

# Texas Water Development Board

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TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator  
Les Trobman, General Counsel  
Jeff Walker, Deputy Executive Administrator

FROM: Jo Dawn Bomar, Director, Program Administration and Reporting

DATE: October 7, 2015

SUBJECT: Consider Authorizing the Executive Administrator to execute an amendment to the State Fiscal Year 2016 Drinking Water State Revolving Fund Set-Aside Contract between the Texas Water Development Board and the Texas Commission on Environmental Quality

## **ACTION REQUESTED**

Authorize the Executive Administrator to execute an amendment to the Drinking Water State Revolving Fund (DWSRF) State Fiscal Year (SFY) 2016 Set-Aside Contract between the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ).

## **BACKGROUND**

On August 26, 2015 the Board authorized the Executive Administrator to execute the annual inter-agency contract between the TWDB and TCEQ governing the use of certain DWSRF capitalization grant funds for set-aside activities. The contract was executed on October 2, 2015 and reflects the set-aside allocations included in the SFY 2016 DWSRF Intended Use Plan and set-aside activities described in SFY 2016 Set-Aside Work Plans prepared by the TCEQ and approved by the Environmental Protection Agency (EPA). This authorization will approve an increase of \$300,000 in the Local Assistance portion of the set-asides.

## **KEY ISSUES**

The amended DWSRF set-aside contract will increase the TCEQ's annual utilization of the Federal Fiscal Year (FFY) 2015 capitalization grant funds to a total of \$9,423,840. All other contractual elements previously approved remain unchanged.

<b>Our Mission</b>	:	<b>Board Members</b>
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, Member
	:	Kevin Patteson, Executive Administrator

The revised amount of FFY 2015 capitalization grant funds will be allocated as follows:

2% set-aside, or \$1,270,640, for Small Systems Technical Assistance,  
10% set-aside, or \$6,353,200, for State Program Management, and  
An additional set-aside in the amount \$1,800,000 for Local Assistance.

This change will require an amendment to the FFY 2015 capitalization grant reallocating the funds to TCEQ. However, since there is no impact to the lending capacity, the Intended Use Plan (IUP) will not need to be amended. Financial Assistance Recipients/Borrowers will see no negative impact resulting from this amendment. The end of year DWSRF Annual Report will reflect the actual uses of all DWSRF funds and their sources.

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

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Les Trobman  
General Counsel

Attachment A: DRAFT Set-aside Contract amendment between the TWDB and the TCEQ

STATE OF TEXAS

TWDB Contract No. 1695181890

TRAVIS COUNTY

TEXAS WATER DEVELOPMENT BOARD

and

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
AMENDMENT NO. 1

This Contract and Agreement previously made and entered into on October 2, 2015 is now hereby amended as follows:

**1. Section 1.3. is replaced as follows:**

TCEQ, as the State's primacy regulatory agency, is responsible for implementing the drinking water regulatory scheme established by the SDWA and for enforcing the national drinking water standards set by the EPA. To effectuate these goals, TCEQ administers the 10% set-aside for the State Program Management (SPM), the 2% set-aside for the Small System Technical Assistance (SSTA) and a portion not to exceed \$1.8 million of the additional 15% set-aside funds for Local Assistance (LA) programs (collectively the "Set-Aside Activities"). These activities are eligible under the SDWA for funds set aside from the DWSRF capitalization grant.

**2. 3.3 REIMBURSEMENT OF EXPENSES FOR LOCAL ASSISTANCE AND OTHER STATE PROGRAMS is replaced as follows:**

For performing the tasks identified in the LA Work Plan, the TWDB shall provide to TCEQ, according to the terms of this Contract, from FFY 2015 capitalization grant funds actually received from the EPA an amount not to exceed the LA Work Plan budget for the expenses actually incurred by TCEQ. These expenses shall not exceed \$1.8 million dollars of the 15% Local Assistance and Other State Programs Set-Aside of the FFY 2015 DWSRF capitalization grant allotted to the State. The TWDB is under no obligation to pay TCEQ FFY 2015 capitalization grant funds until the TWDB has actually received the available capitalization grant funds from the EPA. TCEQ agrees to provide the TWDB with an updated budget if additional projects are to be added to the SFY 2016 LA Work Plan.

**3. All other terms and conditions of TWDB Contract No. 1695181890 shall remain in effect.**

IN WITNESS WHEREOF the parties hereto cause this Contract and Agreement to be duly executed in duplicate.

**TEXAS WATER DEVELOPMENT  
BOARD**

**TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

\_\_\_\_\_  
Kevin Patteson  
Executive Administrator

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Stephanie Bergeron Perdue  
Deputy Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

DRAFT