

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

### **AGENDA ITEM MEMO**

**BOARD MEETING DATE:** November 6, 2025

**TO:** Board Members

**THROUGH:** Bryan McMath, Executive Director

Ashley Harden, General Counsel

Marshall Walters, Assistant General Counsel

Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure

**FROM:** T. Clay Schultz, PhD, Director, Regional Water Project Development

Theresa Finch, P.G., Manager, Regional Water Project Development

**SUBJECT:** El Paso Water General Revenue Grant – El Paso Water Augmentation

Project - Upper Valley Water Plant- TWDB Project No. 21893

# **ACTION REQUESTED**

Consider authorizing the Executive Administrator to execute an agreement with El Paso Water for a \$14,000,000 grant pursuant to House Bill 500, 89th Leg., R.S., Article VI, Section 6.02 and Senate Bill 1, 89th Leg., R.S., Article IX, Section 17.18.

### **BACKGROUND**

In the 89th Legislative Session, \$14,000,000 was appropriated to augment the surface water of the northwest area of the City of El Paso (El Paso). The appropriated funds will be used to design the surface water augmentation plant at the existing Upper Valley Plant location.

This project is a critical component of El Paso's long-term plan to secure sustainable and reliable water supplies for the growing population of northwest El Paso.

## Benefits of this project are:

- Protection of Texas water allocations, which will help both El Paso and downstream users and ensure optimal use of the Rio Grande surface water resources.
- Protect the Mesilla-Bolson aquifer, ensuring long-term sustainability for this key groundwater source that provides about 20 percent of El Paso's water supply; and
- Improved water reliability for residents and businesses located in West El Paso through building surface water treatment capacity at the Upper Valley Plant that currently only has capacity for treated groundwater.

Our Mission

**Board Members** 

Board Members November 6, 2025 Page 2

# **KEY ISSUES**

The 89th Texas Legislature specifically directed the Texas Water Development Board (TWDB) to provide those funds for the above stated purpose. Consequently, the TWDB may provide funds from the general revenue account without reference to the requirements of other TWDB programs. The conditions necessary to affect the financing are only those necessary to protect the interests of TWDB and document the transaction to the satisfaction of the Executive Administrator.

# **RECOMMENDATION**

The Executive Administrator recommends authorizing the execution of an agreement with El Paso Water for a \$14,000,000 grant pursuant to House Bill 500, 89th Legislature, R.S., Article VI, Section 6.02 and Senate Bill 1, 89th Leg., R.S., Article IX, Section 17.18.

# Attachment:

1. Resolution (25-)

# A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO EL PASO WATER FROM THE GENERAL REVENUE FUND THROUGH A GRANT IN THE AMOUNT OF \$14,000,000

(25-)

### Recitals:

The 89th Texas Legislature, through House Bill 500, 89th Leg. R.S., Article 6, Section 6.02 and Senate Bill 1, 89<sup>th</sup> Leg. R.S., Article IX, Section 17.18 appropriated to the Texas Water Development Board (TWDB) an amount not to exceed \$14,000,000 out of the General Revenue Fund for the purpose of constructing a water augmentation project for El Paso Water.

The El Paso Water (Utility), located in El Paso County, has filed an application for financial assistance in the amount of \$14,000,000 in grant funds to finance certain water system improvements identified as Project No. 21893.

In accordance with its duties and responsibilities under Texas Water Code § 6.012, the TWDB has considered all matters required by law, and in particular the instructions of the 89th Legislature.

The TWDB hereby finds that the project is eligible to receive funds in accordance with House Bill 500 and Senate Bill 1.

NOW, THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to El Paso Water for a grant in the amount of \$14,000,000 from the General Revenue Fund. This commitment will expire on June 21, 2027.

Such commitment is conditioned as follows:

### Standard Conditions:

- 1. This commitment is contingent on the Utility executing a Grant Agreement in a form and substance acceptable to the Executive Administrator.
- 2. The Utility shall return any grant funds that are determined to be surplus funds in a manner determined by the Executive Administrator.
- 3. The Grant Agreement must contain a provision that the Utility agrees to comply with all of the conditions set forth in the TWDB Resolution.
- 4. The Grant Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Grant Agreement

that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

- 5. Financial assistance funds are public funds and, as such, the Grant Agreement must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
- 6. Financial assistance funds shall not be used by the Utility when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Grant Agreement shall include an environmental indemnification provision wherein the Utility agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Utility, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.
- 7. Prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Utility shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
- 8. The Utility must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).
- 9. The Utility shall submit progress reports with sufficient documentation on costs on a quarterly or monthly basis to allow for the timely distribution of the grant funds.

APPROVED and ordered of record this 6th day of November 2025.

	TEXAS WATER DEVELOPMENT BOARD
	L'Oreal Stepney, P.E., Chairwoman
	DATE SIGNED:
ATTEST:	
Bryan McMath, Executive Administrator	