

## AGENDA ITEM MEMO

**BOARD MEETING DATE:** June 3, 2021

**TO:** Board Members

**THROUGH:** Jeff Walker, Executive Administrator  
Ashley Harden, General Counsel  
Rebecca Trevino, Chief Financial Officer  
Jessica N. Peña, Deputy Executive Administrator, Water Supply & Infrastructure

**FROM:** Sarah Backhouse, Manager, Regional Water Planning

**SUBJECT:** Regional water planning contracts

### **ACTION REQUESTED**

Consider authorizing the Executive Administrator to (a) negotiate and execute contracts for the 2026 regional water plans in an amount not to exceed \$2,844,856 including permission to allow the TWDB to reimburse planning group administrators for eligible direct costs incurred prior to grant contract execution beginning on February 1, 2021; and (b) transfer associated funds from the Water Assistance Fund to the Research and Planning Fund.

### **BACKGROUND**

Section 16.051 of the Texas Water Code (TWC) requires the Texas Water Development Board (TWDB) to develop and adopt a comprehensive state water plan every five years that incorporates the regional water plans developed under TWC Section 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 regional water planning groups (RWPGs).

### ***Sixth Cycle of Regional Water Planning***

The 2026 regional water plans will be prepared as the basis for the 2027 State Water Plan and will address a projection period out to the year 2080.

#### **Our Mission**

Leading the state's efforts in ensuring a secure water future for Texas and its citizens

#### **Board Members**

Brooke T. Paup, Chairwoman | Kathleen Jackson, Board Member

Jeff Walker, Executive Administrator

### ***Current Available Funding***

Funding to commence planning activities is proposed in an amount not to exceed \$2,844,856. This funding is comprised entirely of the remaining reserved funds from Fiscal Year 2021 for regional water planning activities.

### ***Anticipated Additional Funding***

If additional future appropriations continue at the same level as the Fiscal Year 2020-2021 levels, the total anticipated amount of funding that would eventually become available for the sixth cycle of regional water planning is estimated to be approximately \$15.6 million.

At this time, staff has not included any anticipated future appropriations in the formula-based allocation. The TWDB included additional funding requests in the agency's Exceptional Items Request and has also requested removal of certain planning tasks in its Legislative Priorities Report to the 87<sup>th</sup> Legislature. Once there is more certainty about the future appropriations and any additional, relevant legislative actions, staff anticipates allocating and adding known and anticipated future appropriations to the "total study costs" of the regional water planning contracts under a separate Board action in 2022.

### ***Request for Applications***

In March 2021, the Executive Administrator authorized publishing a Request for Applications (RFA) in the Texas Register for funding approximately \$2.8 million to initiate the sixth cycle of regional water planning. The TWDB published an RFA in the March 12, 2021 issue of the Texas Register with an application deadline of April 12, 2021.

### ***Scoping***

The initially available funds are considered sufficient for work to be performed under the initial grant contract standard scope of work developed by the TWDB that supports RWPG efforts to

- describe the regional water planning area (Task 1);
- evaluate and provide input on non-population water demand projections including irrigation, livestock, mining, steam electric, and manufacturing through 2080 (Task 2A);
- evaluate and provide input on population and municipal-related water demand projections through 2080 (Task 2B);
- develop policy and other recommendations (Task 8); and,
- conduct a portion of the associated Task 10 public participation and administration activities required by the regional water planning process necessary to complete Tasks 1, 2A, 2B, and 8.

### **KEY ISSUES**

In accordance with TWDB's solicitation, all 16 RWPGs submitted grant applications by the April 12, 2021 deadline. The total funds requested in the applications aligned with their allocations and therefore did not exceed the available funds of \$2,844,856. The predetermined formula funding approach used to allocate funding is based on the same

approach that was used to successfully allocate funding for the fifth cycle of regional water planning. Funding recommendations recognize that not all RWPGs will require an equal amount of effort to complete the fundamental planning tasks as defined in statute and rule.

The Executive Administrator has reviewed the applications and recommends funding the RWPGs in an amount of \$2,844,856, as shown in summary Table 1 to initiate the sixth cycle of regional water planning. Planning groups would need additional legislative appropriations to complete the regional water plans.

**Table 1: Recommended funding allocated by region.**

<b>Region</b>	<b>Applicant</b>	<b>Allocated funds</b>
(A) Panhandle	Panhandle Regional Planning Commission	\$149,303
Region B	Red River Authority of Texas	\$115,146
Region C	Trinity River Authority	\$277,846
(D) North East Texas	Riverbend Water Resources District	\$205,691
(E) Far West Texas	Rio Grande Council of Governments	\$100,852
Region F	Colorado River Municipal Water District	\$197,987
(G) Brazos G	Brazos River Authority	\$338,173
Region H	San Jacinto River Authority	\$287,657
(I) East Texas	City of Nacogdoches	\$228,814
(J) Plateau	Upper Guadalupe River Authority	\$90,233
(K) Lower Colorado	Lower Colorado River Authority	\$161,580
(L) South Central Texas	San Antonio River Authority	\$186,453
(M) Rio Grande	Lower Rio Grande Valley Development Council	\$149,448
(N) Coastal Bend	Nueces River Authority	\$119,837
(O) Llano Estacado	South Plains Association of Governments	\$148,772
(P) Lavaca	Lavaca-Navidad River Authority	\$87,064
<b>Total</b>		<b>\$2,844,856</b>

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 shown as “committed” amounts within the regional water planning grant contracts. Each five-year planning cycle necessitates amending the contracts to incorporate increased funding as additional appropriations become available.

The contracts may also include a greater “total study costs” dollar amount that can be used to indicate the full, total anticipated funding amount for the entire five-year contract period, including anticipated future appropriation amounts. For the initial contracts, the “total study cost” amounts are equal to the “committed” amounts. Once there is more certainty about additional future appropriations, the Executive Administrator 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 that are acknowledged in the contract, doing so allows the planning groups to better plan their work and manage their budgets resulting in better processes and regional water plans.

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)) prior to expending funds for technical planning activities. The required public meeting to receive preplanning input from the public does not have to occur prior to executing the contracts (regions all used a common, standard draft contract scope of work for their applications); however, TWDB will not reimburse for any activities other than administrative costs that occur prior to the date of their preplanning public meeting under the TWDB contract.

The Executive Administrator requests authorization to negotiate and execute contracts with the RWPGs' designated political subdivisions (administrators). At this time, the Executive Administrator is requesting associated permission from the Board to allow the TWDB to reimburse RWPG administrators for all eligible direct (non-labor) administrative dollar amounts expended to support the RWPGs that are incurred prior to grant contract execution beginning on February 1, 2021. Administrative costs may be incurred by some planning groups prior to the initiation of contracts as they determine their appropriate work timelines.

Once authorization to enter into the sixth cycle of regional water planning contracts is obtained, RWPGs have until March 3, 2025 to deliver their initially prepared regional water plans to TWDB with the final, adopted 2026 regional water plans due to TWDB by October 20, 2025.

**RECOMMENDATION**

Staff recommends authorizing the Executive Administrator to negotiate and execute contracts for the sixth cycle of regional water planning in an amount not to exceed \$2,844,856 including permission to allow the TWDB to reimburse planning group administrators for eligible direct costs incurred prior to grant contract execution beginning on February 1, 2021; and (b) transfer funds from the Water Assistance Fund to the Research and Planning Fund.