

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
John T. Dupnik, P.G., Deputy Executive Administrator
Water Science & Conservation
Todd Chenoweth, General Counsel
Rebecca Trevino, Chief Financial Officer

FROM: Cameron Turner, Manager, Agricultural Water Conservation

DATE: October 2, 2018

SUBJECT: Request for Applications for Fiscal Year 2019 Agricultural Water Conservation Grant Projects

ACTION REQUESTED

Consideration of final allocation of funds from the Agricultural Water Conservation Fund for Fiscal Year 2019 agricultural water conservation grant projects in an amount not to exceed \$600,000.

BACKGROUND

The Agricultural Water Conservation Program funds water conservation programs and projects throughout the state. Examples from previous years include demonstrations of conservation practices, educational outreach activities, purchase and installation of water use monitoring equipment, and irrigation efficiency improvements.

Benefits provided through this program include promoting agricultural water conservation throughout the state and supporting implementation of irrigation conservation water management strategies identified in the state and regional water plans. Funding recipients must report improvements in water use efficiency or water savings. Over the past ten years, grant recipients have reported more than 496,000 acre-feet of water savings through the program.

KEY ISSUES

Current projections indicate adequate funding to continue providing up to \$600,000 through the annual Agricultural Water Conservation Grant Program through 2035, in addition to the ability to provide up to \$5 million through the Agricultural Water

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 : Peter M. Lake, Chairman | Kathleen Jackson, Board Member | Brooke T. Paup, Board Member
: Jeff Walker, Executive Administrator

Conservation Loan Program this year, and another \$1 million every other year thereafter through 2029 (Attachment A).

The Agricultural Water Conservation Grant Program offers grant funding at least once a year to state agencies and political subdivisions through a competitive process for agricultural water conservation programs and projects. Grant topics vary from year to year to address current issues in agricultural water conservation. The proposed eligible grant category for consideration in Fiscal Year 2019 is as follows:

Irrigation efficiency and system improvements

(maximum 50 percent reimbursement of eligible equipment, materials, and supplies)

Funding is available for the purchase of agricultural water conservation equipment, materials, and supplies designed to monitor irrigation water use, implement irrigation scheduling, and/or improve upon irrigation efficiency.

Examples of eligible expenses include, but are not limited to

- soil moisture and crop stress monitoring devices,
- remote management of irrigation systems,
- telemetry,
- automated gates,
- supervisory control and data acquisition,
- weather stations,
- metering equipment, and
- materials and supplies for infrastructure improvements in irrigation conveyance systems.

Funding recipients must submit annual reports with irrigation water use data and an estimate of actual water savings realized through the implementation of the project for a period of five years following installation or construction completion.

The Executive Administrator intends to publish a request for applications in the *Texas Register* for Fiscal Year 2019 Agricultural Water Conservation Grant Projects not to exceed \$600,000 from the Agricultural Water Conservation Fund. Grant funding allocations for recommended projects are subject to future determination upon Board approval. The TWDB reserves the right to reject parts of any or all applications if staff determines that the application(s) does not adequately meet the required criteria or if funding available is less than the requested funding. Staff will review and rank applications received by the deadline according to rules contained in 31 Texas Administrative Code Chapter 367, criteria and prioritization set forth in the request for applications (Attachment B), and the application instructions (Attachment C). Priority consideration may be given to projects that (1) promote the adoption of best management practices and water saving innovations; (2) have the greatest potential for wide-scale adoption; (3) result in a regional impact to

agricultural producers; and/or (4) are reasonably expected to produce the largest volume of water saved or increase in water use efficiency as a direct result of the project.

RECOMMENDATION

Upon Board approval of the allocation, the Executive Administrator will publish a request for applications in the *Texas Register* for Fiscal Year 2019 agricultural water conservation grant projects in an amount not to exceed \$600,000 from the Agricultural Water Conservation Fund.

Attachment(s):

- Attachment A: Agricultural Water Conservation Fund Projected Balance
- Attachment B: Request for Applications
- Attachment C: Application Instructions

ATTACHMENT A

Agricultural Water Conservation Fund Projected Balance¹

Fiscal year	Fund balance	Investment projections	Projected new loans	Loan repayments	Existing grant commitments	Annual grants	Fund balance
2019	\$8,781,597	\$43,908	\$5,000,000	\$1,967,342	\$4,657,905	\$600,000	\$534,942
2020	\$534,942	\$2,675	\$0	\$1,636,961	\$0	\$600,000	\$1,574,578
2021	\$1,574,578	\$7,873	\$1,000,000	\$1,664,292	\$0	\$600,000	\$1,646,743
2022	\$1,646,743	\$8,234	\$0	\$1,667,379	\$0	\$600,000	\$2,722,355
2023	\$2,722,355	\$13,612	\$1,000,000	\$1,563,547	\$0	\$600,000	\$2,699,514
2024	\$2,699,514	\$13,498	\$0	\$1,570,675	\$0	\$600,000	\$3,683,687
2025	\$3,683,687	\$18,418	\$1,000,000	\$1,473,646	\$0	\$600,000	\$3,575,751
2026	\$3,575,751	\$17,879	\$0	\$566,501	\$0	\$600,000	\$3,560,131
2027	\$3,560,131	\$17,801	\$1,000,000	\$624,116	\$0	\$600,000	\$2,602,048
2028	\$2,602,048	\$13,010	\$0	\$474,073	\$0	\$600,000	\$2,489,131
2029	\$2,489,131	\$12,446	\$1,000,000	\$624,116	\$0	\$600,000	\$1,525,693
2030	\$1,525,693	\$7,628	\$0	\$474,073	\$0	\$600,000	\$1,407,394
2031	\$1,407,394	\$7,037	\$0	\$473,366	\$0	\$600,000	\$1,287,797
2032	\$1,287,797	\$6,439	\$0	\$317,410	\$0	\$600,000	\$1,011,646
2033	\$1,011,646	\$5,058	\$0	\$315,065	\$0	\$600,000	\$731,769
2034	\$731,769	\$3,659	\$0	\$157,595	\$0	\$600,000	\$293,022
2035	\$293,022	\$1,465	\$0	\$158,860	\$0	\$453,347	\$0

¹ Data as of 8/31/2018; Assumptions: continue offering up to \$600,000 in annual grants. annual administrative costs associated with the program continue to be covered by general revenue, outstanding balance of \$4,657,905 committed through existing grant project encumbrances, maximize the amount available for the agricultural loan program without impacting the grants program (\$5 million in the current fiscal year and \$1,000,000 every other year thereafter through 2029), and 0.50 percent invest earnings rate.

ATTACHMENT B

Request for Applications Fiscal Year 2019 Agricultural Water Conservation Grant Projects

The Texas Water Development Board (TWDB) solicits a request for applications for Fiscal Year 2019 Agricultural Water Conservation Grant Projects. The total amount of the grants to be awarded under this request for applications by the TWDB shall not exceed \$600,000 from the Agricultural Water Conservation Fund. The rules governing the Agricultural Water Conservation Fund (31 Texas Administrative Code, Chapter 367) and application instructions are available upon request from the TWDB.

Summary of the Request for Applications

Solicitation Date (Opening): Date published in the *Texas Register*

Due Date (Closing): 12:00 p.m., Wednesday, January 16, 2019

Anticipated Award Date: April 2019

Estimated Total Funding: up to \$600,000 total

Eligible Grant Amount: up to \$600,000, subject to Board approval

Eligible applicants: state agencies and political subdivisions (as defined by 31 Texas Administrative Code, Chapter 367)

Contact: Cameron Turner, Agricultural Water Conservation, Texas Water Development Board, P.O. Box 13231, Austin, Texas 78711-3231, Phone: (512) 936-6090, E-mail: cameron.turner@twdb.texas.gov

Agricultural Water Conservation Grant Categories

Applications should be consistent with the format provided in the Agricultural Water Conservation Grant Application Instructions document. Please contact the TWDB if you intend to apply. Applications must be in response to the following grant category and eligibility criteria.

Irrigation efficiency and system improvements

(maximum 50 percent reimbursement of eligible equipment, materials, and supplies)

Funding is available for the purchase of agricultural water conservation equipment, materials, and supplies designed to monitor irrigation water use, implement irrigation scheduling, and/or improve upon irrigation efficiency. Examples of eligible expenses include, but are not limited to, soil moisture and crop stress monitoring devices, remote management of irrigation systems, telemetry, automated gates, supervisory control and data acquisition, weather stations, metering equipment, and materials and supplies for infrastructure improvements in irrigation conveyance systems. Funding recipients must

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submit annual reports with irrigation water use data and an estimate of actual water savings realized through the implementation of the project for a period of five years following installation or construction completion.

Grant Amount

Through this announcement, the TWDB has up to \$600,000 available from the Agricultural Water Conservation Fund for Fiscal Year 2019 agricultural water conservation grants. The TWDB awards these funds through a statewide competitive grants process. The TWDB evaluates all proposals based upon the specific criteria set forth in this solicitation and application instructions. Unless otherwise specified in the individual grant category, eligible expenses typically include the cost of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing a conservation program or project. Overhead or indirect costs are not allowed as an eligible expense for reimbursement or local match through this request for applications.

Application Criteria and Selection Process

Prior to technical review, each application will be screened for completeness and compliance with the provisions of this notice. Incomplete applications and those that do not meet the provisions of this notice and the requirements of 31 Texas Administrative Code Chapter 367.5–367.7, as identified in the application instructions, may be eliminated from competition. Applications meeting the provisions of this notice will be scored by a technical review panel. 31 Texas Administrative Code Sections 367.8 and 367.9 require that in reviewing an application for an agricultural water conservation grant, the TWDB shall consider (1) degree to which the applicant has used other available resources to finance the use for which the application is being made (political subdivisions only); (2) willingness and ability of the applicant to raise revenue (political subdivisions only); (3) commitment of the applicant to agricultural water conservation; and, (4) the benefits that will be gained by making the grant.

Prior to approving a grant, the TWDB must find that the grant funds will (1) supplement rather than replace money of the applicant; (2) serve the public interest (in making this finding the TWDB shall include a finding that the grant will assist in the implementation of a water conservation water management strategy identified in the most recent applicable approved regional water plan or state water plan); and, (3) further water conservation in the state.

In addition to the required considerations and findings, the technical review panel **will further evaluate the applications using the following criteria:** (1) sound and practical approach for implementing project as per the Request for Applications guidelines; (2) clearly identified tasks, products, and reporting timelines; (3) staff with the technical

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expertise needed to carry out the project; and, (4) proposed costs estimate (budget) that are reasonable and adequately justified. **Priority consideration may be given to projects that** (5) promote the adoption of best management practices and water saving innovations, (6) have the greatest potential for wide-scale adoption, (7) will result in a regional impact to agricultural producers, and/or (8) are reasonably expected to produce the largest volume of water saved or increase in water use efficiency as a direct result of the project. All applicants must establish a metric for measuring and reporting water savings or improvements in water use efficiency as a direct result of project funding.

Funding and Partial Funding Provisions

The TWDB reserves the right to reject all proposals and make no awards under this announcement. In addition, the TWDB reserves the right to partially fund proposals by funding discrete activities, portions, or phases of a proposed project. TWDB also reserves the right to award funding in an amount greater than any stated limits per project, if applicable. If the TWDB decides to partially fund a proposal, it will do so in a manner that does not prejudice any applicants or affect the basis upon which the proposal, or portion thereof, was evaluated or selected for award, and that maintains the integrity of the competition and the evaluation/selection process. The TWDB reserves the right to reject parts of, any, or all applications if staff determines that the application(s) does not adequately meet the required criteria or if the funding available is less than the requested funding. The TWDB also retains the right to not award contract funds.

Negotiations with Selected Applicants

The applicable scope of work, deliverables, timelines, budgets, and contract terms will be negotiated after the TWDB awards the selected applicants. Failure to arrive at mutually agreeable terms of a contract with the selected applicant shall constitute a rejection of the Board's offer and may result in subsequent negotiations with other applicants.

Deadline for Submission of Applications

Submit four double-sided, double-spaced paper copies and one digital copy of completed application(s) to the TWDB on or before 12:00 p.m. on Wednesday, January 16, 2019. Applications can be directed either in person to David Carter, Texas Water Development Board, Stephen F. Austin Building, Room 640G, 1700 North Congress Avenue, Austin, Texas 78701; or by mail to David Carter, Texas Water Development Board, P.O. Box 13231 – Capitol Station, Austin, Texas 78711-3231. Application instructions are available upon request from Cameron Turner, (512) 936-6090, cameron.turner@twdb.texas.gov, or online at <http://www.twdb.texas.gov>.

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Application Instructions Fiscal Year 2019 Agricultural Water Conservation Grant Projects

The Texas Water Development Board's Agricultural Water Conservation Fund offers grants to state agencies and political subdivisions of the State of Texas for agricultural water conservation projects or programs that address the topics published in the recent Request for Applications in the *Texas Register*.

When to apply: The Texas Water Development Board publishes a Request for Applications in the *Texas Register* at least once each fiscal year. Any state agency(s) or political subdivision(s) interested in applying for an agricultural water conservation grant may contact the Contract Administration Division to be included on a mailing list that provides notification that a request has been published. Unsolicited applications can be filed at any time but will only be considered for funding if there is urgency for the activity to be done and is also dependent upon the availability of funds.

Who may apply: Eligible applicants include state agencies and political subdivisions, as defined by 31 Texas Administrative Code, Chapter 367.

Application submittal: Applicants should submit four double-sided, double-spaced paper copies and one digital copy of a complete application to the following address on or before 12:00 p.m. on Wednesday, January 16, 2019:

David Carter
Texas Water Development Board
Contract Administration
P. O. Box 13231
1700 N. Congress Ave.
Austin, Texas 78711-3231

All applications should be complete and include general information, proposed project information, and written assurances, as outlined below. Refer to the Request for Applications for eligible activities, ranking criteria, and selection process. A list of required items has been provided in the following pages to assist in completing an application.

If you intend to apply, please call Cameron Turner, Manager, Agricultural Water Conservation, at (512) 936-6090 or e-mail at cameron.turner@twdb.texas.gov.

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Application Requirements

Texas Administrative Code, Title 31, Part 10, Chapter 367, Section 367.5

Applications should address each of the following requirements, in this order:

Section I. Administrative Requirements

1. Applicant information including:
 - a. The official name of the applicant (political subdivision or state agency);
 - b. Mailing and physical address of the applicant;
 - c. Constitutional and statutory authority creating the applicant, under which the applicant currently operates; and,
 - d. The applicant's Vendor ID number.
2. Names and addresses of the individual or individuals with the legal authority to perform the acts of the entity and title of position (e.g. presiding officer, chairman).
3. Name, address, title, phone number, and email address of the designated representative (e.g. general manager or agency administrator).
4. An affidavit from the individual with the authority to act on behalf of the applicant, or a certified copy of a resolution adopted, or minutes approved by the governing body with the authority to act on behalf of the applicant, which:
 - a. Identifies the amount that the applicant is requesting;
 - b. Authorizes the submission of an application on behalf of the entity; and,
 - c. Designates an authorized representative to submit the application and perform all reasonable and necessary action in support of the application and, if approved by the TWDB, to perform the terms and conditions of the award of money from the Fund.
5. Evidence of the applicant's commitment to water conservation, such as appropriate excerpts from the applicant's management plan or conservation plan, and examples of the applicant's existing conservation programs or projects.

Section II. Project Information

6. Project description, location, and personnel
 - a. Brief project title, summary of the proposed project, explanation of why this activity is needed, and how it will serve the public interest, such as adoption of best management conservation practices and water saving innovations;
 - b. A map of the geographic area in which the applicant is authorized to conduct such actions as are necessary for the proposed conservation program or project, and a description of the geographic area in which the project will occur; and,
 - c. Identification of technical staff with the expertise needed to carry out this project, qualifications, and an estimate of what percentage of their time will be attributed to this project.

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7. Budgets
 - a. The amount requested, cost of each significant element of the project, and a reasonable and adequate justification of why this funding is needed;
 - b. Source of local match and written evidence that the grant funds will supplement rather than replace the money of the applicant; and,
 - c. Proposed task and expense budgets for the program or project that identifies the total project costs by category. (See example budgets, in Section III.)
8. Scope of work
 - a. Clearly identified tasks, detailed descriptions of each task, completion and reporting timelines;
 - b. Project deliverables (data, reports, plans, or other products) that the TWDB will receive through this project; and,
 - c. A description of the extent to which the project will include educational and outreach activities directed at participants, agricultural producers, and the public.
9. Water conservation benefits
 - a. Identification of a recommended or alternative irrigation conservation water management strategy in the most recent applicable regional water plan or state water plan;
 - b. An explanation of how the proposed project will implement the strategy through the grant; and,
 - c. An estimate of the baseline water usage prior to the program or project; estimated water savings to be realized by implementation of this program or project; and, a description of monitoring procedures and methodology for calculating water savings.
10. Construction activities
 - a. If the proposed project involves TWDB funding for construction, the application shall include an engineering feasibility report signed and sealed by a professional engineer, in accordance with Texas Administrative Code Chapter 367.6; and,
 - b. If the TWDB funds would be used for construction of a conservation project that will require surface or subsurface disturbance of the soil or alter the existing vegetation, the applicant shall conduct an environmental assessment in compliance with Texas Administrative Code Chapter 367.7.

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Section III. Example Task and Expense Budgets

TASK BUDGET

TASK	DESCRIPTION	TOTAL PROJECT COST
1	Planning and design of improvements	\$ 20,000.00
2	Purchase equipment, materials, and supplies	\$ 500,000.00
3	Install equipment, materials, and supplies	\$ 20,000.00
4	Monitor water use and measure water savings	\$ 5,000.00
5	Report results	\$ 5,000.00
TOTAL		\$550,000.00

EXPENSE BUDGET

CATEGORY	LOCAL MATCH AMOUNT	TWDB GRANT AMOUNT
Salaries & Wages ¹	\$ 13,000.00	\$ 0.00
Fringe ²	\$ 1,000.00	\$ 0.00
Travel ³	\$ 500.00	\$ 0.00
Other Expenses ⁴	\$ 500.00	\$ 0.00
Equipment, Materials, and Supplies ⁵	\$ 250,000.00	\$ 250,000.00
Subcontract Services	\$ 35,000.00	\$ 0.00
TOTAL	\$300,000.00	\$250,000.00

¹ Salaries and Wages is defined as the cost of salaries of engineers, draftsmen, stenographers, surveyors, clerks, laborers, etc., for time directly chargeable to this CONTRACT.

² Fringe is defined as the cost of social security contributions, unemployment, excise, and payroll taxes, workers' compensation insurance, retirement benefits, medical and insurance benefits, sick leave, vacation, and holiday pay applicable thereto.

³ Travel is limited to the maximum amounts authorized for state employees by the General Appropriations Act, Tex. Leg. Regular Session, 2017, Article IX, Part 5, as amended or superseded

⁴ Other Expenses is defined to include expendable supplies, communications, reproduction, postage, and costs of public meetings directly chargeable to this CONTRACT.

⁵ Equipment, Materials, and Supplies is defined as all hardware, software, and technology directly chargeable to this contract; those items that are incorporated into and remain part of a feature or structure; and, those items that are used during the installation and construction process, but do not remain a permanent part of the feature or structure.

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Deadline and Submission of Application

Four double-sided, double-spaced paper copies and one digital copy of a complete agricultural water conservation grant application, including the required attachments must be filed with the TWDB on or before 12:00 p.m. on Wednesday, January 16, 2019.

Applications can be delivered in person to:

David Carter
Texas Water Development Board
Room 640G, Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701

Applications can also be mailed to:

David Carter
Texas Water Development Board
P.O. Box 13231 – Capitol Station
Austin, Texas 78711-3231

Requests for technical information may be directed to:

Cameron Turner
Agricultural Water Conservation
Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711-3231
E-mail: cameron.turner@twdb.texas.gov
Phone: (512) 936-6090