\$20,853	\$386,239	\$27,546	\$36,176	\$66,894	\$17,635	\$131,881
E	\$100,852	\$333,692	\$434,544	\$51,137	\$5,722	\$14,021	\$8,844	\$8,697	\$132,707	\$10,875	\$11,390	\$18,107	\$9,051	\$63,141
F	\$197,987	\$812,200	\$1,010,187	\$135,925	\$20,130	\$21,674	\$23,451	\$22,693	\$324,497	\$25,471	\$32,119	\$62,623	\$17,497	\$126,120
G	\$338,173	\$1,485,807	\$1,823,980	\$189,999	\$43,143	\$33,955	\$49,388	\$32,514	\$663,997	\$58,760	\$64,052	\$111,519	\$28,147	\$210,333
H	\$287,657	\$1,717,315	\$2,004,972	\$129,742	\$33,409	\$50,034	\$37,420	\$57,632	\$889,807	\$87,568	\$91,101	\$98,615	\$50,151	\$191,836
I	\$228,814	\$890,317	\$1,119,131	\$130,118	\$21,201	\$23,863	\$32,759	\$14,924	\$378,351	\$25,534	\$34,445	\$75,386	\$12,342	\$141,394
J	\$90,233	\$288,497	\$378,730	\$41,684	\$5,494	\$13,857	\$7,764	\$7,728	\$113,734	\$7,650	\$9,311	\$13,777	\$9,352	\$58,146
K	\$161,580	\$709,425	\$871,005	\$86,830	\$12,984	\$21,849	\$15,774	\$17,200	\$326,404	\$26,185	\$30,749	\$46,085	\$19,271	\$106,094
L	\$186,453	\$812,252	\$998,705	\$104,152	\$15,216	\$19,531	\$17,076	\$17,221	\$366,571	\$35,227	\$33,901	\$65,015	\$17,125	\$121,217
M	\$149,448	\$644,803	\$794,251	\$63,586	\$29,732	\$21,829	\$22,669	\$27,581	\$284,001	\$25,816	\$28,869	\$28,411	\$19,331	\$92,978
N	\$119,837	\$404,241	\$524,078	\$47,775	\$9,153	\$15,588	\$11,577	\$9,388	\$175,439	\$12,424	\$14,837	\$22,032	\$10,050	\$75,978
O	\$148,772	\$596,168	\$744,940	\$68,860	\$9,698	\$15,396	\$13,777	\$22,189	\$251,034	\$29,118	\$23,885	\$58,585	\$10,346	\$93,280
P	\$87,064	\$232,216	\$319,280	\$30,251	\$4,916	\$12,625	\$8,623	\$4,817	\$88,296	\$5,588	\$6,286	\$9,295	\$6,870	\$54,649
TOTAL	\$2,844,856	\$12,801,852	\$15,646,708	\$1,479,490	\$317,906	\$391,270	\$342,360	\$403,498	\$5,771,225	\$525,767	\$562,450	\$855,903	\$317,905	\$1,834,078

* This task was partially funded in the initial sixth cycle contracts.