

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
 Jeff Walker, Deputy Executive Administrator, Water Supply & Infrastructure
 Amanda Landry, Chief Financial Officer
 Les Trobman, General Counsel

FROM: Temple McKinnon, Manager, Regional Water Planning

DATE: March 20, 2015

SUBJECT: Consider authorizing the Executive Administrator to (a) negotiate and execute contracts for the fifth cycle (2017-2021) of regional water planning in an amount not to exceed \$1,649,885; and (b) transfer funds from the Water Assistance Fund to the Research and Planning Fund.

EXECUTIVE SUMMARY

- The Texas Water Development Board (TWDB) has \$1.6 million of FY15 funds that must be committed under regional water planning grant contracts by September 1, 2015 or the funds will otherwise lapse.
- These funds were previously set aside for the purpose of initiating the fifth cycle of regional water planning and represent approximately ten percent of anticipated funds.
- The Executive Administrator (EA) proposes allocating and contracting for these funds under 16 new, five-year regional water planning contracts in a manner similar to how the agency funded the fourth cycle of regional water planning.
- The EA authorized posting a request for applications (RFA) to initiate the fifth cycle of regional water planning.
- This RFA was posted to the Texas Register December 2, 2014.
- TWDB received applications from each of the 16 regional water planning groups (RWPGs) by the deadline of noon March 3, 2015.
- 31 TAC §355.93(a) allows the Board to approve funding applications and authorize executing contracts.
- The applications received are based on predetermined formula funding amounts and a standard scope of work developed by TWDB.

<p style="text-align: center;">Our Mission</p> <p>To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas</p>	<p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p>	<p style="text-align: center;">Board Members</p> <p>Carlos Rubinstein, Chairman Bech Bruun, Member Kathleen Jackson, Member</p> <p>Kevin Patteson, Executive Administrator</p>
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- If authorized, the 16, five-year contracts will be initiated based on the \$1.6 million currently available and will be subsequently amended, through additional Board authorization(s), to include any additional future legislative appropriations that become available.

ACTION REQUESTED

Consider authorizing the EA to (a) negotiate and execute contracts for the fifth cycle (2017-2021) of regional water planning in an amount not to exceed \$1,649,885; and (b) transfer funds from the Water Assistance Fund to the Research and Planning Fund.

BACKGROUND

Texas Water Code §16.051 requires the Board to develop and adopt a comprehensive state water plan every five years that incorporates the regional water plans developed under Texas Water Code §16.053. The state water plans are prepared by TWDB based on the regional water plans that are developed every five years by the 16 RWPGs.

Current (Fourth) Cycle of Regional Water Planning

The RWPGs are nearing the completion of the fourth cycle (2011-2016) of the regional water planning process that was created in 1997 by Senate Bill 1, 75th Texas Legislature. The sixteen 2016 Regional Water Plans that are due to TWDB on December 1, 2015 will be the basis for the 2017 State Water Plan. The total amount of the fourth cycle regional water planning grant contracts is approximately \$13 million.

Fifth Cycle of Regional Water Planning

The 2021 regional water plans will be prepared as the basis for the 2022 State Water Plan. The 2021 regional water plans will also address a projection period out to the year 2070 and will be based on utility service areas for the first time.

Currently Available Funding

Funding to commence planning activities is proposed to be provided to all planning groups in an amount not to exceed \$1,649,885. This funding is comprised entirely of the remaining reserved funds from FY15 for regional water planning activities.

Anticipated Additional Funding

TWDB included approximately \$5.6 million in its Legislative Appropriations Request to the 84th Texas Legislature for FY16-17 (Table 1). The EA anticipates adding any FY16-17 appropriations as committed funds to the regional water planning contracts under a separate RFA to be completed no later than the Fall of 2016. Additional legislative appropriations will be incorporated similarly.

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

Texas Legislature	Basis for Amount	FY	Regional Water Planning Grant Amount
83 rd	appropriated	FY14	<i>previously committed (4th cycle)</i>
		FY15	<i>previously committed (4th cycle)</i> \$1,649,885
84 th	LAR request*	FY16	\$2,844,856
		FY17	\$2,844,856
85 th	anticipated LAR*	FY18	\$2,844,856
		FY19	\$2,844,856
86 th	anticipated LAR*	FY20	\$2,844,856
		FY21	<i>(6th regional planning cycle)</i>
	<i>Estimated TOTAL</i>	<i>(FY15-20)</i>	<i>\$15,874,165 (5th cycle)</i>

** projected funding based on appropriations continuing at FY14-15 levels*

Funds associated with FY21 are not anticipated to be used to develop the 2021 regional water plans because the 2021 regional water plans will have been adopted and submitted by late 2020.

Request for Applications

In November 2014, the EA authorized publishing a RFA in the Texas Register for funding approximately \$1.6 million to initiate the fifth cycle of regional water planning. The TWDB published a RFA in the December 12, 2014 issue of the Texas Register (Attachment A), with an application deadline of March 3, 2015.

KEY ISSUES

In accordance with TWDB’s solicitation, all 16 RWPGs submitted grant applications for funding for the initial tasks of the fifth cycle of planning by the March 3, 2015 deadline. The total funds requested in the applications were equal to the initially available \$1,649,885.

Staff has reviewed the applications and is recommending funding of the RWPG’s proposals in the amount of \$1,649,885, as shown in Attachment B. An applicant summary table is also included as Attachment C.

Work to be performed under the initial contracts and currently available funds will be based on a standard scope of work developed by TWDB that supports RWPG efforts to:

1. evaluate and provide input on population and population-related water demand projections through 2070, including the transition of municipal water user groups from political subdivision areas to a utility service area basis;
2. evaluate and provide input on non-population water demand projections including irrigation, livestock, mining, steam electric, and manufacturing through 2070; and,
3. conduct a portion of the associated public participation and administration activities required by the regional water planning process and that includes, but is not limited to, associated Task 10 efforts necessary to complete Tasks 2A and 2B.

Based on the proposed allocation of currently available funds, RWPGs would need additional legislative appropriations to:

1. evaluate existing water supplies for water user groups and wholesaler water providers;
2. identify water needs of water user groups and wholesale water providers;
3. identify potentially feasible water management strategies for evaluation;
4. evaluate and make recommendations of water management strategies;
5. evaluate the potential impacts of the regional water plans;
6. develop drought response information and recommendations;
7. develop policy and other recommendations;
8. assess water management strategy financing;
9. evaluate the implementation of previously recommended water management strategies;
10. approve and submit their draft plans;
11. hold hearings and take public input on the draft plans; and
12. adopt and submit the final 2021 regional water plans.

The predetermined formula funding approach used to allocate funding is based on the same approach that was used to successfully allocate funding for the fourth cycle of regional water planning.

The allocation of funding is based on future appropriations continuing at the same level as the FY14-15 levels. If that occurs, the total anticipated amount of funding that would eventually become available for the fifth cycle of regional water planning is estimated to be \$15,874,165 as summarized in Table 1. On that basis, the initial funding amount of \$1,649,885 represents just over ten percent of the anticipated amount of funding that may become available over the five year planning cycle.

Although funding for regional water planning grant contracts is appropriated every two years, TWDB has historically entered five-year contracts at the beginning of each regional water planning cycle. Only those funds that have already been appropriated are ever shown as “committed” within the regional water planning grant contracts. This requires amending the contracts to incorporate increased funding as additional appropriations become available.

The contracts may or may not also include a greater “total study costs” dollar amount that can be used to indicate a greater, total anticipated funding amount for the entire five-year contract period, including future appropriations. For the initial contracts, the EA recommends that the “total study cost” amounts be limited to and equal to the “committed” amounts. Once additional future appropriations become available, however the EA will consider requesting Board authorization to include in the contracts projected “total study costs” that reflect the full, anticipated appropriation anticipated to be received over the remainder of the five-year planning cycle when amending the contracts. Although this approach poses some risks, doing so allows the RWPGs to better plan their work and manage their budgets resulting in better processes and regional water plans.

Funding recommendations for this cycle of regional water planning recognize that not all RWPGs will require an equal amount of effort to complete the fundamental planning tasks as defined in statute and rule.

RWPGs will be required to hold a preplanning public meeting to receive public input on issues that should be addressed or provisions that should be included in the regional or state water plan (31 TAC §357.12(a)(1) and §357.21(d)(1)) prior to expending funds for planning activities. The required public meeting to receive preplanning input from the public does not have to occur prior to executing the contracts (regions are all using the same standard scope of work for their applications); however, TWDB will not reimburse for any activities other than notice costs that occur prior to the date of their public meeting under the TWDB contract.

With TWDB's authorization, the EA will negotiate and execute contracts with the planning group's political subdivisions. Once the EA has been authorized to negotiate and execute regional water planning contracts, the planning groups will be allowed to be reimbursed:

- back to December 12, 2014 (the date that the request for applications was published) for appropriate administrative expenses; and,
- for expenses related to all other activities after both the date of this Board authorization to negotiate and execute the contracts, and after its public meeting to receive input on the fifth cycle of regional water planning.

Contracts must be executed by the budgetary deadline of August 31, 2015.

Once authorization to enter into the fifth cycle of regional water planning contracts is obtained, RWPGs have until May 1, 2020 to deliver their initially prepared regional water plans to TWDB with the final, adopted regional water plans due to TWDB by November 2, 2020.

RECOMMENDATION

Staff recommends authorizing the EA to (a) negotiate and execute contracts for the fifth cycle (2017-2021) of regional water planning in an amount not to exceed \$1,649,885; and (b) transfer funds from the Water Assistance Fund to the Research and Planning Fund.

This recommendation has been reviewed by legal counsel and is in compliance with applicable statutes and Board rules.

Les Trobman, General Counsel

Attachments:

- A. Published Request for Applications for Funding to Initiate the Fifth Cycle of Regional Water Planning
- B. Summary of Funding Allocated to RWPGs to Initiate the Fifth Cycle of Regional Planning
- C. Summary of Recommended Funding Allocations

Texas Water Development Board

Request for Applications for Funding to Initiate the Fifth Cycle of Regional Water Planning

The Texas Water Development Board (TWDB) requests, pursuant to 31 Texas Administrative Code (TAC) §355.91, the submission of regional water planning applications leading to the possible award of contracts to develop, revise and or update regional water plans as described in 31 TAC Chapter 357. In order to receive a grant, the applicant must be a political subdivision of the state and must have been designated an eligible applicant by a regional water planning group as set forth in 31 TAC §355.91.

31 TAC Chapter 355, Subchapter C provides guidance for regional water planning grants.

Description of Funding Consideration.

Total funding for activities related to the development or revision of a regional water plan shall not exceed 100 percent of the total cost of the planning for that regional water planning area as set forth in 31 TAC §355.93. Funds awarded for grants under this request for applications may total up to the remaining amount of funds appropriated for such activities for the Fiscal 2014-2015 biennium.

Funding is provided on a not-to-exceed basis for certain planning tasks as outlined in the Guidance for Preparation of the Application for Regional Water Planning Funding. In the event that acceptable applications are not submitted or that insufficient funds are available to fund proposed activities, the TWDB retains the right not to award contract funds.

Deadline, Review Criteria, and Contact Person for Additional Information.

Five double-sided copies and one electronic version (CD) of the complete regional water planning grant application must be filed with the TWDB prior to 12:00 p.m. (noon), March 3, 2015. All applications should be prepared using the TWDB's application instruction sheet for Regional Water Planning Grants and the Guidance for Preparation of the Application for Regional Water Planning Funding. Applications will be evaluated according to the criteria listed in 31 TAC §355.91. All potential applicants may contact the TWDB to obtain the application instruction sheet and guidance document or they may be obtained from the Texas Water Development Board's webpage at: http://www.twdb.texas.gov/about/contract_admin/rfq/RFA03.asp.

Applications must be directed either in person to David Carter, Texas Water Development Board, Stephen F. Austin Building, 1700 North Congress Avenue, Austin, Texas, or by mail to David Carter, Texas Water Development Board, P.O. Box 13231, Austin, Texas 78711-3231. Requests for information, the Board's rules, and instruction sheet covering the research and planning fund may be directed to Temple McKinnon at the preceding address or by calling (512) 475-2057, or by e-mail at temple.mckinnon@twdb.texas.gov

TRD-201405743

Les Trobman

General Counsel

Texas Water Development Board

Filed: December 2, 2014

Summary of Funding Allocated to RWPGs to Initiate the Fifth Cycle of Regional Water Planning

		PLANNING TASK					
		1	2A	2B	3-9	10*	11-12
		Planning Area Description	Non-Population Related Water Demand Projections	Population & Population-Related Water Demand Projections	Evaluation of Existing Water Supply; Identification of Water Needs; Identification of Potentially Feasible Water Management Strategies; Evaluation and Selection of Water Management Strategies; Conservation Recommendations; Impacts of WMSs on Water Quality & Moving Water from Ag and Rural Areas; Consistency with Long-term Protection of Natural Resources; Drought Response, Activities & Recommendations; Unique Reservoir/Stream Segments & Legislative Recommendations; Water Infrastructure Funding	Adoption of Plan (administration & public participation)	Implementation and Comparison to the Previous Regional Water Plan; Prioritization of projects in the 2021 Regional Water Plan
Region	Total Initial Funding	Amount	Amount	Amount	Amount	Amount	Amount
A	\$77,520	TBD	\$20,104	\$15,043	TBD	\$42,373	TBD
B	\$56,880	TBD	\$13,707	\$10,112	TBD	\$33,061	TBD
C	\$188,667	TBD	\$24,198	\$89,070	TBD	\$75,399	TBD
D	\$127,597	TBD	\$26,425	\$37,364	TBD	\$63,808	TBD
E	\$45,446	TBD	\$8,064	\$10,815	TBD	\$26,567	TBD
F	\$107,108	TBD	\$29,819	\$21,533	TBD	\$55,756	TBD
G	\$187,800	TBD	\$40,286	\$59,531	TBD	\$87,983	TBD
H	\$177,909	TBD	\$28,385	\$73,371	TBD	\$76,153	TBD
I	\$117,891	TBD	\$26,840	\$31,390	TBD	\$59,661	TBD
J	\$44,567	TBD	\$9,874	\$7,414	TBD	\$27,279	TBD
K	\$109,356	TBD	\$24,387	\$33,165	TBD	\$51,804	TBD
L	\$138,032	TBD	\$30,562	\$43,060	TBD	\$64,410	TBD
M	\$85,685	TBD	\$14,860	\$30,630	TBD	\$40,195	TBD
N	\$61,774	TBD	\$14,260	\$12,558	TBD	\$34,956	TBD
O	\$84,656	TBD	\$22,795	\$16,563	TBD	\$45,298	TBD
P	\$38,997	TBD	\$7,863	\$6,459	TBD	\$24,675	TBD
TOTAL	\$1,649,885	TBD	\$342,429	\$498,078	TBD	\$809,378	TBD

* Task only partially funded. When additional appropriations become available, contracts will to be amended to add funds through a future Request for Applications.

Summary of Recommended Funding

Region	Applicant	Requested Funding	Staff Recommended Funding*
A	Panhandle Regional Planning Commission	\$77,520	\$77,520
B	Red River Authority of Texas	\$56,880	\$56,880
C	Trinity River Authority	\$188,667	\$188,667
D	Northeast Texas Municipal Water District	\$127,597	\$127,597
E	Rio Grande Council of Governments	\$45,446	\$45,446
F	Colorado River Municipal Water District	\$107,108	\$107,108
G	Brazos River Authority	\$187,800	\$187,800
H	San Jacinto River Authority	\$177,909	\$177,909
I	City of Nacogdoches	\$117,891	\$117,891
J	Upper Guadalupe River Authority	\$44,567	\$44,567
K	Lower Colorado River Authority	\$109,356	\$109,356
L	San Antonio River Authority	\$138,032	\$138,032
M	Lower Rio Grande Valley Development Council	\$85,685	\$85,685
N	Nueces River Authority, Coastal Bend Division	\$61,774	\$61,774
O	High Plains Underground Water Conservation District No. 1	\$84,656	\$84,656
P	Lavaca-Navidad River Authority	\$38,997	\$38,997
	TOTAL	\$1,649,885	\$1,649,885

* This recommendation is a “not-to-exceed” amount