



P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Jessica Zuba, Deputy Executive Administrator, WSI
Todd Chenoweth, General Counsel
Rebecca Trevino, Chief Financial Officer
David Carter, Director, Support Services & Contract Administration

FROM: Temple McKinnon, Director, Water Use, Projections & Planning
Sarah Backhouse, Manager, Regional Water Planning

DATE: April 6, 2017

SUBJECT: Fifth cycle of regional water planning

ACTION REQUESTED

Consider authorizing the Executive Administrator to (a) negotiate and execute contract amendments to complete the fifth cycle (2017-2021) of regional water planning in an amount not to exceed \$14,224,280; and (b) transfer associated funds from the Water Assistance Fund to the Research and Planning Fund.

BACKGROUND

At the November 2, 2016 Texas Water Development Board (TWDB) meeting, the Board was briefed on the proposed funding allocations and funding process for the completion of the 2021 regional water plans. Funding for the completion of the fifth cycle of planning is comprised of Fiscal Year (FY) 2016-2017 appropriations of \$5,689,712, and requested FY 2018-2019 and anticipated FY 2020 appropriations of \$8,534,568 (Table 1). This amount is in addition to the \$1,649,885 currently under contract from FY 2015 funds.

The TWDB published a request for regional water planning grant applications in the November 18, 2016 issue of the Texas Register (Attachment) for funding up to \$14,224,280 million to complete the fifth cycle of regional water planning. The notice stated that funding was for activities to address planning tasks outlined in the scope of work and 31 Texas Administrative Code (TAC), Chapter 357.

Our Mission : Board Members
To provide leadership, information, education, and :
support for planning, financial assistance, and :
outreach for the conservation and responsible :
development of water for Texas : Bech Bruun, Chairman | Kathleen Jackson, Board Member | Peter Lake, Board Member
: Jeff Walker, Executive Administrator

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

| Texas Legislature | Basis for amount | FY | Anticipated Regional Water Planning Grant Amount |
|--------------------------|-------------------------|----------------|--|
| 83 rd | appropriated | FY 2014 | previously committed (4 th cycle) |
| | | FY 2015 | previously committed (4 th cycle) |
| | | | \$1,649,885 committed 2015 (5th cycle) |
| 84 th | appropriated | FY 2016 | \$2,844,856 |
| | | FY 2017 | \$2,844,856 |
| 85 th | requested LAR* | FY 2018 | \$2,844,856 |
| | | FY 2019 | \$2,844,856 |
| 86 th | anticipated LAR* | FY 2020 | \$2,844,856 |
| | | FY 2021 | (6 th regional planning cycle) |
| | Estimated Total | (FY 2015-2020) | \$15,874,165 |

* projected funding estimate based on appropriations continuing at FY 2016-2017 levels

KEY ISSUES

In accordance with TWDB's solicitation, all 16 regional water planning groups submitted grant applications for funding for the tasks to complete the fifth cycle of planning by the February 21, 2017 deadline. The total funds requested in the applications did not exceed the available and anticipated funds of \$14,224,280 to complete the fifth cycle of regional water planning.

The Executive Administrator has reviewed the applications and recommends funding the regional water planning groups in an amount of \$14,224,280, as shown in summary Table 2. The funding amount to be contracted as committed funds is equal to \$5,689,712. The anticipated future appropriations up to \$8,534,568 will only be amended in the contracts as committed funds if the TWDB receives the anticipated appropriations. The Executive Administrator has reviewed each task to ensure compliance with the requirements in 31 TAC, Chapter 355.

There is a risk that the 85th or 86th Texas legislatures take actions that result in either: a) new requirements for planning groups or b) appropriations of an amount less than \$8,534,568. In these events, the task or total study funding amounts for each region will be adjusted or reduced proportionally to facilitate completion of regional water plans that meet new statutory or minimum rule requirements.

These funding amounts are not guaranteed funds and must be eligible for reimbursement.

With the Board's authorization, the Executive Administrator will negotiate and execute contract amendments with the planning groups' political subdivisions. Once the Executive Administrator has been authorized to negotiate and execute regional water planning contract amendments, planning groups will be eligible to be reimbursed back to November

18, 2016 (the date that the request for regional planning applications was published) for appropriate administrative expenses.

In the event of passage of statutory changes that may, at the request of certain regional water planning groups, allow for a reduction in the amount of effort required to complete a regional water plan, the contract dollar amount may be amended downwards by the Board to reflect the reduced work effort.

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

| Region | Initial funding currently under contract (FY 2015) | Additional appropriated funds to be committed into existing contracts (FY 2016-2017) | Anticipated future appropriations (FY 2018-2020) | Subtotal anticipated additional funding to be amended into existing contracts | Total anticipated funding to complete the 2021 regional water plans |
|--------------|--|--|--|---|---|
| A | \$77,520 | \$237,509 | \$356,265 | \$593,774 | \$671,294 |
| B | \$56,880 | \$160,238 | \$240,359 | \$400,597 | \$457,477 |
| C | \$188,667 | \$890,649 | \$1,335,972 | \$2,226,621 | \$2,415,288 |
| D | \$127,597 | \$409,500 | \$614,252 | \$1,023,752 | \$1,151,349 |
| E | \$45,446 | \$137,661 | \$206,494 | \$344,155 | \$389,601 |
| F | \$107,108 | \$371,371 | \$557,056 | \$928,427 | \$1,035,535 |
| G | \$187,800 | \$667,002 | \$1,000,503 | \$1,667,505 | \$1,855,305 |
| H | \$177,909 | \$764,495 | \$1,146,742 | \$1,911,237 | \$2,089,146 |
| I | \$117,891 | \$403,894 | \$605,840 | \$1,009,734 | \$1,127,625 |
| J | \$44,567 | \$114,967 | \$172,449 | \$287,416 | \$331,983 |
| K | \$109,356 | \$313,845 | \$470,765 | \$784,610 | \$893,966 |
| L | \$138,032 | \$372,387 | \$558,581 | \$930,968 | \$1,069,000 |
| M | \$85,685 | \$312,817 | \$469,226 | \$782,043 | \$867,728 |
| N | \$61,774 | \$151,023 | \$226,532 | \$377,555 | \$439,329 |
| O | \$84,656 | \$298,807 | \$448,210 | \$747,017 | \$831,673 |
| P | \$38,997 | \$83,547 | \$125,322 | \$208,869 | \$247,866 |
| Total | \$1,649,885 | \$5,689,712 | \$8,534,568 | \$14,224,280 | \$15,874,165 |

RECOMMENDATION

The Executive Administrator recommends negotiating and executing the contract amendments. The scope and funding will enable the regional water planning groups to perform the necessary tasks to meet existing statute and rule requirements to complete the 2021 regional water plans. The initial funding currently under contract does not provide sufficient funds to complete the plans. The contract amendments to commit the additional appropriated funds from FY 2016-2017 must be executed by August 31, 2017.

Attachment: Published Request for Applications to Complete the Fifth Cycle of Regional Water Planning

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

**Texas Water Development Board
Request for Applications**

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 amount of funds appropriated for such activities for the Fiscal 2016-2017 biennium and the anticipated future appropriations for the remainder of the fifth cycle of regional water planning as a total study cost.

In the event that acceptable applications are not submitted or that insufficient funds are available to fund proposed activities, the TWDB retains the right to not award and/or commit 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), February 21, 2017. 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 Grants. 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/request/index.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 Sarah Backhouse at the preceding address or by calling (512) 936-2387, or by e-mail at sarah.backhouse@twdb.texas.gov.

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Todd Chenoweth
Interim General Counsel
Texas Water Development Board
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