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AGENDA ITEM MEMO

BOARD MEETING DATE: January 22, 2026

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Walter Dean, Assistant General Counsel
Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure

FROM: T. Clay Schultz, PhD, Director, Regional Water Project Development
Nancy Richards, Manager, Regional Water Project Development

SUBJECT: City of Bellaire General Revenue Grant – Cypress Ditch Regional Flood Mitigation Project – Project No. 21907

ACTION REQUESTED

Consider authorizing the Executive Administrator to execute an agreement with the City of Bellaire for a \$54,000,000 grant pursuant to Senate Bill No. 1, 89th Legislative Regular Session, Article IX, Section 17.18 (3).

BACKGROUND

The Cypress Ditch serves as the primary outfall for the majority of the City of Bellaire’s (City) storm drainage systems. The Cypress Ditch is approximately 9,500 linear feet. A portion of the channel, approximately 2,500 linear feet, is natural and unlined, while the remainder is concrete lined. Due to the level of development in both the City of Bellaire and the City of Houston and the change in drainage standards and criteria to accommodate for increased rainfall, the existing capacity in Cypress Ditch is not adequate to support flows from the City’s storm drainage systems. Since the performance of the City’s storm drainage systems are dependent on the capacity in Cypress Ditch, the limited capacity in the ditch negatively impacts the ability of those systems to minimize flood risk to Bellaire residents.

The project aims to increase the overall conveyance capacity of Cypress Ditch through channel reconstruction and conveyance improvements, including deepening the channel and berm adjustments, improvements to existing culvert crossings to eliminate potential bottlenecks, and construction of two surface detention basins to provide mitigation for the proposed channel improvements. These flood mitigation projects are part of a larger coordinated effort designed to work together as an integrated system.

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

The South Storm Water Detention Basins will be located on parcels currently owned by the City of Houston, adjacent to Cypress Ditch.

The North Storm Water Detention Basin, to be located on the site of the current City of Bellaire Wastewater Treatment Plant (WWTP), will require a closely integrated design effort with the City of Houston. As part of this effort the City's wastewater will be interconnected and treated by the City of Houston. To accomplish this, the City's existing lift station will be upgraded and connected to the City of Houston's Southwest Wastewater Treatment Plant. Once this interconnection is successfully completed, the existing City of Bellaire WWTP will be decommissioned and demolished, allowing for the construction of the North Storm Water Detention Basin that will provide mitigation and flow offset for the Cypress Ditch improvements. Collectively, these efforts form the foundation of the Cypress Ditch Regional Flood Mitigation Project— a comprehensive initiative that integrates flood mitigation, infrastructure upgrades, and coordination to enhance regional resilience and reduce flood risk for the surrounding communities. The total project cost is approximately \$113 million.

KEY ISSUES

The Legislature specifically directed the Texas Water Development Board (TWDB) to provide 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 the TWDB and document the transaction to the satisfaction of the Executive Administrator.

RECOMMENDATION

The Executive Administrator recommends authorizing the execution of an agreement with the City of Bellaire for a \$54,000,000 grant pursuant to Senate Bill No. 1, 89th Legislative Regular Session, Article IX, Section 17.18.

Attachment:

1. Proposed Resolution (26-)

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE
TO THE CITY OF BELLAIRE FROM THE
GENERAL REVENUE FUND THROUGH A GRANT IN THE
AMOUNT OF \$54,000,000

(26-)

Recitals:

The 89th Texas Legislature, through House Bill 500, 89th Leg. R.S., Article 6, Section 6.02 and Senate Bill 1, 89th Leg. R.S., Article IX, Section 17.18 appropriated to the Texas Water Development Board (TWDB) an amount not to exceed \$54,000,000 out of the General Revenue Fund for the purpose of constructing a stormwater project for City of Bellaire, Texas.

The City of Bellaire (City) seeks financial assistance in the amount of \$54,000,000 in grant funds to finance certain stormwater improvements identified as Project No. 21907, the Cypress Ditch Regional Flood Mitigation project.

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 the City of Bellaire for a grant in the amount of \$54,000,000 from the General Revenue Fund. This commitment will expire on August 31, 2027.

Such commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on the City executing a Grant Agreement in a form and substance acceptable to the Executive Administrator.
2. The Grant Agreement must contain a provision that the City agrees to comply with all of the conditions set forth in the TWDB Resolution.
3. 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.

4. 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.
5. Financial assistance funds shall not be used by the City 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 City 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.
6. Prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City 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.
7. Before closing, the City shall submit to the escrow agent a closing memo signed by the Executive Administrator.
8. The City 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 City 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 22nd day of January 2026.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator