

AGENDA ITEM MEMO

BOARD MEETING DATE: July 7, 2021

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Ashley Harden, General Counsel
Rebecca Trevino, Chief Financial Officer

FROM: Chris Hayden, Director, Budget

SUBJECT: Request to increase the TWDB’s FY2021 Data Center Consolidation (DCC) Capital Budget above the 25% limitation

ACTION REQUESTED

Consider approving a request to increase the TWDB’s FY2021 Data Center Consolidation (DCC) capital budget from \$1,167,277 to \$2,000,000. Direct staff to send a corresponding request to the Legislative Budget Board and the Governor’s Office to transfer FY2021 funds that exceed the 25% Capital Budget transfer limit to its existing DCC capital budget appropriation. The transfer would be made from non-capital General Revenue funds.

BACKGROUND

The Texas Water Development Board’s FY2021 appropriation for the DCC Capital Budget is \$1,167,277 (FY2020-21 General Appropriations Act, 86th R.S., TWDB Rider 2). The FY2021 projected cost is \$2,000,000, approximately 71% above the FY2021 appropriation. The increase is the result of two things. First, there was a component of the TWDB’s Strategic Mapping capital appropriation that the agency was directed to pay through the DCC appropriation, rather than the authorized capital budget appropriation for Strategic Mapping. Approximately \$240,000 was transferred for this purpose. The amount was within the 25% transfer limitation in Article IX of the General Appropriations Act. Second, changes in the calculation methodology for DCC fees, as well as agency growth, resulted in increased costs of \$592,723 over the original appropriation. The table below shows the original appropriation, the two cost increases, and the revised DCC capital appropriation for FY2021.

Original DCC Capital Appropriation	\$1,167,277
Required Transfer from Strategic Mapping Capital Appropriation	240,000
Increased DCC Costs Due to New Methodology and Agency Growth	<u>592,723</u>
Revised DCC Capital Appropriation	<u>\$2,000,000</u>

The General Appropriations Act for fiscal years 2020-21 (GAA), Article IX, Sec. 14.03 (h)(2)(A)(ii) requires written approval of the Governor and Legislative Budget Board to transfer funds from a non-capital appropriation to an existing capital budget presented in the agency's bill pattern where the transfer is greater than 25% of the Capital Budget item to which the funds are being transferred.

Article IX, Sec. 14.03 (b) requires requests that exceed the transfer limitations to be submitted by the agency's governing board including the date on which the board approved the request, a statement justifying the request, the source of funds and why the expenditures cannot be deferred.

The attached letters to the LBB and the Governor's Office provide the required information identified in Article IX, Sec. 14.03 (b)

KEY ISSUES

The need for the TWDB to make payment for the DCC project is imperative to meet agency goals and carry out its growing responsibilities.

RECOMMENDATION

The Executive Administrator recommends the Board's adoption of this item, to include sending letters to the Legislative Budget Board and the Governor's Office to request an increase to \$2,000,000 for the Texas Water Development Board's FY2021 DCC Capital Budget appropriation. The Executive Administrator also recommends authorizing minor technical and non-substantive language edits to the letters, as necessary.

Attachments: Letter to the LBB
Letter to the Governor's Budget Office

Texas Water Development Board

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

July 7, 2021

Mr. Jerry McGinty
Legislative Budget Board
1501 Congress Avenue, 5th Floor
Austin, Texas 78701

Dear Mr. McGinty:

The Texas Water Development Board (TWDB) is requesting approval to transfer FY 2021 funds that exceed the 25% Capital Budget transfer limit to its existing Data Center Consolidation (DCC) capital budget appropriation. The transfer would be made from non-capital General Revenue funds.

The General Appropriations Act for fiscal years 2020-21 (GAA), Article IX, Sec. 14.03 (h)(2)(A)(ii) requires written approval of the Governor and Legislative Budget Board to transfer funds from a non-capital appropriation to an existing capital budget presented in the agency's bill pattern where the transfer is greater than 25% of the Capital Budget item to which the funds are being transferred.

The TWDB's FY 2021 DCC appropriation is \$1,167,277. The current FY 2021 projected cost is **\$2,000,000**, approximately 71% above the FY 2021 appropriation. The increase is the result of two things. First, there was a component of the TWDB's Strategic Mapping capital appropriation that the agency was directed to pay through the DCC appropriation, rather than the authorized capital budget appropriation for Strategic Mapping. Approximately \$240,000 was transferred for this purpose. The amount was within the 25% transfer limitation. Second, changes in the calculation methodology for DCC fees, as well as agency growth, resulted in increased costs of \$592,723 over the original appropriation. The table below shows the original appropriation, the two cost increases, and the revised DCC capital appropriation for FY 2021.

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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

Mr. Jerry McGinty

July 7, 2021

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The need for the TWDB to make payment for the DCC project is imperative to meet agency goals and carry out its growing responsibilities. Attached is the required documentation showing the agency's Board approval of the additional transfer amount (estimated to be \$490,904) on July 7, 2021. If you have any questions, please contact Chris Hayden, Budget Director, at (512) 475-2054.

Sincerely,

Brooke T. Paup
Chairwoman

BTP/ch

Attachments

Texas Water Development Board

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Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

July 7, 2021

Ms. Sarah Hicks
Budget Director
Office of the Texas Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Dear Ms. Hicks:

The Texas Water Development Board (TWDB) is requesting approval to transfer FY 2021 funds that exceed the 25% Capital Budget transfer limit to its existing Data Center Consolidation (DCC) capital budget appropriation. The transfer would be made from non-capital General Revenue funds.

The General Appropriations Act for fiscal years 2020-21 (GAA), Article IX, Sec. 14.03 (h)(2)(A)(ii) requires written approval of the Governor and Legislative Budget Board to transfer funds from a non-capital appropriation to an existing capital budget presented in the agency's bill pattern where the transfer is greater than 25% of the Capital Budget item to which the funds are being transferred.

The TWDB's FY 2021 DCC appropriation is \$1,167,277. The current FY 2021 projected cost is **\$2,000,000**, approximately 71% above the FY 2021 appropriation. The increase is the result of two things. First, there was a component of the TWDB's Strategic Mapping capital appropriation that the agency was directed to pay through the DCC appropriation, rather than the authorized capital budget appropriation for Strategic Mapping. Approximately \$240,000 was transferred for this purpose. The amount was within the 25% transfer limitation. Second, changes in the calculation methodology for DCC fees, as well as agency growth, resulted in increased costs of \$592,723 over the original appropriation. The table below shows the original appropriation, the two cost increases, and the revised DCC capital appropriation for FY 2021.

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Sincerely,

Brooke T. Paup
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