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**Answers to Questions Received from the House Bill 4 Prioritization Stakeholder Committee
Members as of October 7, 2013**

- 1. Q: Is the Stakeholder Committee prioritizing in rank-order from one to the total number of projects, or groups?**

A: We think that to satisfy the legislative intent regional water planning groups will have to prioritize with a rank order from one downward through the total number of projects in their plans.

- 2. Q: Is the Stakeholder Committee expected to prioritize all 3,089 water management strategies or just the 274 that indicated financial need?**

A: We think that to satisfy the legislative intent regional water planning groups will have to prioritize all projects, including those with no capital costs.

- 3. Q: Can water management strategies/projects be bundled into a package for ranking?**

A: They cannot be bundled if they are considered separate projects and are presented as such in the regional plans and will or can be implemented separately. For example, two groundwater well projects that would serve two different entities and are entirely separate physically shouldn't be prioritized together. The reason for this is that each project could be built independently and there would not be a single borrower to implement those two projects. Moreover, with separate entities, the projects may receive different scoring under the criteria specified by House Bill (HB) 4 due to entity-specific circumstances (e.g., decade of need, availability of water rights, cost-effectiveness, taking into consideration the expected unit cost).

- 4. Q: How flexible and subjective might the standards be? For example, "scientific practicality" can be viewed in different ways by different entities.**

A: TWDB's interpretation is that the standards for "scientific practicality" that the Stakeholder Committee develops will need to precisely prescribe the level or degree of "scientific practicality" applicable to the various, specific criteria and fact circumstances (e.g., desalination, conservation, well field production). The standard must also be sufficient to allow consistent and "standardized" application across a variety of strategies.

- 5. Q: How will the regional water planning group prioritization fit into the state prioritization product?**

A: The prioritization developed by regional water planning groups is one of the criteria under HB 4 that will be considered by TWDB when prioritizing projects at the state level. There are a number of other criteria.

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6. Q: What is a “project”?

A: At this point, we consider a “project” to be a self-contained facility or activity, proposed independently of and not directly contingent on another facility or project, that is a recommended water management strategy. The strategy would be implemented by a single entity (or team of entities as co-borrowers) over a defined timeline and would be characterized by a discrete capital cost to be borne by the borrower/co-borrowers. For the purpose of HB 4, most “projects” will probably be defined as recommended water management strategies in a regional plan at the sponsor-water management strategy level of detail since that is the level at which the vast majority of water management strategies will be implemented as a “project.” Examples of a project might include: one facility built by multiple sponsors, a single pipeline sponsored by a single entity, or a conservation strategy that would involve a regional entity reducing irrigation water distribution losses.

7. Q: Does the TWDB plan to allow the regional water planning groups to assign their own, unique weightings to each of the overall HB4 criteria or will the Stakeholder Committee need to assign a single weighting to each criteria to be applied by all 16 regional water planning groups in order to achieve another level of standardization?

A: The Stakeholder Committee will need to consider whether allowing variations in the criteria weightings will achieve “uniform standards.” On the face of it, it is hard for us to see how that could be the case.

8. Q: How much weight does the TWDB anticipate assigning to the regional water planning group’s ranking?

A: We do not know at this time. The particular manner in which a regional water planning group’s ranking affects a project’s prioritization by the TWDB will be worked out through a rulemaking process. That process will consider the criterion in concert with the other criteria specified for the agency’s prioritization. The rulemaking will also need to consider public comment, including comment from members of the Stakeholder Committee, and recommendations from the SWIFT Advisory Committee.

9. Q: What about projects that are typically determined to be “consistent” with rather than being specifically recommended projects because they fall into the broad “County-Other” water user category that has historically represented numerous rural entities? Will this hinder the ability of these small or rural entities to obtain SWIFT financing (as directed by the legislature in HB 4 for rural entities) since these County-Other projects won’t be specifically prioritized? For example, wells, pumps, storage tanks might fall into this category. Would these be eligible for funding from the SWIFT, and how will these be prioritized?

A: HB 4 makes it clear that the legislature’s intent “is that the SWIFT will never be used for a purpose other than the support of projects in the state water plan.” TWDB is currently reviewing ways of addressing these types of projects. Addressing the water needs of rural Texas has been and will continue to be a priority for the TWDB.

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10. Q: Can SWIFT funds go to projects that are only “consistent” with the 2011 Regional Water Plans (e.g., to projects that are not specifically included in the plan along with associated capital costs)?

A: In general, no. HB 4 makes it clear that the legislature’s intent “is that the SWIFT will never be used for a purpose other than the support of projects in the state water plan.” However, TWDB is currently reviewing ways of addressing smaller rural projects that may fall into this category as a project under “County-Other.” (see previous question)

11. Q: What about urban projects “masquerading” as a rural project – those with a primary purpose of providing urban water supply? What if these projects attempt to utilize rural funding? Reservoirs might fall into this category. Need to give full access to the rural funding.

A: If a project would serve both rural and urban users, the share of the project that would serve rural entities may be eligible for rural funds depending on how rural is defined and applied under the SWIFT allocations. Although HB 4 provides some clear direction on what is included in the “rural” category and how the associated funding will be accounted for, the particulars will depend on the SWIFT Advisory Committee recommendations and stakeholder input during the rulemaking.

12. Q: What if a project has no capital cost listed in the plan but then a sponsor comes in for SWIFT funds, will it be eligible? What if the funds were in the plan but they did not indicate a need for financial assistance?

A: As was the case with Water Implementation Fund (WIF) appropriations, HB 4 makes clear the intent of the legislature to apply SWIFT funds only toward projects that are recommended in the regional and state water plans. That means that a project and the dollars associated with it should be specifically included in the regional water plan to be eligible. Whether a project must expressly indicate a need for financial assistance in the plan has not been decided.

13. Q: Are water management strategies going to be prioritized by regional water planning groups? For example, if a City has five water management strategies, does the City prioritize them for themselves? Or do those five water management strategies all go into one big list by region, which are then prioritized by the regional water planning group?

A: The latter. All projects in a region will be prioritized together into a single list for that region.