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AGENDA ITEM MEMO

BOARD MEETING DATE: December 16, 2025

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Georgia Sanchez, Chief Financial Officer
John T. Dupnik, P.G., Deputy Executive Administrator, Water Science & Conservation

FROM: Marla Heger, Program Specialist, Agricultural Water Conservation
Erika Mancha, Director, Conservation and Innovative Water Technologies

SUBJECT: Fiscal Year 2026 Agricultural Water Conservation Grants

ACTION REQUESTED

Consider authorizing: (a) the allocation of funds for Fiscal Year 2026 Agricultural Water Conservation Grants in an amount not to exceed \$1,500,000 from the Agricultural Water Conservation Fund; and (b) the Executive Administrator to publish a Request for Applications in the *Texas Register*.

BACKGROUND

The Agricultural Water Conservation Program promotes agricultural water conservation across the state by providing financial assistance in the form of grants and loans to political subdivisions and state agencies, predominantly in rural areas of Texas where agriculture is an important sector of the local economy. From 2014 through 2025, the Agriculture Water Conservation Fund has supported 112 projects (101 grants and 11 loans), committed \$29.2 million in funding (\$18.1 million in grants and \$11.1 million in loans), and saved over 700,000 acre-feet of water. Previously funded projects have included demonstrations of conservation practices, educational outreach, installation of water use monitoring equipment, and irrigation efficiency improvements.

KEY ISSUES

In 2025, the 89th Texas Legislature appropriated the TWDB with \$3,739,636 in fiscal year 2026 and \$3,483,364 in fiscal year 2027 to administer and disperse funds for loans and grants through the agricultural water conservation program. The Agricultural Water Conservation Fund currently has a sufficient balance to provide \$1.5 million in grants each year for the next three fiscal years assuming no additional loans are made available (Attachment 1). Additionally, the fund was added by the Texas Legislature via passage of Senate Bill 7 as a fund eligible to receive funds from the Texas Water Fund.

[Our Mission](#) : [Board Members](#)

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

: L'Oreal Stepney, P.E., Chairwoman | W. Brady Franks, Board Member | Ashley Morgan, Board Member
:
: Bryan McMath, Executive Administrator

In this grant cycle, we are requesting applications for conservation projects or programs that meet the definition found in 31 Texas Administrative Code §367.2 and §367.3).

A conservation program includes:

- an agricultural water conservation technical assistance program, including a program for developing an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district;
- a research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation;
- a precipitation enhancement program in an area of the state where the program would be most effective;
- a program administered by a state agency that provides funding to a political subdivision or person for a conservation project; or
- a program administered by a political subdivision that provides loans to a person for a conservation project.

A conservation project includes a project that:

- improves water use efficiency of water delivery and application on existing irrigation systems;
- prepares irrigated land for conversion to dryland conditions;
- prepares dryland for more efficient use of natural precipitation;
- purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes; or
- prepares and maintains land to be used for brush control activities in areas of the state where those activities, in the TWDB's judgment, would be most effective, including activities conducted under Chapter 203, Agriculture Code.

The Executive Administrator intends to publish a request for applications in the *Texas Register* for Fiscal Year 2026 Agricultural Water Conservation Grants not to exceed \$1,500,000 from the Agricultural Water Conservation Fund. Applications will be due by March 18, 2026. Final grant funding allocations for recommended projects are subject to future determination. Applications will be reviewed and ranked according to rules contained in 31 Texas Administrative Code Chapter 367, criteria and prioritization set forth in the request for applications (Attachment 2), and the application instructions (Attachment 3).

RECOMMENDATION

The Executive Administrator recommends approving (a) the allocation of \$1,500,000 from the Agricultural Water Conservation Fund to support the Agricultural Water Conservation Grants Program and (b) publishing a request for applications in the *Texas Register*.

Attachments:

1. Agricultural Water Conservation Fund projected balance
2. Draft Request for Applications - Fiscal Year 2026 Agricultural Water Conservation Grants
3. Draft Application Instructions - Fiscal Year 2026 Agricultural Water Conservation Grant

Attachment 1

Agricultural Water Conservation Fund projected balance¹

Fiscal Year	Beginning balance	Loan receipts	Projected investment income	Grant outflows	Ending balance
2026	\$6,870,445	\$400,123	\$82,389	\$4,855,686	\$2,497,270
2027	\$2,497,270	\$248,127	\$111,403	\$1,500,000	\$1,356,800
2028	\$1,356,800	\$248,394	\$60,527	\$1,500,000	\$165,721
2029	\$165,721	\$248,450	\$7,393	\$421,563	–
2030	–	\$248,294	–	\$248,294	–
2031	–	\$247,926	–	\$247,926	–
2032	–	\$252,347	–	\$252,347	–
2033	–	\$156,345	–	\$156,345	–
2034	–	–	–	–	–
2035	–	–	–	–	–
2036	–	–	–	–	–
2037	–	–	–	–	–
2038	–	–	–	–	–
2039	–	–	–	–	–
2040	–	–	–	–	–
2041	–	–	–	–	–
	–	\$2,050,005	\$261,711	–	–

¹ Data as of 9/30/2025; Assumptions: offer up to \$1,500,000 in annual grants; annual administrative costs associated with the program continue to be covered by general revenue; outstanding balance of \$4,855,686 committed through existing grant project encumbrances; assumed demand for the agricultural loan program is \$0 in 2026 due to limited remaining balance; and 4.461 percent investment earnings rate.

Attachment 2

Draft Request for Applications - Fiscal Year 2026 Agricultural Water Conservation Grants

The Texas Water Development Board (TWDB) requests applications for Fiscal Year 2026 Agricultural Water Conservation Grants. The TWDB plans to award up to \$1.5 million in grants from the Agricultural Water Conservation Fund. The rules governing the Agricultural Water Conservation Program may be found in 31 Texas Administrative Code Chapter 367.

Summary of the Request for Applications

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

Due Date (Closing): 2:00 p.m. Central Standard Time, Wednesday, March 18, 2026

Anticipated Award Date: July 2026

Estimated Total Funding: up to \$1,500,000

Eligible Grant Amount: up to \$1,500,000; local match is encouraged but not required

Eligible applicants: state agencies and political subdivisions (as defined by 31 Texas Administrative Code § 367.2)

Contact: Erika Mancha, Director, Conservation and Innovative Water Technologies, Texas Water Development Board, P.O. Box 13231, Austin, Texas 78711-3231, Phone: (512) 463-7932, E- mail: erika.mancha@twdb.texas.gov.

Agricultural Water Conservation Grants

Agricultural water conservation projects that may be eligible to apply must meet the definition of a conservation program or project (31 Texas Administrative Code § 367.2 and § 367.3). Types of conservation projects or programs include but are not limited to irrigation monitoring equipment and software, irrigation scheduling practices, irrigation conveyance efficiency improvements, rainwater harvesting for agricultural irrigation, precipitation enhancement for agriculture, demonstrations and technology transfer, and regenerative agricultural practices.

Projects awarded funding must further water conservation in the state and support the implementation of water conservation and water management strategies in the state water plan (Texas Water Code §§ 17.900–17.902; 31 Texas Administrative Code § 367.5). To receive consideration, projects must meet the eligibility criteria and achieve the following goals:

- Improve agricultural irrigation efficiency through irrigation system improvements.
- Enhance agricultural resilience to weather extremes and climate variability.
- Promote innovation in agriculture by incorporating the latest water conservation technological advancements.

The project description, scope of work, and deliverables should incorporate as many of the following actions and objectives as possible to illustrate how the project will achieve the aforementioned goals:

- Quantify actualized water savings with proven methodology and provide baseline water usage prior to project implementation.
- Engage agricultural producers and water managers through educational outreach in the form of field days, workshops, seminars, or demonstrations in classroom settings and on farms involved in the projects.
- Promote the adoption of innovative water conservation practices and technologies that result in improvements to irrigation efficiency and soil health.
- Identify methods to measure and report water conservation performance metrics such as water usage, soil water holding capacity, and infiltration.
- Determine the long-term sustainability, feasibility, and profitability of the conservation practice(s) by quantifying the return on investment.
- Build upon the success of existing agricultural water conservation efforts.
- Leverage funding support from local, state, federal, and private industry partners.

Grant Amount

The TWDB has up to \$1,500,000 available from the Agricultural Water Conservation Fund for Fiscal Year 2026 Agricultural Water Conservation Grants. The TWDB awards these funds through a statewide competitive grants process and evaluates all proposals based upon the specific criteria set forth in this solicitation and application instructions. Eligible costs are those directly attributed to the project, including planning, design, purchase, acquisition, installation, construction, monitoring, reporting, administration, management, educational outreach, and dissemination of project findings. Indirect expenses such as the applicant's overhead are not eligible for reimbursement and will not count towards the local match when being evaluated by the technical review team. Eligible travel expenses of the contractor and their subcontractors are limited to the maximum amounts authorized for state employees by the General Appropriations Act. Any out-of-state travel expenses must be directly related to the approved scope of work in the contract and should be pre-approved by the Executive Administrator, or designated staff, prior to reimbursement.

Application Instructions

Applications must be consistent with the format provided in the Agricultural Water Conservation Grant Application instructions, which are located on the TWDB website at: www.twdb.texas.gov/about/contract_admin/request/ or available upon request from Erika Mancha, Director, Conservation and Innovative Water Technologies, at (512) 463-7932 or email at erika.mancha@twdb.texas.gov.

Grant applicants must submit one digital copy to Bid-room@twdb.texas.gov by the closing due date, 2:00 p.m. Central Standard Time, March 18, 2026, with a copy to: erika.mancha@twdb.texas.gov.

Please include the subject line of “FY 26 Ag Grant App, [Entity Name], [Amount].”

Contact TWDB at agconservation@twdb.texas.gov if you have any questions regarding qualifications or grant contract specifics.

Application Selection Process and Criteria

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 §§ 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 according to the criteria outlined in 31 Texas Administrative Code §§ 367.8 and 367.9, including (1) degree to which the applicant has used other available resources to finance the use for which the application is being made; (2) willingness and ability of the applicant to raise revenue; (3) commitment of the applicant to agricultural water conservation; and, (4) the water conservation benefits that will be gained by making the grant.

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, by achieving the goals; (2) clearly identified tasks that incorporate the actions and objectives, deliverables, products, and reporting timelines; (3) staff with the technical expertise needed to carry out the project; and, (4) proposed cost estimates (budget) that are reasonable, adequately justified, and include supplemental funding sources. Priority consideration may be given to projects focused on quantification of realized water savings.

Prior to approving a grant, the TWDB must find that the grant funds will (1) supplement rather than replace money of the applicant (to aid in making this determination, the applicant must provide an operating budget illustrating the financial need for the grant funds); (2) serve the public interest (in evaluating this factor, the TWDB must 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 (Texas Water Code §§ 17.900– 17.902).

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. The 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.

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 will constitute a rejection of the Board's offer and may result in subsequent negotiations with other applicants.

Limitations on Grant Funding

Based on laws enacted by the 87th Texas Legislature, certain successful applicants will be asked to certify to the following in a contract for grant funding:

Required for Grants to Political Subdivisions:

Enforcement of Certain Federal Laws Regulating Firearms, Firearm Accessories, and Firearm Ammunition. The grant recipient must certify that it is not prohibited from receiving state funds under Texas Penal Code § 1.10(d) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition). The grant recipient must also certify that, during the term of the contract, it will immediately notify the TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f).

Required for Grants to Cities or Counties:

Enforcement of Public Camping Bans. The grant recipient must certify that it is not prohibited from receiving state grant funds under Texas Local Government Code § 364.004 (related to public camping bans). The grant recipient must also agree that, during the term of the contract, it will immediately notify the TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Local Government Code § 363.003.

Required for grants to state agencies, including university systems or systems of higher education, cities, counties and special districts and authorities:

Firearm Suppressor Regulation. The grant recipient must certify that it is not prohibited from receiving state grant funds under Texas Government Code § 2.103 (related to the regulation of firearm suppressors). The grant recipient must also agree that, during the term of the contract, it will immediately notify the TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Government Code § 2.104.

Attachment 3

Draft Application Instructions - Fiscal Year 2026 Agricultural Water Conservation Grants

The Texas Water Development Board's (TWDB) 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 TWDB 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 contingent upon the availability of funds.

Who may apply: Eligible applicants include state agencies and political subdivisions, as defined by 31 Texas Administrative Code § 367.2.

Application deadline: Applicants must submit one digital copy of a complete application to Bid-Room@twdb.texas.gov on or before 2:00 p.m. Central Standard Time, Wednesday, March 18th, 2026, with a copy to: erika.mancha@twdb.texas.gov.

All applications must 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, www.sos.state.tx.us/texreg/index.shtml. A list of required items has been provided in the following pages to assist in completing an application.

For more information about the Agricultural Water Conservation Grants Program, contact Erika Mancha, Director, Conservation and Innovative Water Technologies, at (512) 463-7932 or e-mail [at erika.mancha@twdb.texas.gov](mailto:erika.mancha@twdb.texas.gov).

Questions about the request for applications must be submitted by Wednesday, March 4th, 2026, two-weeks prior to the application deadline, to Bid-room@twdb.texas.gov with a copy to: erika.mancha@twdb.texas.gov.

Application Requirements

Pursuant to 31 Texas Administrative Code § 367.5, applications must address each of the following requirements, in this order:

Section I. Administrative Requirements

1. Official name and address of the applicant.

Name (political subdivision or state agency)	
Physical Address	
Mailing Address	
Constitutional and statutory authority creating the applicant, under which the applicant currently operates	
Vendor ID or Federal Tax ID Number	

2. Individual(s) with the legal authority (presiding officer, chairman, general manager, or agency administrator) to perform the acts of the entity.

Name	
Title	
Physical Address	
Mailing Address	
Phone	
Email Address	

3. Individual(s) acting as designated representative (contract manager, project manager, district engineer, or conservation program coordinator) of the entity.

Name	
Title	
Physical Address	
Mailing Address	
Phone	
Email Address	

4. Attach one of the following:

- 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,

5. Which identifies and includes all of the following:
 - Amount the applicant is requesting,
 - Any local match contributions,
 - Verification the grant (if awarded) will supplement, rather than replace, the funding of the applicant,
 - Most recent annual operating budget of the applicant.
 - Authorization of submission of an application on behalf of the entity; and,
 - Designation of 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.
6. Evidence of the applicant's commitment to water conservation, to include both:
 - 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

7. Attach the project abstract, location, and personnel, including all of the following:
 - Brief project title and abstract, 150-words or less, summarizing the project goals, actions, and objectives, along with a water savings estimate;
 - 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;
 - A description of the geographic area in which the project will occur,
 - Identification of technical staff with the expertise needed to carry out this project, including:
 - their name(s) and qualifications, and
 - an estimate of what percentage of their time will be attributed to this project.
8. Attach budgets and supplemental funding, including all of the following:
 - The amount requested,
 - Cost of each significant element of the project, and
 - A reasonable and adequate justification of why this funding is needed;
 - Source of local match (if applicable), and
 - An operating budget illustrating the financial need for the grant funds; and,
 - Proposed task and expense budgets for the program or project that identifies the total project costs by category. (See example budgets, in Section III.)

9. Attach the project description, scope of work, and deliverables, including all of the following:
- Project description explaining how the project will achieve the goals identified in the request for application.
 - Scope of work with:
 - clearly identified tasks.
 - an explanation of how each task will incorporate the actions and objectives identified in the request for application.
 - the estimated completion dates for each task, project reporting timelines; and,
 - deliverables (data, reports, plans, or other products) the TWDB will receive through this project.
10. Attach narrative of project's water conservation benefits:
- Identification of an agricultural water conservation water management strategy in the most recent applicable regional water plan or state water plan.
 - An explanation of how the proposed project will implement the conservation strategy through the grant, explaining why it is needed and how it will serve the public interest, such as adoption of best management conservation practices and water saving innovations; and,
 - 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 to be used for calculating water savings.
11. Attach, if applicable, the following for projects involving construction activities:
- 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 31 Texas Administrative Code § 367.6; and,
 - If the TWDB funds will be used for construction of a conservation project requiring surface or subsurface disturbance of the soil or alter the existing vegetation, the applicant shall conduct an environmental assessment in compliance with 31 Texas Administrative Code § 367.7.

Section III. Example Task and Expense Budgets

TASK BUDGET

TASK	DESCRIPTION	TOTAL PROJECT COST
1	Purchase equipment, materials, and supplies	\$120,000.00
2	Establish field sites and install conservation practices	\$250,000.00
3	Education, outreach, workshops, and field days	\$50,000.00
4	Monitor, measure, and report results	\$25,000.00
TOTAL		\$445,000.00

EXPENSE BUDGET

CATEGORY	LOCAL MATCH AMOUNT	TWDB GRANT AMOUNT	TWDB COST SHARE % ⁶
Salaries & Wages ¹	\$100,000.00	\$100,000.00	50%
Fringe ²	\$10,000.00	\$10,000.00	50%
Travel ³	\$10,000.00	\$10,000.00	50%
Other Expenses ⁴	\$25,000.00	\$0.00	0%
Equipment, Materials, and Supplies ⁵	\$0.00	\$80,000.00	100%
Subcontract Services	\$50,000.00	\$50,000.00	50%
TOTAL	\$195,000.00	\$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, 2021, Article IX, 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.

⁶ TWDB Cost Share Percent is the percentage associated with the total line-item category (for example, Salary & Wages) amount of each Payment Request that is eligible for reimbursement.