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AGENDA ITEM MEMO

BOARD MEETING DATE: March 31, 2026

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator

FROM: Jessica Peña, Deputy Executive Administrator, Water Supply and Infrastructure

SUBJECT: House Bill 500 Implementation Plan – Water Supply and Infrastructure Grants

ACTION REQUESTED

This item is a briefing and discussion on the Executive Administrator’s implementation of House Bill 500 relating to Water Supply and Infrastructure Grants (WSIG). No action is requested.

BACKGROUND

This is a one-time opportunity for a limited number of Texas communities to receive grant funding to implement water supply or water infrastructure projects. Once this initial appropriation is provided to communities by August 31, 2027, the Texas Water Development Board (TWDB) will no longer have these grant funds available to provide as financial assistance.

House Bill (HB) 500 from the 89th Texas Legislative Session appropriated \$1,038,000,000 from the general revenue fund to the TWDB but did not specify that the money was appropriated to a specific fund, which resulted as a deposit of the appropriated money into TWDB’s general revenue fund. Additionally, the appropriation language did not provide authority for the TWDB to transfer that money into another TWDB fund or account. Therefore, the money must be provided for the stated purposes directly from TWDB’s general revenue fund and not through an established financial assistance program.

Further, the purpose for the appropriation was stated in the HB 500 legislation as “water infrastructure and supply projects and grants as determined by the board.” As the language is specific to water infrastructure and supply, the plan excludes wastewater and flood projects.

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Bryan McMath, Executive Administrator

Additionally, water supply corporations (WSCs) will not be eligible for funding as the Texas Constitution prohibits granting public funds (1) for private purposes and (2) to “individuals” when the grant is not provided for in pre-existing law (Tex. Const., Art. III, §§ 51 and 44). Art. III, § 51 can be met for all of TWDB’s usual customers even when money is appropriated for general revenue grants that do not flow through an existing program, but Art. III, § 44 prevents TWDB’s private entity customers, such as (water supply corporations (WSCs) and investor-owned utilities, from receiving a general revenue grant. Section 51’s public purpose test is met by the typical projects funded by TWDB to typical governmental entities because (1) the grant is designed to accomplish a public purpose, not to benefit private parties; (2) TWDB will retain control over the funds to ensure the public purpose is accomplished and to protect the public’s investment; and (3) the state receives a return benefit. Section 44’s prohibition on grants to individuals without preexisting law would prohibit the use of these funds to provide a grant to WSCs because they are considered “individuals” under the provisions and no preexisting law authorizes the grant of these funds to WSCs. TWDB’s existing financial assistance programs are governed by statutes that clearly provide financial assistance to non-profit WSCs (see e.g., Tex. Water Code § 15.001(5)). Section 44 would not prohibit general revenue grants to cities, counties, or other governmental entities because they are not “individuals” within the meaning of that section of the Constitution.

Additionally, the TWDB will provide this funding in the form of a 100 percent grant because HB 500 does not provide authorization for the TWDB to use the funding to leverage bonds; therefore, the appropriation does not create a benefit to providing the funding in the form of a loan. The Constitution generally prohibits all state debt, except as otherwise authorized by the Constitution (Tex. Const., Art. III, § 49). More specifically, the TWDB’s authority to issue bonds must be “authorized by constitutional amendment or a debt proposition” (Tex. Const., Art. III, § 49-c). The TWDB’s authority to issue both revenue and general obligation bonds is specifically authorized in the Constitution. Constitutional provisions applicable to the TWDB can be found at Tex. Const., Art. III, §§ 49-c – 49-d-16. Each of those authorizations is specific to particular programs or accounts of the TWDB. The Constitution and statute provide clear and prescriptive language on where bond proceeds may be deposited and transferred, and how money may be deposited and transferred to pay debt service on those bonds. The TWDB does not have any applicable language in the appropriation from HB 500, existing statute, or existing constitutional provisions to leverage this appropriation with bonds or use this appropriation to pay debt service.

Because these funds were deposited into the TWDB’s general revenue fund, they may not be transferred into an existing account to be used to leverage additional funding through TWDB-issued bonds in an existing program. Without statutory direction otherwise, loan repayments must be deposited into the account from which they originated. If loan repayments were deposited back into the general revenue fund, the TWDB would not have authority to then use those funds again without additional appropriation from the Texas Legislature, and they would revert to the State Treasury. From the TWDB’s perspective, any loans provided from this funding would effectively be “grants that require repayment” and would lack the benefit of a revolving corpus to justify the extra level of financial review necessary to confirm a borrower’s ability to repay a loan. Based on these circumstances, there would be no benefit to the TWDB or the local entities receiving funding to provide this funding in the form of a loan. The money could not be leveraged to provide more funding to additional borrowers and there would be no interest repayments to use for future benefit.

Additionally, the language of HB 500 only speaks to grants, thereby not providing clear legal authority to require repayment.

On January 5, 2026, the TWDB posted to its website the draft implementation plan for public comment. The period of public review and comment ended on February 4, 2026. In total, 244 comments and general questions were received. A public meeting was also held via webinar on January 20, 2026.

SUMMARY OF CHANGES

The following changes were made in response to public comments:

- Addition of a funding allocation for entities that serve a population size of 1,000 or less.
- Funding caps per project were increased to more closely reflect project costs of projects in the 75th percentile of the 2026 Drinking Water State Revolving Fund Project Information Forms.
- The \$131 million in unallocated funds was reduced to \$50 million to add an allocation for entities with populations under 1,000 and increase the allocation for entities with populations between 150,001 – 1 million.
- \$50 million remains unallocated pending receipt of applications at which time the Board could review submitted need and allocate at that time. The eligibility requirements applicable to applicant and project type as described above would apply.

Additional clarifications have been incorporated into the Frequently Asked Questions document found on the agency website and throughout relevant sections of this implementation plan.

KEY ISSUES

- Funds cannot be transferred to existing TWDB funding program accounts.
- Only political subdivisions, namely local governments, are eligible; therefore, Water Supply Corporations and Investor-Owned Utilities are not eligible entities.
- Funds must be committed and closed prior to August 31, 2027.
- Funding is designated for water infrastructure and supply projects only, including reuse, (e.g., addresses real or apparent water loss, or TCEQ violations, or upgrading or replacing water systems).
- Drainage, flood control, and wastewater projects are not eligible.
- Direct and indirect potable reuse are eligible through WSIG. Given the restriction of not using WSIG funds for wastewater projects, funding for reuse projects will be limited to the tertiary treatment of wastewater effluent and any applicable components thereafter to convey the water for potable usage.
- Implementation is subject to the Tex. Gov't Code, §783, Texas Grant Management Standards.
- Projects must be consistent with the 2027 State Water Plan and 2026 Regional Water Plans.
- Applicants must be current in their audited financial statements. For a funding application to be considered complete and eligible, it must include a 2025 fiscal year-end financial audit that has been adopted by the applicant's governing body.

- The WSIG funding will not flow through any of TWDB's existing funding programs; therefore, most policies and requirements that apply per statute or rule to the existing programs will not apply to this funding.
- Similar to General Revenue Grants, the TWDB will not issue environmental findings for these projects. However, TWDB will require an affidavit certifying compliance with all applicable local, state, and federal regulations and completion of any coordination and/or permitting required to ensure compliance with the Endangered Species Act of 1973, as amended; Section 404 of the Clean Water Act; Section 10 of the Rivers and Harbors Act of 1899; the Migratory Bird Treaty Act; Texas Antiquities Code; Texas Parks and Wildlife Code; Edwards Aquifer Rules; and any other applicable state, federal, and local regulations.
 - For ready-to-proceed projects, TWDB will require an affidavit of self-certification that any permitting or coordination required by applicable local, state, or federal regulations has been completed.
 - For projects receiving planning, acquisition, and design funding, TWDB will require the affidavit of self-certification along with the backup documentation during the planning phase.
- US Iron & Steel provisions apply. Tex. Gov't Code § 2252, Subchapter G
- Conveyance coordination requirements apply only **if land acquisition is a part of the project**. Tex. Water Code § 6, Subchapter H.
- All applicants are subject to requirements for:
 - Water conservation plan (Tex. Water Code §§ 16.402 and 16.4021; 31 Tex. Admin. Code (TAC) § 363.15)
 - Water use survey (Tex. Water Code § 16.012(m); 31 TAC § 358.5)
 - Water loss audit (Tex. Water Code § 16.0121; 31 TAC § 358.6) and
 - Water loss validation (Tex. Water Code §§ 16.0121 and 16.0122; 31 TAC § 358.6)

RECOMMENDATION

The Executive Administrator recommends the following WSIG plan. This plan is intended to be flexible and is subject to change.

1. Limiting one application per entity to expedite the review process and encourage entities to prioritize system needs.
2. Limiting funding eligibility.

Entities with population of 150,000 or less

- a. May request planning, acquisition, design, or construction.
- b. If only construction is requested, the project must be ready to proceed: all environmental coordination, acquisition of 100 percent of all required water rights, land and easements, design (plans and specifications with design report), and permitting must be completed.
- c. Reimbursement of previously incurred costs for the project will only be considered if they were incurred on or after June 22, 2025.

Entities with population of 150,001 or greater

- a. May only request construction funding.

- b. The project must be ready to proceed: all environmental coordination, acquisition of 100 percent of all required land and easements, design (plans and specifications with design report), and all permitting must be completed.
 - c. Reimbursement of previously incurred costs for the project will not be eligible.
3. If a project previously received a funding commitment from a TWDB funding program (except for unclosed SWIFT commitments slated to close in 2027 or later), these grant funds may not be used for the same activities that previously received funding commitments. However, if a project previously received funding commitments for only planning, acquisition, or design, the project is eligible to receive funding from these grants for construction.
4. If a project has an active application with the TWDB, the processing of those non-Water Supply and Infrastructure Grant applications may be postponed, allowing entities to pursue the most advantageous funding opportunity.
5. Allocation of the available funding. This allocation is based on the average requested funding within the State Fiscal Year 2026 Drinking Water State Revolving Fund Intended Use Plan.

| Service area population size | Less than 1,000 | 1,001-10,000 | 10,001-150,000 | 150,001-1 million | Greater than 1 million | Total |
|----------------------------------|--|--------------|----------------|-------------------|------------------------|---------------|
| Funding Cap per project | \$6 Million | \$10 Million | \$21 Million | \$35 Million | \$55 Million | |
| Total funding target | \$42 Million | \$71 Million | \$142 Million | \$220 Million | \$400 Million | \$875 Million |
| | | | | | | |
| Canal lining/conversion projects | Up to \$100 Million for match funding for North American Development Bank projects | | | | | \$975 Million |

- To address canal lining and conversion projects, an amount not to exceed \$100 million is proposed to be allocated for joint funding efforts with the North American Development Bank’s Water Resiliency Program, which is geared at expediting water needs along the border. Water Supply and Infrastructure grants funds would be 50 percent of the proposed project costs for eligible projects. Additional information regarding the Water Resiliency Program can be found at <https://nadbank.org/solutions-and-services/water-resiliency-fund>
 - \$50 million remains unallocated pending receipt of applications at which time the Board could review submitted need and allocate at that time. The eligibility requirements applicable to applicant and project type as described above would apply.
 - \$13 million is reserved for administrative costs as authorized in Senate Bill 1.
6. A simplified project prioritization for allocating available funding. This criteria list is intended to simplify and expedite the ranking process.

| Criteria | Points Calculation | Points |
|---|---------------------------------------|-----------|
| Retail Water Providers: Service Area's Annual Median Household Income (AMHI) (if using a TWDB-approved socioeconomic survey; the AMHI will be inflation adjusted) | $(76,292 \div \text{AMHI}) \times 10$ | Result |
| Wholesale Water Providers: Total population (POP) served by Retail Water Providers that purchase wholesale from applicant as listed in TCEQ's Drinking Water Viewer . | $(100,000 \div \text{POP}) \times 10$ | Result |
| For projects with populations under 150,000: Projects that are deemed ready to proceed. | | 10 points |
| Tiebreaker: Preference given to the community that has never or has the greater amount of time since it last received financial assistance from the TWDB. | | |

7. Land/easements acquisition to be limited to small entities requesting pre-design funding. All required land and easements must already be acquired for a project to qualify as ready to proceed.
8. For ready-to-proceed projects, TWDB will not review planning documents.
9. Entities must have submitted their applicable water use survey, water loss audit, and water conservation plan and annual report by their respective deadlines or before the application deadline to be eligible.
10. TWDB will rely on TCEQ design approval for ready-to-proceed projects. TWDB will need to review Plans and Specifications to ensure these requirements are met:
 - a. US Iron & Steel
 - b. Performance bonds
 - c. Retainage
11. The TWDB will issue a Certificate of Approval prior to authorization of release of final retainage ensuring the funds have been utilized in accordance with the committed project.
12. The TWDB will not accept or process requests for water loss or state water plan consistency waivers due to the limited timeframes.
13. Funds will be disbursed to applicants through an entity-established escrow account. All commitments, grant agreements, and closings to escrow should be completed by May 1, 2027.
14. All Water Supply Infrastructure Grant recipients with funds closed to escrow by May 1, 2027, will have until August 31, 2031, to expend their escrowed funds. Under no circumstances will funds be released from project escrow accounts after August 31, 2031.

15. Construction contracts must not have an end date past January 31, 2031. Construction closeout documents must be submitted by February 28, 2031, including completion of a final site visit by TWDB staff.
16. Each escrow account will need to be interest bearing. Furthermore, all remaining escrow account funds plus escrow account interest earnings shall be returned to the TWDB no later than September 1, 2031.

Failure to submit any of the required information at the time the application is submitted will disqualify the application from the selection process. Questions can be directed to the TWDB, and two pre-application webinars will be held and posted to the TWDB website. Applications may be submitted prior to the July 30, 2026, deadline, but the TWDB will not initiate review until the deadline has passed. Entities may withdraw and resubmit an early application, provided the revised submission is a fully completed package.

IMPLEMENTATION TIMELINE

| | |
|---------------------------|---|
| March 31, 2026 | Board briefing on the implementation plan |
| April 1, 2026 | Solicitation of applications opens for 120 days |
| April 23, 2026 | First Pre-Application Webinar |
| May 13, 2026 | Second Pre-Application Webinar |
| July 30, 2026 | Applications due |
| Fall 2026 | Commitments |
| Winter 2026 – May 1, 2027 | Closings |

LEGAL/SPECIAL CONDITIONS

- Entities must submit, with their financial assistance application, a resolution from their governing body requesting financial assistance.
- Entities must submit with their financial assistance application, an application affidavit.
- Entities must have submitted their Water Use Surveys, Water Loss Audits, and Water Conservation Plans, as applicable, by their respective deadlines prior to submitting an application.

IMPLEMENTATION PLAN

Attachments:

1. Water Supply and Infrastructure Grants Public Comments Executive Summary
2. Public Review and Comments on the Water Supply and Infrastructure Grants Implementation Plan

Water Supply and Infrastructure Grants Public Comments Summary

Executive Summary

The Texas Water Development Board received nearly 250 comments and questions on the Water Supply Innovation Grant (WSIG) opportunity. Comments were reviewed in the order received and reflect strong statewide engagement from water supply corporations, political subdivisions, regional entities, and the public. Several themes appeared consistently across submissions.

The most frequent area of inquiry involved eligibility, seeking clarification on how nonprofit water supply corporations qualify for the opportunity. Many commenters requested clear, consistent guidance on eligibility pathways and documentation expectations.

A significant number of comments focused on the funding structure, particularly the role of the North American Development Bank (NADBank) and how its financing interacts with WSIG requirements and other funding sources.

Stakeholders also emphasized equitable prioritization, addressing how disadvantaged, rural, or small population communities would be considered in the evaluation process and whether prioritization criteria would meaningfully reflect community need. There was also a request to include scoring criteria for innovative projects and regionalization projects.

Stakeholders asked for separate funding categories for source water protection projects, very small systems serving populations fewer than 1,000, and using the WSIG as a match for any federally funded project, not just those funded through the NADBank.

Several commenters sought clarity on project types, specifically how innovative or emerging projects should demonstrate consistency with the State Water Plan when not explicitly listed in regional plans. Also, there were comments that addressed administrative conditions, including questions about the applicability of U.S. Iron & Steel requirements.

Additional recommendations included support for rural systems, with requests for simplified requirements, technical assistance, and funding structures that reflect limited administrative capacity.

The comments reflected broad and substantive support for the WSIG opportunity, with stakeholders consistently emphasizing the expectation for transparent eligibility criteria, predictable funding structures, and equitable access for communities of all sizes, especially rural and disadvantaged communities. To aid in maintaining the integrity and context of each submission, comments are presented in the order received and any screenshots, hyperlinks, or embedded items appear as originally submitted. When an official letter was provided, the accompanying email content is included first, followed by the full letter to preserve the submitter's intent. In response to the volume and consistency of these inquiries, the TWDB has developed, and continues to develop, targeted FAQs to address the questions and concerns raised. These resources will support and guide applicants as the opportunity is further defined and implemented, ensuring clarity, consistency, and accessibility throughout the process.

Texas Water Development Board

Public Review and Comments on the Water Supply and Infrastructure Grants Implementation Plan

The following provides a summary of the public comments received during the public comment period from January 5, 2026, to February 4, 2026.

Comment Submitted By: Munzer Alsarraj, Sr. Infrastructure Program Manager, El Paso County

Additional Authors/Contributors: Denise P. Rodriguez

Comment Date: January 6, 2026

Comment:

Question:

1. For purposes of determining consistency with the 2027 State Water Plan, will TWDB consider a project eligible if the associated water system is identified as a water user group in the applicable regional water plan, even if the specific rehabilitation project is not listed individually?
2. Does TWDB intend for multiple otherwise eligible water infrastructure improvements—such as distribution system looping, storage facilities, hydrant upgrades, and system metering—to be submitted as a single integrated project under one HB 500 application?
3. For applicants serving populations under 150,000, may HB 500 grant funds be used for planning and design activities associated with otherwise eligible water infrastructure construction projects?
4. For applicants serving populations under 150,000, may HB 500 grant funds be used to conduct a planning or system evaluation study within the proposed project area to analyze existing infrastructure conditions and assess current and future system use or capacity, when such analysis is directly associated with an otherwise eligible water infrastructure construction project?
5. For purposes of determining population-based eligibility thresholds and funding considerations under HB 500, how does TWDB intend to calculate population when a county-owned water system serves only a portion of the county? Specifically, will population be based on the countywide population, the population served by the county-owned water system, or the population within the specific project service area?
6. How does TWDB anticipate handling cost overruns or scope adjustments for HB 500-funded projects, given the statutory August 31, 2027, closeout deadline?
7. Are construction management, resident project representative (RPR), and inspection services considered eligible costs under HB 500 when directly associated with eligible construction activities?
8. Are indirect administrative costs—such as grant administration, procurement compliance, financial reporting, and compliance with Texas Grant Management Standards—considered eligible expenses under HB 500, and if so, does TWDB intend to apply an allowable percentage cap or other limitation on such costs?
9. Will contingency allowances included in an engineer's cost estimate be considered eligible costs under HB 500, and how does TWDB intend to evaluate the reasonableness of contingency amounts during application review?
10. If a project is substantially complete prior to August 31, 2027, but final administrative closeout activities—such as retainage release or final change orders—extend beyond that

date, how will TWDB determine compliance with the statutory closeout requirement?
11. How does TWDB define “ready to proceed” for construction-only applications under HB 500? Specifically, is bid-ready status sufficient at the time of application, or must a construction contract be executed prior to application submission?

Target Amounts for Each Population Category:

Generally, agree that the proposed target amounts and total funding limits by population category are reasonable and appropriately scaled. However, clarification is needed to ensure population categories are applied consistently for projects serving discrete service areas. Without clear guidance on how population is determined, otherwise eligible small-system projects sponsored by larger political subdivisions could be unintentionally constrained by funding limits that do not reflect project scale or service-area population.

Eligibility Requirements:

Generally, agree with the proposed eligibility requirements, which align with statutory intent and program objectives. Additional clarification regarding how eligibility is evaluated for county-owned water systems serving defined service areas would help avoid unintended exclusion of projects that address localized water infrastructure needs consistent with HB 500.

Project Types Eligible for Funding:

Agree that the proposed eligible project types appropriately focus on water supply and water infrastructure improvements consistent with HB 500. Clarification on whether multiple eligible improvements may be combined into a single, integrated project under one application would further support efficient project delivery and comprehensive system rehabilitation.

Funding Structure for the Grants:

Generally, agree with the proposed funding structure, which is clear and consistent with the one-time nature of the appropriation. Additional guidance regarding the eligibility of associated costs—such as construction management, inspection services, and administrative activities directly related to eligible construction—would assist applicants in preparing accurate and compliant project budgets.

Prioritization Methodology for Awarding Grants:

Generally, agree with the proposed prioritization methodology and its emphasis on demonstrated need and project readiness. Further clarification on how “ready to proceed” is defined and evaluated, including the timing of design, permitting, and land acquisition milestones, would improve predictability and ensure consistent application across projects and applicant types.

Administrative Conditions Governing the Award of Grant Funds:

Generally, agree with the proposed administrative conditions governing the award of grant funds. Additional clarification regarding interpretation of the statutory August 31, 2027, closeout deadline—particularly for projects substantially complete prior to that date but requiring final administrative closeout activities—would reduce compliance risk and support timely project delivery.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

TWDB may wish to consider issuing supplemental guidance or frequently asked questions addressing population determination, readiness criteria, eligible cost categories, and closeout expectations early in the application process. Clear guidance in these areas would reduce interpretive risk, improve application quality, and support efficient and consistent implementation of the HB 500 program statewide.

Comment Submitted By: Kristina Allen, Jacon I Martin

Comment Date: January 7, 2026

Comment:

The Project Prioritization Criteria as it appears in the HB-500 Implementation Plan for Public Comment states that Retail Water Providers are applicates who proved **LESS than 25%** of water produced to wholesale customers while Wholesale Water Providers are applicants that provide **75% or MORE** of water produced to wholesale customers.

This **excludes** water providers that provide 25% - 74% of water produced to wholesale customers. Is this correct?

Below is the clip from the Implementation Plan:

Water Supply and Infrastructure Grants - Project Prioritization Criteria

For Retail Water Providers:

Applicants who provide less than 25% of water produced to wholesale customers.

Annual Median Household Income (AMHI)

Statewide AMHI divided by Service Area's AMHI, and multiplied by 10.

Points

(Statewide AMHI / Service Area AMHI) X 10

Source of Data: 2023 American Community Survey 5-Year Estimates

*If using a TWDB-approved socioeconomic survey, the AMHI will be inflation-adjusted.

For Wholesale Water Providers:

Applicants who provide 75% or more of the water produced to wholesale customers.

Total Population (POP) Served

100,000 divided by the total POP served by Retail Water Providers that purchase wholesale from the applicant and population of the applicant's retail water service area, multiplied by 10.

Points

(100,000 / POP) X 10

Source of Data: Texas Commission on Environmental Quality (TCEQ) [Drinking Water Viewer](#)

Comment Submitted By: Sara Edwards, Board President / DeBerry Water Supply Corporation

Comment Date: January 7, 2026

Comment:

I am writing on behalf of the members served by the DeBerry Water Supply Corporation and similarly situated rural Water Supply Corporations across Texas to express our deep concern and disappointment regarding the implementation of House Bill 500 water infrastructure funding by the Texas Water Development Board (TWDB). As outlined in TWDB's *Water Supply and Infrastructure Grants Implementation Plan* released for public comment in January 2026, HB 500 appropriated \$1.038 billion in one-time general revenue funding for water supply and infrastructure projects. However, the implementation plan explicitly excludes Water Supply Corporations from eligibility, citing constitutional limitations under Article III, Sections 44 and 51 of the Texas Constitution, which treat WSCs as "individuals" absent preexisting statutory authorization. While we understand TWDB's legal interpretation, the practical outcome is deeply troubling. Water Supply Corporations are among the **only public water providers in Texas that lack taxing authority and bonding authority**.

Unlike cities, counties, or districts, WSCs cannot access tax dollars, issue bonds, or rely on general revenue to fund infrastructure. Every capital improvement, emergency repair, compliance upgrade, and operational cost must be funded **directly through increases to our members' monthly water bills**—members who are often rural, low-income, and economically vulnerable. Ironically, these are the very communities HB 500 was intended to help. Over the past two years, our volunteer board members have worked extensively with TWDB through the Water Utility Technical Assistance Program (WUTAP). During that time, we completed financial audits, water loss audits, water loss validations, water conservation plans, and water use surveys—often after hours and without compensation—solely to bring our small, financially constrained system into compliance and readiness for funding eligibility. This work was undertaken in good faith, with the understanding that completing these requirements was necessary to access state infrastructure assistance. Only after meeting these requirements did we learn that, due solely to our status as a Water Supply Corporation, we are categorically barred from applying for these HB 500 grants. The implementation plan itself acknowledges that these funds are a **one-time opportunity**, must be committed by August 31, 2027, and are intended to address water loss, system deficiencies, regulatory violations, and aging infrastructure. Yet WSCs—systems that routinely serve populations under 10,000, with limited financial capacity and no alternative funding mechanisms—are excluded entirely. This creates a policy outcome where: * The systems **least able to self-fund infrastructure** are denied access to grants; * Volunteer-led rural utilities are held to the same compliance standards as large entities but denied the same opportunities; and * The burden of statewide water infrastructure investment is shifted directly onto individual rural households through rate increases. We respectfully urge you to consider corrective legislative action—whether through clarifying statutory authority, creating a parallel funding mechanism, or directing future appropriations—to ensure nonprofit Water Supply Corporations are not excluded from critical infrastructure funding based solely on legal classification rather than public need. Access to safe, reliable drinking water should not depend on whether a community has taxing authority. Rural Texans deserve the same investment in water infrastructure as any municipality in this state. Thank you for your attention to this issue and for your service to the people of Texas. We welcome the opportunity to discuss this matter further or provide additional documentation regarding the impacts on our community.

Comment Submitted By: Erin Dahl, Individual

Comment Date: January 8, 2026

Comment:

I am writing to submit public comment regarding proposed canal lining investments in the Rio Grande Valley.

I live in Harlingen (Cameron County) and am speaking as a downstream and regional stakeholder. Water infrastructure decisions in Hidalgo and Willacy Counties have direct impacts across Cameron County, which is why regional coordination across the three counties matters.

As a downstream stakeholder in Cameron County, I support tri-county coordination among Hidalgo, Willacy, and Cameron counties because water systems and canals do not stop at county lines. While canal lining can be an important tool for conserving water, I respectfully urge the Board to prioritize data-driven, site-specific projects rather than blanket lining approaches.

I am not proposing a new entity. I am asking that existing agencies coordinate regionally and base canal investment decisions on measured outcomes and downstream impacts to ensure long-term water benefits for the entire Rio Grande Valley.

Thank you for your consideration.

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

The public meeting webinar will be held on January 20, 2026, at 9:30 AM via Microsoft Teams. Access details and instructions for joining are provided in the [WSIG Webinar Registration](#).

The public comment period for the Implementation Plan is separate. Information on how to review the plan and submit comments is provided in the [Public Notice for Public Comment](#).

Please continue to check the [Water Supply and Infrastructure Grant webpage](#) for the most current information.

We appreciate your interest and look forward to your participation.

Comment Submitted By: Kim Kelso, Individual

Comment Date: January 9, 2026

Comment:

Grants should go to Abilene & Taylor County as giant Data Center will use too much water. Lake Fort Phantom Hill is so low & provides water to the area. We need more water/reservoirs. The growth in this area continues rapidly.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Jerome Iltis, P.E., WEF Fellow, Individual

Comment Date: January 9, 2026

Comment:

[Houston City Council Advances \\$30M Demolition Plan Using Stormwater Dollars - Texas Scorecard](#)

In reference to the article at the web link above, the City of Houston hasn't demonstrated that it's serious about stormwater infrastructure planning. Therefore, please exclude Houston from receiving any grant funding from TWDB under the Water Supply and Infrastructure Grant Implementation Plan.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Ron Miller, Individual

Comment Date: January 9, 2026

Comment:

With the development of data centers and required energy sources for those data centers, water useage will necessarily grow. Abilene is growing as is the rest of Texas. Water availability will already be at a premium, and the need will become more acute with time. Surface water is a poor consideration as a viable option. I also think the subterranean aquifers will run low if not out. Pipelines from remote sources should be considered. Desalination plants near the gulf, or even a massive pipeline from the Great Lakes to recharge the larger aquifers like the Ogallala. Recharge it at its northern end. Then run the pipeline from Lubbock to Abilene. Other western states are as dry as we are. Surely other states would work cooperatively and offset the costs.

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Think big and long-range planning.

Comment Submitted By: Marquesa McCracken, Individual

Comment Date: January 9, 2026

Comment:

Conservation Equity Management (CEM), led by hedge fund manager Kyle Bass, seeks to extract up to 15 billion gallons annually.

The Location: Anderson, Henderson, and Houston counties in East Texas, tapping the Carrizo-Wilcox Aquifer.

The Potential Buyers: Water-stressed urban areas (like Dallas-Fort Worth, Houston) or industrial users might purchase the water. These areas did nothing to control demands; rural areas should not have their resources stolen to fix their lack of neglect.

This is STEALING from citizens for profits. NO funds should be granted to CEM or any projects diverting water. Grants should be used for projects to manage resources already in their areas.

Eligibility Requirements:

Disagree Many rural areas are co-ops therefore wouldn't not be eligible yet pay taxes just as metro citizens.

Project Types Eligible for Funding:

I disagree with ANY eater diverting (stealing resources) programs.

Funding Structure for the Grants:

Disagree with all resource diverting

Prioritization Methodology for Awarding Grants:

Metro areas must control demands and develop recapture instead of STEALING a neighbors.

Administrative Conditions Governing the Award of Grant Funds:

No grants for diverting water. Repair on pipes are excellent and recapture a must.

Comment Submitted By: Bradley Gray, Mayor, City of Murchison, Texas

Comment Date: January 9, 2026

Comment:

This is a great opportunity for smaller water supplies, such as Murchison, Texas, to update our water infrastructure, mainly distribution lines. Our lines north of town are decades old and we are constantly having issues, particularly breaks. It would be great to be able to receive funds to update these lines.

Target Amounts for Each Population Category:

agree

Eligibility Requirements:

agree

Project Types Eligible for Funding:

yes

Funding Structure for the Grants:

agree

Prioritization Methodology for Awarding Grants:

agree

Administrative Conditions Governing the Award of Grant Funds:

agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

none

Comment Submitted By: Jerome Iltis, P.E., WEF Fellow, Individual

Comment Date: January 9, 2026

Comment:

SAWS' updated conservation plan aims to address wasted water (HYPERLINKED - <https://sanantonioreport.org/saws-updated-conservation-plan-aims-to-address-wasted-water/>)

The article at the web link above is an example of municipal water utility companies allowing water to be wasted. It begs the question: Does poor planning and poor operational performance by municipal water utility companies justify receiving grant funding? If so, then it stands to reason that grants awarded to such companies incentivize poor performance.

Please don't reward poor performing utility companies with grants. A condition for awarding infrastructure grants should be a demonstrated decline in lost (i.e. "non-revenue") water over a period of years.

In reference to the attached paper presented at the 2012 Texas Water Conference, TWDB should award grants to municipal water utilities that adopt the strategic goal of achieving a 5-year rolling average of 15 main breaks per 100 miles of mains by the year 2041 and report their progress to achieve that goal annually to TWDB.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Jerome Iltis, P.E., WEF Fellow, Individual

Comment Date: January 9, 2026

Comment:

A condition for awarding subject grants should be that utility companies institute within their organization an inspector general or Department of Water Efficiency (similar to DOGE) or some other means of ensuring financial accountability/integrity and ensuring that corruption and/or wasteful spending doesn't exist.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Jerome Iltis, P.E., WEF Fellow, Individual

Comment Date: January 9, 2026

Comment:

Reference: Legislation introduced by Rep. Joanne Shofner

Please make testing of drinking water for mifepristone a condition for municipal water utility companies receiving any grant funding.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Clayton Evers, Director of Public Works / City of Kilgore

Comment Date: January 9, 2026

Comment:

Please clarify whether projects must be on the IUP or in the State Water Plan to be eligible for funding. Many renewal projects do not qualify at that level but are nonetheless equally critical for providing safe drinking water. For example, replacement of 100 year old pipes that contribute to water quality and water loss problems would not be placed on the water plan for a small community, but the need is just as great to preserve our water supplies.

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Please allow late submission of WCP, WUS, WLA or must have up to date prior to award.

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No

Comment Submitted By: Delma Salinas, City Secretary, City of Bishop, Texas

Comment Date: January 9, 2026

Comment:

the city of bishop is looking into building a new water well

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Comment Submitted By: Ramsey Lindsey, City Council, Place 2, City of West Tawakoni

Comment Date: January 10, 2026

Comment:

Dear TWDB Staff:

The City of West Tawakoni appreciates the opportunity to comment on the Texas Water Development Board's proposed Water Supply and Infrastructure Grants Implementation Plan under H.B. 500.

For small and rural communities, some of the most effective improvements to water supply reliability come from modernizing existing systems rather than expanding capacity. Investments such as advanced metering infrastructure (AMI) and radio-read water meters directly reduce non-revenue water, improve leak detection, enhance operational efficiency, and increase transparency for customers, all while extending the useful life of existing water assets.

We encourage the Texas Water Development Board to ensure the program clearly supports implementation-ready projects that emphasize conservation, efficiency, and resiliency, particularly for smaller political subdivisions with limited staff and aging infrastructure. Projects that can be deployed quickly and produce measurable, verifiable outcomes will maximize the public benefit of this one-time funding.

The City of West Tawakoni appreciates the opportunity to provide input and looks forward to participating in this program.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Robert Haberle, DC, CPM, Community & Govt. Relations, Schaumburg & Polk, Inc.

Comment Date: January 12, 2026

Comment:

For purposes of the WSI Grant(s), are SUDs, MUDs, and Water Authorities considered political subdivisions of the State?

The current document published for public comment only mentions "local governments" as eligible, and excludes WSCs.

Response:

Thank you for your message. This inbox is monitored and your email has been received.

Comment Submitted By: Elizabeth Range-Pendell, Associate Vice President, Senior Team Leader, Funding Resources, Halff

Additional Authors/Contributors: Clint Smith, Carla Russell McCall

Comment Date: January 12, 2026

Comment:

I'm writing to ask if I may ask questions about the WSI program ahead of, and outside of the comment procedure.

We have three questions so far, but please let me know if these should be posed as comments vs. questions:

1. The Proposed Requirements document, updated Friday, attached, states the following:

Scoring criteria per population allocation will be based on Annual Median Household Income (AMHI) and Service area populations. Then, Attachment 5 shows the following:

For Retail Water Providers:

Applicants who provide less than **75%** of water produced to wholesale customers.

Annual Median Household Income (AMHI)

Statewide AMHI divided by Service Area's AMHI, and multiplied by 10.

Points

(Statewide AMHI / Service Area AMHI) X 10

Source of Data: 2023 American Community Survey 5-Year Estimates

*If using a TWDB-approved socioeconomic survey, the AMHI will be inflation-adjusted.

For Wholesale Water Providers:

Applicants who provide 75% or more of the water produced to wholesale customers.

Total Population (POP) Served

100,000 divided by the total POP served by Retail Water Providers that purchase wholesale from the applicant and population of the applicant's retail water service area, multiplied by 10.

Points

(100,000 / POP) X 10

Source of Data: Texas Commission on Environmental Quality (TCEQ) [Drinking Water Viewer](#)

- Does this mean that for Retail Water Providers, only AMHI will be used for scoring?
 - Then, conversely, does it mean for Wholesale Water Providers only total population served will be used for scoring?
 - Lastly, Is it possible to use Countywide AMHI for retail water providers vs. Service Area?
2. May populations over 150,001 submit for construction if planning/acquisition/design will be complete by time of award (vs at time of application deadline)?
 3. Are procurement rules going to follow typical TWDB guidance (that is, rely on applicant's local policies) for this application development?

Comment Attachment:

[Proposed Requirements for Water Supply and Infrastructure Grants](#)
[Water Supply and Infrastructure Grants – Project Prioritization Criteria](#)

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

The public meeting webinar will be held on January 20, 2026, at 9:30 AM via Microsoft Teams. Access details and instructions for joining are provided in the [WSIG Webinar Registration](#).

The public comment period for the Implementation Plan is separate. Information on how to review the plan and submit comments is provided in the [Public Notice for Public Comment](#).

Please continue to check the [Water Supply and Infrastructure Grant webpage](#) for the most current information.

We appreciate your interest and look forward to your participation.

Comment Submitted By: Sara Edwards, Board President / DeBerry Water Supply Corporation

Comment Date: January 12, 2026

Comment:

Thank you for the opportunity to provide public comment on the Water Supply and Infrastructure Grants Implementation Plan.

I am speaking on behalf of the DeBerry Water Supply Corporation and similarly situated rural Water Supply Corporations across Texas. We appreciate the Texas Water Development Board's work to implement House Bill 500 within the legal constraints established by the Legislature.

However, we are deeply concerned about the exclusion of nonprofit Water Supply Corporations from eligibility under the current implementation plan.

Water Supply Corporations are nonprofit, member-owned public water providers authorized under Texas Water Code Chapters 51 and 67 to construct, operate, and maintain public drinking water infrastructure. Unlike cities, counties, or districts, WSCs do not have taxing authority or bonding authority and must fund all infrastructure improvements directly through rate increases paid by rural households.

Over the past several years, WSCs have been required to meet the same technical and financial readiness standards as other utilities, including audited financial statements, water loss audits and validations, water conservation plans, and water use surveys. Many of these requirements are completed by volunteer board members without compensation, in good faith and in reliance on the availability of state infrastructure assistance.

We understand TWDB's explanation that the HB 500 appropriation was deposited into general revenue and does not include authority to transfer funds into existing programs such as the Rural Water Assistance Fund. As a result, constitutional limitations under Article III, Section 44 have been interpreted to prohibit grants to Water Supply Corporations absent explicit statutory authorization.

We respectfully submit that this outcome is an unintended consequence of the appropriation structure, not a reflection of legislative intent or the needs of rural communities. The exclusion of Water Supply Corporations from this one-time funding opportunity leaves the most financially constrained water systems without access to grants while placing the full cost of critical infrastructure improvements directly on rural ratepayers.

We urge the Board to clearly communicate this statutory limitation to the Legislature and to support legislative clarification that would restore Water Supply Corporation eligibility in future appropriations or through authorized transfers into existing programs.

Thank you for your time, your transparency throughout this process, and your continued commitment to Texas water infrastructure.

Respectfully submitted,

Sara Edwards

Board President
DeBerry Water Supply Corporation

Target Amounts for Each Population Category:

Cities, counties, and districts with taxing and bonding authority may access grant funding; while

Water Supply Corporations—entities without taxing authority, bonding authority, or access to public revenue—are excluded and must fund infrastructure improvements solely through direct rate increases to rural households unless grants and other funding opportunities are open to them.

Comment Submitted By: Eric Belaj, City of Burnet

Comment Date: January 12, 2026

Comment:

The grant should prioritize entities or cities that were affected by the flood in July 2025. The grant should be a 80%/20% match type of grant to prevent certain entities from applying who do not want a skin in the game, but low enough for cities affected by the flood not to be a major financial burden as they are already burdened.

Cities less than 10K in population should receive 70% of the available funds.

To accommodate growth, the grant should prioritize new water sources and associated components, resiliency, new storage tanks, and pump station expansions.

Target Amounts for Each Population Category:

See my previous comment

Eligibility Requirements:

See my previous comment

Project Types Eligible for Funding:

See my previous comment

Funding Structure for the Grants:

Projects should not be consistent with the 2027 State Water Plan for cities that were in the 2025 Flood disaster declaration, if it is important to the municipality and if the plan failed to include them.

Prioritization Methodology for Awarding Grants:

See my previous comment

Administrative Conditions Governing the Award of Grant Funds:

See my previous comment

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Smaller cities do not have a good representation. Currently this is laid out to be more beneficial for larger cities who have good representation on the water plan, and who have staff to pursue these grants. Cities less than 10K in population should be given special consideration to bring things to a level playing field.

Comment Submitted By: Napoleon Coca, City of Pharr, Director

Comment Date: January 12, 2026

Comment:

The City of Pharr appreciates the opportunity to comment on the Water Supply and Infrastructure Grants Implementation Plan. We support an approach that is practical and equitable for small and mid-sized cities like ours. A flexible match option, eligibility for repairing aging water and wastewater infrastructure lines, and clear guidance would help communities like ours successfully participate if possible. We look forward to future funding opportunities that strengthen infrastructure and serve residents effectively.

Comment Submitted By: Sara Edwards, President, DeBerry Water Supply Corporation

Comment Date: January 12, 2026

Comment:

I am writing as a follow-up to prior correspondence regarding the implementation of House Bill 500 water infrastructure funding by the Texas Water Development Board (TWDB), and to respectfully request legislative clarification to address the unintended exclusion of nonprofit Water Supply Corporations (WSCs) from grant eligibility. As you are aware, WSCs are nonprofit, member-owned public entities authorized under Texas Water Code Chapters 51 and 67 to construct, operate, and maintain public drinking water infrastructure for rural communities across Texas. These systems routinely serve the smallest, most financially constrained populations and are often the only providers of potable water in unincorporated areas. Under prior legislative action—specifically Senate Bill 28 and the creation of the Texas Water Fund—TWDB was expressly authorized to transfer funds into existing programs such as the Rural Water Assistance Fund (RWAFF), which clearly includes nonprofit Water Supply Corporations as eligible recipients. As a result, WSCs were able to participate in grant programs addressing water loss, conservation, and infrastructure deficiencies. By contrast, HB 500 appropriated water infrastructure funding directly from general revenue without authorizing transfer into existing statutory programs or expressly identifying eligible entity types. As explained in TWDB's Water Supply and Infrastructure Grants Implementation Plan, this has triggered constitutional constraints under Article III, Section 44 of the Texas Constitution, effectively barring WSCs from eligibility despite their public function and demonstrated need. We do not believe this outcome reflects legislative intent. The current structure creates an inequitable result in which: Cities, counties, and districts with taxing and bonding authority may access grant funding; while Water Supply Corporations—entities without taxing authority, bonding authority, or access to public revenue—are excluded and must fund infrastructure improvements solely through direct rate increases to rural households. This exclusion is particularly concerning given that WSCs have been required to meet the same technical, financial, and compliance standards as other utilities, including audited financials, water loss audits and validations, water conservation plans, and water use surveys—often completed by volunteer board members without compensation. We respectfully request that the Legislature consider corrective action to restore WSC eligibility, including but not limited to: Clarifying statutory authority to allow HB 500 funds to be transferred into existing TWDB programs authorized under Texas Water Code Chapter 15; and/or Explicitly identifying nonprofit Water Supply Corporations organized under Texas Water Code Chapters 51 and 67 as eligible recipients of water infrastructure grants. A narrowly tailored clarification would resolve the current constitutional concern, align with prior legislative precedent, and ensure that rural Texans are not disproportionately burdened with the cost of maintaining essential water infrastructure. We appreciate your leadership on water infrastructure issues and welcome the opportunity to provide additional information or assist in developing a legislative solution. Thank you for your consideration and continued service to the people of Texas.

Comment Submitted By: Morgan Verette, Director of Community Development,
PublicManagement

Additional Authors/Contributors: Patrick Wiltshire, Jake McAdams

Comment Date: January 13, 2026

Comment:

Could you please provide clarification on the following questions regarding HB 500?

- What level of environmental regulations will be required?
- Will applicants be required to follow federal procurement procedures for professional services, or local procedures only?
- For a Water Supply Corporation (WSC) that services only a city, would they be eligible if applying under that city?

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

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We appreciate your interest and look forward to your participation.

Comment Submitted By: Sarah Kirkle, Director of Policy and Legislative Affairs, Texas Water Association

Comment Date: January 13, 2026

Comment:

I have two questions about the proposed grant program that I'm hoping I can discuss with someone (especially #1) to help inform potential TWA comments.

1. SWIFT. In the grant proposal requirements (#4 - Projects with Previous Funding) there is language that excepts unclosed SWIFT commitments and the justification cites benefits to SWIFT capacity. What does this mean? Can you elaborate on the scenarios that are envisioned by these comments?
2. Conveyance Coordination. For bigger projects, the grant program requires that all land and easements already be acquired, but the grant program also applies conveyance coordination requirements. How can the agency facilitate coordination to reduce the necessity of eminent domain if all the land and easements must already be acquired?

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

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We appreciate your interest and look forward to your participation.

Comment Submitted By: Terrace W. Stewart, P.E., Director of Infrastructure, RJN Group, Inc.

Additional Authors/Contributors: William Moriarty

Comment Date: January 13, 2026

Comment:

RJN Group respectively submits the attached questions for the subject funding opportunity. We would appreciate any feedback and direction that can be provided by TWDB concerning this grant funding opportunity. Please confirm receipt of our questions if possible.

Thanks in advance for your assistance.

Comment Attachment:

Public Comment Period: Water Supply and Infrastructure Grants Implementation Plan

Comment period ends February 4, 2026

Comments from: RJN Group

1. When will the Grant Funding Application become available?
2. Will the Grant Application submittal be online only?
3. Please explain the Grant Application process – will a PIF and Complete application be required?
4. During ranking, will points be given to Disadvantaged communities?
5. HB 500 legislation states that the purpose of this grant funding is for “water infrastructure and supply projects as determined by the board” Can you provide you define what projects have been determined to be funding eligible for these purposes by the Board?
6. Funding eligibility guidelines state that project request must be consistent with the 2027 State Water Plan. This Plan is currently not available. Please advise what will be required to comply with the grant application submittal requirements?
7. The RECOMMENDATION Section states that applications are limited to one per entity – is it acceptable to submit multiple projects in a single application i.e. pipeline, pump station, etc.
8. Can entities with population < 150,000 request planning, acquisition, design, **AND** construction grant funds. The current recommendations states “**or construction**” grant funds
9. If construction only funding is requested, the project must be “ready to proceed”. If all ROW/permitting is not acquired by the application submittal date, is the project eligible for funding? In some instances, lead time for approval takes several months to obtain like RR crossing approval. Please provide a clear definition for “Ready to Proceed.”
10. For entities with > 150,000, only construction funding can be requested. Would TWDB consider design funding for the replacement of leaky water pipes also for these entities?

11. If an entity received previous funding commitment from TWDB, grant funds will not be provided for the same activities. Is there a time for this provision – last 3, 5, 10 years, etc.? Also, if an entity received previous funding for pipeline or facility improvements under any TWDB funding program, would they be eligible for this grant funding. There is particular interest in pipeline projects and facility improvements.
12. If grant funding is requested for a project that has an active TWDB funding request, how will this situation be managed by TWDB and will the active application have to be resubmitted if grant funding is not provided?
13. Reimbursement of previously incurred costs will only be considered for project cost incurred on or after June 22, 2025. Is it the intent of this reimbursement to cover a single project location? What if water pipes on several streets in a neighborhood were replaced as part of the project, would reimbursement be considered for all project cost?
14. The Allocation of Funding Chart indicates how funds will be distributed under the Grant program. The Total Funding column adds up to more than the \$1.038B for the program. Are there other funds being used by TWDB for this program and if so, will the same grant application be used for consideration of these funds?
15. Would TWDB consider shifting more grant funding to the entities with 10K – 150K population? Entities in this range are currently struggling to keep their pipeline and treatment works within acceptable operations and compliance guidelines. This group makes up approximately 95% of Texas cities. This additional funding would allow a greater number of entities to benefit from the grant funding being provided under this program.
16. The funding cap amounts provided are (TBD). Have the final amounts been determined and if so, can they be provided?
17. Is there a mechanism for entities with specialized need to request consideration of funding from the \$131M of unallocated grant funds as part of the application process so that TWDB is aware of these needs?
18. When does TWDB plan to make the financial assistance application for Water Supply and Infrastructure Grants available? Who should we contact if we have questions pertaining to the application?
19. Grant funding applications are due July 2026. What is the deadline submittal due date?
20. Once the applications are reviewed and ranked by TWDB, will all applicants be notified of the selection results?
21. Entities must submit an application affidavit with the grant application – please provide a copy of the form to be used.
22. When will new AMHI be issued?
23. Is the scoring criteria going to be as specified on Page 5, Item 6? Or will there be other scoring criteria involved?
24. If an entity performed their own Socio-Economic Survey, can this AMHI be used to score the application?

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

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We appreciate your interest and look forward to your participation.

Comment Submitted By: Wendell Netzer, City Secretary, City of Seadrift, Texas

Additional Authors/Contributors: Alysa Jarvis, Mayor Pro-Tem, City of Seadrift, Texas

Comment Date: January 13, 2026

Comment:

Subject: Inquiry Regarding Eligibility for Water Supply and Infrastructure Grant -

TWDB Grants Team,

We are a Type A General Law City and fall under the category of Low-to-Moderate Income (LMI). Could you please confirm whether our city would qualify for funding under the Water Supply and Infrastructure Grants Implementation Plan?

Target Amounts for Each Population Category:

Yes, I agree with the proposed target amounts for each population category, the total funding limit per project, and all other target amounts outlined in the implementation plan.

Eligibility Requirements:

I agree with the proposed eligibility requirements outlined in the implementation plan. These requirements ensure that funding is directed toward political subdivisions and governmental entities, which aligns with constitutional provisions and promotes a clear public purpose. By excluding private entities and focusing on projects consistent with the State Water Plan, the criteria help maintain transparency, fairness, and compliance with state regulations while prioritizing communities most in need of water infrastructure improvements.

Project Types Eligible for Funding:

I agree with the proposed project types eligible for funding under the implementation plan. These project types—focused on water supply and infrastructure improvements—address critical needs such as correcting system deficiencies, reducing water loss, and ensuring compliance with regulatory standards. By prioritizing projects that enhance water reliability and efficiency, the plan supports long-term sustainability and public health. Limiting eligibility to water-related projects, rather than wastewater or flood control, ensures that the funds are used for their intended purpose and maximizes impact on communities facing water supply challenges.

Funding Structure for the Grants:

I agree with the proposed funding structure for the grants outlined in the implementation plan. The structure ensures that funds are distributed as 100% grants rather than loans, which is appropriate given the constitutional limitations on state debt and the one-time nature of this funding. This approach maximizes accessibility for communities, particularly smaller entities that may lack the financial capacity to take on debt. Additionally, the use of escrow accounts with clear timelines for fund disbursement and expenditure promotes accountability and transparency, while ensuring compliance with state fiscal policies.

Prioritization Methodology for Awarding Grants:

I agree with the proposed prioritization methodology for awarding grants outlined in the implementation plan. The methodology appropriately considers factors such as population size, readiness to proceed, and socioeconomic indicators like Annual Median Household Income (AMHI). This approach ensures that funding is directed toward communities with the

greatest need and capacity to implement projects quickly, while also promoting equity and efficiency. By including a tiebreaker for entities that have not previously received assistance, the plan further supports fairness and broad distribution of resources.

Administrative Conditions Governing the Award of Grant Funds:

I agree with the proposed administrative conditions governing the award of grant funds outlined in the implementation plan. These conditions—such as requiring resolutions from governing bodies, application affidavits, and compliance with Texas Grant Management Standards—help ensure accountability, transparency, and proper stewardship of public funds. The use of escrow accounts with clear timelines for fund disbursement and expenditure further safeguards against misuse and promotes fiscal responsibility. Collectively, these measures provide a structured framework that supports efficient implementation while maintaining compliance with state and federal regulations.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

I recommend considering the following additional approaches:

Regional Collaboration Incentives – Encourage joint applications from neighboring communities or water districts to promote cost efficiency and maximize impact.

Technical Assistance for Small Entities – Provide guidance or resources for smaller communities that may lack the expertise to prepare competitive applications, ensuring equitable access.

Priority for Conservation and Resiliency Projects – Add extra points for projects that incorporate water conservation technologies, drought resiliency measures, or innovative reuse strategies.

Periodic Progress Reporting – Require grantees to submit brief progress updates to maintain transparency and ensure timely completion.

Digital Tracking System – Implement an online portal for real-time monitoring of escrow accounts and project milestones to improve accountability.

Comment Submitted By: Elisa Mattson, State Grants Program Manager, Schneider Electric Sustainability Business Public Sector

Comment Date: January 14, 2026

Comment:

Would the [HB 500 Water Supply and Infrastructure Grants](#) cover water meters?

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

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We appreciate your interest and look forward to your participation.

Comment Submitted By: Michelle Adams, Individual

Comment Date: January 14, 2026

Comment:

To the Texas Water Development Board,
I am writing as a private citizen and resident of Elliott Ranch in Hays County, Texas, to provide feedback on the proposed Implementation Plan for the Water Supply and Infrastructure Grants (WSIG).

My community is currently being serviced by the City of Hays, which is in a high-growth area currently experiencing severe drought conditions. We are facing critical infrastructure failures, including shallow wells that are no longer dependable and a lack of permitted redundancy, or interconnected contingencies.

Regarding the proposed implementation plan, I urge the Board to consider the following:

1. **Prioritize "Urgent Need" for Small Systems:** The final prioritization criteria should heavily weight projects for small political subdivisions (like the City of Hays) that are facing imminent water loss or are under Stage 4 drought curtailments.
2. **Support for Interconnections:** Please ensure that interconnection projects between small cities and larger regional hubs (such as Kyle or Buda) remain a high-priority eligible expense. This is the only long-term "dependable" solution for communities in our area.
3. **Streamlined Auditing for Small Cities:** I support the plan's focus on small entities (population under 150,000) being eligible for all project phases. However, I request that the Board provide maximum flexibility for the 2025 audit requirement to ensure that administrative delays do not prevent small, water-stressed cities from accessing this life-saving grant.

A "one-time opportunity" of \$1.038 billion must reach the communities where the ground is literally running dry. Thank you for your work in securing the water future of Texas.

Target Amounts for Each Population Category:

I generally agree with the population-based tiers, but I disagree with the total funding target currently allocated for the smallest communities.

Reasoning:

Project Cap (\$5 Million): I agree with the \$5 million project cap for communities under 10,000. For a city like Hays, \$5 million is a transformative amount that can fund a permanent interconnection or deep-well solution without placing a debt burden on a small tax base.

Total Allocation Concern: I disagree with the current \$71 million target for the "under 10,000" category. This amount only funds roughly 14 projects at the max cap for the entire state. Given the "flash drought" conditions in Central Texas and the high number of small systems with failing wells, this bucket will be exhausted almost instantly.

Suggestion for Alternatives: I suggest increasing the target amount for the smallest population category by utilizing a portion of the \$131 million in unallocated funds mentioned in the plan. Small systems are the most vulnerable to Stage 4 drought and have the least

access to traditional bond markets; therefore, they should represent a larger share of this one-time grant opportunity.

Eligibility Requirements:

I generally agree with the eligible project types, but I strongly disagree with the specific audit timing requirements and the exclusion of non-profit water supply corporations.

Reasoning:

Project Eligibility: I agree that 100% grant funding should be restricted to water supply and infrastructure (like the interconnects and well upgrades my community needs). Excluding wastewater ensures the \$1 billion goes toward the most critical drinking water needs first.

Audit Requirement (The 2025 Hurdle): I disagree with the requirement for a completed 2025 fiscal year-end audit for an application to be considered "complete" in March. Small cities often experience administrative delays. If the City of Hays' audit is even a few weeks late, we would be disqualified from this "one-time" \$1 billion pool. I suggest allowing the 2024 audit with a "Letter of Engagement" for the 2025 audit to count as eligibility.

WSC Eligibility: While I understand the constitutional constraints mentioned in the plan, I disagree with the total exclusion of Water Supply Corporations (WSCs). Many rural neighbors around the City of Hays rely on WSCs. The Board should explore "Pass-Through" eligibility where a County can apply on behalf of a WSC to ensure rural Texans aren't left behind by this \$1 billion investment.

Project Types Eligible for Funding:

I generally agree with the focus on water supply and infrastructure, but I suggest clarifying the eligibility of "Lead Service Line Replacement" and "Emergency Interconnect Fees."

Reasoning: Strict Water Supply Focus: I agree with the exclusion of wastewater, drainage, and flood control from this specific \$1 billion grant. While those are important, the immediate crisis in Texas is the lack of reliable drinking water and failing wells. By restricting these funds to water supply, the state ensures the most life-critical projects are funded first.

Specific Examples: I strongly agree with including "projects that address real or apparent water loss" and "TCEQ violations". For a community like the City of Hays, these funds must be usable for plugging old, dangerous wells and repairing leaking distribution lines that exacerbate our drought conditions. **Alternative Suggestion (Operational Interconnects):** I suggest explicitly including "Connection Fees and Wholesale Capacity Buy-ins" as eligible construction costs. **The Problem:** Many small cities can afford the pipe, but they cannot afford the massive "impact fees" or "buy-in fees" required by a neighbor like Kyle or Buda to join their system. **The Solution:** If the grant covers these administrative entry costs, it removes the single biggest barrier to regional water consolidation.

Funding Structure for the Grants:

I agree with the focus on water supply and infrastructure, but I disagree with the exclusion of "interim" or "emergency" supply measures for small communities in Stage 4 drought.

Reasoning:

Water Supply Focus: I agree that wastewater, drainage, and flood control should be excluded from this specific \$1 billion fund. By focusing strictly on water supply and

infrastructure, the state ensures that the most life-critical needs—drinking water and drought resilience—are prioritized first.

Support for Interconnections: I strongly agree with including "additional water supply" projects. For small cities like Hays, a permanent interconnection to a neighbor like Kyle or Buda is the only long-term solution to groundwater depletion.

Suggestion for Emergency Relief: I suggest adding "Interim Emergency Infrastructure" as an eligible project type for communities under Stage 4 Drought or Emergency Response.

The Problem: Large infrastructure projects (like a 3-mile pipe) take years.

The Alternative: The plan should explicitly allow funds for emergency interties, temporary storage tanks, and hauled-water infrastructure to keep residents' taps running while the permanent solution is being built. Without this, residents may lose water before the "permanent" project is even completed.

Prioritization Methodology for Awarding Grants:

I disagree with the current prioritization methodology because it lacks a dedicated "Urgent Need" or "Emergency Health and Safety" scoring category. Reasoning: Missing "Emergency" Points: The current draft scores projects based on population and income, but does not provide points for communities currently in Stage 4 Drought or those with failing primary wells. A high-income community that is simply "Ready to Proceed" should not be ranked higher than a small system at risk of total water loss within the next year. The "Readiness" Trap: I disagree with the 10-point "Ready to Proceed" bonus being a primary factor for small entities. Small cities like Hays often lack the up-front capital to finish 100% of engineering before applying for a grant. This bonus inadvertently favors larger cities that can "pre-fund" design work with existing tax revenue. Suggestion for Alternatives: I suggest adding an "Emergency Resilience" category worth 20 points. These points should be awarded to systems with: Active TCEQ "Urgent Need" status. Documented well-level declines of more than 50% over the last 24 months. Projects that provide a first-time interconnection to a regional water hub for systems with no current redundancy.

Administrative Conditions Governing the Award of Grant Funds:

I disagree with the current prioritization methodology because it lacks a dedicated "Urgent Need" or "Emergency Health and Safety" scoring category. Reasoning: Missing "Emergency" Points: The current draft scores projects based on population and income, but does not provide points for communities currently in Stage 4 Drought or those with failing primary wells. A high-income community that is simply "Ready to Proceed" should not be ranked higher than a small system at risk of total water loss within 180 days. Readiness vs. Need: I disagree with the 10-point "Ready to Proceed" bonus being the primary tie-breaker. Small cities like Hays often lack the up-front capital to finish 100% of engineering before applying for a grant. This bonus inadvertently favors larger, wealthier cities that can afford to "pre-fund" design work. Suggestion for Alternatives: I suggest adding an "Emergency Resilience" category worth 15–20 points. These points should be awarded to systems with: Active TCEQ "Urgent Need" status. Documented water supply shortages anticipated within the next 12 months. Projects that provide first-time interconnections to regional water hubs for systems with no current redundancy.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

I strongly recommend that the Board consider a "Small System Assistance" carve-out within the HB 500 program to ensure the \$1.038 billion is accessible to communities currently in Stage 4 drought.

Reasoning:

Technical Assistance Funding: Many small cities do not have a full-time City Engineer or Grant Writer. I recommend that a small percentage of the grant be available for "Application Preparation" or "Planning Services." This prevents a situation where the money is only available to cities that can already afford expensive consultants.

Expedited Review for "Urgent Need": Systems currently under emergency water restrictions (Stage 4) should have their applications reviewed in an "Expedited Track." We should not have to wait until late 2026 for a "commitment" while our wells are failing today.

Flexible Audit Window: As mentioned previously, I recommend a 90-day "grace period" for the 2025 Audit requirement. If a city's project is vital for public safety, an administrative delay in a financial audit should not result in an automatic rejection.

Prioritization of Regional Interconnects: I recommend that projects providing a permanent connection to a regional wholesale provider receive a 5-point "Long-Term Reliability" bonus. This encourages sustainable, regional solutions over temporary "band-aid" repairs to failing groundwater wells.

Comment Submitted By: Kenneth Eubanks, Board President, King Creek WSC

Comment Date: January 14, 2026

Comment:

I am extremely disappointed in that the grant funding will not be available to Water Supply Corporations. Had I been aware of this fact before the election I would not have supported it! As the Board President of a very small WSC with less than 100 connections, we desperately need funding assistance through grant programs. Without access to grant funding such as what HB 500 is providing, we simply will fail because the cost of improvement cannot be absorbed by such a small number of connections.

Target Amounts for Each Population Category:

Disagree. The very systems that desperately need this funding are excluded. The category "small" is not accurate at less than 10,000 connections. A more appropriate classification for a small system would be less than 250 connections.

Eligibility Requirements:

Absolutely not. As a small (less than 100 connections) non-profit Water Supply Corporation, this funding is desperately needed!

Administrative Conditions Governing the Award of Grant Funds:

Disagree. Small non-profit WSCs are desperate for grant funding.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Please set up a grant program (not percentage forgivable loans) specific to small (less than 250 connections) WSCs.

Comment Submitted By: Michael Kuitu, P.G., CFM, Environmental Program Manager,
The Texas A&M University System

Comment Date: January 15, 2026

Comment:

I have a quick question regarding H.B. 500 grant funding. Are public universities eligible for grant funds under H.B. 500?

Comment Submitted By: Cody D. Dailey, City Administrator, City of Elmendorf

Additional Authors/Contributors: Garry Montgomery, Mike Guevara, Michael Gonzales, McLiney

Comment Date: January 16, 2026

Comment:

Please find attached public comment from the City of Elmendorf related to the WSI Grant related to HB 500.

Please let us know if you have any questions.

Comment Attachment:

January 16, 2026

Texas Water Development Board
1700 Congress Ave.
Austin, Texas 78701
Attn: Public Comments — WSI Grants

Re: Public Comment — Water Supply and Infrastructure Grants Implementation Plan

To whom it may concern:

We are excited regarding the announcement of the new WSI Grant program as provided by HB 500, approved during the 89th Legislative Session. The City of Elmendorf looks forward to submitting an application under this program. We did want to mention a couple of items that we think the Board should take into consideration when weighing the applications that we are sure will be submitted.

- Consider providing preference points in the scoring matrix for entities that have applied, closed, designed and constructed projects under TWDB programs - these will be known entities that can deliver the project and put the grant to beneficial uses without a learning curve;
- Projects shall be part of a pre-existing Capital Improvement Plan, Asset Management Plan and part of the state water plan for supply projects;
- Entities in high growth areas that can demonstrate that not completing this project would lead to TCEQ compliance issues should be given priority points in the scoring.

We appreciate the opportunity to voice some of our ideas and hope that you will consider them moving forward.

As always, thank you for all that you do.

Comment Submitted By: Garry Montgomery, Green Valley Special Utility District

Additional Authors/Contributors: Phil Gage, General Manager, Travis Basham, District Engineer and AGM

Comment Date: January 19, 2026

Comment:

Consider providing preference points in the scoring matrix for entities that have applied, closed, designed and constructed projects under TWDB programs - these will be known entities that can deliver the project and put the grant to beneficial uses without a learning curve;

Projects shall be part of a pre-existing Capital Improvement Plan, Asset Management Plan and part of the state water plan for supply projects;

Entities in high growth areas that can demonstrate that not completing this project would lead to TCEQ compliance issues should be given priority points in the scoring

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree, but please review and consider modifying the prioritization based on our comments submitted herein

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Lonnie Ingram, Individual

Comment Date: January 20, 2026

Comment:

What would it be worth to stop the flooding in Texas.

Comment Submitted By: Jerome J. Dittman, Navarro Mills Water Supply Corporation

Comment Date: January 20, 2026

Comment:

I am the President of a small 1600 member non-profit, member-owned, water supply corporation established in 1970 to provide potable drinking water within our CCN. We operate with seven employees and a volunteer board of directors. It is unconscionable that our WSC is ineligible for project funding through the WSIG Program only because the funds were deposited in the general revenue fund rather than allocated to the TWDB for administration. Why was a grant program not created to address our infrastructure needs? How are small rural WSCs with aged infrastructure to survive when they cannot access funding specifically designated for providing safe drinking water? The TWDB loan program application process is written in such a way that we have never been approved for a loan even though we have applied four times. We are frustrated and reaching our breaking point. I hope the State of Texas is ready to assume the responsibility for providing water to rural Texans in the event the volunteer boards of small WSCs quit.

Target Amounts for Each Population Category:

Doesn't matter if WSCs are ineligible.

Eligibility Requirements:

Emphatically disagree per my response in 10.

Project Types Eligible for Funding:

Doesn't matter if WSCs are ineligible.

Funding Structure for the Grants:

Doesn't matter if WSCs are ineligible.

Prioritization Methodology for Awarding Grants:

Doesn't matter if WSCs are ineligible.

Administrative Conditions Governing the Award of Grant Funds:

Doesn't matter if WSCs are ineligible.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Create a mechanism to make small non-profit rural WSCs eligible for grant funding.

Comment Submitted By: Brittany Mason, Legal Secretary, Lloyd Gosselink Rochelle & Townsend, P.C.

Additional Authors/Contributors: Kasey Andrews, Toni Rask

Comment Date: January 20, 2026

Comment:

Please send us the recording link for the webinar below. Kasey Andrews is registered and might not be able to attend the first part. Thank you.

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

The public meeting webinar was held on January 20, 2026, at 9:30 AM via Microsoft Teams. The webinar was recorded and will be posted to the [Water Supply and Infrastructure Grant webpage](#) for reference.

Comment Submitted By: Kassi Jones, Financial Analyst (Special Projects), North Texas Municipal Water District

Comment Date: January 20, 2026

Comment:

I have no access to send questions. The Q&A option in my teams meeting says it is not available for this event. I want to ask some questions directly related to just the project criteria ranking prioritization that is currently proposed. There is a large bucket for wholesalers with larger populations – however based on the TCEQ Source Data – many wholesalers population isn't reported correctly. Can you provide some examples of how this calculation will work for Districts like us. We have ran through some scenarios for ourselves as well as Upper Trinity for comparison and the proposed Points calculation really isn't making much sense as to how that will work.

Another question – to confirm – at time of application you are expecting that all environmental and design is complete and the project is ready to proceed for construction, but commitments may take up to a year to close on – between fall 2026 and fall 2027?

Feel free to reach out and discuss further – look forward to your response.

Comment Submitted By: Bradford Hunt, City Manager, City of Gatesville, Texas

Comment Date: January 20, 2026

Comment:

Based on the revisions as of Jan. 9, can you clarify Retail vs. Wholesale Provider definitions: Can an eligible applicant be and apply for funding as BOTH a retail and wholesale provider, thereby accumulating aggregate points in both categories?

And by extension and if the entities project is also deemed ready to proceed, would then an additional 10 points be added to the aggregate score?

Comment Submitted By: Brittany Hammond, M. Ed., CLO-Mills County, Region 8, Texas
Division of Emergency Management

Comment Date: January 20, 2026

Comment:

Will there be another webinar opportunity to learn more about this grant? One of my jurisdictions has court/jury selection today all day.

Comment Submitted By: Julie Flagg, Chief Financial Officer, City of Brenham

Comment Date: January 20, 2026

Comment:

Is a project eligible for a HB500 grant application if the engineering for the project has started? That is, engineering is under way but construction won't begin until after the HB500 application deadline.

Comment Submitted By: Julie Flagg, Chief Financial Officer, City of Brenham

Comment Date: January 20, 2026

Comment:

As a follow up, since the engineering will be incurred AFTER June 22, 2025 AND our population served is less than 150,000, could we submit the entire project and reimburse for engineering costs?

Comment Submitted By: Jessica Foran, General Manager, Llano County Municipal Utility District #1

Comment Date: January 20, 2026

Comment:

Again, does the project have to be bid ready by July 2026 in order to submit an application?

Also, is there a place where we can get application submittal calendar for other TWDB monies?

The Q&A is not working in the webinar for me. I appreciate your time!

Comment Submitted By: Jen Bellemare, San Angelo, Texas

Comment Date: January 20, 2026

Comment:

For a treated wastewater reuse project are wastewater reclamation upgrades including tertiary treatment to facilitate direct or indirect potable reuse are costs eligible for the grant funds?

Comment Submitted By: Trey Gerfers, Individual

Comment Date: January 20, 2026

Comment:

I can't access the Q&A tool in the webinar

Question: The Requirements page states "Previously TWDB-funded projects are not eligible"

1) I am from a city with a TWDB-funded project with PAD-C funding. The project is a wastewater system intended to address a TCEQ violation, but we are short of about \$2 million in construction funding. Is this project eligible for additional funding from this opportunity to make up for this shortfall?

2) There is another city in my area that has received PAD funding from TWDB for a new water system to an unserved area. Would this project be eligible for construction funding from this opportunity?

Comment Submitted By: David Earl, Attorney at Law

Comment Date: January 20, 2026

Comment:

If a City (population 285k), a county, and a special district (MMD) have a contract with a WSC for a wholesale water project, can the city, county, mmd submit an application to get funding to buy capacity in the project?

Response:

Good morning,

Yes, a city, county, or district is eligible to apply for funding under the Water Supply and Infrastructure Grant (WSIG). Depending on the specific project details, the purchase of capacity in a water project may be eligible.

We appreciate your interest in the WSIG opportunity.

Comment Submitted By: Sujan Baral, Project Engineer, Schaumburg & Polk, Inc.

Comment Date: January 20, 2026

Comment:

Can SUD apply for this grant? Couldn't use q/a

Comment Submitted By: Salomon Torres, SOLUCIONES

Comment Date: January 20, 2026

Comment:

Is there a cap on how much can be requested for reimbursement for eligible planning costs incurred after June 22, 2025?

Comment Submitted By: Salomon Torres, SOLUCIONES

Comment Date: January 20, 2026

Comment:

We understand that the TWDB is proposing to allocate \$100 million in Water Supply and Infrastructure Grants to NADBank to then be awarded by NADBank as grant funds for canal lining or canal conversion projects on the border.

If my client prefers to apply for TWDB Water Supply and Infrastructure Grant funding for this type of project, can my client do that or will you require it to apply for NADBank instead (for this type of project)?

Comment Submitted By: Ashley Boyles, Grant Consultant, KBB Consulting LLC

Comment Date: January 20, 2026

Comment:

Thank you for hosting the webinar today. And I consumed that Water Supply Corporations are ineligible. It made me think right away of the City of Bloomburg. The City provides water services through a water services company managed by its city secretary. Is there any kind of collaboration that may work between a City and WSC?

Comment Submitted By: Norman Ashton, General Manager, Midland County Utility District

Comment Date: January 20, 2026

Comment:

Please find attached the Midland County Utility District's formal public comment regarding the Water Supply and Infrastructure Grant Implementation Plan.

Thank you for the opportunity to provide input.

Comment Attachment:

Texas Water Development Board

Water Supply and Infrastructure Grants Program

Subject: Public Comment on Water Supply and Infrastructure Grant Implementation Plan

The Midland County Utility District (MCUD) appreciates the Texas Water Development Board's leadership in implementing the Water Supply and Infrastructure Grant Program authorized under House Bill 500. We strongly support the Board's goal of prioritizing funding for communities facing the most critical water supply and infrastructure challenges.

While we understand the use of Annual Median Household Income (AMHI) as a general indicator of community disadvantage, we respectfully note that in regions such as Midland County, AMHI can be disproportionately influenced by a relatively small number of high-income earners associated with the energy sector. This can unintentionally mask the presence of significant financial hardship, rural infrastructure deficits, and environmental health risks within public water service areas.

MCUD serves an approximately 85-square-mile area comprised largely of unincorporated and rural residents. Most households within our district rely on private water wells that have either failed due to low production, often only 1—2 gallons per minute, or are located in contaminated groundwater areas, including a known chromium plume. These conditions present both public health risks and severe limitations on residents' ability to access reliable, safe drinking water.

MCUD has secured water supply sources and is currently completing construction of its first water treatment plant. However, the District presently has only one installed water main line and no operating revenue to fund additional distribution infrastructure without voter approval of a bond program. As a result, while water supply capacity exists, MCUD lacks the financial means to deliver treated water to the majority of residents who need it most.

We believe these circumstances reflect the type of infrastructure and public health challenges the Legislature intended to address through this one-time grant opportunity. We therefore encourage the TWDB to continue allowing and where appropriate prioritizing the use of TWDB-approved socioeconomic surveys and localized service-area data that better capture conditions such as environmental contamination risks, rural and unincorporated service areas, failing private wells, infrastructure access limitations, affordability barriers, and the absence of existing utility revenue.

MCUD stands ready to provide detailed, service-area specific socioeconomic, environmental, and infrastructure data to support equitable grant prioritization.

Comment Submitted By: Sylvia Ruiz, CAPCOG

Comment Date: January 20, 2026

Comment:

Regarding ,Water Supply and Infrastructure Grants Implementation Plan -House Bill 500, It is stated in the implementation plan that the project must be consistent with 2027 State water plan. Where is the 2027 State Water plan that is to be referenced?

Thank for the information!

Comment Submitted By: Michelle Ferguson, Grants Administrator & Project Manager,
Tom Green County

Comment Date: January 20, 2026

Comment:

I have a question about the WSI grant.

- Can a county apply for funding to replace and extend old water lines located on a military installation?

Comment Submitted By: Michele Hagemann, Strategic Initiatives Managre, Midland, Texas

Additional Authors/Contributors: Carl Craigo, Lindsey Adams, Alma McCammond

Comment Date: January 20, 2026

Comment:

We were going to see if we could please get the recording of the WSIG public meeting this morning when it is available. We had called following difficulty with the link and accessing the webinar and was informed it was full and to just reach out to request the recording.

Comment Submitted By: John Kaufman, Director of Water Utilities, City of San Angelo, Texas

Additional Authors/Contributors: Jen Bellemare, Shane Kelton

Comment Date: January 20, 2026

Comment:

Please note that we listened carefully to the webinar this morning. We wanted to ask a question but were precluded from doing so through the Q&A feature, which was blocked. Other listening participants may have experienced the same issue. You might want to resolve this for future webinars.

The preface to my question is ...

The [proposed] WSI Grants Implementation Plan states on page 3 under the heading of Key Issues (page 3, 4th bullet point) that "Funding is designated for water infrastructure and supply projects only, including reuse, ... (emphasis added)." In this context, "reuse" is not defined in the WSI. Generally, the term refers to water recycling (such as cooling water recycling), non-potable reclaimed water "reuse" such as irrigation of parks, ballfields, and greenbelts with treated wastewater, and treated wastewater reclamation for direct or indirect potable reuse. Logic follows, therefore, that "reuse" as defined above is eligible for the WSI grant program under HB-500.

The [proposed] WSI Grants Implementation Plan also states on page 3 that "wastewater projects" are not eligible for the grant program. This requirement would seem to preclude onsite advanced wastewater treatment projects that are designed to achieve direct or indirect potable "reuse."

Question ...

How would TWDB view WSI grant eligibility of a new municipally owned and operated indirect potable reuse project that was to provide advanced tertiary water treatment downstream and separate from the conventional wastewater treatment process (i.e., two separate treatment facilities)?

Comment Submitted By: Sarvesh Dhakal, Assistant City Engineer, Flood Plan Administrator, City of Leander

Additional Authors/Contributors: Rebecca Rodriguez, Gina Ellison

Comment Date: January 20, 2026

Comment:

I am reaching out on behalf of City of Leander regarding the today's presentation. I wasn't able to ask questions due to technical difficulties today. I would appreciate if you can get some answers to this question for me. My question is regarding - Project being consistent with State Water Plan - 2027.

We have two water infrastructure projects. Both are under design and in city's Capital Improvement Plan, meaning ready for construction shortly.

1. Elevated Storage Tank and Water line expansion to provide water to rural areas and underserved areas of the city. Regional Water Plan (Region G) has WMS project ID - 1960 (Brushy Creek RUA) Deep water intake, raw waterline and treatment plant in the but that's not this project we want to apply for HB 500 grant. The source of water is the same for the Elevated Storage Tank and Water line expansion project, which we want to apply for grants. The project is on our CIP plan and is under design.
2. Similar to above, there is a Ground Storage Tank and Pump Station project that's for the same purpose. It's in the CIP plan and land acquisition is complete. Design is almost complete.

My questions are -

1. Does the project specifically need to be portion/part of the same project that's specifically called out in the State Water plan? In other words, should it be a subset project of WMS Project ID 1960 Brushy Creek RUA Water Supply?
2. If the project utilizes the same water source for bringing infrastructure and capacity to serve underserved areas, will those be eligible?
3. When is the project funding year?

I would appreciate your feedback on this and the opportunity TWDB and legislature has provided us.

Comment Submitted By: Pix Howell, Individual, Principal, DPD (Diverse Planning and Development), Wimberly, Texas

Comment Date: January 20, 2026

Comment:

Please find my comments regarding grants and implementation.

Comment Attachment:

Subject: Public Comment on HB 500 Water Supply and Infrastructure Grants Implementation Plan

Date: January 20, 2026

To the Members of the Board,

As a consultant active in the energy and water infrastructure sectors in Central Texas— specifically serving the corridor from San Antonio to Waco and Fredericksburg to College Station—I am writing to provide feedback on the proposed Implementation Plan for the HB 500 Water Supply and Infrastructure Grants (WSIG).

While the primary focus of HB 500 is water supply, I strongly urge the Board to expand the eligibility criteria to include integrated stormwater-to-reuse and resilience-based drainage infrastructure. In the Central Texas region, the "Flash Flood Alley" geography makes drainage and water supply inseparable. We have a unique opportunity to use this one-time \$1.038 billion appropriation to fund projects that serve dual purposes:

1. Water Supply Resilience: Allowing stormwater capture and "purple pipe" reuse systems to qualify would alleviate the strain on our over-taxed aquifers and the Colorado and Brazos River basins.
2. Flood Mitigation: Modernizing drainage infrastructure to include capture mechanisms provides essential flood resilience for rapidly growing communities in the I-35 and Hwy-290 corridors.

Excluding "drainage" and "flood projects" by a narrow definition overlooks innovative infrastructure that treats stormwater as a viable water supply asset. I request that the TWDB consider projects that demonstrate a **net increase in available water supply through the management of stormwater and subsurface drainage.**

Also: Regarding overall water planning for the State of Texas, the TWDB needs to identify major inter-basin corridors for transmission. The requirement to include such a project in all the individual planning regions is onerous and discourages any real private sector investment if SWIFT money is a consideration. "Bottom-up" planning does not serve the State of Texas.

Thank you for your leadership in securing the future of Texas water.

Sincerely,

Pix Howell

Principal, DPD (Diverse Planning and Development)

Wimberley, Texas

Comment Submitted By: Danielle Lam, Principal, Lloyd Gosselink Rochelle & Townsend, P.C.

Additional Authors/Contributors: David Klein

Comment Date: January 20, 2026

Comment:

I found out too late that there was a webinar this morning about the HB 500 grants. Was the webinar recorded? And will it be posted online?

Response:

Thank you for your interest in the Water and Infrastructure Grants Implementation Plan for the HB 500 grant.

The public meeting webinar was held on January 20, 2026, at 9:30 AM via Microsoft Teams. The webinar was recorded and will be posted to the [Water Supply and Infrastructure Grant webpage](#) for reference.

Comment Submitted By: Stephanie Walker, Individual

Comment Date: January 21, 2026

Comment:

I now have grant writers cold emailing me about AI generated proposals for this opportunity. When or where did I give permission to share my email address with the public? This is not the email address I used for webinar.

Comment Submitted By: Anthony Stambaugh, General Manager, Hidalgo County Irrigation District No. 2 on behalf of the Lower Rio Grande Valley Water Districts Managers' Association (LRGVWDMA)

Additional Authors/Contributors: Antonio Uresti, Juan Martinez, HCWCID No. 19-A

Comment Date: January 21, 2026

Comment:

On behalf of the Lower Rio Grande Valley Water Districts Managers' Association (LRGVWDMA), please see attached public comment regarding TWDB's proposed Water Supply and Infrastructure Grants Implementation Plan.

We would appreciate a reply confirming receipt.

Should you have any questions, please let me know.

Comment Attachment:

RE: Public Comment - Water Supply and Infrastructure Grants Implementation Plan

Dear Chairwoman Stepney:

The Lower Rio Grande Valley Water District Managers' Association (Association) would like to thank the Texas Water Development Board (TWDB) for the opportunity to provide public comment for this vital funding opportunity. Our Association represents approximately 76% of the total irrigation water rights issued in the Amistad/Falcon Reservoir System. Often times our members are also the sole source of raw water for this region's municipal water suppliers.

The continued lack of deliveries from Mexico through the six named Treaty Tributaries stipulated in the Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande (1944 Water Treaty), has resulted in a water supply shortage that has prolonged for several years. Reduced water availability results in lower revenue, creating a financial barrier for members looking to implement essential, long-term water conservation projects. Given this reality, we hope our comments assist the TWDB better understand how this funding opportunity can ensure our region continues to have a reliable source of water for generations to come.

Our Association offers the following comments:

- TWDB funds geared at expediting water needs along the border not be allocated for joint funding with the North American Development Bank's Water Resiliency Fund Program (WRF). It is our understanding the WRF will have a loan component, in which it would be fiscally irresponsible for an irrigation district to participate in when the district is generating little to no revenue based on water deliveries.

- Funds geared at expediting water needs along the border not be limited to canal lining and canal conversion projects. While we recognize the potential water savings associated with canal lining or canal conversion projects, there are other water conservation projects, such as critical infrastructure, a district could accomplish with this funding opportunity.
- An initial \$100,000,000 proposal for projects along the border with an opportunity to utilize the proposed \$131,000,000 currently unallocated to fund awarded applications above the initial

We thank TWDB for their proactive engagement during this public comment period.

Comment Submitted By: Harry Haupt, President, HCFWSD #58

Additional Authors/Contributors: Traylor & Associates

Comment Date: January 21, 2026

Comment:

We appreciate the public comment period on this grant opportunity. Upon review of the Implementation Plan, it is apparent that this money was programmed by TWDB staff to go towards larger communities that enjoy other financing vehicles. HCFWSD # 58 has only 650 taxable homes. We need to replace the 1965 infrastructure, especially the asbestos water lines, est. cost \$16m. HB 500 did not provide language concerning the allocation to a specific fund or population size of the grant recipient. During the legislative session, we heard about water concerns in many forms, especially from rural areas and less populated cities and counties. The water needs for communities under 150,000 is immense in Texas. Larger communities have the ability to take advantage of matching grants and debt servicing as a financing vehicle. We kindly ask that the TWDB staff consider programming additional funds for smaller communities that rely greatly on these one time opportunities.

Target Amounts for Each Population Category:

Disagree: the cost is the cost. The cost of work does not depend on the number of tax payers.

Comment Submitted By: Stephanie Biggs, Administrative Assistant, City of Bandera

Comment Date: January 22, 2026

Comment:

The City of Bandera is very interested in pursuing this grant opportunity. We currently have a large issue with water loss when we are not able to isolate areas for leak repair. Would the replacement of nonworking valves and the addition of new valves throughout our water system be considered consistent with the 2027 SWP and an eligible project?

Comment Submitted By: Taylor Borer, Regulatory Affairs Director, Legislative & Public Affairs, City of Garland

Comment Date: January 23, 2026

Comment:

I ran into some technical issues trying to attend the Water Supply and Infrastructure Grants webinar on Tuesday. Could I possibly be provided with a recording of the meeting?

Comment Submitted By: Crystal Pustejovsky, Mayor, City of Bynum

Additional Authors/Contributors: Bobby Burkes

Comment Date: January 22, 2026

Comment:

If the City of Bynum has already done an RFQ process for an engineer to assist us in the search of grants and possible projects do we need to do another process for application of this grant?

Thank you for your time and assistance with this question.

Comment Submitted By: Trey Gerfers, General Manager, Presidio County Underground Water Conservation District

Comment Date: January 22, 2026

Comment:

Thank you for the webinar the other day.

I was a little confused by the list of requirements slide that included a bullet point:
"Previously TWDB-funded projects not eligible"

For some reason I was unable to access the Q&A tool during the webinar. So, I am sending a couple of questions to you here.

1) Presidio County received PAD-C funding through EDAP for a new water system to bring first-time water service to the East Heights neighborhood of Marfa. The design phase is nearing completion and we are hoping to put this project out for bid this year. Unfortunately, the construction funding we initially requested and received from EDAP is not enough to complete the construction of the project. There is money to get the project started. But there is not enough money to construct it to completion.

Would this project be eligible for additional funding from the WSI grant opportunity to make up for this shortfall?

2) Presidio County received PAD funding through EDAP for a new water system to bring first-time water service to the colonia of Las Pampas in the south of the county. The design phase is nearing completion and we are hoping to obtain construction funding from TWDB to complete this project.

Would this project be eligible for construction funding from the WSI grant opportunity?

I thank you for your attention and look forward to your responses.

Comment Submitted By: Priya Bhowmik, Burgess & Niple, Inc.

Additional Authors/Contributors: Max Zekos-Sierra, Amanda Frazier

Comment Date: January 22, 2026

Comment:

I had a few follow-up questions from the webinar on Tuesday, and I apologize if these were already addressed during the session.

Firstly, I was wondering if the PowerPoint presentation from the webinar has been posted yet, as I didn't see it. If it hasn't been made available yet, could you let me know when it will be?

Additionally, I had a query regarding project funding applications for small entities. Is it possible for a small entity to request funding for two projects under the same application? One of the projects is construction-ready, while the other requires planning, acquisition, design, and construction. Or would it be necessary to submit two separate applications, one for each project?

Comment Submitted By: Sarah Davis, Jacob I Martin

Comment Date: January 22, 2026

Comment:

Apologies for all the emails. We are all trying to get ahold of what the WSI funding can do for our clients.

We were wondering if a system wide SCADA system would be eligible for the WSI funding?

Comment Submitted By: Jessica Encarnacion

Comment Date: January 22, 2026

Comment:

Quick Question: Can a COG apply for this grant for the counties and administer the grant?

Comment Submitted By: Rich Kidwell, Palo Pinto County Municipal Water District No. 1

Comment Date: January 22, 2026

Comment:

I would like to see that the Implementation Plan prioritize projects that are shovel ready such as Turkey Peak Reservoir in Palo Pinto county. Projects that are already permitted, engineered, land procured, and part of the current State Water Plan. Projects that would benefit rural areas and ultimately minimize the affect on the smaller pool of rate payers. Projects that can be an example to other small rural areas throughout the state that the years, effort, and investment needed to bring these water projects to life is doable and worth it.

Comment Submitted By: Thomas McLemore, General Manager, Harlingen Irrigation District

Comment Date: January 22, 2026

Comment:
January 22, 2026

Ms. L'Oreal Stepney, Chairwoman

Texas Water Development Board

P.O. Box 13231

Austin, Texas 78711-3231

RE: Public Comment - Water Supply and Infrastructure Grants Implementation Plan

We appreciate the opportunity to submit comments regarding the funds appropriated under HB 500 and thank the Texas Water Development Board for accepting public input on this important matter.

We are grateful to Texas State Senator Juan "Chuy" Hinojosa for bringing this significant funding opportunity to our attention and for his continued leadership on water infrastructure issues affecting South Texas.

We strongly support the proposed dedication of \$100 million in funding for the lining of canals and/or the conversion of canals into pipelines in the Rio Grande Valley. These improvements represent a critical investment in water conservation, efficiency, and long-term sustainability for the region, where water loss reduction is essential to meeting current and future demands.

We respectfully request that the proposed Texas Water Development Board funds not be linked or conditioned upon projects approved by the North American Development Bank. Maintaining a clear and independent funding pathway through the TWDB will help ensure timely implementation and maximize the effectiveness of these critical infrastructure investments for local water users.

Thank you for your consideration of these comments and for your continued commitment to safeguarding Texas' water resources.

Respectfully,

Thomas McLemore

General Manager

Harlingen Irrigation District

Target Amounts for Each Population Category:

Yes and no. Not understanding how the population category will be determined for an irrigation district makes it difficult to agree or disagree with the proposed limits.

Eligibility Requirements:

yes

Project Types Eligible for Funding:

While I agree that the project types are beneficial to water conservation, there are other project types that may be as beneficial that I feel should be eligible for the funding, such as critical infrastructure.

Funding Structure for the Grants:

yes

Prioritization Methodology for Awarding Grants:

yes

Administrative Conditions Governing the Award of Grant Funds:

yes

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

An initial \$100,000,000 proposal for projects along the border with an opportunity to utilize the proposed \$131,000,000 currently unallocated to fund awarded applications above the initial \$100,000,000.

Comment Submitted By: Bruce Spitzengel, President

Comment Date: January 22, 2026

Comment:

1. Will webinar questions submitted be responded to if not responded to during the webinar?
2. For procurement, does that need to include both application and implementation services to meet any TWDB requirements?
3. What is the guidance for determining what activities a 'PROJECT' can include? For instance, water supply, storage, treatment, and connection to the water distribution system?
4. Is there a possibility that an applicant submits their 2024 FY Audited and Approved Financial statement, as many localities will have issues submitting their 2025 FY, with FY years ending September 30th and December 31st?
5. Where and when will the Frequently Asked Questions (FAQ) be posted on the agency website?
6. Will Davis-Bacon payroll regulations be required?

Target Amounts for Each Population Category:

No Comments

Eligibility Requirements:

No Comments

Project Types Eligible for Funding:

No Comments

Funding Structure for the Grants:

No Comments

Prioritization Methodology for Awarding Grants:

No Comments

Administrative Conditions Governing the Award of Grant Funds:

No Comments

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No Comments

Comment Submitted By: Erin Dahl, Individual

Comment Date: January 23, 2026

Comment:

Thank you for the opportunity to provide public comment on the House Bill 500 Water Supply and Infrastructure Grants (WSIG) Implementation Plan.

I support the goal of expediting high-impact water supply and water infrastructure projects. I am writing to request several clarifications and improvements that will help communities in the Lower Rio Grande Valley submit eligible projects that deliver measurable water-supply benefit while maintaining strong environmental and wildlife compliance.

1. Clarify “reuse” eligibility so communities can confidently propose potable-offset projects. The draft plan states that eligible funding is for water infrastructure and supply projects, including reuse. Please explicitly confirm that “reuse” includes municipal non-potable reuse distribution systems (purple pipe), storage, pumping, metering, and conversion of municipal demands (parks, medians, public facilities, and similar) from potable water to reclaimed water when the project demonstrates a quantifiable potable offset or supply reliability benefit.

2. Make the prioritization criteria explicitly reward projects that add usable supply or reduce potable demand.

Please adopt a clear scoring element that rewards projects that (a) produce additional water supply through reuse and/or (b) measurably reduce potable demand through conversion to non-potable reuse. This will ensure reuse projects are evaluated consistently as true water supply projects.

3. Confirm how multi-jurisdictional reuse and conveyance projects should be structured. Regional solutions often require interlocal agreements. Please provide guidance on how shared infrastructure (interlocal reuse distribution, shared storage, regional conveyance improvements) should be documented so that multi-entity benefits are recognized while the application remains administratively workable.

4. Strengthen the environmental compliance approach with a standardized checklist and documentation expectations.

The draft indicates TWDB will require applicant self-certification of compliance and completion of required coordination/permitting (including ESA and Clean Water Act requirements). To avoid shortcuts and ensure strong resource protection, please publish a standard compliance checklist and specify what documentation applicants must retain and when it must be submitted (for example, at application, prior to escrow closing, and/or prior to disbursement).

5. Provide additional clarity on the proposed NADBank matching allocation.

Please clarify eligibility requirements and documentation for the proposed joint funding with NADBank’s Water Resiliency Program so applicants understand how to demonstrate match readiness and water-supply benefit.

Thank you for considering these comments.

Comment Submitted By: Jessica Encarnacion

Comment Date: January 23, 2026

Comment:

Yes, I attended that webinar on January 20th and so I was just a bit confused after reading over my notes and the information on the website.

Would it be possible for you to let me know the COG can apply for this grant for the counties and administer the grant?"

Thank you so much for your time and assistance on this matter

Comment Submitted By: Christy Davis, Office Manager, Mauriceville MUD

Comment Date: January 23, 2026

Comment:

We missed the opportunity to attend the webinar. Was it recorded? Can we get a link to the recording?

Comment Submitted By: Robyn Achu, Finance – HR Director, Garden Ridge

Comment Date: January 23, 2026

Comment:

After attending the webinar on January 20th and also reading through the Public Comment Notice, I have just a few questions regarding the application process.

Can the “one application per entity” include multiple sub-projects that are ready to proceed, or does it all need to be included with one project bid or contractor? Would a whole application be denied if one of the sub-projects is denied? Or would TWDB approve the pieces deemed in line and scoring higher? We are a small city, population of less than 150,000.

Thank you for any feedback you can provide!

Comment Submitted By: Kristina Allen, Jacob Martin

Comment Date: January 23, 2026

Comment:

REGARDING SCORING:

In cities with a population under 10,000, the total allocated funds are \$71MM, with a project cap of \$5MM each. This allows for 14 awards (assuming the cap on each project).

I understand **SCORING CRITERIA** is:

State AMHI/City AHMI * 10.

Add 10 points if Ready to Proceed (shovel ready).

I understand that planning and design is available for funding.

Question: for AMHI values, are we to refer to the ACS23 used for SFY26 projects?

Concern: the scoring is set to only award (HEAVILY FAVOR) funds to “Ready to Proceed” projects. This means that the smaller cities intended to receive assistance with PAD per the *Proposed Requirements for Water Supply and Infrastructure Grants** (see below)

“...Since those are generally systems that have more difficulty securing funds on their own to complete those pre-construction activities” are instead going to be disfavored for award due to scoring due to NOT being ready to proceed. A City with a higher MHI that can absorb the cost to expedite PAD to achieve a Ready to Proceed distinction by the application deadline, which will effectively double their score, will likely then push out the smaller communities that NEED funds to execute the PAD portion of the project.

Question:

Will there be a certain number or percentage of awards expected to be awarded that must include PAD?

Is the **only** scoring criteria that which is listed as SCORING CRITERIA above?

How can a City hope to be awarded funding if not shovel ready? The comments from the webinar on the 20th sounded very clear that Cities were going to do everything in their power to be shovel ready and thus increasing the number of applicants receiving the extra 10 points. As I understand the preference to encourage shovel ready projects, I am also concerned that the scoring will effectively leave out many communities who in fact are in great need of funding but may not be able to be Ready to Proceed.

**Proposed Requirements for Water Supply and Infrastructure Grants Page 2 of 5*

3. Readiness to Proceed with Construction Large entities (population of 150,001 or greater) will need to be ready to proceed with construction, meaning that all planning, acquisition, and design have already been completed. Small entities (population of 150,000 or less) may request funding for planning, acquisition, design, and construction. Justification: Due to the need to expedite the distribution of these funds, it is proposed to only allow planning, acquisition, and design funding for small systems, since those are generally systems that have more difficulty securing funds on their own to complete those pre-construction activities

Thank you for your willingness to accept comments and offer clarity.

Comment Submitted By: Heather Harward, Heather Harward Consulting

Comment Date: January 23, 2026

Comment:

Relating to the SWIFT parenthetical in Recommendation #3 (see below), does this mean that the grant funds could be used to supplant or replace all or a portion of an outstanding SWIFT commitment? For example, an entity has a multi-year commitment from SWIFT for \$50 million set to close in 2027, could they receive a grant for \$25 million and only close the remaining \$25 million as a SWIFT loan?

Recommendation 3.

“If a project previously received a funding commitment from a TWDB funding program (except for unclosed SWIFT commitments slated to close in 2027 or later), these grant funds may not be used for the same activities that previously received funding commitments. However, if a project previously received funding commitments for only planning, acquisition, or design, the project is eligible to receive funding from these grants for construction.”

Comment Submitted By: Carla Morton, Individual

Comment Date: January 23, 2026

Comment:

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Erin Dahl, Individual

Comment Date: January 23, 2026

Comment:

You mentioned TWDB had previously tried to convene a tri-county watershed consortium, but at least one county was reluctant to work regionally. I'm trying to understand what "reluctant" meant in practice so we can propose a structure that is workable today. Or perhaps you were leaning toward Region 15 and including Star, I don't recall for sure.

If you're able to share in general terms (no need to name a county in email if that's not appropriate):

1. What model was attempted (informal workgroup, MOU, interlocal agreement, lead-applicant model, etc.)?
2. What were the sticking points (governance/control, cost share/match, scope, legal concerns, staffing capacity, etc.)?
3. What structure would TWDB recommend now as the lowest-friction option for tri-county coordination tied to Region 15 planning and WSIG-eligible water supply projects (including reuse)?

If TWDB is open to it, I'd also appreciate guidance on the right point of contact for discussing a Valley-wide "coordination lane" that stays voluntary correlation-focused rather than creating a new bureaucracy.

Comment Submitted By: Jeffrey Theriot, Individual

Comment Date: January 23, 2026

Comment:

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Lauren Barzilla, P.E., Austin North District Director, Burgess & Niple, Inc.

Additional Authors/Contributors: Chris Lake, Matt Kutac

Comment Date: January 23, 2026

Comment:

I hope this message finds you well. I attended the Water Supply and Infrastructure Grants Webinar on Tuesday, and I have a question regarding a project I'm currently working on. I am the District Engineer for two Water Control and Improvement Districts (WCIDs) that are adjacent to each other. These Districts share some facilities and both receive wholesale water from the West Travis County Public Utility Agency (WTCPUA).

Over the past few years, there have been numerous complaints about water pressure within the Districts. Consequently, we have decided to design a ground storage tank and a pumping station to address this issue. The goal is to provide a reliable source of water to our retail customers.

With these proposed improvements, the Districts would not only be able to supply adequate pressure to their residents, but the tank would also be large enough to provide approximately four days of water to the over 2,000 connections in the districts. This project would also benefit the WTCPUA by reducing their overall peak usage and by offering support during maintenance, repairs, or emergencies. With proper notice, the Districts would be able to shut off water received from the WTCPUA and operate independently for up to four days using their own supply.

Could this type of project be eligible to receive funds from the grant? If you have any questions or need additional information, please feel free to reach out.

Comment Submitted By: Troy Stirman, Project Specialist, Dunaway

Comment Date: January 23, 2026

Comment:

I would like to be added to your general mailing list for all forthcoming information about the HB500 Grant Funding initiative. I would also like access to the recorded webinar that I attended earlier this week. Will that be posted on your website soon?

Any other materials or help aids you can provide my team with would be greatly appreciated. We believe we have a number of current clients who would GREATLY benefit from this program.

Comment Submitted By: Jose Figueroa, Public Services Department Assistant Director,
City of Richardson

Comment Date: January 23, 2026

Comment:

My name is Jose Figueroa. I used to be part of the Lower Rio Grande Valley Stormwater Taskforce and Javier Guerrero (RATES) shared your contact information with me. I currently work for the City of Richardson in North Texas. The City was awarded a FEMA grant for the design and construction of generator improvements at three pump stations to support critical water supply infrastructure. As you might expect, inflation and recent market conditions have resulted in project cost overruns beyond the original FEMA award. We have been reviewing the Water Supply and Infrastructure Grants (WSIG) program approved during the most recent legislative session and wanted to ask whether WSIG, or any other TWDB-administered funding program, could be eligible to cover cost overruns associated with an existing FEMA-funded project. Any guidance on eligibility, limitations, or potential pathways forward would be greatly appreciated. Thank you in advance for your time and assistance!

Comment Submitted By: Clint Hardeman, City Manager, City of Pittsburg

Additional Authors/Contributors: City Council, Mayor, and City Staff

Comment Date: January 23, 2026

Comment:

We appreciate the opportunity to provide public comment on the Water Supply and Infrastructure Grants Implementation Plan. For many small and deteriorating water providers across Texas, this program represents a true once-in-a-lifetime opportunity to address critical infrastructure needs that would otherwise remain unmet.

This moment invites a broader discussion about how this vital funding can best serve the full spectrum of Texas communities. Many larger cities already benefit from a range of established financing tools, including current TWDB programs that offer low-interest and forgivable loans. In contrast, smaller and rural systems often have no comparable pathway forward—these grants are frequently the only viable means to ensure safe, reliable water service.

House Bill 500 did not direct that more than half of this funding be allocated to the state's largest metropolitan areas—Houston, San Antonio, Dallas, and Fort Worth—each of which serves populations exceeding one million. During the legislative session, state leaders repeatedly heard compelling testimony about urgent and longstanding water challenges facing rural areas and smaller cities. For communities with populations under 150,000, progress is often only possible through rare, transformational grant opportunities like this one.

At present, less than 8% of the funds allocated to TWDB are proposed to benefit service areas with populations under 10,000. While some of these communities are growing, incremental tax base growth simply cannot keep pace with the rapidly rising costs of infrastructure investment. Without targeted support, these systems risk falling further behind.

Texas is consistently recognized as one of the fastest-growing states in the nation. To sustain that momentum, growth must be supported everywhere—not only in major metros. If infrastructure needs in smaller towns and rural communities go unmet, future development will inevitably shift to competing states such as Georgia, Florida, and Arizona. We respectfully encourage TWDB staff to consider programming additional funds for smaller communities that rely heavily on these one-time opportunities to secure their water future. This program represents a tremendous opportunity for Texas, and we are grateful for its creation. We hope these comments are received in the spirit intended and prove helpful as the Board finalizes the allocation following the close of the public comment period.

Target Amounts for Each Population Category:

City of Pittsburg, a population of 5,000, does not agree with the proposed target amount for each population category. Small rural municipalities that operate public water system are unable to generate or have access to funding tools that larger population areas have at their disposal. Nor can the use rates be adjusted enough to support the significant amount of investment needed to operate and maintain public water systems. Please consider allocating additional total funds to this category so that more water system can be awarded.

Project Types Eligible for Funding:

City of Pittsburg believes that the types of projects supported by this funding is sufficient and would provided the necessary assistance.

Comment Submitted By: Stewart McGregor, Executive Director, Kaufman Economic Development Corporation

Comment Date: January 23, 2026

Comment:

It is very encouraging to see the Legislature's prioritization of investing in managing the rapidly growing needs of our state's water infrastructure. As an economic development professional located in the state's fastest growing county (Kaufman County), I am aware of the strain faced particularly by smaller communities in funding infrastructure projects in preparation for growth. In reviewing the proposed rules for the water supply and infrastructure grants program, I believe TWDB is preparing an effective program that with some minor tweaks can be a strong solution to helping manage our state's growing water needs.

One of the greatest needs for water infrastructure and lines is faced by small, growing cities of 20,000 and less. These cities make up approximately 88% of the incorporated cities in the state. They typically have fewer available funds to support capital improvement projects due to smaller tax bases compared to bigger metropolitan cities. In reviewing the funding amounts by population category, I would recommend shifting the total funding target to allocating a greater amount to these smaller cities. Instead of appropriating \$71 million to a service area population of less than 10,000, you may consider appropriating \$250 million to service populations of 20,000 and less. You may also want to consider increasing the funding cap for smaller populations from \$5 million to \$10 million since some of these infrastructure projects are very expensive and harder to cover for smaller areas with lower budgets than big cities.

Further, the deployment of construction funds being contingent on having design, ROW, environmental and permitting completed prior to application may be difficult from a turnaround timeline with the narrow application window. Given cities run a fiscal year on an October-September timeline, they have set budgets and capital improvement projects for the year may already be budgeted, as well. When grant opportunities arise with a short time window, a city may not have everything completed for the project given funding is contingent on a grant application. Therefore, I believe allowing greater flexibility for construction project documentation will help increase competitive applications for the program. Other infrastructure grant programs, such as the US Economic Development Administration's Public Works Economic Adjustment Assistance program require a "preliminary engineering report" that explains the necessary items to be completed as part of a construction project along with a realistic timeline and environmental information. It also provides an Opinion of Probable Construction Costs (OPCC) to help determine the overall budget for the project. Many smaller cities don't have an in-house engineering department that can quickly plan and acquire all necessary permits/easements before the application deadline. Granting greater flexibility to construction applications that have some plans or engineering reports completed with the propensity to complete the project by August 31, 2027 would be helpful. That will allow some cities to prioritize projects they'd like to submit that may not have all plans in place due to local lack of funding since this grant covers 100% of costs.

In scoring applications, the constitutional "public purpose test" as to how it will provide a return to the state should be considered. As an economic development professional, water is not just a need for our residents but for keeping the Texas Miracle alive. As part of the

application process, there should be a component where applicants can describe how the investment will create a return to the state. Examples include propensity for job creation, GDP growth, water infrastructure service to a predominately industrial part of a community or infrastructure that will help recruit or retain jobs that align with the state's economic development strategic plan.

Please let me know if you have any questions on these comments. Thank you.

Target Amounts for Each Population Category:

Disagree - change population categories to encompass 20,000 or less (88% of cities in Texas). Considering allocating more to this category since smaller cities have tighter budgets. Consider putting at least \$250 million toward this category. Create a separate category for regional water districts that service larger regions that they can apply for so it's not necessarily competing against municipalities or counties.

Eligibility Requirements:

Overall agree

Project Types Eligible for Funding:

Overall agree - construction is most important to meeting the ultimate water needs of the state.

Funding Structure for the Grants:

A 100% grant may not be needed for every project. Maybe an 80% grant with 20% local match can still be effective for areas that have more monetary resources or serve a large population. Consideration of this based on population, organizational budget and demographics is something TWDB should consider as part of the grant application. This could help deploy dollars to more projects enhancing overall resiliency.

Prioritization Methodology for Awarding Grants:

Don't require 100% of plans and ROW to be contingent on approval for funding. Grants (especially for smaller areas) shift priorities. See my general comments but having basic framework to a construction project (engineering needs, opinion of probable costs, etc.) should be enough to suffice if a project can be approved or denied.

Administrative Conditions Governing the Award of Grant Funds:

Include a consideration regarding overall benefit back to the state (subject to section 51 requirements) - inclusive of GDP growth, creation/retention of greater area commercial/industrial tax base, etc.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Provide a degree of flexibility with projects for the application process. Putting too many requirements on having all plans and ROW 100% complete could keep some very strong applications that are nearly ready away from consideration.

Comment Submitted By: Vivian Acott

Comment Date: January 24, 2026

Comment:

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Katrina Anders

Comment Date: January 25, 2026

Comment:

!! URGENT ACTION !!

Quick action (2 minutes): Help the Valley keep reclaimed water for public benefit

TWDB is taking public comments right now on a one-time HB 500 grant program for water supply and infrastructure.

Why this matters: our cities have treated wastewater (“reclaimed water”) that can be used to water parks, medians, and shade/tree corridors - which helps our water supply by taking irrigation off drinking water. We want TWDB to make sure that kind of “reuse” is clearly allowed and scored fairly in the final rules.

If you’re willing, please send this short email today (copy/paste):

To: WSI_Grants@twdb.texas.gov

CC: RulesComments@twdb.texas.gov

Subject: HB 500 WSIG public comment - reclaimed water reuse should count

Email body:

Texas Water Development Board,

I live in the Rio Grande Valley and I’m writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that “reuse” includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like “beautification”).

Thank you,

[Your name]

[Your city], TX

After you send it, comment “SENT” so we can count.

Comment Submitted By: Carla Austin, Individual

Comment Date: January 25, 2026

Comment:

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Trey Gerfers, General Manager, Presidio County Underground Water Conservation District

Comment Date: January 26, 2026

Comment:

I am following up on one of the questions I submitted to you last week. I have cc'd Cooper Stence and Theresa Finch, who have been working closely with Presidio County on this EDAP project.

Presidio County received PAD-C funding through EDAP for a new water system to bring first-time water service to the East Heights neighborhood of Marfa. The design phase is nearing completion and we are hoping to put this project out for bid this year. Unfortunately, the construction funding we initially requested and received from EDAP is not enough to complete the construction of the project. There is money to get the project started. But there is not enough money to construct it to completion.

Would this project be eligible for additional funding from the WSI grant opportunity to make up for this shortfall?

I thank you for your attention and look forward to your response.

Comment Submitted By: Emma Meek, Jacob I Martin

Comment Date: January 26, 2026

Comment:

I attended the WSIG webinar on 1/20 and I believe it was mentioned that the FAQ covered in the webinar would be posted. Do you have an estimated time frame of when that will be?

Comment Submitted By: Ferdinando Garcia

Comment Date: January 26, 2026

Comment:

Texas Water Development Board,

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Carlos Colina-Vargas, Carlos Colina-Vargas, APA & Associates, Urban Planners and Management Consultants

Comment Date: January 26, 2026

Comment:

More funding needs to be budgeted for small communities. Small communities dont have the resources that large cities have but have serious problems and needs for their water systems. Thank you for the opportunity to comment on this great program.

Target Amounts for Each Population Category:

No. More money must be budgeted for small cities. Service population should be increased to 20,000.

Eligibility Requirements:

Yes. Required a complete environmental review/clearance.

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Technical assistance for small cities and allowing/encourage professional administration assistance for grant recipients, specially small recipients.

Comment Submitted By: Ben Escobar, Cameron County Irrigation District #2

Comment Date: January 26, 2026

Comment:

Thank you for the opportunity to comment on the Water Supply and Infrastructure (WSI) Grants Implementation Plan. We strongly support the TWDB's focus on conservation-forward investments that can be implemented quickly and deliver measurable water savings-especially in the Rio Grande border region, where timing, reliability, and cost-effectiveness are critical.

Cameron County Irrigation District No. 2 (CCID #2) serves approximately 56,000 acres and represents roughly 11% of the total irrigation water rights issued in the Amistad/Falcon Reservoir System. CCID #2 is also the source of raw water conveyed to key municipal and regional users, including the City of San Benito, the City of Rio Hondo, and East Rio Hondo Water Supply Corporation.

I want to express strong support and appreciation for the TWDB prioritizing canal lining and canal-to-pipeline conversion projects under the WSIG program. These projects are among the most cost-effective water supply strategies available because they conserve water that is already legally allocated and already being diverted—by reducing seepage and operational losses in aging conveyance infrastructure.

In practical terms, canal lining and pipeline conversions can produce immediate, measurable water savings and improve delivery reliability without the long timelines, operational complexity, or high lifecycle costs associated with developing new supplies. When compared to alternatives such as brackish groundwater development and desalination, conveyance-efficiency projects typically deliver conserved water at a significantly lower cost per unit of water, while also avoiding major energy demands, concentrate disposal challenges, and extended permitting and construction schedules. Most importantly, these improvements can be designed and constructed relatively quickly, allowing TWDB funding to translate into real, near-term conservation outcomes that protect agricultural productivity and strengthen the reliability of municipal raw water supplies that depend on irrigation district infrastructure.

Thank you for structuring this opportunity to prioritize impactful, ready-to-implement conservation projects. Canal lining and canal-to-pipeline conversions are exactly the type of investment that can maximize water savings per dollar and deliver meaningful results for the border region on an accelerated timeline.

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Canal lining and pipeline conversions can produce immediate, measurable water savings and improve delivery reliability without the long timelines, operational complexity, or high lifecycle costs associated with developing new supplies.

Project Types Eligible for Funding:

Agree - canal lining and pipeline conversions can produce immediate, measurable water savings and improve delivery reliability.

Funding Structure for the Grants:

Agree

Canal lining and canal-to-pipeline conversions are exactly the type of investment that can maximize water savings per dollar

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Placing an emphasis on funding projects that make a significant impact to water conservation.

Comment Attachment:**Re: Public Comment – Water Supply and Infrastructure Grants Implementation Plan**

Dear Chairwoman Stepney:

Thank you for the opportunity to comment on the Water Supply and Infrastructure (WSI) Grants Implementation Plan. We strongly support the TWDB's focus on conservation-forward investments that can be implemented quickly and deliver measurable water savings—especially in the Rio Grande border region, where timing, reliability, and cost-effectiveness are critical.

Cameron County Irrigation District No. 2 (CCID #2) serves approximately 56,000 acres and represents roughly 11% of the total irrigation water rights issued in the Amistad/Falcon Reservoir System. CCID #2 is also the source of raw water conveyed to key municipal and regional users, including the City of San Benito, the City of Rio Hondo, and East Rio Hondo Water Supply Corporation.

I want to express strong support and appreciation for the TWDB prioritizing canal lining and canal-to-pipeline conversion projects under the WSIG program. These projects are among the most cost-effective water supply strategies available because they conserve water that is already legally allocated and already being diverted—by reducing seepage and operational losses in aging conveyance infrastructure.

In practical terms, canal lining and pipeline conversions can produce immediate, measurable water savings and improve delivery reliability without the long timelines, operational complexity, or high lifecycle costs associated with developing new supplies. When compared to alternatives such as brackish groundwater development and desalination, conveyance-efficiency projects typically deliver conserved water at a significantly lower cost per unit of water, while also avoiding major energy demands, concentrate disposal challenges, and extended permitting and construction schedules.

Most importantly, these improvements can be designed and constructed relatively quickly, allowing TWDB funding to translate into real, near-term conservation

outcomes that protect agricultural productivity and strengthen the reliability of municipal raw water supplies that depend on irrigation district infrastructure.

Thank you for structuring this opportunity to prioritize impactful, ready-to-implement conservation projects. Canal lining and canal-to-pipeline conversions are exactly the type of investment that can maximize water savings per dollar and deliver meaningful results for the border region on an accelerated timeline.

Comment Submitted By: Melissa Wilson, Freestone Medical Center

Comment Date: January 26, 2026

Comment:

I support the Texas Water Development Board's proposed Water Supply and Infrastructure Grants Implementation Plan and appreciate the intent behind this funding opportunity. Reliable water infrastructure is not an abstract issue for rural hospitals - it is something we deal with operationally, often with very little margin for error.

In rural healthcare, dependable water supply is foundational. Water pressure, temperature control, and system reliability directly affect patient safety, infection prevention, and whether a hospital can remain open and functional during emergencies, extreme weather, or utility disruptions. When water systems fail, rural hospitals don't have easy alternatives. That reality deserves careful consideration when defining eligibility and prioritization.

I strongly support allowing planning, engineering, and design costs for smaller entities. In many rural communities, those upfront steps are the biggest barrier to addressing known infrastructure risks. We often know where the vulnerabilities are, but lack the resources to formally study, design, or document solutions that meet regulatory and technical standards.

Flexibility to pursue bundled or systemwide projects is also important. Rural healthcare services are interconnected - hospital campuses, clinics, EMS facilities, and support buildings often rely on shared or closely linked infrastructure. Addressing these needs together reflects how rural systems actually operate, especially in emergency situations.

Finally, I appreciate the streamlined structure of this grant program and the practical approach of requiring projects to be consistent with, rather than explicitly listed in, the State Water Plan. That balance recognizes both the urgency of infrastructure needs and the realities facing rural communities.

Thank you for the opportunity to provide comment and for advancing water infrastructure investments that help rural hospitals continue to care for the communities that depend on them.

Target Amounts for Each Population Category:

I generally agree with the proposed target amounts and funding limits by population category. Establishing caps helps spread limited, one-time funding across communities and encourages applicants to focus on priority needs rather than oversized projects.

That said, for rural and small population entities, project costs related to emergency preparedness, redundancy, and compliance can escalate quickly, even for relatively modest systems. Continued flexibility to fund bundled or systemwide projects within the existing caps will be important to ensure that funding limits do not unintentionally disadvantage rural applicants with complex but necessary infrastructure needs.

Eligibility Requirements:

I agree with the proposed eligibility requirements and the focus on political subdivisions as eligible applicants. Limiting eligibility to governmental entities is appropriate given the constitutional constraints tied to the use of general revenue funds.

I also support the inclusion of hospital districts and similar entities that serve critical public functions. Ensuring that healthcare facilities remain eligible and clearly recognized as critical infrastructure is important, particularly in rural areas where hospitals often serve as both medical and emergency response anchors for their communities.

Project Types Eligible for Funding:

I agree with the proposed project types eligible for funding. The emphasis on water supply, infrastructure reliability, water loss, and regulatory compliance aligns well with the most pressing needs facing many communities. For rural healthcare settings, it is important that projects addressing redundancy, pressure stabilization, storage, and water-dependent systems are clearly considered eligible when they directly support operational continuity and patient safety. The current framework appears broad enough to accommodate those needs when appropriately documented.

Funding Structure for the Grants:

I agree with the proposed funding structure, particularly the decision to provide assistance as 100% grant funding. Given the one-time nature of this appropriation and the financial constraints facing many rural communities, a grant-only structure is appropriate and practical.

Avoiding debt or repayment obligations allows entities to address urgent infrastructure risks without creating long-term financial strain, which is especially important for small and rural applicants.

Prioritization Methodology for Awarding Grants:

I generally agree with the proposed prioritization methodology and appreciate the effort to keep it streamlined and transparent. Factors such as population size, readiness to proceed, and socioeconomic considerations are reasonable and understandable. I encourage continued recognition of critical facilities, such as hospitals and EMS operations, within the prioritization process. In rural settings, hospitals often cannot afford to complete the level of upfront architectural, engineering, and technical work required to be fully “shovel-ready” without external support. That limitation reflects resource constraints, not lack of need or urgency, and should not be held against rural healthcare facilities when evaluating project readiness. Projects that support emergency response and continuity of essential services can have impacts that extend well beyond the immediate service population, particularly in rural regions.

Administrative Conditions Governing the Award of Grant Funds:

I agree with the proposed administrative conditions governing the award of grant funds. Clear documentation requirements, escrow structures, and defined timelines are necessary to ensure accountability and effective use of public funds. For smaller entities, continued clarity and technical assistance around administrative requirements will be important to avoid unintentional barriers to participation, especially where staff capacity is limited. To the extent possible, administrative requirements should remain proportional to project size and risk, so that necessary oversight does not become a practical obstacle for rural applicants.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

As funds are distributed, I encourage the Board to continue emphasizing flexibility for rural and critical-service applicants, particularly where infrastructure systems serve multiple interconnected facilities. Allowing applicants to address water-related risks holistically,

rather than as isolated components, better reflects how rural systems actually function during emergencies.

I also encourage continued attention to funding approaches that support both immediate infrastructure improvements and the foundational planning work needed to responsibly scope those projects in resource-limited settings.

Overall, the proposed implementation plan strikes a thoughtful balance between accountability, urgency, and real-world operational needs, and I appreciate the opportunity to provide input.

Comment Submitted By: Lucinda Wierenga, Individual

Comment Date: January 27, 2026

Comment:

I live in the Rio Grande Valley and I'm writing about the HB 500 Water Supply and Infrastructure Grants.

Please make it crystal clear in the final rules that "reuse" includes the pipes and equipment cities need to deliver reclaimed water for public uses (parks, medians, public facilities, and shade/tree corridors). That kind of reuse helps our water supply by taking irrigation demand off drinking water.

Also, please make sure projects that reduce potable demand through reclaimed water reuse are scored as real water-supply projects (not treated like "beautification").

Comment Submitted By: Hayden Cottrell, Chief of Staff on behalf of Representative Mary Gonzalez

Comment Date: January 27, 2026

Comment:

Please see the attached document for Rep. Mary González' comments on the proposed implementation plan for HB 500. Let me know if we can provide anything else.

Comment Attachment:

To Executive Administrator Bryan McMath,

Our office is pleased to express its strong support for the proposed \$100 million in funding for canal lining and conversion projects through a joint partnership between the North American Development Bank (NADBank) and the Texas Water Development Board (TWDB) in the implementation plan for HB 500 (89R). This would mark a critical step toward improving the quality of life in Texas communities by promoting strategic investment in essential water and various other types of infrastructure projects.

Beyond its immediate impact, the partnership reflects a shared commitment between state and regional entities to build resilient ecosystems. As Texas continues to experience recurring drought conditions and the ongoing strain on aging canal and irrigation systems, the need for sustainable water infrastructure has never been greater. Water infrastructure development is an inherently costly endeavor, and to truly meet Texas's long-term water needs, the state must continue to embrace reliable outside investment partners who can augment public funding and collaborate through a shared purpose.

Guided by its mission to foster a more sustainable future, NADBank provides crucial support for important infrastructure projects across the U.S.-Mexico border region. This partnership with the TWDB will extend the impact of funding available under HB 500, ensuring that every dollar invested by the state goes further in addressing urgent water infrastructure priorities in the borderland region and Texas communities.

TWDB's proposal can strengthen Texas's water systems, support agricultural and industrial needs, and help safeguard communities against the increasing risks of ever-evolving state needs. If you would like to talk about the matter in more detail with me, please feel free to call or email me at mary.gonzalez@house.texas.gov or by phone at (512) 463-0613.

Comment Submitted By: Stewart McGregor, Executive Director, Kaufman Economic Development Corporation

Comment Date: January 27, 2026

Comment:

It is very encouraging to see the Legislature's prioritization of investing in managing the rapidly growing needs of our state's water infrastructure. As an economic development professional located in the state's fastest growing county (Kaufman County), I am aware of the strain faced particularly by smaller communities in funding infrastructure projects in preparation for growth. In reviewing the proposed rules for the water supply and infrastructure grants program, I believe TWDB is preparing an effective program that with some minor tweaks can be a strong solution to helping manage our state's growing water needs.

One of the greatest needs for water infrastructure and lines is faced by small, growing cities of 20,000 and less. These cities make up approximately 88% of the incorporated cities in the state. They typically have fewer available funds to support capital improvement projects due to smaller tax bases compared to bigger metropolitan cities. In reviewing the funding amounts by population category, I would recommend shifting the total funding target to allocating a greater amount to these smaller cities. Instead of appropriating \$71 million to a service area population of less than 10,000, you may consider appropriating \$250 million to service populations of 20,000 and less. You may also want to consider increasing the funding cap for smaller populations from \$5 million to \$10 million since some of these infrastructure projects are very expensive and harder to cover for smaller areas with lower budgets than big cities.

Further, the deployment of construction funds being contingent on having design, ROW, environmental and permitting completed prior to application may be difficult from a turnaround timeline with the narrow application window. Given cities run a fiscal year on an October-September timeline, they have set budgets and capital improvement projects for the year may already be budgeted, as well. When grant opportunities arise with a short time window, a city may not have everything completed for the project given funding is contingent on a grant application. Therefore, I believe allowing greater flexibility for construction project documentation will help increase competitive applications for the program. Other infrastructure grant programs, such as the US Economic Development Administration's Public Works Economic Adjustment Assistance program require a "preliminary engineering report" that explains the necessary items to be completed as part of a construction project along with a realistic timeline and environmental information. It also provides an Opinion of Probable Construction Costs (OPCC) to help determine the overall budget for the project. Many smaller cities don't have an in-house engineering department that can quickly plan and acquire all necessary permits/easements before the application deadline. Granting greater flexibility to construction applications that have some plans or engineering reports completed with the propensity to complete the project by August 31, 2027 would be helpful. That will allow some cities to prioritize projects they'd like to submit that may not have all plans in place due to local lack of funding since this grant covers 100% of costs.

In scoring applications, the constitutional "public purpose test" as to how it will provide a return to the state should be considered. As an economic development professional, water is not just a need for our residents but for keeping the Texas Miracle alive. As part of the

application process, there should be a component where applicants can describe how the investment will create a return to the state. Examples include propensity for job creation, GDP growth, water infrastructure service to a predominately industrial part of a community or infrastructure that will help recruit or retain jobs that align with the state's economic development strategic plan.

Please let me know if you have any questions on these comments. Thank you.

I am the Economic Development Director for the City of Kaufman, TX. The Economic Development Corporation recently acquired a 145 acre site to develop an industrial park. While some city-owned water/sewer lines run along the frontage of the property, we are aware that we need greater service to provide a fully looped system. We commissioned a utilities master plan through an engineering firm that shows the requirements to obtain a fully looped system.

I know the grant program is only for water infrastructure. My questions regarding the grant program are as follows:

- Would city water line extensions for a site like this be eligible? There is not one specific beneficiary. The lines will eventually serve various end users that locate on site (with private connections from the looped lines).
- The economic development corporation would not be the applicant, the City of Kaufman would. Do the lines need to be in dedicated city ROW to count for the application?
- Would more information than the attached engineering report be required to apply for the grant?
- Does the test of generating net benefit to the state as part of the grant count with this potentially serving future job creators that will enhance the tax base and GDP?

Our city population is under 10,000, so this would fall under the population served under that category. Please let me know what insights you have and if you have any follow up questions. I did submit public comments to the rules.

Target Amounts for Each Population Category:

Disagree - change population categories to encompass 20,000 or less (88% of cities in Texas). Considering allocating more to this category since smaller cities have tighter budgets. Consider putting at least \$250 million toward this category. Create a separate category for regional water districts that service larger regions that they can apply for so it's not necessarily competing against municipalities or counties.

Eligibility Requirements:

Overall agree

Project Types Eligible for Funding:

Overall agree - construction is most important to meeting the ultimate water needs of the state.

Funding Structure for the Grants:

A 100% grant may not be needed for every project. Maybe an 80% grant with 20% local match can still be effective for areas that have more monetary resources or serve a large population. Consideration of this based on population, organizational budget and

demographics is something TWDB should consider as part of the grant application. This could help deploy dollars to more projects enhancing overall resiliency.

Prioritization Methodology for Awarding Grants:

Don't require 100% of plans and ROW to be contingent on approval for funding. Grants (especially for smaller areas) shift priorities. See my general comments but having basic framework to a construction project (engineering needs, opinion of probable costs, etc.) should be enough to suffice if a project can be approved or denied.

Administrative Conditions Governing the Award of Grant Funds:

Include a consideration regarding overall benefit back to the state (subject to section 51 requirements) - inclusive of GDP growth, creation/retention of greater area commercial/industrial tax base, etc.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Provide a degree of flexibility with projects for the application process. Putting too many requirements on having all plans and ROW 100% complete could keep some very strong applications that are nearly ready away from consideration.

Comment Submitted By: Jeremy B. Mazur, Director of Infrastructure & Natural Resources Policy, Texas 2036

Comment Date: January 27, 2026

Comment:

I have attached our written comments regarding TWDB's proposed implementation plan for HB 500 to this email. Please contact me if you have any questions or require any additional information. Thank you.

Comment Attachment:

Dear Chairwoman Stepney,

Thank you for this opportunity to provide comments on the Texas Water Development Board's proposed implementation plan for House Bill 500 (89R). The Legislature's approval of HB 500, combined with its passage of Senate Bill 7 and voters' ratification of Proposition 4 last November, reflects a policy interest towards both fixing Texas' water infrastructure challenges and providing the infrastructure necessary for economic growth.

When viewed in the context of the growing state financial strategy for addressing water infrastructure needs, HB 500 represents another major tranche of funding aimed towards closing known funding gaps. How the Legislature crafted this appropriation warrants recognition for its significance, however. Never before has the Legislature made an appropriation of this magnitude to the Board combined with the broad authorization to provide grants. This represents an extraordinary, unprecedented opportunity for the Texas Water Development Board.

The Board possesses the latitude to craft an innovative, forward-thinking funding program that aims to advance several policy priorities at once. These include prioritizing key water infrastructure projects that deliver statewide impact, leveraging state dollars to maximize fiscal benefits, advancing regional solutions, and expanding technical assistance capacity. Equally as important, the Board can develop performance and accountability metrics that weave a powerful story describing HB 500's success through implementation. In short, the Board has reasonable, broad license to approve final program guidelines that articulate a bold, decisive policy vision needed to tackle Texas' long-term water infrastructure challenges.

These comments and recommendations are offered in the spirit of maximizing the beneficial impact of HB 500. I have itemized these recommendations within three categories: scoring criteria, performance accountability, and technical assistance. Please note that these comments are responsive to the water supply and infrastructure grants implementation plan with edits as of January 16, 2026.

1. Scoring Criteria.

The proposed scoring criteria appear to accomplish three policy objectives. First, the criteria aims to allocate grant funding towards water infrastructure projects serving smaller and lower-income communities that likely have a greater need for state financial assistance. Second, the emphasis on "ready to proceed" projects – as

points for smaller communities and as a requirement for larger ones – encourages projects with more immediate benefit delivery. Lastly, the simplified scoring criteria reflects an interest in distributing these grant funds in an expeditious manner before the conclusion of the FY 2026-27 biennium.

The broad language of HB 500's appropriation gives the Board substantial latitude to prescribe or incentivize other policy objectives, however. Towards that end, Texas 2036 recommends the inclusion of additional, new scoring criteria prioritizing projects of statewide importance, encouraging regional solutions, and incentivizing local leverage.

Project Prioritization

HB 500 instructs that the appropriated funds shall be applied towards the broad universe of water infrastructure and supply projects. The bill also grants the Board significant flexibility with regard to which types of water infrastructure and supply projects may receive funding. As previously mentioned, the apparent Board policy within the existing scoring criteria is to allocate funding towards projects serving lower income and/or smaller communities, where project sponsors may likely need greater state financial assistance in order to complete their project.

The Board has the option to amend the proposed guidelines for the water supply and infrastructure grant program to incentivize certain types of water infrastructure and supply projects, particularly those that may be consonant with recent legislative interest. State leaders are concerned that some communities may run out of water. In fact, several salient state water policies, including the water planning process and infrastructure development programs, are oriented towards avoiding this worst-case scenario. Fortunately for the purposes of describing this problem, the Texas Commission on Environmental Quality (TCEQ) maintains a list of communities that have, or are nearing, 180 days or less of water. Any Texas community that arrives at "Day Zero" – when it has no water – will endure profound hardship while provoking headlines asking why the state didn't do more. In the interest of avoiding this calamity, the proposed scoring criteria should prioritize the provision of financial assistance to communities on TCEQ's 180-day list.

The scoring criteria could also be amended to reflect recent legislative interests and advance water sector innovation. For example, legislators have frequently cited water loss – colloquially referenced as "leaky pipes" – as a major water infrastructure challenge. Given the legislative interest in solving this problem, the grant program could award extra points towards projects that fix systems with high rates of water loss. Beyond leaky pipes, the Legislature has articulated an interest in both expanding and diversifying state and regional water supply portfolios through project innovation. Here, extra points could be awarded to brackish groundwater desalination, aquifer storage and recovery, or water reuse projects. Water supply projects that also provide flood control or mitigation benefits or include a recognized nature based solution (e.g. wetland filtration) could also qualify for extra points.

Thinking further outside the box, and with an eye towards developing local and regional workforce capacity, points could be awarded to water infrastructure projects that involve a partnership with a workforce development program.

This recommendation seeks to achieve two objectives. The first is to align the scoring criteria with statewide priorities including helping communities approaching Day Zero, curbing water loss, and expanding water supply portfolios. The second objective – that is admittedly aspirational – is to make Texas a cutting-edge, successful proving ground for water sector innovation. The Board can advance both objectives here.

Regional Solutions

The Texas Legislature has frequently expressed a policy preference for regionalization and regional solutions throughout the Texas Water Code. Further, the Legislature has often instructed that TWDB prioritize regionalization when administering state financial assistance programs. This policy preference may be found in the articulated purpose of state financial assistance programs (§15.002(a), Water Code), grant criteria for the water loan assistance fund (§15.102(b)(2), Water Code), project prioritization for State Water Implementation Fund for Texas funding (§15.437(c)(3), Water Code), use of the Rural Water Assistance Fund (§15.994(a)(8), Water Code), and use of the Economically Distressed Areas Program (§17.922(b), Water Code).

Given the Legislature's policy preference for regionalization, the scoring criteria could include additional points for projects that demonstrably advance regionalization or regional solutions. The definitions of "regionalization" in §15.001(13), Water Code and "regional facility" in §17.001(24), Water Code, provide a reasonable basis for describing the universe of eligible projects. These may include the construction of a regional water facility, an interconnect with a new or existing system, infrastructure required under a shared service agreement, or curing water infrastructure-related compliance deficiencies specified within a "safe harbor" compliance agreement entered under §7.0026, Water Code.

Updating the proposed scoring criteria to include a preference for regionalization or regional solutions makes the agency's administration of this one-time grant program consistent with legislative preferences. Further, amending the criteria to incentivize regionalization expands the potential for this program to help the greater number of water providers in Texas.

Local Leverage

The proposed guidelines specify that TWDB will distribute HB 500 funds "in the form of a 100 percent grant." In the absence of guidance otherwise, the presumption is that each project grant may cover the entirety of a given project's cost. Project sponsors are not required to contribute any local financial effort. This creates a potential moral hazard where TWDB, and by extension, state taxpayers, assume the financial risks for a project's completion and success while the project sponsor does not. Here, if a project ultimately fails, then state taxpayer dollars will be wasted as local project sponsors remain immune from pecuniary losses.

HB 500's authorization for TWDB to provide grants for water infrastructure and supply projects does not preclude the agency from encouraging local matching

funds. Again, the bill's authorization for the provision of grants "as authorized by the board" grants substantial flexibility. Ideally project sponsors should be incentivized to "put skin in the game" through the provision of some amount of local equity or effort. This would share the risks associated with a project between the state and the project sponsor. Moreover, incentivizing local matching funds would work to leverage the state's generous commitment of \$1.038 billion in taxpayer dollars towards underwriting a greater amount of water infrastructure funding needs. While the mere commitment of \$1.038 billion towards these needs is one measure of success, using this appropriation as a catalyst for a greater net investment (e.g. \$2 billion or more) delivers the superior outcome.

In order to maximize this catalytic opportunity, Texas 2036 recommends that the Board consider the inclusion of scoring criteria that incentives or encourages project sponsors to commit local funding for a project. Here, the greater the level of local dollar commitment should translate into a higher number of points awarded. Understandably, some project sponsors, such as those with low-income, rural, or small service areas, may lack any financial capacity to make a local commitment. For these cases a set number of points could be awarded to project sponsors that may qualify for loan forgiveness from the Drinking Water State Revolving Fund disadvantaged community account (see §15.6041(c), Water Code).

2. Performance Accountability.

The magnitude of the Legislature's appropriation combined with the authorization for TWDB to provide grants creates the condition – albeit brief – for the agency to administer a positively powerful water infrastructure funding program between now and August 30, 2027. Once the Board approves the project commitments and the applications are closed, however, both the Legislature and state taxpayers deserve to know what was achieved through the Board's use of this substantial appropriation.

The key question that must be answered is not just if the agency committed and closed the appropriated dollars timely, but what was achieved towards the betterment and improvement of local and regional water infrastructure and supplies. Which communities were removed from TCEQ's 180-day list and avoided Day Zero? How many leaking water systems were fixed? How were families and businesses plagued by repeated boil water notices helped? Were water supplies expanded to sustain growth while enhancing resilience to drought? Did the program enhance Texas' role as a leader in water innovation and policy? How did HB 500 make Texas better?

Senate Bill 7 approved by the 89th Legislature provides an instructive example of how performance and accountability measures for HB 500 could work. SB 7 requires that TWDB develop publicly-facing performance metrics regarding the state's progress and achievement towards addressing water infrastructure challenges through the use of the dedicated funding stream established by Proposition 4. These include state progress towards meeting future water supply needs, net amount of water developed through agency programs, and, among other requirements, progress towards providing financial assistance to utilities with high rates of water loss. These performance measures will work to inform both legislators

and taxpayers on the return on investment from dedicated state revenues for water and wastewater infrastructure needs.

This recommendation seeks to apply a similar accounting process to the agency's administration of HB 500. Examples of possible performance and reporting requirements include:

- The number of water systems removed from TCEQ's 180-day list;
- The number of water systems with high levels of water loss that were fixed;
- The number of water systems brought into compliance with state and federal drinking water standards;
- The number of water systems with three or more boil water notices over the past three years that received financial assistance;
- The number of water systems receiving assistance from technical assistance providers;
- The net amount of water projected to be developed, conserved, or reclaimed through projects receiving financial assistance;
- The number of systems incorporated into a regional service;
- The number of participating project sponsors receiving financial assistance for the first time through TWBD;
- The total number of innovative water infrastructure projects – including desalination, water reuse, aquifer storage and recovery, nature based solutions, or workforce development partnerships – that received financial assistance;
- The net amount of local funds leveraged with state grant funds provided through HB 500; and
- The total amount of water infrastructure funding unlocked by HB 500 (local effort plus total appropriation amount used for grants).

These data will help tell a story of what the Board was able to accomplish through its administration of this grant program. A successful deployment narrative here will increase legislator's confidence in the appropriation that they approved in 2025 and, ideally, better pave the way for future appropriations discussions relating to water infrastructure funding.

3. Technical Assistance.

The proposed HB 500 implementation plan is silent on the eligibility of technical assistance providers to receive financial assistance through the water supply and infrastructure grant program. This presents a substantial challenge to successfully implementing the perceived policy intent of the proposed guidelines for allocating grant funds towards lower income and smaller communities that likely have a greater need for state financial assistance grants. Technical assistance (TA) often serves as a bridging mechanism between state financial assistance programs and small, rural, and low-income communities. TA providers work with these communities to assess their water infrastructure needs, recommend solutions, and even guide communities towards developing baseline financial documents,

including water loss audits, audited financials, and cash flow models. In addition, TA providers have the capacity to recommend and develop regional solutions and even innovative, forward-thinking project designs for partner communities.

Funding for technical assistance providers must be made available if this program is to be successful towards delivering financial assistance to smaller, rural, or low-income communities across Texas. The same may be said regarding communities that have never received TWDB financial assistance, or have not received funding for a long period of time.

This recommendation does not seek broad funding for TA providers to assist communities that may, or may not, participate in the HB 500 grant program. Rather, this recommendation encourages the creation of narrowly-tailored funding authorization for TA providers working with communities that are successful in submitting applications for grant funding. There are two ways to accomplish this. First, clarify within the proposed guidelines that technical assistance qualifies as a planning or design activity for projects serving communities with a population of 10,000 or less. Second, apportion a portion of HB 500 funding to TWDB's Water Utilities Technical Assistance Program (WUTAP) for the express purpose of assisting systems on TCEQ's 180-day list or with water loss rates that substantially exceed the Board's approved threshold in applying for a grant through the water supply and infrastructure grant program. These recommendations are not mutually exclusive: the Board has the option to adopt both recommendations here.

Thank you for your time and consideration of these comments and recommendations. The Board has an incredible opportunity to craft innovative, forward-thinking policies through its adoption of final guidelines for the water supply and infrastructure grant program. I earnestly look forward to hearing amazing water infrastructure success stories enjoyed by communities across Texas thanks to the Board's leadership here. Before then, I welcome the opportunity to discuss these recommendations with you in further detail.

Comment Submitted By: Anthony Stambaugh, General Manager, Hidalgo County Irrigation District No. 2

Comment Date: January 27, 2026

Comment:

On behalf of the Lower Rio Grande Valley Water Districts Managers' Association (LRGVWDMA), please see attached public comment regarding TWDB's proposed Water Supply and Infrastructure Grants Implementation Plan.

We would appreciate a reply confirming receipt.

Should you have any questions, please let me know.

Comment Attachment:

RE: Public Comment - Water Supply and Infrastructure Grants Implementation Plan

Dear Chairwoman Stepney:

Hidalgo County Irrigation District Number Two (HCID No. 2) would like to express our sincere gratitude and appreciation to the Texas Water Development Board (TWDB) for soliciting input and accepting public comments on this monumental funding opportunity for this district and the Rio Grande Valley. We are also grateful for Senator Juan "Chuy" Hinojosa bringing this important funding opportunity to our attention. Given the unique history of our region, the HCID No. 2 provides water to agricultural users and raw water to the cities of Alamo, San Juan, Pharr, Edinburg, McAllen and North Alamo Water Supply Corporation.

We humbly offer the following comments:

- We support the proposed dedication of \$100 million funding for the lining of canals and/or canal conversion into pipeline in the Rio Grande Valley.
- Please do not link the proposed TWDB funds with projects approved by the North American Development Bank.

We thank TWDB again for their proactive engagement during this public comment period.

Comment Submitted By: Troy Allen, General Manager, Delta Lake Irrigation District

Comment Date: January 28, 2026

Comment:

Dear Chairwoman Stepney,

The Delta Lake Irrigation District (DLID) would like to thank the Texas Water Development Board (TWDB) for the opportunity to provide public comment on this vital funding opportunity.

DLID is the largest irrigation district in the Rio Grande Valley, diverting water to more than 65,000 acres of farmland producing citrus, vegetables, cotton, grain, corn, sesame, hay, turf, and pastureland. In addition, DLID delivers water directly to the City of Raymondville and the City of Lyford, and indirectly to the unincorporated communities of Hargill, La Sara, and Monte Alto through the North Alamo Water Supply Corporation. Collectively, Rio Grande Valley irrigation districts represent approximately 76% of the total irrigation water rights issued within the Amistad/Falcon Reservoir System.

The continued lack of water deliveries from Mexico through the six named Treaty Tributaries outlined in the 1944 Water Treaty, combined with insufficient beneficial rainfall in the Texas Treaty Tributaries, has resulted in a prolonged water supply shortage that has persisted for several years. Despite these challenges, DLID continues to make annual improvements to its system by converting aging, dilapidated concrete-lined canals into PVC or concrete pipelines and/or relining the canals.

However, the ongoing lack of water available for delivery has resulted in reduced revenue, making it increasingly difficult for DLID to continue implementing essential, long-term water conservation projects. Currently, DLID maintains approximately 108 miles of lined canals that are either in need of rehabilitation or will require relining in the near future, along with continued canal conversion to pipelines for smaller facilities.

I appreciate the opportunity to provide comments on the proposed funding opportunity under consideration by TWDB to help build long-term water resilience in the Rio Grande Valley. I am also grateful to Texas Senator Juan "Chuy" Hinojosa for meeting with Valley irrigation districts to discuss this initiative and for his continued support of our region's needs.

DLID respectfully asks that the TWDB consider the following comments:

- Please do not link the proposed TWDB funding to projects approved by the North American Development Bank.
- Please utilize the same scoring criteria currently used by TWDB for the Agricultural Water Conservation Grant program.
- DLID fully supports the proposed dedication of \$100 million (appropriated with the passing of HB 500) for canal lining projects and/or canal conversion to pipelines in the Rio Grande Valley.

Thank you for your consideration and for dedicating funding to support the long-term water sustainability of the Rio Grande Valley irrigation districts.

Comment Submitted By: Troy Allen, General Manager, Delta Lake Irrigation District

Comment Date: January 28, 2026

Comment:

"1. Please do not link proposed TWDB funding to projects approved by the North American Development Bank.

2. Please utilize the same scoring criteria currently used by TWDB for the Agricultural Water Conservation Grant program.

3. Delta Lake Irrigation District fully supports the proposed dedication of \$100 million for canal lining projects and/or canal conversion to pipelines in the Rio Grande Valley. "

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Miriam Gelman, Government Relations Liaison, City of San Juan

Comment Date: January 28, 2026

Comment:

I wanted to get clarity on the following items regarding the Water Supply and Infrastructure Grants:

- 1) When is the Application Walkthrough going to be posted online?
- 2) Can we submit a Master Plan of multiple projects within 1 application that meet the funding cap(s)?
- 3) If submitting [multiple] project(s), project(s) need to be completed by Summer 2027?
- 4) Heard on the Public Webinar, it will be a Paper Application? Assuming all delivery instructions will be released online?

Please advise on the items mentioned above. It would be greatly appreciated. Thank you.
Have a great day!

Comment Submitted By: Morgan Verette, Director of Community Development,
PublicManagement

Comment Date: January 28, 2026

Comment:

Could you please advise on the following questions?

- **Will communities have to show check clearance before drawing down funds?**
- **Is there a term on the required water conservation plan?**

Comment Submitted By: Barbara Rivera, Community Manager, Lexington Woods Trails

Comment Date: January 28, 2026

Comment:

Good Afternoon, I would like to make a comment regarding these grants. I have been addressing our Water Board of Directors for WCID #92 at the monthly meeting since May of 2023. I am a resident, taxpayer and the Manager of the HOA in the district. I approached them at the meeting in May of 2023 with some questions my residents had regarding the management of the Recreation, of which the Water Board purchased in 1984 and manages. I received a very political answer that literally meant nothing. I then asked where the financials were located at which time they yelled, "on the website"! After reviewing the audit for the previous year, 2022, I became very concerned with the taxpayer spending, regarding who and what it was being spent on.

I sent a Freedom of Information Request to the Attorney for the District for all of 2022 financials. Once I received them I found huge amounts of discrepancies, possible fraud and abuse of taxpayer money. I found the money being billed to the residents for the Recreation were being included with the taxpayer money operating account. I noted all of the recreation money was NOT being spent on the facilities, pools or tennis courts, of which were very dilapidated and in need of repair. Most of the money was going to the maintenance employee in terms of his expense, of which made no sense. Large amount of purchases for gas for his vehicle, etc. I found Board members with companies having outside companies contracting with the District and being a paid vendor, receiving taxpayer money! The General manager has been witnessed to be watching pornography using the company provided phone and is being paid over \$130,000.00/year for working half days and off for 3 day weekends.

Since 1985 the Board has received over \$7million dollars in Recreation funding with only \$150,000 worth of upgrades done.

I contacted every agency including the TCEQ, PUC, met with my representative Valoree Swanson, Senator Brian Creighton, I sent in documentation to the Harris County District Attorney office of Public Corruption. I have been harassed kicked out of meetings, stalked, etc. by the Board members. I have found that there is very little oversight of these Board of Directors in regards to laws, and the agencies only pass you off to another agency!

I did another FOIA, this last May after I found the General Manager was retiring and the Board was offering him a large Bonus, of which he and the maintenance employee receives each year, with the taxpayers paying the withholding taxes. This is against the Texas Constitution as these bonuses have NEVER been budgeted for, and the vehicle that the taxpayers purchased. During the public comment period, I explained that they could not just gift him the truck, it had to be posted to the taxpayers to allow them to make an offer to purchase as it was paid with the taxpayer money. The District Attorney stated I was correct! The Board then made some very strange payment to him after he purchased the truck for \$17,300.00 of which was \$800 over the amount of the bonus he received.

I sent another FOIA, June of 2025, as soon as I saw these strange payments, of which I to this day have not received any documents regarding the FOIA. I have made complaints to the Texas AG, and after being yelled at in a public meeting by the Districts Attorney, I had to hire my own attorney. We are demanding

As you see, I believe these Districts and their Board members need to be VETTED thoroughly, look at the financial prior to awarding grants that may just go into the pockets of the Board members or employees!

With the evidence of so much fraud and abuse of taxpayer dollars of late I would hope you take action to put together laws to watch these Water Districts. My Board of Directors, all of them are 75 years plus, have been on the Board for 40 years! There need to be term limits!

Thank you for reading this! I would enjoy even testifying if necessary!

Comment Submitted By: Jessica Carothers, Civil Engineer, Parkhill

Comment Date: January 28, 2026

Comment:

We are working with several clients who are interested in the funding opportunity provided through HB500. I have the following questions:

- How will the requirement for current Water Loss Audits, Water Use Surveys, and Water Loss Validation be addressed for new PWS systems?
- Does City council need to adopt the Water Conservation Plan prior to applying?
- Will prioritization points be considered for entities with in-kind contributions?
- When calculating AMHI, will benefit area be considered or will it be the entire PWS?
- Do municipal projects have to be within the city limits or can projects be outside the city limits as long as they are in an area served by the PWS?
- Will generators, chlorine injection systems, and other TCEQ required water infrastructure be considered as eligible projects?
- We have one client, with a population under 10,000, that is working with TWDB. The client has received DFund for planning and design and plans to complete SRFs this year for construction of a new water source, water treatment, and infrastructure. This client is unique in that they will be cut off from their current water source in 2029 and are on a tight timeline to secure water for their citizens. They have an agreement to purchase land and water rights. If they go ahead and purchase the water rights so that we can complete design and submit SRF applications before March, is there a possibility that they apply for reimbursement of acquisition fees through this program?

Thank you for your clarifications.

Comment Submitted By: Luke Van Diest, Jacob I Martin

Comment Date: January 28, 2026

Comment:

I had a couple of questions that have come up for a possible project on the water supply and infrastructure grants.

- Would a new water treatment plant be an allowed project with this funding?
- This particular entity has a population of less than 10,000, so they would be capped at \$5 million in funding. Would they be able to submit an application for a project larger than \$5 million in cost with the understanding that they would have to finance costs over the \$5 million cap with outside funding?

Comment Submitted By: Beth Floyd, Senior Hydrogeologist, Biggs & Mathews Environmental, Inc.

Comment Date: January 28, 2026

Comment:

I am interested in attending the informational session that the TWDB is hosting this Friday, January 30th for the Groundwater Science, Research, & Data Collection Grants. I have been unable to locate information or a link to register for this online event. Could you please send me a link or point me in the right direction to find the link for this online meeting being held this Friday?

Comment Submitted By: Danielle Goshen, Senior Policy Analyst, Water Infrastructure, Environmental Policy Innovation Center

Comment Date: January 28, 2026

Comment:

My name is Danielle Goshen, and on behalf of the Environmental Policy Innovation Center (EPIC), I would like to thank you for the opportunity to submit the attached comments on Texas' Water Supply and Infrastructure Grants Implementation Plan.

Our comments draw on data and analysis from EPIC's Funding Tracker and Texas Water System Prioritization Tool, with the goal of strengthening policies that more effectively support communities with the greatest need and improve the overall effectiveness of water infrastructure investments.

Please don't hesitate to reach out if you would like to discuss any of our recommendations or the underlying data in more detail. We greatly appreciate your work to advance water infrastructure for communities across Texas.

Comment Attachment:

Re: EPIC's Public Comment on Texas' Water Supply and Infrastructure Grants Implementation Plan

To Whom it May Concern at the Texas Water Development Board:

On behalf of the Environmental Policy Innovation Center (EPIC), I am grateful for the opportunity to submit comments on the state's [Water Supply and Infrastructure Grants Implementation Plan](#). EPIC is a nonprofit organization whose mission is to build policies that deliver spectacular improvements in the speed and scale of environmental progress. We deliver data-driven policy analysis, innovation, and technical assistance to eliminate disparities across water systems and ensure more residents across the country have access to safe and affordable drinking water. We thank the TWDB for its continued efforts to strengthen Texas' water infrastructure financing programs.

To fully understand Texas' water challenges, it is essential to consider how different water system characteristics affect access to safe, affordable service—including the complex ways these characteristics interact to compound impacts on communities. While significant data exist regarding water systems and community conditions, these data are often fragmented across multiple platforms (government agencies, nonprofits, private entities) and rarely organized by utility service area boundaries—limiting accessibility for both decision-makers and advocates.

EPIC aims to close this gap through two complementary efforts: (1) the new [Texas Community Water System Prioritization Tool](#) and (2) our [Drinking Water State Revolving Fund \(DWSRF\) Funding Tracker](#). The Prioritization Tool consolidates 50 variables from 11 datasets across 6 organizations and agencies: EPA's Safe Drinking Water Information System and SRF awards, to TCEQ boil water notices, Census socioeconomic data, Duke University's Water Affordability Dashboard, EDF's Climate Vulnerability Index, and CEQ's Climate and Economic Justice Screening Tool. This publicly available tool makes data accessible at the service area level to support more equitable decision-making for investments in technical assistance, project funding, and education.

In parallel, EPIC's Funding Tracker provides systematic analysis of Texas' DWSRF Intended Use Plans (IUPs) for State Fiscal Years 2022–2026. Federal law requires states to submit an IUP as a condition of receiving a DWSRF capitalization grant, and mandates that each IUP include both (1) a fundable list of projects expected to receive assistance in the current year, and (2) a comprehensive list of projects that may be considered for funding in the current or future cycles.

In Texas, the Fundable List is reflected in the Initial Invited Project List, while the alphabetical and ranked lists serve as the Comprehensive Lists. EPIC interprets the fundable list as projects that have cleared the first hurdle toward an SRF award, and the comprehensive list as the full universe of applicants expressing interest in SRF funding.

Together, the Prioritization Tool and Funding Tracker provide powerful insights into how funds are distributed and where gaps remain. For example, early findings already reveal regional variation in utilities receiving SRF support. Building from this evidence base, we offer the following recommendations to help ensure Texas' Water Supply and Infrastructure Grants Implementation Plan achieves its full potential for impactful investments for communities that need it most.

Summary of EPIC's Recommendations:

- **Align total funding targets with population served** across tiers so target allocations are proportional to Texans served;
- **Revise per-project caps** to better reflect observed SFY26 DWSRF IUP project demand across the first two population tiers (e.g., using the 75th percentile of SFY26 IUP project costs by tier as a benchmark) while providing exceptions from the median for the largest population tiers based on poverty rates; and
- **Ensure comparability between retail and wholesale scoring** by using AMHI for both prioritization criteria so point scales do not structurally bias awards.

EPIC's Recommendations:

1. **Align total funding targets with total population served in each population tier**

EPIC recommends that TWDB revise the Implementation Plan's population-based total funding targets so they more directly reflect the total number of Texans served within each population category. As currently structured, the Plan establishes total target allocations that do not appear proportional to need or statewide population coverage across tiers, and instead creates an uneven distribution that risks underfunding the tiers serving the largest share of Texans.

| Population tier | Current funding target | Prioritization Tool – Texans served (M) | Share of total funding under Implementation Memo (%) | Funding targets by population tier per capita (\$/person) | Proposed population-aligned funding target | Realigned share of total funding (%) | Realigned funding targets by population tier per capita (\$/person) |
|-------------------|------------------------|---|--|---|--|--------------------------------------|---|
| <10,000 | \$71,000,000 | 5.82 (21.9%) | 8.9% | \$12.20 | \$174,100,000 | 21.9% | \$29.92 |
| 10,001–150,000 | \$142,000,000 | 9.88 (37.2%) | 17.9% | \$14.37 | \$295,600,000 | 37.2% | \$29.92 |
| 150,001–1 million | \$181,000,000 | 5.51 (20.8%) | 22.8% | \$32.85 | \$164,800,000 | 20.8% | \$29.92 |
| >1 million | \$400,000,000 | 5.33 (20.1%) | 50.4% | \$75.05 | \$159,500,000 | 20.1% | \$29.92 |
| Total | \$794,000,000 | 26.54 (100%) | 100% | — | \$794,000,000 | 100 | — |

Table 1: Realigning total funding targets to match population served by size tier using EPIC’s Texas Water System Prioritization Tool

As shown in **Table 1**, using EPIC’s Texas Public Water System Prioritization Tool (public water systems only), we estimate—based on public water system service population data—that **the current target structure allocates more than half of total program funds (\$400 million, or 50.4% of \$794 million) to the largest population tier, even though this tier appears to represent the smallest total population served among the categories.** By contrast, systems serving **10,001–150,000** people collectively serve the **largest share** of Texans (approximately **9.88 million people or 37.2% of Texans**), yet are allocated only **17.9%** of total funds.

This mismatch can also be communicated by looking at per-capita funding targets. Under the current framework, the implied per-capita funding target ranges from **\$12.20/person** in the smallest population tier to \$75.05/person in the largest tier—a difference of more than **6x**. **Further, Table 4, drawing from EPIC’s DWSRF Funding Tracker analyses, shows that the smallest population category (1-10,000 people) represents 60% of total project demand under the SFY26 DWSRF IUP.** In other words, the Implementation Plan effectively allocates the least funding to a population tier that both serves the second-largest share of Texans and exhibits the highest demand for water infrastructure funding, as reflected in DWSRF Intended Use Plan project lists, while directing the greatest funding to the tier serving the fewest Texans and demonstrating the lowest demand under the DWSRF. This imbalance is difficult to justify from a statewide public benefit standpoint and may limit the Plan’s ability to maximize the number of Texans who meaningfully benefit from these infrastructure investments.

Instead, **EPIC recommends that at a minimum, TWDB adopt a population-aligned target methodology.** As shown in **Table 1**, aligning total funding targets proportionally to population served would result in a consistent per-capita funding target of approximately **\$29.92/person** across all tiers, while more closely matching each tier’s share of statewide population served.

Accordingly, TWDB should at a minimum revise total funding targets so that each population tier receives a share of total program funds that is proportional to its share of statewide population served (or, at minimum, is transparently benchmarked against those shares). This would better align resources with statewide public benefit and help ensure that tiers serving more Texans are not systematically disadvantaged through funding opportunities. We would also support providing increased funding targets to the population categories that show higher DWSRF demand, which can be found in **Table 4**, below.

2. Revise funding cap per project to better align with need

The Implementation Plan establishes tiered funding caps based on service area population. Under this approach, the per-project funding cap increases from \$5 million for systems serving fewer than 10,000 people to \$15 million for systems serving 10,001–150,000 people, \$25 million for systems serving 150,001–1 million people, and \$40 million for systems serving more than 1 million people. While it is reasonable for larger systems to have higher-cost infrastructure projects, the magnitude and unevenness of these cap increases warrants further explanation. For example, the per-project cap increases by \$10 million between the first two tiers (a **200% increase**), then increases by \$10 million again between the middle tiers (a **66.7% increase**), and by \$15 million in the largest tier (a **60% increase**). In total, the per-project cap increases eightfold from the smallest to largest tier.

These uneven step increases raise concerns that population size is being treated as a proxy for need, readiness, or project importance, even though population alone does not reliably reflect system disadvantage, affordability constraints, or barriers to implementation.

Under the Implementation Plan, the TWDB states that “[t]his allocation is based on the average requested funding within the State Fiscal Year 2026 Drinking Water State Revolving Fund Intended Use Plan.” However, using EPIC’s Funding Tracker

data, we cannot confirm these per-project caps based on *average project costs* in the size categories provided.

| | Pop Size Range | Implementation Plan Cap | Funding Tracker – Average DWSRF Project Cost | Difference Between Average DWSRF Project Cost and Implementation Plan Cap | Percent of DWSRF Project Costs that Would Not be Covered due to Cap ¹ |
|-------|------------------|-------------------------|--|---|--|
| SFY26 | 1-10,000 | \$5,000,000 | \$9,742,692 | \$4,742,692 | 48.7% |
| | 10,001 - 150,000 | \$15,000,000 | \$19,969,446 | \$4,969,446 | 24.9% |
| | 150,001 - 1M | \$25,000,000 | \$48,796,332 | \$23,796,332 | 48.8% |
| | >1M | \$40,000,000 | \$45,643,303 | \$5,643,303 | 12.4% |

Table 2: Comparing Implementation Plan caps to average project costs from EPIC’s Funding Tracker data for projects included on the SFY26 DWSRF IUP

While TWDB may seek to balance statewide impact with administrative simplicity, Table 2 indicates that the proposed per-project caps fall materially below typical SFY26 IUP average project costs across tiers—suggesting the caps may not reflect observed project demand.

Indeed, during TWDB’s HB 500 public meeting on January 20, 2026, TWDB staff stated that the proposed per-project caps were based on *median* project values rather than *averages*. However, even when comparing the caps to median project costs observed in EPIC’s DWSRF Funding Tracker, a clear mismatch remains across most population tiers—particularly for mid-sized systems. **Table 3** shows that the Implementation Memo cap aligns with the median DWSRF project cost for systems serving more than 1 million people, and the caps for the two smallest tiers are slightly above their respective DWSRF median project costs. By contrast, the cap for the 150,001–1 million tier is more than \$4 million below the observed DWSRF median project cost, indicating that the proposed cap does not reflect the typical scale of project need in this category.

| | Pop Size Range | Implementation Memo Cap | Funding Tracker – DWSRF Median Project Cost | Difference Between Implementation Memo Cap and DWSRF Median Project Cost |
|--------------|------------------|-------------------------|---|--|
| SFY26 | 1-10,000 | \$5,000,000 | \$4,693,438 | \$306,563 |
| | 10,001 - 150,000 | \$15,000,000 | \$14,500,000 | \$500,000 |
| | 150,001 - 1M | \$25,000,000 | \$29,300,000 | -\$4,300,000 |
| | >1M | \$40,000,000 | \$40,000,000 | \$0 |

Table 3: Comparison of Implementation Memo Caps to Median project costs from DWSRF SFY26 IUP from EPIC’s Funding Tracker data

Drawing on the same DWSRF Funding Tracker data, **Table 4** shows that although the 150,001–1 million population tier has the highest share of projects exceeding the Implementation Plan cap (57%), this reflects only a small number of applicants (four projects). Similarly, the largest population tier (>1 million) has the lowest exceedance rate (33%), but this represents just two projects. By contrast, the two smallest population tiers account for the greatest number of projects that would exceed the per-project caps: 130 projects (46%) in the 1–10,000 tier would exceed the \$5,000,000 cap, and 24 projects (39%) in the 10,001–150,000 tier would exceed the \$15,000,000 cap. **Taken together, this pattern suggests that caps justified as reflecting median project costs do not align with the scale of need or project demand among small systems.**

| | Pop Size Range | Implementation Memo Cap | Funding Tracker – DWSRF Median Project Cost | Funding Tracker – Total DWSRF Project Count | Funding Tracker – Total DWSRF Project Cost Applied | Funding Tracker – DWSRF Project Cost as % of Total Applied | Number of Projects on IUP Above Implementation Memo Cap | Percent of Projects on IUP Above Implementation Memo Cap |
|-------|------------------|-------------------------|---|---|--|--|---|--|
| SFY26 | 1-10,000 | \$5,000,000 | \$4,693,438 | 280 | \$2,727,953,731 | 60% | 130 | 46% |
| | 10,001 - 150,000 | \$15,000,000 | \$14,500,000 | 62 | \$1,238,105,654 | 27% | 24 | 39% |
| | 150,001 - 1M | \$25,000,000 | \$29,300,000 | 7 | \$341,574,321 | 7% | 4 | 57% |
| | >1M | \$40,000,000 | \$40,000,000 | 6 | \$23,859,820 | 6% | 2 | 33% |

Table 4: Comparison of SFY26 DWSRF IUP projects from EPIC’s Funding Tracker data that would not meet Implementation Plan’s project caps

Therefore, in order to better ensure project caps align with the needs of borrower systems, while also trying to ensure that more funding is directed towards projects serving the most Texans, **EPIC encourages setting caps at least at the 75th percentile for at least the first two population tiers (1-10,000 and 10,001 – 150,000).** Table 5 shows the 75th percentile for each population size range based on the SFY26 DWSRF IUP. This approach would ensure that caps better accommodate observed project demand while still constraining the program from concentrating funds in a small number of extremely high-cost projects. This will help ensure that the funding structure does not unintentionally limit meaningful access for smaller under-resourced systems with significant infrastructure needs.

| | Pop Size Range | Implementation Plan Cap | Funding Tracker – Average Project Cost | Funding Tracker – DWSRF Median Project Cost | Funding Tracker – Project Cost (75th Percentile) |
|-------|------------------|-------------------------|--|---|--|
| SFY26 | 1-10,000 | \$5,000,000 | \$9,742,692 | \$4,693,438 | \$10,644,250 |
| | 10,001 - 150,000 | \$15,000,000 | \$19,969,446 | \$14,500,000 | \$20,512,500 |
| | 150,001 - 1M | \$25,000,000 | \$48,796,332 | \$29,300,000 | \$58,731,106 |
| | >1M | \$40,000,000 | \$45,643,303 | \$40,000,000 | \$54,255,333 |

Table 5: 75th Percentile of project costs under the SFY26 DWSRF IUP from EPIC’s Funding Tracker data

While we encourage the median project cost per-project caps for the two largest population tiers (150,001 - 1M), we believe that there should be exceptions based on poverty rate to increase per-project caps to the 75th percentile. Generally speaking, increasing the per-project cap for larger systems will tend to have less of an impact on larger systems that can spread costs among larger populations, while they typically also have greater access to municipal bonds and other funding sources like repayable SRF loans.

An examination of the percentage of households living above the federal poverty rate suggests that some larger systems may lack the financial capacity to fund needed projects using municipal bonds or repay SRF loans. Using data from EPIC’s *Texas Water System Prioritization Tool*, we compared small systems ($\leq 150,000$ population) with a subset of less-resourced large systems ($> 150,000$ population).

As shown in **Table 6**, less-resourced large systems have meaningfully higher median and average poverty rates:

| Indicator | Systems ≤150k in population | Systems >150k in population |
|--------------------------|-----------------------------|-----------------------------|
| Median poverty rate (%) | 10.5 | 13.5 |
| Average poverty rate (%) | 11.8 | 14.2 |

Table 6: Comparison of income and poverty indicators across small and large water systems using EPIC’s Texas Water System Prioritization Tool

A threshold-based comparison further illustrates this overlap. **Table 7** shows that of the 18 large systems analyzed, a substantial share exhibit socioeconomic characteristics comparable to—or more constrained than—those of smaller systems:

| Indicator | Systems >150k in population |
|---|-----------------------------|
| Total number of large systems | 18 |
| Systems with poverty rates above the median poverty rate of small systems | 12 (66.7%) |

Table 7: Socioeconomic overlap between large water systems and small-system benchmarks using EPIC’s Texas Water System Prioritization Tool

Taken together, these findings show that the poverty distributions of less-resourced large systems substantially overlap with those of smaller systems, with several large systems exhibiting poverty profiles comparable to—or more disadvantaged than—the median small system. **This overlap suggests that in addition to increasing the per-project caps for all small systems to the 75th percentile, higher poverty larger systems should be considered for increased per-project caps at the 75th percentile as well.**

3. Ensure comparability between retail and wholesale prioritization points to prevent structural bias disproportionately favoring small wholesale systems

Under the proposed criteria, retail water providers are scored using an income-based formula normalized to statewide Annual Median Household Income (AMHI), while wholesale water providers are scored using a population-based formula normalized to a fixed population baseline of 100,000. **While both metrics may be reasonable when considered independently, their combined use within a**

single prioritization framework produces scores on vastly different numeric scales.

Specifically, as shown in **Table 8**, retail AMHI-based scores generally range from approximately 5 to 40 points, even for communities with extremely low household incomes. In contrast, the wholesale population-based formula can produce scores in the hundreds or thousands for smaller wholesale systems. **As a result, small wholesale providers may receive scores that are orders of magnitude higher than retail providers serving deeply disadvantaged communities.**

| | AMHI of \$20,000 | AMHI of \$60,000 | AMHI of \$100,000 | |
|--|---------------------|----------------------|-----------------------|-------------------------|
| Prioritization Points for Retail Water Providers | 38 | 13 | 8 | |
| | | | | |
| | Population of 1,000 | Population of 10,000 | Population of 100,000 | Population of 1,000,000 |
| Prioritization Points for Wholesale Water Providers | 1000 | 100 | 10 | 1 |

Table 8: Comparison of hypothetical prioritization points for retail vs. wholesale systems

Absent rescaling, wholesale scoring is likely to dominate composite prioritization outcomes, effectively shifting the prioritization away from disadvantage and towards small wholesale systems. Because wholesale infrastructure costs are ultimately passed through to retail providers and their customers, excluding income-based considerations from wholesale scoring creates a blind spot for cumulative affordability impacts borne by disadvantaged households.

To assess how these scoring differences would function in practice, EPIC linked wholesale status and AMHI data from **EPIC’s Texas Water System Prioritization Tool** with borrower and service population information from **EPIC’s DWSRF Funding Tracker** for SFYs 2022 through 2026. This analysis shows that projects sponsored by wholesale providers would receive substantially higher prioritization points—both on average and at the median—than projects sponsored by retail providers under the proposed Water Supply and Infrastructure Grants scoring framework. Under the proposed framework, **Table 9** shows the **median prioritization score for wholesale providers is 403.82**, compared to **13.48 for retail providers**. While AMHI values could not be matched for all IUP projects due

to missing PWSIDs in certain IUP records, EPIC was able to link AMHI for approximately **89% of DWSRF projects**, providing a robust basis for comparison.

| System Category | Metric | Value |
|----------------------------|------------------------------------|--------------|
| Wholesale Providers | Average Population | 157,398.66 |
| | Median Population | 10,753.00 |
| | Average Implementation Memo Points | 403.82 |
| | Median Implementation memo Points | 93.00 |
| Retail Providers | Average AMHI | \$58,117.22 |
| | Median AMHI | \$56,583.00 |
| | Average Implementation Memo Points | 14.01 |
| | Median Implementation memo Points | 13.48 |

Table 9: Average and median prioritization points under the Implementation Memo for Retail and Wholesale providers if applied to DWSRF applicants, SFY22 to SFY26 using EPIC’s Funding Tracker data and Texas Water System Prioritization Tool

The range of scores further illustrates the scale mismatch. Among wholesale borrowers seeking DWSRF funding in SFY22–SFY26, scores range from **Houston**, receiving **0.28 points** under the proposed Implementation Plan, to Johnson County SUD, which would be eligible for **62,500 points**. By contrast, retail providers fall within a much narrower band: **Keller** would receive **4.49 points** at the low end, while **Marlin** would receive **28.8 points** at the high end. **In other words, the highest-scoring retail provider would still receive roughly 3.34 orders of magnitude fewer points than the highest-scoring wholesale provider.**

In practice, the proposed structure may also discourage regional or consolidated wholesale projects that serve large numbers of disadvantaged communities, while strongly favoring smaller wholesale systems regardless of downstream socioeconomic conditions. This outcome appears inconsistent with the Implementation Plan’s stated justification that scoring criteria are intended to “provide the greatest benefit to disadvantaged communities serving the greatest number of people.”

To address these concerns while preserving the program's emphasis on simplicity and administrative efficiency, **EPIC recommends that TWDB revise the scoring framework to ensure comparability across retail and wholesale scoring categories. In order to do so, we recommend using AMHI-based scoring for both retail and wholesale applicants**, to actually reflect downstream affordability impacts.

Aligning the scale of retail and wholesale scoring would improve transparency and consistency in funding decisions, and would better ensure that limited, one-time grant funds are directed to projects that need it most.

We appreciate the opportunity to submit these comments. We also look forward to working with TWDB to further clarify any of these items to support the strategic allocation of Texas' Water Supply and Infrastructure Grants.

Sincerely,

Danielle Goshen

Comment Submitted By: Lia Clark, Director/Water Finance Exchange

Additional Authors/Contributors: Hank Habicht, Carlos Rubinstein, Rogelio Rodriguez, Viviana Ortiz, Savanna Batson, Aliyha Hill

Comment Date: January 28, 2026

Comment:

Dear Chairwoman Stepney,

Water Finance Exchange (WFX) appreciates the opportunity to comment on the WSIG Implementation Plan. This dramatic commitment of State financial resources and new authorities can help address the urgent needs of smaller, resource-constrained, and rural communities around financial support and water supply. The comments in the attached Word Document are designed to support the TWDB's implementation of the WSIG in a way that looks across existing and new programs, builds on the growing willingness of community leaders to address pressing needs, and promotes Technical Assistance and financial capacity building to support these communities and leaders. Our perspective, which is deeply rooted in the technical assistance we offer to small and rural communities, focuses on the fundamental gaps that keep smaller, rural water systems in constant disrepair and that contribute to health inequities across utilities. WFX views the WSIG as an opportunity to address those foundational gaps by capitalizing on technical assistance; taken together, WFX's recommendations seek to strengthen small systems' capacity to access impact funds, the capital market, and municipal markets. These comments and WFX's recommendations are explained in greater detail in the attached document, but can be summarized accordingly:

1. WFX recommends that the TWDB consider revising prioritization criteria to reward those smaller and rural systems who may not yet be bid-ready but are seeking technical assistance for their much-needed infrastructure improvements.
2. WFX recommends funding a technical assistance program with multi-year assignments.
3. WFX recommends the TWDB also consider applicants who were previously uninvited, are "project ready", and have applied for funding 2 or 3 times in the past in the tiebreaker.
4. WFX recommends that the TWDB prioritize projects that address health and safety concerns, measured via lack of access to resilient water supply or generally unhealthy water.
5. WFX recommends that the TWDB prioritize projects that include regional collaboration to build economies of scale and multiply benefits for the end-user.

Finally, we understand the complexity the TWDB must navigate in balancing priorities and expectations for the use of these funds, and we welcome the opportunity to collaborate on potential adjustments for the TWDB to consider. With the leadership and expertise of the Board and its team, the years ahead can bring great opportunities to ensure that affordable water infrastructure reaches many Texas communities previously left behind. Thank you for your consideration and for your continued leadership in supporting Texas communities in need of reliable water and wastewater infrastructure.

Target Amounts for Each Population Category:

There should be flexibility based on what entities actually submit an application as to how much is allocated to each population category.

Eligibility Requirements:

Please see the comments sent via email for recommendations.

Project Types Eligible for Funding:

In general, yes the proposed project types would support water needs in Texas, but regional projects should also be prioritized.

Funding Structure for the Grants:

In general, yes the proposed project types would support water needs in Texas, but regional projects should also be prioritized.

Administrative Conditions Governing the Award of Grant Funds:

In general, yes the proposed project types would support water needs in Texas, but regional projects should also be prioritized.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Please see the comments sent via email for recommendations.

Water Finance Exchange (WFX) appreciates the opportunity to comment on the WSIG Implementation Plan. In addition to the Microsoft Form that was submitted on January 28, 2026 at 8:16 AM, please accept these comments from WFX on the WSIG Implementation Plan from the TWDB.

Thank you for your consideration and for your continued leadership in supporting Texas communities in need of reliable water and wastewater infrastructure.

Comment Attachment:

Dear Chairwoman Stepney,

Water Finance Exchange (WFX) appreciates the opportunity to comment on the WSIG

Implementation Plan. This dramatic commitment of State financial resources and new authorities can help address the urgent needs of smaller, resource-constrained, and rural communities around financial support and water supply. WFX is deeply grateful to the state legislature and its voters for advancing this critical issue, and to TWDB for administering this historic opportunity. WFX humbly presents the following comments based upon what we have seen in our technical assistance and financial work with communities across Texas.

These comments are designed to support the TWDB's implementation of the WSIG in a way that looks across existing and new programs, builds on the growing willingness of community leaders to address pressing needs, and promotes Technical Assistance and financial capacity building to support these communities and leaders. Our perspective, which is deeply rooted in the technical assistance we offer to small and rural communities, focuses on the fundamental gaps that keep smaller, rural water systems in constant disrepair and that contribute to health inequities across utilities.

As you, the Board, are expertly aware, the demand for federal funding for water systems greatly exceeds the supply, with many rural, smaller systems unable to confidently compete due to their lack of capacity to meet stringent requirements. WFX views the WSIG as an opportunity to address those foundational gaps by capitalizing on technical assistance; taken together, WFX's recommendations seek

to strengthen small systems' capacity to access impact funds, the capital market, and municipal markets.

1. These comments and WFX's recommendations are explained in greater detail in the pages that follow, but can be summarized accordingly:
2. WFX recommends that the TWDB consider revising prioritization criteria to reward those smaller and rural systems who may not yet be bid-ready but are seeking technical assistance for their much-needed infrastructure improvements.
3. WFX recommends funding a technical assistance program with multi-year assignments.
4. WFX recommends the TWDB also consider applicants who were previously uninvited, are "project ready", and have applied for funding 2 or 3 times in the past in the tiebreaker. WFX recommends that the TWDB prioritize projects that address health and safety concerns, measured via lack of access to resilient water supply or generally unhealthy water.
5. WFX recommends that the TWDB prioritize projects that include regional collaboration to build economies of scale and multiply benefits for the end-user.

Accessibility Concerns and Technical Assistance

Small water and wastewater systems often lack the administrative and technical capacity to

navigate the existing financial assistance application process and track program requirements. While communities with populations of 150,000 or less can apply for Planning, Acquisition, Design, and Construction (PADC) costs, the eligibility requirements for applications exclude many small systems from being eligible. For many small and rural systems, limited administrative and technical capacity constrains their ability to advance projects. The expectation that systems be caught up on their financial audits and have up-to-date water conservation plans, water use surveys, water loss audits, and water loss validations excludes many small systems that are constrained in capacity, personnel, and other resources. This is especially true given the tight Legislative time frames faced by the Board.

Therefore, WFX recommends that TWDB consider revisiting funding application requirements to facilitate and enable more small, rural communities to navigate the application process and proactively seek technical assistance for their much-needed infrastructure improvements. Making room in the application for a utility to describe their work with technical assistance providers (TAPs) to become compliant with the requirements would allow for the TWDB to ensure that the applicant is compliant with Financial Managerial and Technical (FMT) requirements, while supporting communities' access and agency to pursue all funding avenues.

Technical Assistance and Increased Participation in Other Funding Mechanisms

While the HB 500 language doesn't allow the TWDB to transfer money into existing funds or

accounts, coordination across these programs can help lessen the burden on each funding bucket and expand overall access to critical infrastructure investments for underserved communities. For example, the Water Utility Technical Assistance Program (WUTAP) is an already established program that provides a glimpse into assisting with community FMT readiness. WFX recommends funding a more robust

WUTAP-like program with multi-year assignments specifically for those without a redundant water source or those that are on the Texas Commission on Environmental Quality's list of communities that have, or are nearing, 180 days or less of water. TAPs can work to address structural gaps that prevent small rural communities from being funding-ready and can allow for their ability to apply for additional funding opportunities outside of grant-only programs like TWDB's other State and Federal programs, and even impact funds, capital markets, and municipal markets outside of the TWDB, very much widening opportunities to address needed infrastructure.

Additionally, the funding of a grant program can perpetuate communities' hesitance to raise rates. In our experience, the fear comes from the lack of context or goal for addressing the system revenues needed. Utilizing these funds to propagate long term education on the value of revenue sufficiency can have lasting positive impacts on the financial stability of utility systems. When communities engage with a TAP to accomplish FMT work, it helps to bolster capacity and collaborate on a clear FMT plan. This can achieve financially sustainable and economically healthy systems. These important elements can then be understood and supported by the public, helping to build support for investment in infrastructure and public health, thereby enabling small, rural, and disadvantaged utilities to make difficult decisions around rates, financing, and capital investment.

Project Prioritization Criteria

The present scoring criteria consider service area population, the annual median household income, and readiness to proceed. This readiness to proceed can be a bit nebulous as most small, rural communities manage their upfront cost in anticipation of funding and therefore have some level of readiness to proceed, but few will be "bid ready". Additionally, WSIG Attachment 5, Project Prioritization Criteria, specifically only gives 10 additional readiness to proceed points to communities that serve a population of less than or equal to 150,000 if these communities are deemed ready to proceed with construction. As many of the communities that serve a population of less than or equal to 150,000 are going to be planning to apply for eligible planning, acquisition, design, and construction funds, it may be prudent for the TWDB to consider updating this criteria to consider communities that are ready to proceed with planning, acquisition, and design, as well as construction.

Additionally, the scoring criteria do not consider the urgency of need for community water systems that pose health and safety risks beyond formal violations like those without a redundant water source or those that are on the Texas Commission on Environmental Quality's list of communities that have, or are nearing, 180 days or less of water. We encourage the TWDB to place greater emphasis on both project readiness AND health and safety concerns, and that health and safety are not just measured via compliance violations but are also measured via lack of access to water or generally unhealthy water.

Additionally, the guidance indicates that the tiebreaker will be given to communities that have never or have had the greater amount of time since they received financial assistance from the TWDB. We also encourage the TWDB to consider points for applicants who were previously uninvited, are project ready (not necessarily bid-ready, but ready to proceed with the planning, acquisition, and design for a project), and have applied for funding a few times in the past. Many of these systems

continue to face urgent needs and should not miss valuable points simply because they were unsuccessful in prior rounds. Additionally, many of these communities are more ready as some level of engineering has been completed, and many of the required documents have been addressed as well.

Eligibility of Non-Profit and Non-Investor-Owned Entities

Additionally, we note that the Legislature granted well-placed authority and flexibility to the TWDB in the implementation of WSIG to effectuate a beneficial outcome from the granted funds. As such, we encourage TWDB to ensure that non-profit and non-investor-owned utility (IOU) entities such as Water Supply Corporations (WSCs) should be considered distinct from corporations and as membership-owned, 501(c)12 public-serving utilities. Section 6.02(a) of the legislation does not exclude these entities, and funding eligibility should clearly reflect that non-profit and non-IOU systems are appropriate and necessary recipients of support. WSCs play a critical role in Texas, formed to address service gaps where municipal systems cannot extend infrastructure. WSCs provide water service to over 2.2 million Texans, most of them being small and rural communities that rely on their local WSCs for adequate, clean, and reliable water and wastewater access. WFX suggests that the TWDB could prioritize applicants like Counties and Cities that work regionally with WSCs in their area, utilizing the Public Utility Agency flexibility established in SB 1169, promoting the creation of economies of scale that will provide tremendous benefit to the end user.

Conclusion

Finally, we understand the complexity the TWDB must navigate in balancing priorities and expectations for the use of these funds, and we welcome the opportunity to collaborate on potential adjustments for the TWDB to consider. With the leadership and expertise of the Board and its team, the years ahead can bring great opportunities to ensure that affordable water infrastructure reaches many Texas communities previously left behind. Thank you for your consideration and for your continued leadership in supporting Texas communities in need of reliable water and wastewater infrastructure.

Comment Submitted By: Miriam Gelman, Individual

Comment Date: January 28, 2026

Comment:

- 1) When is the Application Walkthrough going to be posted online?
- 2) Can we submit a Master Plan of multiple projects within 1 application that meet the funding cap(s)?
- 3) If submitting [multiple] project(s), project(s) need to be completed by Summer 2027?
- 4) Heard on the Public Webinar, it will be a Paper Application? Assuming all delivery instructions will be released online?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Funding Structure for the Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Need clarity on construction deadlines.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

N/A

Comment Submitted By: Jason Snyder, Associate, Kimley-Horn on behalf of City of Bullard

Additional Authors/Contributors: Pam Frederick

Comment Date: January 29, 2026

Comment:

I am representing the City of Bullard (retail provider with a population of <10k) and had a project-specific question about the WSI grant. The question is related to the timing of their project that has recently (November 2025) been awarded to a contractor. The project is a groundwater supply project that includes treatment, a ground storage tank, pump station, and pipeline to connect to their distribution system. This project appears to be in compliance with the State Water Plan and assuming they meet environmental coordination, land and easement acquisition, design, and permitting requirements, we have a couple of questions for you:

- Time is of the essence on this project, and they prefer not to wait until they hear back on TWDB's decision in the fall before starting construction. Before this grant opportunity came out, they planned to start construction in February 2026. Does the City need to wait to start construction to qualify for the 10 points under the "Ready to Proceed" criteria?
- I understand that project costs that are incurred after June 22, 2025 are eligible for reimbursement. Does that extend to planning, acquisition, design, and construction? Will requesting reimbursement for these costs for the project described above hurt the City's application instead of filing for construction-only costs?
 - If construction begins now and the project is awarded via WSI, can associated construction costs be reimbursed?

Thank you for your consideration and we look forward to your response.

Comment Submitted By: Beckie Figg, Paralegal, Terrill & Waldrop

Comment Date: January 29, 2026

Comment:

Would it be possible to get a copy of the slides presented during the webinar on January 20, 2026?

Comment Submitted By: Madison Terry, Legislative Director on behalf of Representative Ryan Guillen

Comment Date: January 29, 2026

Comment:

Please see the attached letter from Representative Ryan Guillen.

Comment Attachment:

Dear Executive Administrator Bryan McMath,

I am writing to express our office's strong support for the proposed allocation of \$100 million for canal lining and conversion projects through the joint partnership between the North American Development Bank (NADBank) and the Texas Water Development Board (TWDB), as outlined in the implementation plan for House Bill 500 from the 89th Regular Session.

This proposed investment represents a significant step toward improving water efficiency and reliability in Texas communities, while also advancing strategic investment in critical water and infrastructure projects. As Texas continues to face persistent drought conditions and increasing strain on aging canal and irrigation systems, the importance of sustainable and resilient water infrastructure cannot be overstated. Water infrastructure development is inherently capital-intensive, and meeting Texas's long-term water needs will require continued collaboration with trusted external partners. The partnership between TWDB and NADBank reflects a shared commitment to leveraging public and regional resources in a manner that maximizes impact, extends the reach of state dollars, and delivers lasting benefits to communities across Texas.

NADBank's longstanding mission to support sustainable infrastructure development in the U.S.–Mexico border region positions it as a valuable partner in this effort. By aligning NADBank's expertise and financing capacity with TWDB's leadership and oversight, this partnership will enhance the effectiveness of funding authorized under HB 500 and help address urgent water infrastructure needs, particularly in border and rural communities.

TWDB's proposal has the potential to strengthen water systems statewide, support agricultural and industrial users, and better protect communities from the growing challenges posed by climate variability and population growth. We appreciate the Board's leadership on this issue and its continued commitment to long-term water security for Texas..

If I can help answer any questions or be of further assistance, please do not hesitate to contact me anytime at (512) 463-0416 or by email at ryan.guillen@house.texas.gov.

Comment Submitted By: Tim Lambert, City Manager, City of Hughes Springs

Comment Date: January 29, 2026

Comment:

As a small rural community, the City of Hughes Springs faces ongoing challenges in maintaining and modernizing the water infrastructure necessary to operate efficiently and reliably for our residents. Much of our system is aging, and the cost to repair and replace old water lines, upgrade to highly accurate water meters, construct new storage tanks, and build or improve pump stations places a significant financial strain on our limited resources. These essential improvements are critical to ensuring water quality, system reliability, and long-term sustainability, yet they are often beyond the financial capacity of our city and its ratepayers.

Texas House Bill 500 represents a tremendous opportunity for communities like Hughes Springs to address these pressing infrastructure needs. We are deeply thankful for the Legislature's recognition of the challenges faced by small rural towns and for the commitment demonstrated through this legislation to support safe, efficient, and dependable water systems across Texas.

Comment Submitted By: Roberto Salinas, AGUA SUD

Comment Date: January 29, 2026

Comment:

Will Grant cover Brackish Treatment Plant feasibility Studies to include test wells ?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Yes. Ranking process should not be equally weighted on Projects Ready to Proceed vs Projects NOT Ready to Proceed; because will put most submitted projects under a disadvantage on the point system.

Comment Submitted By: Brian Aldaco, Legislative Director on behalf of Representative Don McLaughlin

Additional Authors/Contributors: Nick Engstrom

Comment Date: January 30, 2026

Comment:

Please find attached a letter providing public comments in regards to the implementation of HB 500 funding for the Water Supply and Infrastructure Fund on behalf of Representative Don McLaughlin.

Comment Attachment:

Dear Members of the Board,

When I was elected to represent House District 80 I was very clear that I would remain committed to common sense solutions to improve our state. That's why I was glad both chambers this 89th Legislative Session focused on tackling the many water issues riddled across our districts. With that in mind, I was proud to support measures to provide much needed assistance to our rural communities, including HB 500 which included an over \$1 billion investment toward water supply and infrastructure.

Throughout session I was cautious when supporting these measures and to this day remain vigilant on their implementation, many of which are and will be put into effect by the Texas Water Development Board. As former mayor of the City of Uvalde, I have too many sour experiences with communities, such as those in my district, being ignored by those at the top.

I have learned that whether it's a winter storm, a pandemic, a non-ending plight for water, unprecedented illegal border crossings, the incoming screwworm, etc, we pull ourselves out of trouble through our own grit and determination. As a state, we owe it to these hard working Texans to provide them assistance every time we can. When I voted for HB 500 and many of the other crucial water-related bills this session, I did it to secure that assistance.

As you continue to deliberate on the implementation of the water infrastructure and supply fund, I urge you to prioritize financial assistance to the communities that need it the most, those that fall outside of urban/metropolitan hubs. I demand that the TWDB put these rural communities front and center, and implement rules to ensure most if not all of these funds are granted to these areas which have been ignored for far too long.

I commend the work that the Texas Water Development Board has already accomplished to secure access to one of our most important recourses, water. However, I remind you that our commitment is to all Texans, not just those in big cities that have a lot more resources than rural Texas.

Comment Submitted By: Tony McCarty, Individual

Comment Date: January 30, 2026

Comment:

It is difficult enough for rural water supplies to access grant money without being ruled ineligible, far too long municipalities have overpowered us on funding leaving us stranded with aging infrastructure and the inability to grow, WSC's are considered public water supplies in the eyes of every state agency, so if we are considered private then we should not have any oversight from the state, we must make more money available for rural water supplies, and to do so I ask that you call upon the legislature to put a determination on the money allocated to be available for all water systems that are governed by a state agency

Comment Submitted By: Nicolas Kalla, Chief of Staff, on behalf of Representative Erin Elizabeth Gámez

Comment Date: January 30, 2026

Comment:

Please see attached for a letter regarding HB 500 from Rep. Erin Elizabeth Gámez.

Comment Attachment:

To Executive Administrator Bryan McMath,

I am writing today to express my strong support for the proposed \$100 million in funding for canal lining and conversion projects through a joint partnership between the North American Development Bank (NADBank) and the Texas Water Development Board (TWDB) in the implementation plan for House Bill 500. This funding would be an important step toward improving the quality of life in Texas communities by promoting strategic investment in essential water infrastructure projects.

Beyond its immediate impact, the partnership reflects a shared commitment between state and regional entities to build resilient ecosystems. As Texas continues to experience recurring drought conditions and the ongoing strain on aging canal and irrigation systems, the need for sustainable water infrastructure has never been greater. Water infrastructure development is an inherently costly endeavor, and to truly meet Texas's long-term water needs, the state must continue to embrace reliable outside investment partners who can supplement public funding and collaborate through a shared purpose.

Guided by its mission to foster a more sustainable future, NADBank provides crucial support for important infrastructure projects across the U.S.-Mexico border region. This partnership with the TWDB will extend the impact of funding available under HB 500, ensuring that every dollar invested by the state goes further in addressing urgent water infrastructure priorities in the border region and Texas communities.

TWDB's proposal can strengthen Texas's water systems, support agricultural and industrial needs, and help safeguard communities long-term development. If you would like to discuss the opportunity in more detail with me, please feel free to call or email me at erin.gamez@house.texas.gov or by phone at (512) 463-0606.

Comment Submitted By: Osiris Brantley, Executive Director/General Manager, Northeast Texas Municipal Water District

Comment Date: January 30, 2026

Comment:

Attached is NETMWD's input/comments regarding the implementation plan for the Water Supply and Infrastructure Grants.

If you have any questions or need additional information, please don't hesitate to contact me.

Comment Attachment:

Re: Water Supply and Infrastructure Grants Implementation Plan

This letter is submitted on behalf of the Northeast Texas Municipal Water District (NETMWD) in response to the Texas Water Development Board's public review and comment period concerning the implementation plan as referenced above. The district would like to express its appreciation for the opportunity to provide comments for this one-time opportunity.

The current Language states: "Limiting one application per entity to expediate the review process and encourage entities to prioritize system needs." Our recommendation is to allow applicants to submit multiple ranked projects under a single application while maintaining a one-award-per entity rule. Allowing each applicant to include up to three projects as ranked alternatives within one application allows the smaller entities with economically distressed communities more opportunities to be selected.

The current language states: "Additional points will be added for smaller entities with ready-to-proceed projects." The probability of a smaller entity having ready-to-proceed projects is very unlikely. Thus, what is supposed to be helpful to the disadvantaged communities becomes a wasted opportunity. While the plan appropriately recognizes that small water systems often need assistance with planning, acquisition, design, and construction, the scoring framework's prioritization favoring ready-to-proceed projects makes the justification for "additional points" obsolete and disadvantageous to entities with the most need who will more than likely not have projects that are 100% ready-to-proceed. Instead, our recommendation would be to add points for each step of the process as a percentage of complete instead of only for 100% ready-to-proceed projects. For example, some small entities have the planning and acquisition complete but need funding for the design and construction. Due to the design step not being complete, the current language would exclude these entities from additional points. Perhaps they could get a portion of the additional points for having the planning and acquisition steps complete. If a percentage of complete scoring system is not viable, then allow all small entities regardless of ready-to-proceed projects be treated equally in terms of scoring.

Our last comment would be to prioritize and add additional points to small entities who previously submitted a 2025 Project Information Form (PIF) to TWDB and did not receive a funding commitment.

Many applicants invested time and resources to prepare and submit 2025 PIF's to TWDB but were not granted funding due to limited availability or prioritization constraints. TWDB should recognize these efforts, especially from the smaller entities demonstrated needs by providing priority and additional points for unfunded 2025 PIP submittals from small entities.

Once again thank you for the opportunity to provide input and be engaged in this process. NETMWD trusts that the TWDB will carefully consider these comments. Please don't hesitate to contact me if you have any questions or need additional information.

Comment Submitted By: Perry Fowler, Executive Director, Texas Water Infrastructure Network

Comment Date: January 30, 2026

Comment:

We appreciate the opportunity to provide comments on TWDB's Water Supply and Infrastructure Grants Implementation Plan.

Please confirm receipt of this email, and thank you for your consideration of our comments and concerns.

Comment Attachment:

RE: HB 500 Water Supply and Infrastructure Grants Implementation Plan

Dear Chairwoman Stepney,

On behalf of the members of the Texas Water Infrastructure Network (TXWIN), we appreciate the opportunity to comment on the proposed Water Supply and Infrastructure Grants (WSIG) Implementation Plan published by the Texas Water Development Board (TWDB) on January 9, 2026.

TXWIN is a 501(c)(6) trade association representing companies that construct and deliver the infrastructure securing Texas' water future. Members include Texas-based and national construction firms building drinking water and wastewater treatment plants, pipelines, flood risk reduction facilities, and other critical water infrastructure for municipal and regional utilities, industrial and commercial clients, and federal entities. TXWIN also includes suppliers, fabricators, manufacturers, and construction law firms supporting successful delivery of complex water projects.

TXWIN has reviewed the proposed implementation plan carefully. While we appreciate the Legislature's provision of this funding and recognize the Board's efforts to deploy these funds expeditiously, we believe several elements of the plan, as currently structured, will unintentionally limit the State's ability to address the breadth and scale of water infrastructure needs over the next biennium and may pose some significant challenges to potential recipients.

Our chief and most significant concern is the proposal to distribute the \$1.038 billion appropriation exclusively as grants. TWDB has historically been a national leader in leveraging appropriations through revolving loan programs, SWIFT, and other tools to multiply the impact of limited public dollars. A grant-only approach risks foregoing those benefits at a time when Texas faces unprecedented well documented needs and escalating construction costs.

TXWIN respectfully requests that the TWDB provide a clear justification for limiting use of the appropriation to grants alone, and to consider options that are consistent with statutory and constitutional constraints that would maximize statewide impact, accelerate delivery, and better align with TWDB's historical mission.

Further we strongly recommend that the Legislature examine how we can ensure that future appropriations directed to TWDB be explicitly directed to the Texas Water

Fund in such a manner that it will assist in meeting the stated purpose of the fund for maximum impact without the funding constraints in the approach being proposed and contemplated currently.

Summary of TXWIN Requested Changes & Comments

- **Provide a clear legal and policy explanation for a grant-only structure, including why alternative financing structures are not feasible under HB 500 and constitutional constraints.**
- **Reconsider the definition of eligible “water infrastructure”** to include (or create a pathway for) projects that materially support water supply reliability, including,
 - wastewater improvements that increase available supply, and flood risk reduction projects that protect critical water assets consistent with legislative intent and statewide planning.
- **Add flexibility** for audited financial statement requirements for small/rural applicants to avoid excluding communities most in need of assistance.
- **Clarify readiness** and design-approval requirements, including the practical treatment of alternative delivery methods (CMAR/Design-Build) under “Ready to Proceed.”
- **Revisit proposed caps/one-application limits** to reduce the risk of underfunding high-impact regional projects, while preserving geographic and community equity.
- **Clarify** the North American Development Bank (NADB) set-aside scope and consider expanding eligible project types.

TXWIN Comment 1 - Statutory authority and program scope

TXWIN respectfully submits that the language in HB 500 does not mandate that all funds be distributed exclusively as grants. Rather, the Legislature appropriated funds to be used for “water infrastructure and supply projects and grants as determined by the board.” HB 500, Section 6.02(a), states:

“The amount of \$1,038,000,000 is appropriated from the general revenue fund to the Water Development Board for the two-year period beginning on the effective date of this Act to be used for water infrastructure and supply projects and grants as determined by the board.”

In TXWIN’s view, this language affords TWDB discretion in selecting a mix of financial assistance tools, including but not limited to grants. While grants are explicitly authorized, the statute does not require that grants be the exclusive mechanism for deploying the appropriation. TXWIN recognizes TWDB’s stated concerns regarding constitutional limitations and administrative timing; however, we believe the current interpretation may be narrower than necessary and could reduce statewide impact.

TXWIN also requests that TWDB reconsider the narrow interpretation of “water infrastructure” that excludes wastewater and flood risk reduction projects. In practice, water infrastructure encompasses drinking water supply, wastewater collection and treatment, reuse, stormwater management, and flood control. Recent legislative actions and statewide planning efforts increasingly recognize integrated solutions, particularly where wastewater or flood projects enhance water supply reliability, resilience, or reuse capacity.

TXWIN requests that TWDB reconsider:

- Whether HB 500 can be administered using a structure that combines grants with leveraged financing or other mechanisms consistent with applicable law; and
- Whether project eligibility can be broadened to include additional categories of water infrastructure projects that materially support water supply reliability and resilience.

TXWIN Comment 2 - Key implementation issues

A. TXWIN reiterates concerns with excluding wastewater and flood risk reduction projects from eligibility. These exclusions may be inconsistent with common and statutory understandings of “water infrastructure,” statewide planning, and legislative precedent, especially where such projects directly protect or increase reliable water supply (e.g., reuse, infiltration/inflow reduction that frees treatment capacity, or flood protection for critical water assets). We appreciate the Board indicating that reuse will be considered eligible under the proposed guidance.

B. Audited financial statements

The requirement for a FY 2025 year-end audited financial statement may be a barrier for smaller and rural communities given audit timelines and limited local capacity. TXWIN recommends adding flexibility or alternatives (e.g., most recent audit available, audited financials within the past two years, agreed-upon procedures, or alternative financial documentation paired with targeted technical assistance) to avoid unintentionally limiting participation.

C. Administration outside existing TWDB programs

TXWIN notes that administering WSIG outside existing TWDB programs may forgo opportunities to leverage funds through established vehicles (e.g., SWIFT, SWIRFT, SRF), potentially blunting impact for large and regional projects serving significant populations. To the extent legal constraints prevent direct use of existing programs, TXWIN encourages TWDB to identify the closest feasible mechanisms to preserve underwriting discipline, accelerate commitments, and maximize funds deployed.

D. Design approval, “Ready to Proceed,” and alternative delivery methods

TXWIN understands the plan’s intent to rely on TCEQ design approval for Ready-to-Proceed projects and to confirm compliance for U.S. Iron & Steel, performance bonds, and retainage. However, the volume of projects seeking approval may stress capacity. TXWIN recommends that TWDB and TCEQ jointly assess staffing and third-party review capacity and publish clear expectations and timelines to avoid bottlenecks that could jeopardize proposed deadlines.

TXWIN requests clarification regarding alternative delivery methods authorized by Government Code Chapter 2269 (e.g., Construction Manager-at-Risk, Design-Build). These methods often proceed with design and construction concurrently and may allow for expedited project delivery, which may conflict with a requirement that a “complete reviewed design” be in hand at the time of application. For example, “ready to proceed” for a CMAR project typically means at least 30% design has been completed thus allowing constructability reviews and alternative approaches than could accelerate schedule, decrease costs etc. TWDB should clarify whether alternative delivery is permitted under WSIG and, if not, state this explicitly in the implementation plan and application guidance, and the rationale for

excluding this methodology which is authorized in state law with accompanying guidance promulgated in TWDB-0570 Rev. 1.5.2023.

TXWIN also requests clarification on whether U.S. Iron & Steel requirements apply to the entire project when WSIG funds are combined with local funding, consistent with how similar requirements are applied in other TWDB programs.

TXWIN Comment 3 - Recommendations on funding allocation

TXWIN has concerns regarding proposed population-based funding caps and other rigid limits. As documented in the 2024 Texas Water Capital Needs Survey, project size and cost scale with population, regulatory requirements, and system complexity. Rigid caps may underfund otherwise high-impact projects that are ready to proceed, including projects with regional implications.

TXWIN recommends that TWDB consider (i) flexibility to fund projects exceeding proposed caps when justified by public benefit and readiness, and/or (ii) a mechanism allowing multiple eligible entities to coordinate funding for a single regional project while preserving the “one application per entity” principle if TWDB elects to keep the one project limit in place.

TXWIN also notes that the \$100 million NADBank set-aside appears to be the only explicitly leveraged component in the proposal. TXWIN recommends expanding eligible project types for the set-aside beyond canal lining and conversion to include municipal treatment, conveyance, and supply projects, particularly for border-region communities which are eligible under NADBank’s Water Resources Fund. TXWIN further requests confirmation that HB 500 funds reserved for NADB joint efforts will be explicitly limited to projects located in the geographic limits of the State of Texas.

TXWIN Comment 4 - Considerations to maximize impact within WSIG constraints

Within the constraints of a one-time appropriation and the proposed structure, TXWIN recommends that TWDB consider prioritizing projects where a local sponsor commits additional non-TWDB funds (e.g., bonds, federal awards, cash). Encouraging local match or co-investment could increase the number of projects delivered and reduce risk of uncommitted funds being swept.

Conclusion

TXWIN respectfully urges TWDB to refine the WSIG implementation plan to allow greater flexibility, broader eligibility, and meaningful opportunities for leveraging limited taxpayer dollars. Doing so will better reflect legislative intent, align with TWDB’s historic strengths, and ensure this significant appropriation delivers the greatest possible benefit to all Texans.

TXWIN and its members stand ready to work collaboratively with TWDB and its staff as the program is finalized and implemented, and to help identify practical solutions that advance timely project delivery, equity, and accountability.

Looking forward, TXWIN welcomes continued engagement with state leadership and the Legislature to ensure future appropriations are clearly and explicitly structured to enable the most effective and responsible use of public funds within the framework established by SB 7 and the Texas Water Fund.

We are happy to provide additional feedback to TWDB to provide any additional feedback or clarifications necessary.

Comment Submitted By: Amber Stelly

Comment Date: January 30, 2026

Comment:

I am submitting this comment to express concern regarding the Texas Water Development Board's current interpretation of HB 500 implementation, which renders Water Supply Corporations (WSCs) ineligible to apply for funding under the Water Supply Infrastructure Grant (WSIG). This outcome is inconsistent with legislative intent, contrary to the expectations of rural voters who supported this legislation and creates an unprecedented and inequitable exclusion of WSCs from a major state water infrastructure funding opportunity.

During the 88th Legislature, rural stakeholders advocated extensively for the Legislature to appropriate funds to the Texas Water Fund for the purpose of supporting water supply and infrastructure projects serving Texans, including those provided by Water Supply Corporations, municipalities, and water districts. Rural voters and members of WSCs overwhelmingly supported this legislation based on the clear and repeated messaging that the funding would improve water reliability and long-term supply for their communities.

As I understand it, the current exclusion of WSCs comes not from an affirmative policy decision by the Legislature, but from an unintended consequence of revised language in the supplemental appropriations bill:

- The Legislature appropriated approximately \$2.5 billion for water supply infrastructure through the Texas Water Fund.
- Subsequent changes in budget language led the Texas Comptroller to determine that the funds could not be transferred into the Texas Water Fund in the manner originally anticipated.
- In response, TWDB created the Water Supply Infrastructure Grant (WSIG) to distribute approximately \$1.3 billion of those appropriated funds.
- TWDB has interpreted WSIG as not constituting a "program" for purposes of WSC eligibility, thereby excluding WSCs from applying.

The result is that WSCs are categorically barred from applying for a major state water infrastructure grant that they actively advocated for, despite being otherwise eligible applicants across TWDB programs.

This interpretation has significant implications:

- It disproportionately harms rural communities.
- It undermines the legislative intent to broadly strengthen Texas water infrastructure.
- It contradicts the understanding under which rural Texans supported this funding.
- It creates an inequitable funding framework in which similarly situated public water providers are treated differently based solely on legal form, rather than public purpose or service population.

I respectfully request that the Texas Water Development Board:

1. Reevaluate its interpretation of WSIG eligibility as it applies to Water Supply Corporations;
2. Consider whether WSIG should be treated as a TWDB "program" or otherwise structured to allow WSC participation consistent with legislative intent;

3. Engage with the Legislature, Comptroller, and stakeholders to identify a corrective path that restores WSC eligibility; and
4. Ensure that rural Texans served by WSCs are not excluded from infrastructure investments they reasonably believed this legislation would support.

Water Supply Corporations are essential public utilities serving millions of Texans and play a critical role in achieving the state's long-term water supply goals. Though I appreciate the complexity of the issues before you, I respectfully urge timely action to restore WSC eligibility.

Thank you for the consideration and opportunity to comment.

Respectfully submitted,

Amber Stelly
The Consolidated Water Supply Corporation, General Manager

Eligibility Requirements:

I disagree with the proposed eligibility requirements rendering WSCs ineligible. WSCs are otherwise eligible applicants across TWDB programs. This eligibility restriction disproportionately excludes millions of rural Texas voters from infrastructure investments that were legislatively intended to broadly strengthen Texas water infrastructure. I respectfully suggest reevaluation of WSC eligibility as it applies to WSCs or treating WSC as a "program" to allow WSC participation that is consistent with the intent of this legislation.

Comment Submitted By: Mark Rogers, General Manager, Elderville Water Supply Corp. on behalf of Elderville WSC Staff, Directors and members.

Comment Date: January 30, 2026

Comment:

WSC should have equal access to apply for the \$1.3 billion in TWDB Water Supply Infrastructure Grants.

Target Amounts for Each Population Category:

NA

Eligibility Requirements:

I disagree with WSCs not being eligible to apply for these funds.

Project Types Eligible for Funding:

Yes

Funding Structure for the Grants:

Yes

Prioritization Methodology for Awarding Grants:

Na

Administrative Conditions Governing the Award of Grant Funds:

NA

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

I strongly believe that WSCs have many infrastructure needs. Not having eligibility to apply for these funds places the burden on our members through rate increases. Our members are Texas citizens and shouldn't be forced to carry the entire burdens because they live in a WSC that doesn't have the opportunity to apply for these grants.

Comment Submitted By: Mark Maloney

Comment Date: January 31, 2026

Comment:

Could you please send me the recording to the meeting that took place the morning of 1/20/25 regarding HB 500?

Comment Submitted By: Richard Garrett, P.E., General Manager, Central Texas Water Alliance

Comment Date: January 31, 2026

Comment:

Please find attached comments from the newly authorized Central Texas Water Alliance (CTWA). Senate Bill 1194 by Senator Pete Flores was signed into law last May. Our region is generally Bell and McLennan County along Interstate 35 with areas to the east and west of the Interstate. Currently there are four members; Bell County, McLennan County, Clearwater Underground Water Conservation District and Bell County Water Control & Improvement District #1. However, there are 14 applications being processed including the City of Killeen, the City of Waco and Lampasas County. Of the 60 + water purveyors in our area the vast majority do not have sufficient water supply for the 50 year planning horizon.

Thanks for your time and consideration of our comments.

Comment Attachment:**Subject: Public Comment on HB 500 Water Supply and Infrastructure Grants Implementation Plan**

Dear Members of the Texas Water Development Board,

Thank you for the opportunity to provide comments on the proposed implementation plan for the House Bill 500 Water Supply and Infrastructure Grants program.

The Central Texas Water Alliance, CTWA, is a regional partnership of public sector water providers established pursuant to state enabling legislation to support coordinated water supply planning and long-term water resource development in Central Texas. CTWA's purpose is to help its members work collaboratively on regional solutions that improve reliability, resilience, and efficiency across jurisdictional boundaries. Consistent with this role, CTWA may serve as an applicant or regional sponsor for planning and implementation projects that benefit multiple political subdivisions.

We appreciate the Board's efforts to develop a streamlined and focused implementation plan and offer the following comments in reference to specific components of the proposed framework.

Regional and Multi Community Projects

Reference: Sections addressing project prioritization criteria and readiness requirements

CTWA encourages the Board to explicitly recognize the value and complexity of regional and multi community water supply projects within the prioritization and readiness framework. Many of the most resilient and cost-effective water supply solutions require coordination among multiple political subdivisions. While these projects may require additional upfront alignment, they often deliver broader reliability, redundancy, and long-term benefit than projects confined to a single jurisdiction. We respectfully request that readiness criteria be applied in a manner that does not unintentionally disadvantage higher impact regional projects relative to simpler single entity applications.

Application of Entity Size Expectations

Reference: Sections describing eligibility distinctions and readiness expectations based on population or entity size

CTWA appreciates the Board's effort to tailor expectations based on applicant size. However, regional projects are often best sponsored by larger political subdivisions or regional entities acting on behalf of multiple smaller systems. In these cases, sponsor population alone may not reflect project complexity or readiness. We encourage the Board to apply flexibility so that projects are evaluated primarily on project characteristics and regional benefit rather than on sponsor size alone.

Eligibility of Planning Activities

Reference: Sections describing eligible uses of funds and planning acquisition design and construction activities

CTWA encourages continued recognition that HB 500 authorizes funding for planning, acquisition, design, and construction, particularly for smaller and regional entities. For many regional efforts, early phase planning is a necessary and appropriate step to define feasible projects, establish governance structures, and position communities for timely implementation within the HB 500 timeframe. Clear support for planning activities that directly advance implementable water supply projects will strengthen application quality and long-term outcomes.

State Water Plan Consistency

Reference: Sections requiring consistency with the Texas State Water Plan

CTWA supports the requirement that projects be included in or consistent with the Texas State Water Plan. For regional projects, consistency is often demonstrated through alignment with regional strategies even when individual project components are still being refined. We encourage a practical and flexible interpretation of consistency that allows innovative regional approaches such as Aquifer Storage and Recovery, reuse, and system interconnections to advance when they clearly support State Water Plan objectives.

Role of Regional Coordination Entities

Reference: Sections addressing application documentation letters of support and demonstration of regional benefit

CTWA plays an active role in helping member entities align priorities, develop shared project concepts, and coordinate governance and funding strategies. We encourage the Board to recognize the role of regional coordination entities in strengthening project development and implementation, including through letters of support, regional benefit documentation, and coordinated application narratives.

Timing and Phased Implementation

Reference: Sections addressing program timelines commitment requirements and project delivery expectations

CTWA recognizes the statutory requirement that all HB 500 funds be committed and closed by August 31, 2027. While this timeline is important, we encourage the Board to consider approaches that allow regional projects to move forward in phases where appropriate, particularly when early investments in planning or enabling infrastructure unlock broader regional benefits and accelerate later implementation.

CTWA appreciates the Board's leadership and commitment to improving water supply reliability across Texas. We look forward to continued engagement with TWDB staff and stakeholders as this important program moves forward.

Thank you for your time and consideration.

Sincerely,

Central Texas Water Alliance

Comment Submitted By: Frank A. Ferris, P.E., President, Ferris, Flinn & Medina, LLC

Comment Date: February 2, 2026

Comment:

Thank you for allowing comments on the proposed implementation of the Water Supply and Infrastructure Grants. My comments are attached. I look forward to helping my clients conserve our limited water resource in the Lower Rio Grande Valley by lining and piping canals.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

I appreciate the opportunity to comment on the grants implementation. I represent four irrigation districts and one water control and improvement district that will be submitting grant applications to NAD Bank for the Water Resiliency Fund for canal lining projects. The TWDB funding will be very helpful to fund 50% match that will allow the NAD Bank funds to accomplish more, water conserving, canal lining projects. The fact that NAD Bank will have access to \$100 million set aside as match will result in funding certainty for their funding packages that will be complete, rather than 50%. I request that you allow NAD Bank to utilize the WRF ranking criteria for the TWDB funding component as well. If the TWDB WSI proposed prioritization is to be utilized for the TWDB funding component, I ask that you consider irrigation and water control and improvement districts, that are not potable water suppliers, as small institutions. The justification for this is that three of the districts provide raw water to public water systems for treatment which serve a population greater than 150,000 each, however, in each case, these public water systems are served by four or more districts. Furthermore, the revenue for raw water delivery is about 10% of the revenue generated from the same quantity of potable water, thus the districts do not have the resources for development of projects.

The NAD Bank funding schedule is accelerated compared to the TWDB funding schedule, which will allow conservation to occur sooner, critical in this unprecedented drought. Furthermore, NAD Bank has the financial, legal, engineering and environmental expertise to be excellent stewards of the TWDB WSI canal lining funds. Allowing districts to work with NAD Bank regarding the application, grant agreements and reporting for both sources of funds will minimize administration costs, resulting in more expenditures on infrastructure, and by extension more conservation.

Your consideration of these comments is greatly appreciated.

Comment Submitted By: Harold Chandler, Mayor, East Tawakoni, Texas

Comment Date: February 2, 2026

Comment:

When will the on-line Grant Application be available for entities to fill out and submit to the review board?

Comment Submitted By: Clayton N. Dickerson, Operations Manager, Becker Jiba Special Utility District

Comment Date: February 2, 2026

Comment:

I received an email regarding information on grant funding from the HB 500 Plan and wanted to reach out to see if Special Utility Districts qualify for applying for these grants?

I wanted to see what kind of process this would be and what to look out for. Please let me know if any information helps. We need funding like this to greatly expand to keep up with the demand and growth in our area.

Comment Attachment:

[Public Comment Period Open- Water Supply and Infrastructure Grant Implementation Plan](#)

Comment Submitted By: Daniel Farr, Individual

Comment Date: February 2, 2026

Comment:

I wish to comment about House Bill 500, passed during the 89th Legislative Session, appropriated \$1.038 billion in funds for water supply and infrastructure projects to the Texas Water Development Board (TWDB). The period of public review and comment on the plan begins January 5, 2026, and ends February 4, 2026.

I am asking that Water Supply Corporations (WSC) be allowed to apply for the \$1.038 billion in TWDB Water Supply Infrastructure Grants. WSC should be eligible to apply for the TWDB WSIG grants

For the first time, WSC are not eligible, and cannot apply, for approximately \$1.038 billion in Texas Water Development Board (TWDB) grants being disbursed through the new Water Supply Infrastructure Grant (WSIG). I do not believe this is right or what the Texas Legislature intended.

Texas Rural Water Association (TRWA) and TRWA members advocated all session long for money to be set aside in the Texas Budget to fund the TWDB Texas Water Fund to assist WSC, municipal water systems and water districts to fund infrastructure and water supply projects. The Legislature set aside \$2.5 billion dollars in the Texas budget for this purpose. However, a change to the Texas budget supplemental appropriations bill language had the devastating and unintended consequence of making WSCs ineligible to access these funds.

Based upon the changed wording of the bill, the Texas Comptroller determined that the money could not be transferred into the Texas Water Fund. Therefore, the TWDB created a grant opportunity called the Water Supply Infrastructure Grant (WSIG) to distribute approximately \$1.3 billion of the \$2.5 billion. WSCs are eligible for and may apply for funds from all other TWDB programs, **but because the TWDB does not consider the WSIG a “program,” TWDB believes that WSCs are not eligible to access funds from the WSIG because they are “private entities.” This means that for the first time a WSC cannot apply for a TWDB water infrastructure grant. I do not that's right as WSC are non-profit and have an obligation to expand service as needed to the public.**

Comment Submitted By: Karen Covarrubias, Executive Assistant to the City Manager, City of Laredo on behalf of Joseph W. Need, ICMA-CM, CEcD, CPM, Adminstrador de la Ciudad de Laredo, Texas

Comment Date: February 2, 2026

Comment:

Please receive attached comments from the City of Laredo, Texas on the Water Supply and Infrastructure Grants Implementation Plan.

Let us know if you have any questions.

Comment Attachment:

The City of Laredo ("the City") is supportive overall of the Texas Water Development Board's (TDWB) proposed rules regarding its financial assistance programs. That said, the City has identified certain portions of the proposed rules that could benefit from clarification or added language in order to reduce potential ambiguity. Below please find the City's public comments on the proposed rules including suggested changes.

The City has particular interest in ensuring that high-impact projects that may require a short runway to finalize design are able to apply for TDWD assistance under these rules. We believe the below revisions and clarifications would help provide this certainty. First, the City requests that the TWDB provide confirmation that the term "reuse" in the proposed rules includes direct and indirect potable reuse, and that eligible costs include advanced treatment, conveyance, storage, monitoring instrumentation, and required permitting and coordination. The City suggests that TWDB provide clarification as to whether "producing additional water supply" includes secondary sources and redundancy projects such as interconnections, new source development, transmission, and required treatment.

The City asks that the TWDB provide confirmation as to the eligibility of Supervisory Control and Data Acquisition (SCADA) telemetry, advanced metering, and billing modernization when tied to measurable results. The City also asks the TWDB to provide guidance confirming these are eligible when they directly support water loss reduction, pressure management, water quality monitoring, and operational reliability. The City suggests that the TWDB revise the proposed rules to add a controlled readiness option for projects that can reach full design quickly and a pathway where a project can be awarded with a requirement to complete final design and permits within six months, with clear milestones and an option for TWDB to rescind if the milestones are not met. This change would keep the program on schedule but avoids excluding projects that are very close.

The City asks for TWDB to clarify what counts as consistent with the 2027 State Water Plan. We suggest that the TWDB specify what documentation will satisfy this requirement and whether a project must be explicitly listed or whether alignment with strategies and needs is sufficient. The City recommends that the TWDB revise the proposed rules to allow one application to bundle multiple components as one integrated project and propose that applications be allowed to include multiple components under one unified project scope and procurement package, since that is often how you deliver measurable system performance improvements.

We thank you for your consideration of these suggestions. Please do not hesitate to contact us with any questions or if we can provide additional information.

Comment Submitted By: John Wade, General Manager, East Garrett W.S.C.

Comment Date: February 2, 2026

Comment:

Hello, my name is John Wade, and I am the General Manger of East Garrett W.S.C. I would like to comment that the decision made by the state legislation has and will hurt the W.S.Cs in the new WSI Grants. As a W.S.C in a rural community we need more opportunities to apply for funding to help our system with ageing infrastructure that needs immediate attention. I have been in the water industry for 27 years and our state politicians are making it harder for us to do our jobs to provide the much-needed day to day services to our water customers. I want to thank the people who fight for the W.S.C and the small rural communities. Thank you for your time and effort.

Comment Submitted By: Troy Stirman, Project Specialist, Dunaway

Comment Date: February 2, 2026

Comment:

Is there a link provided on the Grant portion of the TWDB website that is specific to the application required for this opportunity?

I'm not finding a specific application listed on the WSI page for this grant.

Comment Submitted By: Jason Brumbalow, Vice President, 439 Water Supply Corp

Comment Date: February 2, 2026

Comment:

These comments are submitted regarding the implementation plan for the Water Supply Infrastructure Grant (WSIG).

The current plan to exclude Water Supply Corporations (WSCs) from the \$1.038 billion in available funding is a departure from established TWDB practice and legislative intent. While WSCs are technically non-profit private entities, they serve the public interest by providing essential water services to rural Texans—communities that are often the most in need of infrastructure support.

1. **Consistency:** WSCs are eligible for all other TWDB programs. Creating a distinction for the WSIG based on its classification as a "grant" rather than a "program" creates an arbitrary barrier to critical funding.
2. **Legislative Intent:** The \$2.5 billion set aside by the Texas Legislature was intended to assist WSCs, municipal systems, and districts alike.
3. **Impact:** Excluding WSCs penalizes rural residents and undermines the goal of the Texas Water Fund to secure the state's water future.

We strongly request that the TWDB revise the WSIG implementation plan to explicitly include Water Supply Corporations as eligible applicants. Our local water Cooperatives should have fair access to these development programs.

Comment Submitted By: Jed Murray, Director of Government Relations, Texas International Produce Association

Comment Date: February 2, 2026

Comment Attachment:

RE: Public Comment – Water Supply and Infrastructure Grants Implementation Plan (House Bill 500)

Dear Chairwoman Stepney:

The Texas International Produce Association (TIPA) appreciates the opportunity to provide public comment on the Texas Water Development Board's proposed Water Supply and Infrastructure Grants (WSIG) Implementation Plan pursuant to House Bill 500. TIPA represents growers, shippers, and allied businesses across Texas, including a significant number of members operating in South Texas and the Lower Rio Grande Valley whose livelihoods depend on reliable irrigation water delivery systems.

Prolonged shortfalls in treaty water deliveries under the 1944 Water Treaty have resulted in sustained water supply disruptions in the Rio Grande Basin. For irrigation districts, reduced or absent water deliveries have directly translated into reduced or nonexistent revenue from water sales. As a result, many districts facing the most severe infrastructure needs are also those with the least financial capacity to undertake repairs or assume debt obligations. In many cases, these districts also serve as the primary source of raw water for surrounding municipal systems, further underscoring the importance of maintaining operational integrity.

House Bill 500 provides a critical and timely opportunity for the State of Texas to address these challenges through direct grant assistance tailored to current conditions.

TIPA respectfully offers the following comments for the Board's consideration:

- The WSIG Implementation Plan should include clear and explicit language allowing irrigation districts to utilize HB 500 grant funds for comprehensive infrastructure repair and modernization. While pipeline lining, conversion, or burial may be appropriate in certain circumstances, effective water delivery and conservation depend on the integrity of the entire irrigation system. It is not solely about the pipeline.
- Eligible project categories should expressly include meters, lift gates, control structures, valves, automation equipment, and other system components essential to accurate measurement, efficient distribution, and reduced water loss. These elements are fundamental to water conservation and reliable delivery and should be clearly recognized as eligible uses of grant funding.
- HB 500 funds intended to address urgent water supply needs should remain structured as direct state grants and should not be conditioned on loan participation.

TIPA appreciates the Texas Water Development Board's engagement with stakeholders during this public comment process and respectfully urges the Board to ensure the final WSIG Implementation Plan reflects the operational and financial realities facing irrigation districts. Clear, inclusive eligibility language will allow HB 500 funds to achieve meaningful, long-term improvements in water delivery efficiency and conservation.

Comment Submitted By: Destany Brown, Paralegal & Executive Assistant, Texas Rural Water Association

Additional Authors/Contributors: Mary Alice Boehm-McKaughan, General Counsel,
Texas Rural Water Association

Comment Date: February 2, 2026

Comment:

Enclosed please find Texas Rural Water Association's *amended* comments on TWDB's Water Supply and Infrastructure Grants Implementation Plan.

Comment Attachment:

Re: TRWA's Amended Comments on TWDB's Proposed Implementation Plan for the TWDB Water Supply Infrastructure Grant Funds.

Dear Mr. Harden:

The Texas Rural Water Association ("TRWA") thanks the Texas Water Development Board ("TWDB") for their dedication to helping small rural political subdivisions access state funds. TRWA appreciates the opportunity for small political subdivisions to access the Water Supply Infrastructure Grant funds ("WSIG") but is deeply concerned by the inability of non-profit water supply corporations ("WSCs") to apply for the funds in the proposed implementation plan and believes the proposed distribution of WSIG does not provide enough assistance to small rural water systems.

1. Introduction.

The TRWA is a nonprofit trade association whose membership includes more than 850 retail water and sewer utilities that collectively provide potable water and wastewater services to approximately three million Texan residents. Most of our members are WSCs, water districts, and small cities. TRWA relies upon its experience and background in making the following observations and comments on the proposed implementation plan for the WSIG. TRWA requests changes to the WSIG Implementation Plan that would allow WSCs to access the funds and make more funds available to small water systems which have the highest amount of infrastructure with the least economic reserves to update it. Specifically, TRWA requests that TWDB recognize that the WSIG is a TWDB Program that WSCs, as political subdivisions, are eligible to apply for. TRWA also requests that a larger portion of the WSIG funding be designated for small utilities.

2. TRWA Rule Comments.

TRWA commends TWDB and its staff on its hard work to make WSIG available in a timely manner. TRWA appreciates being a partner in this process and is supportive and appreciative of the TWDB mission of providing funds to political subdivisions, which include WSCs, through its many programs. TRWA's requested changes to the proposed implementation plan are to assist TWDB in achieving their stated goals.

TRWA's biggest pain point is the exclusion of WSCs from eligibility for the WSIG funds. TRWA's additional concern is TWDB's allocation of over 50% of WSIG funds to the eleven (11) entities in Texas that serve populations of over 1 million people.

This is not where the biggest need lays. The biggest need is in rural Texas, where 752 WSCs provide water to 4.2 million Texans with service areas that all include populations of less than 150,000 except for one.¹

A. WSCs should be eligible to apply for WSIG funds.

TRWA is concerned with the TWDB's interpretation of its authority and finding that WSCs are not eligible to apply for WSIG funds because they are "private entities." This interpretation means that WSCs, a major provider of water utility service for rural Texas, will be barred from the opportunity of accessing \$1.038 billion in water infrastructure project funds budgeted and allocated to the Texas Water Development Board (TWDB) in HB 500.

TRWA worked alongside numerous stakeholders to support this significant infusion of funds to TWDB under the assumption that its members would be amongst those that would be eligible to apply for the funds since they are eligible for all other TWDB funds. The TWDB has always worked well with rural water systems in providing financial and technical assistance but this novel interpretation of a water supply corporation as a private entity creates confusion and jeopardizes the ability of rural water systems to apply for critical funds in addressing infrastructure issues. This departure from TWDB's traditional treatment of WSCs as political subdivisions is unnecessary because TWDB's enabling statute provides it with sufficient authority to make the WSIG available to WSCs.

As background, HB 500 from the 89th Texas Legislative Session appropriated \$1,038,000,000 from the general revenue fund to the TWDB but did not specify that the money was appropriated to a specific fund. The appropriated money was deposited into TWDB's general revenue fund. The purpose for the appropriation was stated as, "water infrastructure and supply projects and grants as determined by the board." The appropriation language did not specifically give the TWDB authority to transfer the funds into another TWDB fund or account. TWDB concluded that the \$1.038 billion appropriation had to be distributed directly from TWDB's general revenue fund and not through an existing financial assistance program. TWDB then took the position that WSCs are ineligible to apply for the funding because:

¹ There is 1 WSC that serves a population of over 150,000 North Alamo WSC in the Rio Grande Valley.

Texas Constitution prohibits the grant of public funds (1) for private purposes and (2) to "individuals" when the grant is not provided for in pre-existing law. (Tex. Const., Art. III, ...§ 44 []prevents TWDB's private entity customers, such as WSCs and Investor-Owned Utilities, from receiving a general revenue grant.²

Barring WSCs from accessing WSIG funds because WSCs are "private entities" is a significant departure by TWDB from its normal course of dealing. In fact, this will be the first time that WSCs will be barred from accessing TWDB funds. Until now, TWDB has consistently treated WSCs as public entities, not private ones, and they are currently eligible to apply for all other funds distributed by TWDB. WSCs have also long been recognized by Texas law as "public" entities. WSCs are defined as political subdivisions by Chapter 15 of the Texas Water Code, TWDB enabling statute³, and as a governmental body in the open government provisions of the

Texas Government Code.³ WSCs boards are elected by their member customers for two-year terms⁴, WSCs have the authority to issue bonds⁵, and they have the power of eminent domain, if needed, to implement water line and infrastructure projects.⁶

TWDB asserts it cannot legally transfer public money from a general revenue grant to a WSC when those funds do not flow through an existing TWDB program because a WSC is a private entity. TWDB cites Article III, §§ 51 and 44, of the Texas Constitution as prohibiting grants of public funds (1) for private purposes and (2) to “individuals” when the grant is not provided for in pre-existing law. In this case, however, the HB 500 general revenue grant of \$1.038 billion is flowing through a new TWDB “program” entitled the Water Supply Infrastructure Grant (WSIG) with a proposed implementation plan that is the subject of these comments.

TWDB concedes that Art. III, § 51 does not bar WSCs from applying for WSIG funds because water infrastructure grants to WSCs would in fact serve a public purpose and the TWDB would retain sufficient control over the funds through the grant process. However, TWDB maintains that Art. III § 44 still prevents WSCs from being eligible to apply for WSIG funds. TRWA respectfully disagrees.

² TWDB Website: <https://www.twdb.texas.gov/financial/programs/WSIG/index.asp>

³ Texas Water Code Sec. 15.001(5):

“Political subdivision” means a city, county, district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, any other political subdivision of the state, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67. (emphasis added)

⁴ WSC are considered a governmental body for the purpose of the Open Meetings Act and the Public Information Act. Please see Texas Government Code Sections 551.003(3)(K) and 552.003(1)(A)(ix)

⁵ Texas Water Code Sec.(s) 67.005 & 67.007

⁶ Texas Water Code Sec. 67.010(c)

⁷ 49.222

For WSCs to be eligible to apply for WSIG funds, Art. III § 44 requires an existing law that expressly grants or implies that TWDB has the authority to make these funds available to WSCs.⁷ It is well established that, “[u]nder the provisions of Section 44 of Article III of the Constitution of Texas, the legislature is prohibited from appropriating state money unless at the very time the appropriation is made, there is already in force some pre-existing valid law authorizing the appropriation.”⁸ In this case, TWDB’s enabling statute is clear that TWDB has the authority to provide funds to WSCs because they are defined as political subdivisions for purposes of all TWDB funding programs.

TWDB has the legal authority to allow WSCs to apply for WSIG funds. TWDB was granted broad powers to assist political subdivisions, which include WSCs.⁹ The Texas Legislature is very clear that the TWDB has the power to, “provide political subdivisions the maximum opportunity to finance projects through programs provided by this chapter.”¹⁰ Barring WSCs from applying for WSIG funds is inconsistent with this provision because it would not provide WSCs with the maximum opportunity to finance projects through TWDB programs.

The TWDB also determined that WSCs are not eligible to apply for WSIG because TWDB does not consider WSIG to be a TWDB “program.” There is no legal definition of “program” in the TWDB enabling statute and therefore no legal barrier to

TWDB designating the WSIG as a program. Therefore, TRWA respectfully requests that TWDB consider WSIG a program and allow WSCs to apply for WSIG funds.

B. The monetary allocation should reflect the need.

TRWA’s additional concern is TWDB’s proposed distribution of the WSIG favors the largest cities and counties in Texas. TWDB’s proposed application process, on its face, may seem to favor rural disadvantaged communities but the proposed monetary allocation does not achieve this. The TWDB’s proposed monetary allocation is not in line with the Legislative intent to assist small disadvantaged political subdivisions because most of the money will be granted to large political subdivisions. These large entities have access to other funding sources and benefit from economies of scale whereas the small rural political subdivisions have a greater need for grant funding to continue to provide affordable water supply to their communities. Please refer to TWDB’s graph below entitled

⁸ Tex. Atty. Gen. Op. No. JC-0146 (1999); see also, Tex. Atty. Gen. Op. Nos. JM-551 (1986) at 5; MW-475 (1982) at I-2 (“The governing bodies of state universities are creatures of statute and may constitutionally exercise only powers properly delegated to them by the legislature.”) (citing *Foley v. Benedict*, 55 S.W.2d 805 (Tex. 1932)); see also, *Fort Worth Cavalry Club v. Sheppard*, 83 S.W.2d 660,663 (Tex. 1935)

⁹ Id.

¹⁰ Texas Water Code Sec. 15.001(5).

¹¹ Texas Water Code Sec 15.002(b):

The legislature finds that the conventional means of financing projects are inadequate to meet current and anticipated needs of the state. Therefore, it is the further intent of the legislature to provide a means of coordinating the development of projects through the board and to provide **political subdivisions** the maximum opportunity to finance projects through programs provided by this chapter. ... (emphasis added)

“allocation of funds.”

| Service area population size | Less than 10,000 | 10,001-150,000 | 150,001-1 million | Greater than 1 million | Total |
|---|--|----------------|-------------------|------------------------|---------------|
| Funding Cap per project (TBD) | \$5 Million | \$15 Million | \$25 Million | \$40 Million | |
| Total funding target | \$71Million | \$142 Million | \$181 Million | \$400 Million | \$794 Million |
| Canal lining/conversion projects | \$100 Million for match funding for North American Development Bank projects | | | | \$894 Million |

Looking at TWDB’s proposed monetary allocation above, \$400 million of the WSIG funds, over 50% of the money being made available for water infrastructure (\$794 Million), will only be available to the 11 political subdivisions with a population of over 1 million. This includes 4 cities: Houston, San Antonio, Dallas, Fort Worth; and 7 Counties: Harris, Dallas, Tarrant, Bexar, Travis, Collin, and Denton County. These large counties and cities contain over 70% of Texas’ population, but they also have the most resources and the least per capita infrastructure, therefore, the lowest need for grants.

Most Texas water systems serve a population of 150,000 or less. Small rural political subdivisions have some of the most pressing water infrastructure needs with the

least ability to pay for them. Yet TWDB proposes that small political subdivisions only be able to access approximately 27% of the available \$794 Million funds, or \$213 million. A larger percentage of the grant funds should be allocated to small rural communities serving a population of 150,000 or less. At least 50% of the grant funds should be available to these water systems.

In conclusion, TRWA appreciates the opportunity to comment on the proposed implementation plan and welcomes further discussion to ensure that the WSIG works optimally for small rural water systems.

Best Regards,

Mary Alice Boehm-McKaughan
TRWA General Counsel

Comment Submitted By: John Byrum, Executive Director, Nueces River Authority

Comment Date: February 2, 2026

Comment:

Please see our comments attached.

Comment Attachment:

Dear Chairwoman Stepney, P.E., and Board Members Franks, and Morgan

The Nueces River Authority (the Authority) received the notice announcing House Bill 500 public review and comment period. House Bill 500 is a one-time opportunity for a limited number of Texas communities to receive grant funding to implement water supply or water infrastructure projects. Although the Authority is pleased to see this grant money offered, some of our state appointed Board of Directors and staff have expressed concerns about the rules published and proposed by the Texas Water Development Board for distributing the \$1.038 billion grant money offered by HB 500.

Limiting the grant funding for populations serving over 150,001 for construction only funding seems to work in contrast with the Texas State Legislature. During their latest session, both bodies expressed the desire to encourage development of large regional projects. They reasoned that by doing so, the number of water supply projects needed within the state to provide much needed new water supplies will be reduced and the money distributed by the TWDB to benefit a greater percentage of the population.

Currently, there are several projects proposed in South Texas needing Planning, Acquisition, and Design (PAD) money. These are large regional projects that will serve a population of over 1,000,000 people each. Limiting the grants to construction only for large regional projects and limiting the amount of grants as proposed by the TWDB rules, will reduce the number of Texans realizing a benefit from this money. The rules proposed do not seem to correlate with the Texas Legislature's intent to encourage development of larger regional projects.

NRA believes the number of entities receiving benefit would increase by showing appreciation and favor to those entities working hard to provide new regional water supplies to a larger number of Texans. We ask TWDB to revise the proposed rules to include Planning, Acquisition and Design money for the larger regional projects listed in Water for Texas State Water Plan, and that the money each regional project is eligible to receive is increased.

Comment Submitted By: Cari Harper, Fayette WSC

Comment Date: February 2, 2026

Comment:

WSC should be eligible to apply for the TWDB WSIG grants

Comment Submitted By: Marshall Plunk, Team Leader, Plummer

Comment Date: February 2, 2026

Comment:

Please provide guidance on how projects may be able to retroactively include US Iron & Steel requirements within a project, in the event US Iron & Steel requirements were not included in the project at the time of bid. For example, for a project that was bid and awarded to a contractor without US Iron & Steel provisions, and is still early within the construction phase and materials have yet to be procured, would it be acceptable to process a change order to add US Iron & Steel requirements to the project, and the execution of the change order be contingent on whether grant funding is approved?

Target Amounts for Each Population Category:

N/A

Eligibility Requirements:

Please consider providing guidance on how US Iron & Steel provisions can be satisfied retroactively, for projects that didn't include US Iron & Steel provisions in the specifications, and have been awarded to contractors, but materials haven't yet been procured.

Project Types Eligible for Funding:

N/A

Funding Structure for the Grants:

N/A

Prioritization Methodology for Awarding Grants:

N/A

Administrative Conditions Governing the Award of Grant Funds:

N/A

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

N/A

Comment Submitted By: Jason Brumbalow, Vice President, 439 Water Supply Corp

Comment Date: February 2, 2026

Comment:

Formal Public Comment: WSIG Implementation Plan

To: Texas Water Development Board From: Jason Michael Brumbalow, Vice President, 439 Water Supply Corporation

Date: February 2, 2026 Subject: Formal Comment on the Water Supply Infrastructure Grant (WSIG) Implementation Plan – Exclusion of WSCs

To the Members of the Board:

On behalf of the 439 Water Supply Corporation and the thousands of Texans we serve, I am filing this formal comment to voice our strenuous opposition to the current WSIG implementation plan.

The proposal to exclude Water Supply Corporations (WSCs) from the \$1.038 billion in infrastructure funding isn't just a "technicality"—it is a direct strike against the rural backbone of Texas.

The Fallacy of the "Private Entity" Label The TWDB's current interpretation hinges on the classification of WSCs as "private entities." This is a distinction without a difference in the field of public service. 439 Water does not exist to generate dividends for shareholders; we exist to provide life-sustaining infrastructure where municipal lines stop. To use this label as a barrier to the Texas Water Fund—a fund the Legislature explicitly intended to bolster all Texas water—is to prioritize bureaucratic literalism over the clear needs of our communities.

Legislative Intent vs. Administrative Gatekeeping When the 89th Legislature set aside \$2.5 billion, they did so to solve a crisis, not to create a two-tiered system of water security. WSCs have been reliable partners with the TWDB for decades. We have utilized your programs to build the very infrastructure that keeps Texas growing. To suddenly pivot and define the WSIG as a "grant" instead of a "program" to justify our exclusion is a "gotcha" tactic that rural Texans did not vote for and do not deserve.

The Economic Reality Rural Texans pay the same taxes and face the same rising costs as those in our major metros. By locking 439 Water and our sister WSCs out of this \$1 billion pool, you are effectively placing an "infrastructure tax" on rural families. You are telling the people who feed, fuel, and clothe this state that their water security is a secondary concern.

Closing We are not asking for special treatment; we are demanding the inclusion that was intended by our State Legislature. We urge the Board to revise the WSIG implementation plan to explicitly include Water Supply Corporations as eligible applicants.

Don't let a drafting error in a supplemental bill become a permanent stain on Texas' water legacy. Fix the loophole. Include the WSCs.

Respectfully submitted,

Jason Michael Brumbalow Vice President, 439 Water Supply Corporation

Target Amounts for Each Population Category:

Strenuously Disagree. The proposed target amounts and population categories are fundamentally flawed because they are built on an exclusionary foundation that ignores the service reality of Texas water.

Arbitrary Exclusion vs. Population Needs: While the plan outlines funding targets (ranging from \$5M to \$40M) based on population categories, it simultaneously excludes Water Supply Corporations (WSCs). This creates a mathematical paradox: you are setting "population targets" while ignoring a massive segment of the actual population simply because they are served by a non-profit corporation rather than a municipality.

Suggestion: Eligibility must be determined by population served, not by the corporate tax status of the provider. If a WSC serves a population tier defined in your plan, they should have the same access to the target funding as a city of the same size.

The "Readiness" Double Standard: The plan requires entities with populations under 150,000 to be "ready to proceed" with 100% design and permitting to access construction funds. This creates a "rich get richer" scenario. Mid-sized entities like 439 Water often need these grants specifically to reach that level of readiness.

Suggestion: Allow for a portion of the grant (or a separate tier) to cover the high costs of planning and design for mid-sized and rural systems so they can actually compete for the larger construction pots.

Funding Limits per Project: The proposed caps (e.g., \$5M or \$15M for smaller tiers) do not reflect the hyper-inflation of infrastructure costs in 2026. A \$5 million cap barely covers a major well or a significant line extension today.

Suggestion: Benchmarking these caps to the 75th percentile of recent project costs (similar to EPIC's recommendations) would ensure the grants actually complete projects rather than leaving them half-funded and stranded.

Final Statement for the Record: We cannot agree to "target amounts" for a program that intentionally targets rural Texans for exclusion. 439 Water urges the Board to remove the "private entity" barrier and re-calibrate these funding limits to reflect the actual cost of securing Texas' water future for all citizens, regardless of who sends them their monthly bill.

Eligibility Requirements:

I strongly disagree.

The exclusion of Water Supply Corporations (WSCs) from the WSIG eligibility list is an administrative overreach that ignores both legislative intent and decades of Texas water policy.

1. The "Private Individual" Fallacy: The TWDB's justification that WSCs are "private entities" or "individuals" barred by the Texas Constitution from receiving grants is legally inconsistent. WSCs are non-profit, member-owned entities created specifically to perform a public function that the state or a municipality cannot or will not perform. For the purposes of the Texas Water Development Fund (DFund), SWIFT, and the Economically Distressed Areas Program (EDAP), WSCs are already recognized as eligible participants alongside political subdivisions. To suddenly pivot for the WSIG is a "selective interpretation" that penalizes rural Texans.

2. The 89th Legislature's Intent: When HB 500 was passed, the \$1.038 billion was intended to address the state's water crisis holistically. There is no evidence that the Legislature intended to create a "water security gap" by excluding the very entities responsible for rural water supply. By barring WSCs, the TWDB is essentially telling rural families served by 439 Water that their tax dollars help fund the WSIG, but their taps don't qualify for the benefits.

3. Risk to Regional Stability: Excluding WSCs forces these systems to delay critical infrastructure upgrades or pass 100% of the cost onto rural ratepayers. This weakens the overall stability of the Texas water grid and creates "failed islands" of infrastructure that will eventually require much more expensive municipal bailouts.

* Broaden the Definition: Revert to the eligibility definition used in the Texas Water Development Fund (DFund), which includes "any political subdivision or nonprofit water supply corporation."

Project-Based Eligibility: Base eligibility on the public benefit of the project rather than the corporate structure of the applicant. If a project addresses water loss, TCEQ violations, or regional supply—all stated goals of the WSIG—it should be eligible regardless of whether a City or a WSC is the lead applicant.

Affidavit of Public Purpose: If the Board is concerned about the constitutional "grant to individuals" prohibition, require WSCs to submit an affidavit or contract certifying that 100% of the grant funds will be used for a defined public purpose with state-monitored oversight, a standard practice in other Texas grant programs.

Project Types Eligible for Funding:

Water supplies (especially rural) can't exist in a vacuum. It depends on interoperability, resiliency, and advanced metering to actually work, so therefore, I disagree. While I agree that prioritizing "water supply and infrastructure" is essential, the current definition is too narrow and fails to account for the modern technological and regional needs of Texas water systems. By limiting eligibility to traditional "pipe and pump" projects, the Board is missing the opportunity to secure the long-term efficiency of the state's water grid. 1. The Metering Gap: The plan currently prioritizes "addressing water loss," yet it lacks explicit eligibility for Advanced Metering Infrastructure (AMI). You cannot manage what you do not measure. For a system like 439 Water, which serves a rapidly growing population in Bell County, AMI is the single most effective tool for real-time leak detection and conservation. 2.

Interoperability & System Integration: The implementation plan should explicitly include projects that focus on software and system interoperability. As Texas moves toward more regional water solutions, the ability for different systems to "talk" to one another. Sharing data on pressure, flow, and emergency supply is a matter of state security, not just administrative convenience. 3. "Soft" Infrastructure (Planning & Design): The current plan is heavily weighted toward construction-ready projects. However, the systems most in need of this \$1 billion grant are often those that lack the capital to get a project "shovel-ready." Excluding planning and acquisition as standalone eligible project types creates a "rich get richer" scenario where only the wealthiest districts with pre-funded designs can apply.

Advanced Metering & Leak Detection Tech: Explicitly list AMI and smart-grid water technology as eligible "infrastructure" to meet water loss goals. Cybersecurity & SCADA

Upgrades: In an era of increasing threats to public utilities, hardening the digital infrastructure of our water supply is just as critical as the physical pipes. Regional Interconnect Planning: Allow grants for the planning and legal phases of regional

interconnects, even if construction is not immediate. These "soft" projects are the foundation of the state's long-term water resiliency.

Funding Structure for the Grants:

The decision to provide this \$1.038 billion exclusively in the form of 100% grants is a strategic error that reduces the overall reach of the Texas Water Fund and creates an artificial barrier for Water Supply Corporations (WSCs).

The "Efficiency" Problem: By distributing funds solely as 100% grants, the TWDB is essentially choosing a small number of "winners" while leaving hundreds of other needy systems with zero support. A more effective structure would be a Grant-to-Loan Hybrid. This would allow the \$1.038 billion to act as a multiplier, subsidizing the interest or principal on a much larger pool of infrastructure projects across the state.

The Exclusionary Loophole: The TWDB claims that a 100% grant structure triggers a constitutional prohibition against gifting funds to "private individuals" (WSCs). This is a self-imposed obstacle. If the funding structure were shifted to a Reimbursement Grant or a Grant/Loan Combination (similar to the EDAP or DFund models), the legal path for including WSCs would be much clearer. 439 Water is a non-profit utility; we are not "private" in any sense that should prevent us from accessing public infrastructure funds.

Sustainability: A 100% grant does not create a revolving fund. Once this \$1 billion is gone, it is gone forever. If even a portion of these funds were structured as zero-interest or low-interest loans, that capital would eventually return to the TWDB to fund the next generation of Texas water projects.

Suggested Alternative Funding Structures: > * The 70/30 Hybrid Model: Adopt a structure similar to the Economically Distressed Areas Program (EDAP), where 70% is provided as a grant and 30% as a low-interest loan. This "skin in the game" approach allows more entities to participate and stretches the state's investment further.

Matching Grant Requirements: For larger systems (150,000+ population), require a local match. This frees up more of the "pure grant" funds for small and rural systems like 439 Water that lack the tax base to provide heavy matching funds.

Technical Assistance Set-Aside: Reserve a percentage of the funding structure specifically for pre-construction grants for small systems. Many WSCs are being disqualified because they aren't "shovel-ready"—but they aren't shovel-ready because they lack the very funds the TWDB is now withholding.

Prioritization Methodology for Awarding Grants:

I disagree. Response: The current prioritization methodology is overly simplistic and fails to capture the true "readiness" and "public benefit" of infrastructure projects. By relying almost exclusively on socio-economic metrics like Median Household Income (MHI) and population size, the Board is incentivizing a "wait-for-failure" model rather than a "proactive-modernization" model. 1. The "Water Loss" Blind Spot: The 89th Legislature repeatedly cited "leaky pipes" and water conservation as the primary reasons for creating the Texas Water Fund. However, the proposed prioritization does not explicitly award significant points for systems with high-impact water loss reduction plans. A system with a slightly higher MHI that is losing 25% of its water should be a higher priority than a "lower-income" system with 5% loss. 2. The "Readiness to Proceed" Penalty: For small systems (under 150,000), the

requirement to be "shovel-ready" to receive construction funding is a catch-22. Most rural WSCs, like 439 Water, do not have the liquid capital to complete 100% of the engineering and environmental work before knowing if a grant is available. This methodology ensures that the \$1.038 billion will only go to the few systems that are already wealthy enough to pre-fund their engineering. 3. Ignoring Innovation: There are no points awarded for technological modernization (like AMI or smart-grid tech) or succession planning. If a utility is making the effort to systematize its operations for a "plug-and-play" future, that stability should be rewarded in the scoring process. Suggested Alternative Prioritization Approaches: > Water Loss Reduction Points: Award a significant "Conservation Multiplier" to projects that directly address a demonstrated water loss of 15% or higher. Regional Cooperation Bonus: Grant additional points to projects that involve an interconnect or shared-service agreement between two or more entities. This follows the Legislature's preference for regionalization. The "Tech-Forward" Factor: Award points for the implementation of Advanced Metering Infrastructure (AMI) or SCADA upgrades that improve the state's data-collection capabilities. WSC Inclusivity: If the Board maintains that WSCs are "private," then it must at least award Equity Points to projects serving populations outside of municipal tax bases, ensuring that rural families are not systematically outranked by cities with larger grant-writing departments.

Administrative Conditions Governing the Award of Grant Funds:

I strongly disagree. The administrative conditions proposed in this plan create an artificial and unnecessary barrier that effectively disenfranchises rural water providers. While I support robust oversight, the current conditions prioritize administrative convenience over the state's urgent water needs. 1. The "Administrative Exclusion" of WSCs: The primary administrative condition—the total exclusion of Water Supply Corporations based on an interpretation of Article III, Section 44 of the Texas Constitution—is flawed. WSCs are governed by the Texas Water Code and the Texas Business Organizations Code as non-profit utilities. Administratively, we are already required to follow many of the same transparency and reporting guidelines as political subdivisions. To label us "individuals" in this context is an administrative choice, not a legal mandate. 2. The Audit Timeline Trap: The plan requires a 2025 fiscal year-end financial audit to be adopted by the applicant's governing body for an application to be considered complete. Given the August 31, 2027, deadline for fund commitment, this creates an impossibly narrow window for smaller entities whose audit cycles may not align with this arbitrary requirement. This condition favors large municipalities with full-time accounting departments and penalizes small, rural systems. 3. The "Ready-to-Proceed" Mandate: Requiring 100% of environmental coordination, permitting, and land acquisition to be complete before an application is submitted for construction funding is a condition that only the wealthiest entities can meet. This administratively ensures that the most "at-risk" systems—those that cannot afford millions in pre-construction costs—will never see a dime of this \$1 billion. Suggested Alternative Administrative Conditions: > Establish an "Equivalency Path" for WSCs: Allow WSCs to be administratively eligible if they provide a board-certified resolution and a 501(c)(12) non-profit status certification, confirming their primary purpose is the public distribution of water. Phased Closing Options: Instead of a "100% Ready-to-Proceed" rule, allow for conditional grant awards. This would allow an entity to be prioritized for funding while they finalize the last 10-20% of their permitting, ensuring that small systems aren't locked out by slow-moving state or federal regulators. Audit Grace Period: Allow applicants to submit their 2024 audits with a "Letter of Engagement" for their 2025 audit, provided the 2025 audit is completed prior to the actual disbursement of funds. This maintains accountability without the "scheduling gatekeeping" currently in the plan. Streamlined "Short-Form" for Small Projects: For projects under \$1 million (such as AMI rollouts or urgent leak repairs), create a

simplified administrative track that does not require the same heavy environmental and engineering burden as a new \$40 million reservoir.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

439 Water Supply Corporation recommends that the TWDB reconsider its restrictive eligibility interpretation and adopt a more innovative "Regional Equity" approach. If the Board maintains that WSCs are administratively ineligible for direct grants, we propose the following three alternative strategies to ensure rural Texans are not left behind:

The "Pass-Through" or "Sponsor" Model: > Allow a political subdivision (such as a County or a wholesale provider) to act as a fiscal sponsor for WSC-led infrastructure projects. The political subdivision would be the "grantee" of record, satisfying the TWDB's eligibility criteria, while the WSC executes the project through an interlocal agreement. This model is already successfully utilized in other state and federal grant programs and removes the "Article III" barrier while still delivering the \$1.038 billion to the intended populations.

Utilization of the "Retail Public Utility" Legal Framework: > WSCs are recognized as "Retail Public Utilities" under the Texas Water Code. We recommend the TWDB request a formal Attorney General opinion on whether the public service mandate of a 501(c)(12) non-profit WSC provides the "pre-existing law" required for eligibility. Relying on a narrow definition of "individual" to exclude a utility serving thousands of taxpayers is a policy choice that contradicts the comprehensive water security goals of the 89th Legislature.

A "Bridge to SWIFT" Subsidization: > If direct grants are withheld from WSCs, a portion of the \$1.038 billion should be used to buy down interest rates specifically for WSCs within the existing SWIFT or DFund programs. By using these funds to subsidize "0% loans" for WSCs, the TWDB can leverage the General Revenue money into a much larger pool of infrastructure investment without violating its current interpretation of grant eligibility.

Closing Note: The Legislature did not intend to create a "water security gap" in rural Texas. Every day the TWDB spends debating corporate labels is a day that leaking infrastructure goes unfixed. We urge you to adopt a "Solution-First" mindset that includes 439 Water and our sister WSCs in this critical billion-dollar investment.

Comment Submitted By: Thomas Ellis, Individual

Comment Date: February 2, 2026

Comment:

I believe this is an excellent program for small communities in need. Under Texas Government Code 2269, Design-Build should also be allowed as a construction method for communities with populations below 100,000.-Maybe you can add a special administrative override statement to consider as option on this program.

Allowing Design-Build would provide several key benefits: it would supplement small cities that lack sufficient technical staff to manage complex projects, fast-track construction schedules to reduce exposure to escalating market prices, increase cost transparency, and help limit the change-order overruns commonly seen in Design-Bid-Build and CMAR projects.

A collaborative, team-based delivery method would greatly benefit these smaller communities—benefits that larger cities already have the option to consider. The current restriction placed on small communities simply does not make sense.

Target Amounts for Each Population Category:

Disagree, I think the dollar amount should be higher for the smaller areas in dire need below 100k

Eligibility Requirements:

Yes, agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree, grants are perfect for small cities

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Approved Design Build as an option for cities below 100,000 in a special administrative option to move faster

Comment Submitted By: Maureen E Spruill, El Oso Water Supply Corporation

Additional Authors/Contributors: Ronald Krim, General Manager El Oso Water Supply Corporation; Tommy De Los Santos, Operations Manager, El Oso Water Supply Corporation

Comment Date: February 2, 2026

Comment:

We applaud the measures the State Legislature are taking to help ensure continued safe and reliable sources of drinking water. However, the language used to exclude Water Supply Corporations from the WSI Grants eliminates a large portion of the water providers across the state from obtaining critical funding. We feel this puts an even greater strain on WSCs to keep up with infrastructure maintenance and upgrades since our operating funds come solely from water sales. For systems that are not experiencing significant growth, our membership base and water sales remains small but our expenses continue to escalate. We are asking the decision to withhold access to these grants from Water Supply Corporations be reconsidered.

Target Amounts for Each Population Category:

Agree - smaller systems usually don't move forward with necessary projects due to the significant up-front costs such as engineering, land purchase, attorneys, etc. However, in theory, smaller systems will not require as much funding as larger systems.

Eligibility Requirements:

Disagree - Water Supply Corporations are excluded from eligibility. This could cause undue financial stress on the system resulting in necessary projects being postponed or not done at all.

Project Types Eligible for Funding:

Agree - the projects types are in line with the state plan.

Funding Structure for the Grants:

Disagree - smaller systems/lower population tend to be limited on annual income as there are less people using the water. And, while less people are served, there are more smaller systems than larger one. I think the total funding target should be increased for less than 10,000 and greater than 1 million should be reduced.

Prioritization Methodology for Awarding Grants:

Disagree - it is much easier for the AMHI to be raised in smaller populations with just one really nice subdivision. This means lower points for smaller systems.

Administrative Conditions Governing the Award of Grant Funds:

Agree

Comment Submitted By: Marjesca Brown on behalf of Garry Merritt, CEO, Great Spring Project

Additional Authors/Contributors: Lori Olson, Executive Director, Texas Land Trust Council

Comment Date: February 2, 2026

Comment:

February 4, 2026

TO: Texas Water Development Board

FROM: Great Springs Project

RE: Water Supply and Infrastructure Grants Implementation Plan

To Whom it May Concern:

Great Springs Project is a Texas-based 501(c)(3) nonprofit dedicated to conserving lands within the contributing and recharge zones of the Edwards Aquifer between Austin and San Antonio. Working with landowners, government agencies, and nonprofit partners, we have supported the protection of nearly 4,000 acres since 2020 to safeguard water quality, enhance water quantity, and protect the watersheds that replenish the Edwards Aquifer. Additionally, we are developing a 100-mile recreational trail connecting Austin and San Antonio to provide healthful and equitable public access to the outdoors.

Great Springs Project supports House Bill 500, passed during the 89th Legislative Session, and the proposed appropriation of \$1.038 billion for water supply and infrastructure projects to the Texas Water Development Board (TWDB). As currently drafted, the Water Supply and Infrastructure Grants Implementation Plan (the "Plan") designates funding for water infrastructure and supply projects such as those addressing real or apparent water loss, TCEQ violations, or upgrading and replacing water systems. Per the Plan, communities with a population of 150,000 or less may qualify for grants for planning, acquisition, design, or construction, while communities with a population greater than 150,000 may only request construction funding.

While these eligibility requirements serve important purposes, Great Springs Project and many conservation partners across Texas believe there should be an additional eligibility pathway supporting the Plan's water supply objectives. Protecting our water supply is inextricably linked to protecting aquifer recharge land. TWDB has already recognized this connection through the State Revolving Fund program—Comal County recently received approval for \$30 million to conserve critical recharge zone lands that protect water quality and quantity. Great Springs Project accomplishes these objectives through conservation easements and fee acquisitions of key parcels within the contributing and recharge zones of the Edwards Aquifer.

Conservation easements represent a proven, cost-effective strategy for permanent water supply protection. They typically cost a fraction of traditional infrastructure investments while providing lasting protection of the natural systems that filter and replenish our aquifers. Plan funding could support the statewide acquisition of conservation easements and fee acquisition of lands ensuring communities have access to this water supply strategy.

Great Springs Project joins conservation organizations across Texas respectfully recommending that the Plan be amended to:

1. Include funding eligibility for acquisition of conservation easements and fee acquisition of lands that support aquifer recharge objectives and protect water supply
2. Eliminate the "pre-design" limitation for small entities seeking land acquisition funding, recognizing that land protection itself is a direct water supply strategy, not merely a planning activity
3. Allocate a portion of HB 500 funding specifically for natural infrastructure and conservation projects, allowing these applications to compete against similar projects rather than traditional construction projects where they may score lower despite their water supply value

Nothing in HB 500's statutory language prohibits funding for source water protection through land conservation. We urge TWDB to adopt a broad interpretation of "water supply and infrastructure" that facilitates innovative approaches and recognizes that protecting recharge areas is fundamental to protecting Texas water supplies.

Thank you for the opportunity to provide input on the Implementation Plan.

Respectfully,

Garry Merritt
CEO
Great Springs Project
409 W 14th Street
Austin, TX 78701

Comment Submitted By: Earl Wilmoth, Individual

Comment Date: February 2, 2026

Comment:

I don't think it's fair that we are left out of the grants as wsc's are the only source of affordable water in rural areas. I believe that it's critical that we be included as these funds are necessary for continuing to provide water in rural areas. Cities have more available options for their water supply than we in rural areas.

Target Amounts for Each Population Category:

Yes

Eligibility Requirements:

No, wsc's should be included

Project Types Eligible for Funding:

Yes

Comment Submitted By: Mollye Hatfield, Certified Operator

Comment Date: February 2, 2026

Comment:

Please review & rescind the rule that restricts Water Supply Corporations from being eligible to receive funds under the TWDB Water Supply Infrastructure Grant. The service we provide to rural Texans is vital to Texas' smallest towns and most vulnerable populations. We are in dire circumstances in North Central Texas as we remain in a severe drought. At the same time, we continue to be hampered in our efforts to make repairs or upgrades to our system due to expenses incurred from unfunded State mandates and inefficient & expensive regulatory reporting.

We are a WSC with 92 connections serving 140 customers with over half over 65 and half in a low economic group.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Water Supply Corporations in our part of the world provide a safe, reliable source of drinking water for rural Texans. Our systems are ancient & require constant repairs. Our only source of funding is water receipts from our customers.

Comment Submitted By: Derrick Todd, General Manager/Gum Springs Water Supply Corp.

Comment Date: February 2, 2026

Comment:

I am writing to voice my concerns and opposition to the Texas Rural Water Supply Community being excluded from the upcoming \$ 1.038 billion grant funding. Communities all over Texas have seen significant growth, an increase in regulatory requirements, and a big inability to have access to grant funding offered to most municipalities. The Rural Water Systems represent a very large percentage of Texas and its population. By making the Rural Water Systems ineligible for such grants is alienating a large population. Myself and on behalf our our water system and Board Of Directors I stand in full support of amending HB500 and associated laws so that it allows the inclusion of Water Supply Corporations as an eligible applicant. Thank you & God Bless

Funding Structure for the Grants:

Needs to be amended to include WSC's

Comment Submitted By: Hal Harris, General Manager, Central Bowie County WSC

Comment Date: February 2, 2026

Comment:

WSCs should be made eligible to apply for the TWDB WSIG grants

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

WSCs in Texas provide safe water to a great number of people and should be eligible for WSIG grants.

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No

Comment Submitted By: Paula Wright, Individual

Comment Date: February 2, 2026

Comment:

why are Water Supply Corporations (WSC) are not eligible, and cannot apply, for approximately \$1.038 billion in Texas Water Development Board (TWDB) grants being disbursed through the new Water Supply Infrastructure Grant (WSIG). I think this is not right or what the Texas Legislature intended. Please look into this matter. I live in a small community which provides water for this rural area. We need upgrades and maintenance work that is very costly. do not understand why we would not be allowed to at least apply for part of this grant.

Target Amounts for Each Population Category:

na

Eligibility Requirements:

na

Comment Submitted By: Jim Sartwelle, General Manager, McCoy Water Supply Corporation

Comment Date: February 2, 2026

Comment:

McCoy Water Supply Corporation provides quality drinking water to more than 3,600 member families in Atascosa, Wilson, and Live Oak counties. Our folks believe it is unfair to restrict WSCs from access to this critical source of funding to further develop water infrastructure in our rapidly growing I-35/I-37 corridor. WSCs have been able to access state water funds in the past right alongside utility districts and municipalities in the past. Restricting rural water supply companies (non-profits just like McCoy WSC) from access to funds that we worked hard during this past legislative session to enact based on a technicality in the language enacted in the supplemental appropriations bill again puts rural Texas behind the eight ball, which is surely not what the Legislature intended. Please reconsider this and take steps to ensure water supply corporations can participate in the TWDB Water Supply Infrastructure Grant program.

Target Amounts for Each Population Category:

N/A

Eligibility Requirements:

As stated in our general comments, we disagree vehemently with the exclusion of water supply companies from the grant process.

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree. The points process seem to stack up in smaller outfits' favor--just unfair to exclude WSCs.

Administrative Conditions Governing the Award of Grant Funds:

N/A

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Please work with the Lt. Gov, Speaker, and Comptroller to confirm legislative intent relative to the eligibility of water supply companies for this grant program.

Comment Submitted By: Tomas L. Tamayo, General Manager Olmito Water Supply Corp.

Comment Date: February 3, 2026

Comment:

We are a small organization and need funding to Be able to provide adequate clean water to our customers. As everyone is aware the Rio Grande River which supplies 100% of our water is at a critical stage. So we are in dire need of funding to construct a Reverse Osmosis Plant and we are depended on TWDB for that.

Target Amounts for Each Population Category:

disagree

Eligibility Requirements:

disagree

Project Types Eligible for Funding:

disagree

Funding Structure for the Grants:

disagree

Prioritization Methodology for Awarding Grants:

disagree

Administrative Conditions Governing the Award of Grant Funds:

disagree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

none

Comment Submitted By: James Metcalfe, General Manager/Na

Comment Date: February 3, 2026

Comment:

Water Supply Corporations have been excluded from receiving any grant from the approximate \$1.038 billion from the Water Supply Infrastructure Grant.

This unacceptable and should be corrected. The WSC's are made up mostly of rural communities that cannot be served by large municipalities. These non-profit corporations are not able to tax their customers and are held to a high standard by the PUC to keep their rates low. There is no way for us WSC's to be able to afford the large infrastructure projects that are necessary to comply with TCEQ rules and regulations.

My WSC has submitted a PIF the last four (4) years and has not come close to earning enough points to be considered. Large cities account for a large majority of those who already receive funding for TWDB projects.

WSC's in the state of Texas should be eligible to receive funds from this grant.

Target Amounts for Each Population Category:

N/A

Eligibility Requirements:

Disagree with the eligibility requirements, as Water Supply Corporations should be eligible to receive funds from this grant.

Project Types Eligible for Funding:

N/A

Funding Structure for the Grants:

N/A

Prioritization Methodology for Awarding Grants:

N/A

Administrative Conditions Governing the Award of Grant Funds:

N/A

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

I would recommend that small municipalities and WSC's have set-aside money allocated that would benefit rural areas.

Comment Submitted By: Bobby Bazzell, Board President, North Rural Water Supply Corporation

Comment Date: February 3, 2026

Comment:

Water supply corporations play a critical role in providing safe, reliable drinking water to rural and unincorporated areas across Texas, often serving communities with limited financial capacity and no alternative provider. Excluding water supply corporations from eligibility for grant funding creates an inequitable gap, as these systems face the same infrastructure challenges as municipalities: aging assets, regulatory compliance costs, water loss mitigation, and resiliency planning, without the same access to tax revenue or bonding authority. Allowing water supply corporations to access grant funding would directly support statewide water conservation goals, improve system reliability, and help maintain affordable rates for customers who are often among the most economically vulnerable. Expanding eligibility would strengthen Texas's overall water infrastructure and ensure that funding programs reach all entities essential to delivering safe water to Texans.

Target Amounts for Each Population Category:

I generally agree with the proposed target amounts and funding limits outlined in the implementation plan, as they reflect an effort to balance limited resources across varying population sizes and project needs. However, the effectiveness of these targets is highly dependent on equitable eligibility across all public water system types. Water supply corporations often serve small, rural, or economically constrained populations and face infrastructure challenges comparable to municipalities, yet with fewer financing tools available. As a result, current target amounts and per-project funding limits may be insufficient for these systems if grant eligibility remains restricted. Consideration should be given to adjusting target amounts or establishing parallel funding thresholds that recognize the unique financial and operational constraints of water supply corporations, ensuring that funding distribution aligns with actual system needs rather than entity type alone.

Eligibility Requirements:

I disagree with the proposed eligibility requirements as currently outlined, as they exclude water supply corporations despite these entities being essential providers of drinking water across much of rural Texas. Water supply corporations are subject to the same regulatory standards, infrastructure demands, and public health responsibilities as municipalities and other eligible systems, yet often operate with fewer financial resources and limited access to alternative funding mechanisms. Excluding these systems from eligibility limits the effectiveness of the program and undermines statewide goals related to water conservation, system resiliency, and affordability. Eligibility should be expanded to include water supply corporations that meet public water system requirements, ensuring that funding is distributed based on demonstrated need, project merit, and public benefit rather than organizational structure.

Project Types Eligible for Funding:

I generally agree with the proposed project types eligible for funding, as they address critical needs related to water supply, system reliability, and regulatory compliance. However, the list of eligible project types should be broad enough to account for the operational realities of small and rural public water systems, including water supply corporations. In addition to traditional infrastructure improvements, consideration should be given to projects focused on water loss mitigation, system modernization, asset management planning, cybersecurity, emergency preparedness, and compliance-driven upgrades. Expanding eligible project

types to include these areas would strengthen system resiliency, improve long-term sustainability, and maximize the public benefit of the program.

Funding Structure for the Grants:

I generally agree with the proposed funding structure for the grants, as it provides a clear framework for distributing limited funds and prioritizing high-need projects. However, the structure should incorporate flexibility to account for the financial constraints faced by small and rural public water systems, including water supply corporations. Fixed funding caps, match requirements, or rigid cost-share expectations may unintentionally disadvantage systems with limited revenue and no taxing authority. Consideration should be given to alternative structures such as scaled grant percentages, reduced or waived match requirements for financially distressed systems, or tiered funding based on system size and demonstrated need. These adjustments would improve program accessibility while preserving accountability and maximizing public benefit.

Prioritization Methodology for Awarding Grants:

I generally agree with the proposed prioritization methodology, as it appears designed to direct funding toward projects with the greatest public benefit and demonstrated need. However, the methodology should ensure that prioritization criteria do not unintentionally favor larger or better-resourced entities that have greater administrative capacity. Small and rural public water systems, including water supply corporations, often face significant infrastructure risks and affordability constraints but may score lower under criteria that emphasize population size, matching funds, or project readiness. Consideration should be given to weighting factors such as financial hardship, system vulnerability, water loss, regulatory compliance risk, and ratepayer affordability to ensure that funding reaches systems where improvements will have the most meaningful impact on public health and long-term sustainability.

Administrative Conditions Governing the Award of Grant Funds:

I generally agree with the proposed administrative conditions governing the award of grant funds, as accountability and oversight are necessary to ensure responsible use of public funds. However, the administrative requirements should be proportionate to the size and capacity of the recipient system. Small and rural public water systems, including water supply corporations, often operate with limited staff and administrative resources. Excessive reporting, documentation, or procedural complexity may unintentionally discourage participation or delay project implementation. Consideration should be given to streamlined reporting, simplified compliance requirements, or scaled administrative conditions based on system size and funding amount to improve accessibility while maintaining program integrity.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

In addition to the recommendations outlined above, consideration should be given to ensuring that appropriated funds are distributed in a manner that is both equitable and responsive to demonstrated system need. Expanding eligibility to include water supply corporations, incorporating hardship-based or rural set-asides, and allowing flexible funding structures would help ensure that funds reach systems facing the greatest infrastructure and affordability challenges. The use of tiered prioritization, scalable administrative requirements, and technical assistance for smaller systems would further improve program accessibility and effectiveness. Together, these approaches would maximize public benefit, support long-term system sustainability, and strengthen Texas's overall water infrastructure.

Comment Submitted By: Jay Kleberg, Executive Director, Gulf Trust

Additional Authors/Contributors: Amanda Fuller

Comment Date: February 3, 2026

Comment:

Project Types Eligible for Funding:

Wastewater projects that result in a water supply benefit or improve source water quality should be eligible for WSIG funding.

Comment Submitted By: William Merl Estep, President of the Board of Directors, Norwood Water Supply Corporations

Comment Date: February 3, 2026

Comment:

Our WSC requests that the wording of HB 500 be amended so that all like corporations be allowed to obtain grants to comply with TCEQ requirements to avoid costly penalties. We are already paying on a million dollar loan to finance a 1600 ft. well to comply with TCEQ requirements that we have a second source of water for our customers. We cannot borrow any other funds.

Sincerely,

Merl Estep

Project Types Eligible for Funding:

WSDs should not have been excluded!

Funding Structure for the Grants:

no comment

Prioritization Methodology for Awarding Grants:

Smaller water districts should be given first priority.

Comment Submitted By: Shirley Holm, Financial Director/City of George West

Additional Authors/Contributors: Darrell Pullin, City Manager

Comment Date: February 3, 2026

Comment:

The City of George West is a very rural city with a population of 2,100 with city water lines that were installed in the early 1900's. There is currently not enough property taxes collected each year to replace some of the old, dilapidated water lines and valves, increase the pipe size for better flow, and activate existing water well by replacing filter system to back up future water demands and supply to citizens of George West.

Target Amounts for Each Population Category:

Agreed.

Eligibility Requirements:

Agreed.

Project Types Eligible for Funding:

Agree.

Funding Structure for the Grants:

Agree.

Prioritization Methodology for Awarding Grants:

Agree.

Administrative Conditions Governing the Award of Grant Funds:

Agree.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No.

Comment Submitted By: Pamela Rosales, Project Assistant, Agua Special Utility District

Comment Date: February 3, 2026

Comment:

Would the funding be available to replace and/or upgrade SCADA Systems for water plants and booster stations?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

agree

Funding Structure for the Grants:

agree

Prioritization Methodology for Awarding Grants:

agree

Administrative Conditions Governing the Award of Grant Funds:

agree

Comment Submitted By: Misty Sanders, Sheridan Water Supply Corporation

Comment Date: February 3, 2026

Comment:

Please allow WSC's to apply for this grant. Just because we are a WSC does not mean we have bank accounts full of money for infrastructure. We are an ingenious community. We struggle like everyone else or even more because our community can not afford a rate hike. Infrastructure costs a lot. More than what we have. Our lines need to be fixed and brought up to code. We need many more things. WSC's are always being left out of the grants. We have to go for loans. While others get money for free we have to continuously raise the rates on the customers. That is not right at all. Not only do we server our customers but we do serve the publics needs too. Please reconsider letting WSC's apply for HB500. Thank you!

Target Amounts for Each Population Category:

Yes I do as everyone, even WSC's should be allowed to use this money for the intended purpose.

Eligibility Requirements:

NO I disagree. WSC's should be allowed to apply.

Project Types Eligible for Funding:

Yes I do agree. These funds would mean a world of difference for us

Prioritization Methodology for Awarding Grants:

Yes I do agree with these being grants and not loans

Comment Submitted By: Teresa Herrera, City Manager, Palestine, Texas

Comment Date: February 3, 2026

Comment:

I support consideration of this grant for the City of Palestine, Texas, to reduce water loss and improve water supply and reuse. Investing now will help conserve water, protect public health, and strengthen long-term reliability for the community.

Target Amounts for Each Population Category:

Disagree. Given the ongoing and widespread water shortages across Texas, the proposed target amounts and total funding limits are likely insufficient to meet current and future needs. Demand for this funding will be highly competitive among many communities facing aging infrastructure, water loss, and supply challenges. Increasing the target amounts and overall funding limits would allow more meaningful, long-term solutions and enable projects that provide measurable reductions in water loss and improved system resilience. Additional funding would better reflect the scale of Texas's water challenges and help ensure that critical projects are not delayed or underfunded.

Eligibility Requirements:

Agree. The proposed eligibility requirements are appropriate and help ensure funding reaches communities that truly need support to address water loss, water supply, and reuse challenges. Clear and reasonable criteria allow local governments and utilities to plan effectively and move projects forward in a way that directly benefits residents. Keeping these requirements in place supports responsible use of funds while helping communities protect public health, maintain reliable water service, and build long-term resilience.

Project Types Eligible for Funding:

Agree. The proposed project types eligible for funding appropriately reflect the real water challenges facing communities across Texas. Supporting projects that reduce water loss, strengthen water supply, and expand water reuse will have direct, positive impacts on residents by improving reliability, conserving limited resources, and protecting public health. These project types allow communities to invest in practical, long-term solutions that build resilience and help ensure a sustainable water future for both current and future generations.

Funding Structure for the Grants:

Partially disagree. While the proposed funding structure provides a helpful framework, it should place greater emphasis on communities with populations between 10,000 and 150,000, as these cities make up a large portion of Texas' population and often face significant infrastructure needs without access to the same resources as larger metropolitan areas. Prioritizing funding for these mid-sized communities would allow investments to reach the greatest number of residents while addressing aging systems, water loss, and supply challenges that directly impact everyday households. Adjusting the funding structure to better reflect population distribution would improve equity and overall community benefit.

Prioritization Methodology for Awarding Grants:

Agree. The proposed prioritization methodology is reasonable and helps ensure grant funding is directed to projects with the greatest community benefit. Prioritizing efforts that reduce water loss, improve water supply reliability, and expand reuse will directly support residents and local businesses. This approach encourages responsible planning while helping communities address urgent and long-term water challenges. Continued emphasis

on demonstrated need and measurable outcomes will strengthen the overall impact of the program.

Administrative Conditions Governing the Award of Grant Funds:

Agree. The proposed administrative conditions governing the award of grant funds are appropriate and necessary to ensure accountability and effective use of public resources. Clear expectations and oversight help communities manage projects successfully while maintaining transparency. These conditions support timely project completion and help ensure that funded projects deliver meaningful benefits to residents and local water systems.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

The TWDB may consider ensuring continued flexibility in the program to accommodate communities of varying sizes and capacities, particularly mid-sized communities that serve a large portion of the state's population. Providing technical assistance or streamlined processes where possible could help smaller and mid-sized entities successfully compete for funding and implement projects efficiently. Maintaining a balanced approach that prioritizes conservation, reliability, and long-term sustainability will maximize community benefit statewide.

Additional Authors/Contributors: Carl Craig PE, City Engineer, Utilities Director, and Public Works Officer - City of Midland

Comment Date: February 3, 2026

Comment:

While AMHI is an important consideration, it should be evaluated alongside water rates and broader community costs. There is often a discrepancy between AMHI and the rates approved by both the community and local elected officials to support water system maintenance and supply management. I think an additional criterion to increase fairness across all communities.

Target Amounts for Each Population Category:

We agree.

Eligibility Requirements:

We agree.

Project Types Eligible for Funding:

We agree.

Funding Structure for the Grants:

We agree.

Prioritization Methodology for Awarding Grants:

To increase fairness for communities that may have a high AMHI based on a small percentage of the population but also are limited concerning water rates that are equitable, we are suggesting an additional prioritization method such as a Water Affordability Burden Bonus (WABB) based on household water burden (HWB) . The WABB can use a calculation using cost = base cost of a 5/8" meter plus a volume rate cost of using and average 5000 gallons. Then, the bonus can be $5 \times (\text{HWB} / 75\% \text{ state HWB})$ giving from 0 to 5 points. For the City of Midland Cost=\$43.00. Based on a 2024 TML list of water bills at 5000 gallons the 75% is \$46.37 so Midland's calculation would be: Bonus = $5(43/46.37)=4.64$ points.

Administrative Conditions Governing the Award of Grant Funds:

We agree.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

NA

Comment Submitted By: Mark Evans, Client Funding Lead / Freese and Nichols, Inc.

Comment Date: February 3, 2026

Comment:

Target Amounts for Each Population Category:

I disagree with the match funding being held for NADBank projects. \$100 million would provide a significant amount of funding directly to the tap of Texans. While water loss is an issue in the state, I do not agree with using these grant funds to line canals.

Project Types Eligible for Funding:

While I would like to see wastewater and stormwater projects eligible, I do not have a problem with eligible projects being water only as long as the full breadth of possible reuse projects are eligible; from treatment to delivery.

Funding Structure for the Grants:

I neither agree nor disagree with the proposed funding structure.

Prioritization Methodology for Awarding Grants:

I have a concern that your prioritization will greatly favor small wholesale providers. There should be separate buckets for retail and wholesale providers.

Administrative Conditions Governing the Award of Grant Funds:

The TWDB TAC rules allow interim financials to be evaluated along with an entity's "latest" audit. Requiring full 2025 audits is burdensome, especially if audits are delayed at no fault of the entity. These are grants and not loans and therefore 2025 audits should not be a requirement. Likewise, water loss validations will become a bottleneck at the TWDB if current conservation staff cannot handle all of the validation engagements before the required application deadlines.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No additional recommendations

Comment Submitted By: William Baird, Manager, Goodsprings WSC

Comment Date: February 3, 2026

Comment:

Goodsprings WSC is a community water supply serving just over 1,000 customers. We are a non-profit organization that has been in service since 1965. Most of our customers are low income. We have been trying to get grants to harden our lines and improve sustainability for our customers. This system was founded to supply rural water to people that could not afford to drill wells. The lines and the wells were started from a necessity for water. Not allowing the WSC's access to the grants is a pure injustice to the customers in all small rural water suppliers. We have the customers and the need to improve our services. The money for rural water is needed and should be used for the older systems that have been the backbone of Texas water.

Target Amounts for Each Population Category:

I disagree with the money being used for newer systems.

Eligibility Requirements:

I believe that the eligibility should be for small rural water system.

Project Types Eligible for Funding:

I disagree

Funding Structure for the Grants:

I disagree

Prioritization Methodology for Awarding Grants:

I disagree.

Administrative Conditions Governing the Award of Grant Funds:

I disagree.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

I think all the grants and monies should be accessed by all in a fair system.

Comment Submitted By: Angela Nelson, Mayor of City of Point

Additional Authors/Contributors: Ben Gilliam, Water Plant Operator

Comment Date: February 3, 2026

Comment:

I am writing on behalf of the City of Point to urgently request your assistance and support for our community's water infrastructure. Our municipality is facing a critical situation: our water system is plagued by numerous leaks, aging pipes, and outdated equipment, all of which threaten the health, safety, and well-being of our residents.

Key Concerns and Reasons for Assistance:

Frequent Leaks and Water Loss: Our aging infrastructure results in persistent leaks and water main breaks, causing significant loss of treated water and increasing the risk of contamination.

Public Health Risks: Leaks and failing treatment systems can allow contaminants to enter our drinking water, endangering the entire community.

Economic Impact: Emergency repairs and fines for non-compliance are far more expensive than planned upgrades. Our limited budget makes it difficult to address these issues proactively, and the cost of inaction continues to rise

Regulatory Compliance: New water quality regulations require costly updates to remain compliant. Our current system struggles to meet these standards, putting us at risk of penalties and further service disruptions.

Long-Term Water Availability: With increasing demand and limited supply, our community faces the risk of water shortages. Upgrading our infrastructure is essential to ensure reliable service for residents, businesses, and emergency services.

Environmental Protection: Inefficient wastewater and storm water systems can lead to pollution, harming local ecosystems and wildlife. Modernizing our infrastructure will help us protect our environment and comply with sustainability goals.

What We Need:

We are seeking financial support:

Repair and replace leaking pipes and outdated equipment

Upgrade treatment facilities to meet current standards

Implement smart water management technologies for efficiency and conservation

Your assistance will help us safeguard public health, ensure reliable water service, and promote sustainable growth in our community.

We are available to provide further information or meet to discuss our needs in detail. Thank you for considering our request and for your commitment to supporting communities like ours.

Comment Submitted By: Marie Camino, The Nature Conservancy in Texas

Additional Authors/Contributors: Ryan Smith, TNC, Hillary Lilly, TNC

Comment Date: February 3, 2026

Comment:

Texas Water Development Board
1700 Congress Ave.,
Austin, TX 78701

Re: The Nature Conservancy in Texas' Comments on Implementation of House Bill 500

Chairwoman Stepney and Members of The Board,

Thank you for the opportunity to provide comments on the Texas Water Development Board's implementation plan for House Bill 500. This funding presents an opportunity for Texas to broaden its approach to water supply investments and to support strategies that strengthen long term resilience across entire watersheds in addition to individual infrastructure systems.

House Bill 500 gives the Board broad discretion to determine how funds are used; that flexibility allows the Board to prioritize approaches that struggle to access financing despite clear contributions to water security. This is an opportunity to invest in a full range of available water supply and conservation strategies to ensure sustainable water resources for Texans.

Nature-Based Solutions and Source Water Protection

Nature-Based Solutions including floodplain and wetland restoration and strategic land conservation should receive a dedicated share of these funds. Protecting recharge zones and maintaining healthy working lands improves infiltration, stabilizes flows, reduces sedimentation, and extends the life of reservoirs and aquifers. These functions are essential to sustaining dependable water supplies in a state that badly needs them.

Conservation easements are one of the most effective tools for safeguarding these critical landscapes. By guiding growth away from sensitive recharge zones and headwater areas, easements protect both groundwater and surface water sources while delivering immediate benefits. Texas has already demonstrated the value of this approach with successful programs such as the City of San Antonio's Edwards Aquifer Protection Program, which has protected tens of thousands of acres of sensitive recharge and contributing zones. Additionally, Comal County recently applied for a \$30 million Clean Water State Revolving Fund package from TWDB to acquire conservation easements protecting the Edwards and Trinity aquifer recharge zones.

Agricultural Water Conservation

Agricultural water conservation such as upgraded irrigation systems, soil-moisture management, and other efficiency improvements can substantially cut consumptive use and help stabilize aquifer levels. Investing in these improvements strengthens the long-term viability of Texas agriculture while supporting the state's continued population and economic growth. Similarly, rainwater harvesting provides communities with a dependable, drought-resilient local supply and can be rolled out quickly through local incentive programs.

Together, these strategies ease demand on stressed water sources and deliver cost-effective benefits across the state.

Data is Infrastructure

As Texas develops additional water supplies, we need to consider how projects will impact existing water sources. For projects that propose development of groundwater, the Board should require a groundwater monitoring plan and an independent, science-based evaluation of water availability in the region. Monitoring should report the effects on the source aquifer and any connected surface waters. Where a local groundwater conservation district exists, these materials should be reviewed and approved by that district. This independent assessment should guide project design, establish baseline data needs, and outline long-term monitoring requirements to ensure that public funds support water-supply projects that are both viable and protective of existing resources.

Thank you for your consideration of our comments.

Target Amounts for Each Population Category:

N/A

Eligibility Requirements:

N/A

Project Types Eligible for Funding:

Please see comments.

Funding Structure for the Grants:

N/A

Prioritization Methodology for Awarding Grants:

N/A

Administrative Conditions Governing the Award of Grant Funds:

N/A

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

N/A

Comment Submitted By: Patrick Donart, General Manager / Dickinson WCID

Additional Authors/Contributors: Ivan Langford

Comment Date: February 3, 2026

Comment:

Would help to have further detail on 'procurement of professional services' ie, design engineer. We have phase of a shovel ready project designed; however, we want to incorporate phase two will require additional design work. The design work to date was completed by the engineering firm we retained years ago as the 'district's engineer.' Thus the reason we are asking for more details.

We also seek clarification on the phrase “consistent with the 2027 State Water Plan.” Our capital projects are not explicitly listed in the State Water Plan, but they also do not conflict with its goals or strategies. Please confirm how “consistency” is determined in this context.

Additionally, could you outline the application process for TWDB water loss audit validation?

One section of the guidance states that funding “can include planning, acquisition, design or construction.” Should this be interpreted to mean that funding can include planning, acquisition, design and construction?

Finally, smaller water districts and communities do not have straightforward access to precise boundary-level data through the U.S. Census Bureau for calculating AMHI, nor is a house-to-house survey feasible. Can AMHI for smaller entities be determined using an overlay of census tracts that most closely align with the entity’s boundaries?

Target Amounts for Each Population Category:

I believe the population range of 10,000 to 150,000 is too broad. At a minimum, this range should be divided, as there is a significant difference between the needs and capabilities of a community with 15,000 residents compared to one with 150,000.

Eligibility Requirements:

The requirements outlined in the documents are both reasonable and achievable. Completing them as part of the application process helps ensure that applicants remain aligned with the objectives of the implementation.

Project Types Eligible for Funding:

Yes, We agree as there are many needs across the state with many needing funding assistance.

Funding Structure for the Grants:

We are looking for additional clarification from our questions prior to providing an educated answer.

Prioritization Methodology for Awarding Grants:

Yes, as one has to create a scoring criterion to fairly evaluate the many applicants

Administrative Conditions Governing the Award of Grant Funds:

Yes, as grant money often comes from monetary pools with objectives in mind.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Not at this time.

Comment Submitted By: Micah Grau, City Manager / City of Buda

Additional Authors/Contributors: City of Buda staff including the City Engineer, Public Works Director, Assistant City Manager, and Assistant City Attorney.

Comment Date: February 3, 2026

Comment:

One Application per Entity Requirement

The requirement limiting each entity to a single application may unnecessarily restrict the Board's ability to evaluate and fund distinct projects that address separate and critical water needs. Larger or more complex entities often manage multiple independent systems or service areas that warrant individual consideration. The Board should consider allowing multiple applications where projects are demonstrably distinct in scope, geography, or purpose.

Collaborative Projects with River Authorities

The application guidelines should clarify whether projects undertaken in collaboration with a River Authority are eligible for consideration. Such regional or multi-jurisdictional projects often provide broader public benefit and long-term resilience. The Board should consider weighting these projects differently than single-entity projects with more limited impact.

Separate Funding Allocation by Population Size

The Board should consider allocating defined portions of available grant funds to entities serving populations of 150,000 or less and those serving populations of 150,001 or more. Without such separation, smaller entities risk being disadvantaged when competing directly against significantly larger projects with higher total costs. Separate funding pools would promote equitable access while preserving competitive integrity.

Use of Area Median Home Income as a Scoring Metric

Reliance on Area Median Home Income as a primary scoring factor may disproportionately disadvantage communities facing high utility infrastructure costs or legacy system challenges. Such communities may require substantial investment despite appearing less economically distressed under this metric. The Board should consider alternative or supplemental criteria to more accurately capture financial burden and infrastructure need.

Eligibility of Interconnected or System-Wide Projects

Clarification is requested as to whether grant funds may be used for broader, system-wide projects that are interconnected across a city and impact the same or similar water supplies. Infrastructure improvements often function as part of an integrated system rather than discrete components. Allowing such projects would better reflect operational realities and promote long-term system resilience.

Unused Funds and Cost Overruns

The application materials should address whether there is recourse for grant funds that are not fully utilized following award. Additionally, guidance is needed regarding how cost overruns are treated and whether amendments or reallocations are permitted. Clear policies would assist applicants in managing financial risk and project delivery.

Timing of Governing Body Resolution

The Board should clarify at what stage of the application process a city or governing body must adopt a resolution requesting financial assistance. Early adoption may be burdensome if project eligibility or competitiveness is uncertain. Clear guidance would help applicants align internal approval timelines with Board requirements.

Availability of Scoring Criteria

Transparency would be enhanced by publishing or otherwise sharing the final scoring of all selected projects grant applications. Access to this information would allow applicants to better tailor submissions and ensure alignment with Board priorities. Such disclosure would also promote consistency and fairness in the evaluation process.

Environmental Review Costs

Clarification is requested regarding whether environmental review costs are eligible expenses under the grant or must be borne by the applicant. Environmental compliance can represent a significant portion of project costs. Clear guidance on eligibility would assist entities in budgeting and determining overall project feasibility.

Target Amounts for Each Population Category:

Separate Funding Allocation by Population Size

The Board should consider allocating defined portions of available grant funds to entities serving populations of 150,000 or less and those serving populations of 150,001 or more. Without such separation, smaller entities risk being disadvantaged when competing directly against significantly larger projects with higher total costs. Separate funding pools would promote equitable access while preserving competitive integrity.

Eligibility Requirements:

The application guidelines should clarify whether projects undertaken in collaboration with a River Authority or other state created organization are eligible for consideration. Such regional or multi-jurisdictional projects often provide broader public benefit and long-term resilience. The Board should consider weighting these projects differently than single-entity projects with more limited impact.

Project Types Eligible for Funding:

Mostly. While funding projects across the state is needed, the greatest need is to fund regional projects that will result in more water supply. For a smaller city like Buda, the cost of developing new water supplies that serve the Central Texas area are hundreds of millions of dollars. We rely on partnerships through GBRA and the Alliance Regional Water Authority to bring regional solutions. We believe that these regionally-minded projects that produce new water supplies should be given the highest priority.

Funding Structure for the Grants:

While funding projects across the state is needed, the greatest need is to fund regional projects that will result in more water supply. For a smaller city like Buda, the cost of developing new water supplies that serve the Central Texas area are hundreds of millions of dollars. We rely on partnerships through GBRA and the Alliance Regional Water Authority to bring regional solutions. We believe that these regionally-minded projects that produce new water supplies should be given the highest priority.

Prioritization Methodology for Awarding Grants:

Yes, using the statewide water plan should be the starting point for projects. Use of Area Median Home Income as a Scoring Metric Reliance on Area Median Home Income as a primary scoring factor may disproportionately disadvantage communities facing high utility infrastructure costs or legacy system challenges. Such communities may require substantial investment despite appearing less economically distressed under this metric. The Board should consider alternative or supplemental criteria to more accurately capture financial burden and infrastructure need.

Administrative Conditions Governing the Award of Grant Funds:

Yes.

Comment Date: February 3, 2026

Comment:

I did a quick search and have three questions

- 1) If a county chooses to sponsor the water supply corporations, may they choose to include the small water districts as well even though the water districts may complete their own application?
- 2) Would the AMHI be considered for the entire county or just the area that includes the water providers?
- 3) And is it better for an application to be for one specific project or can you include multiple projects in one application?

The thought is to do a County sponsored application for water meter replacement for all five included water providers (districts and WSC); plus include road bores for two of the water supply corporations; and water improvements that are TCEQ approved and ready to go for one of the water supply corporations.

Or do we do one application for the county and one WSC?
a second application for the county and a different WSC?
and then the districts do their own application so the AMHI numbers are easier to calculate.

Hope that makes sense

Comment Submitted By: Kimberly Heath, Grant Researcher/Compliance, Hood County – Auditor's Office

Comment Date: February 3, 2026

Comment:

We are a county that does not have an established water supply system.

Everyone outside the city limits utilize well water. Implementing a water supply to the county would be a huge undertaking.

We do not believe we are ready for at this time. Are there any suggestions on what we could implement that would be a benefit to our county and fall under the requirements of this grant, such as: rainwater harvesting, boreholes, or assisting residents with existing well issues or replacement?

Comment Submitted By: Jessica Carothers, Parkhill

Comment Date: February 3, 2026

Comment:

We have compiled additional questions:

- For a community with a fiscal year ending March 2026, will the most recent audit (FY2024) be accepted?
- Will new water distribution lines for developing communities be considered or is it only for replacement of existing infrastructure?
- For the reimbursement, if a City started a project and made some payments before 6/22/2025 but did not make the last payment until after 6/22/2025, would that project be eligible for reimbursement? If so, would it be the whole project or only those payments made after 6/22/2025?
- Would a project that included storage be considered as eligible? The proposed project would include waterlines and is listed in the regional water plan.
- Are grant administrators required?
- Could SCADA be included as an eligible project?
- Would AMI and metering projects be considered as eligible since they would address water loss?
- Since only one project will be considered per applicant, what are the restrictions to how we package the projects (i.e. waterline with storage or meters with replacement of old lines)?
- Can these funds be used towards professional services/projects that address the Lead and Copper Rule Revisions set forth by the EPA?

Thank you for your clarifications.

Comment Submitted By: N/A

Comment Date: February 3, 2026

Comment:

Rural WSC's should be eligible to apply for the TWDB WSIG grants.

Comment Submitted By: Paul Tucker, Lee County Water

Comment Date: February 3, 2026

Comment:

I hereby ask that all WSCs (Water Supply Corporations) be allowed to apply for the \$1.038 billion in TWDB Water Supply Infrastructure Grants.

Comment Submitted By: Jason Brumbalow, Vice President, 439 Water Supply Corporation

Comment Date: February 3, 2026

Comment:

Thank you for the opportunity to provide additional context regarding 439 Water Supply Corporation's comments on the Water Supply Infrastructure Grant (WSIG) implementation plan. We appreciate the Board's diligence in ensuring these funds are distributed both legally and effectively.

Our core objective is to bridge the gap between the administrative constraints of the General Revenue deposit and the clear legislative intent of **HB 500** to secure the water future for all Texans. To that end, we propose the following three administrative "on-ramps" for Water Supply Corporations (WSCs):

1. The "Public Purpose" Affidavit & Restrictive Covenant

To address concerns regarding **Article III, Section 44**, the TWDB should allow WSCs to apply provided they submit a Board-authorized affidavit certifying that **100% of grant funds** will be used for defined public infrastructure.

- **The Solution:** Similar to the **EDAP** or **DFund** models, the grant can be secured by a restrictive covenant or a state-held lien on the specific asset. This ensures the state maintains control and receives a return benefit, satisfying the public purpose test.

2. The Political Subdivision "Fiscal Sponsorship" Model

If the Board maintains that WSCs cannot be direct grantees, we recommend the implementation of a **Sponsorship Model**.

- **The Solution:** Allow a "Political Subdivision" (such as a County or River Authority) to serve as the primary applicant and fiscal agent. The WSC would act as the project lead and end-user via an interlocal agreement. This maintains the "Public-to-Public" funding flow while modernizing the infrastructure that rural families rely on.

3. Prioritization for Modernization (AMI & Efficiency)

We believe the distribution of the **\$1.038 billion** should prioritize systems that demonstrate a commitment to long-term sustainability.

- **The Solution:** Explicitly include **Advanced Metering Infrastructure (AMI)** as an eligible "water loss" project. For a system like 439 Water, AMI is a more cost-effective tool for water security than traditional "pipe-and-pump" construction. We suggest awarding "Modernization Points" in the scoring criteria for entities implementing these technologies.

As a non-profit utility, we do not exist to generate private gain; we exist to perform the public service that the State and municipalities cannot. We are eager to work with the TWDB to ensure that the **\$142 million** targeted for systems our size is accessible to the families we serve in Bell County.

Ultimately, the current implementation plan effectively penalizes rural Texans for the zip code they live in. By excluding Water Supply Corporations, the Board is essentially placing an 'infrastructure tax' on the very families who feed and fuel this state. While municipal residents will see their tax dollars return to them in the form of modernized city lines, our rural members will be forced to shoulder 100% of the cost for equivalent water security through their monthly bills. We are asking the Board to reject this two-tiered system of water equity and ensure that a billion-dollar administrative technicality doesn't become a permanent burden for the rural backbone of Texas

Thank you again for your time and for leading the state's efforts to ensure a secure water future.

Comment Submitted By: Paul Hamilton, Commissioner, Texas Commission on Fire Protection, Potter County Fire and Rescue

Comment Date: February 3, 2026

Comment:

I am requesting changes to the WSIG Implementation Plan that would allow WSC'S to access the funds and make more funds available to small water systems.

Comment Attachment:

Re: TRWA's Amended Comments on TWDB's Proposed Implementation Plan for the TWDB Water Supply Infrastructure Grant Funds.

Dear Mr. Harden:

The Texas Rural Water Association ("TRWA") thanks the Texas Water Development Board ("TWDB") for their dedication to helping small rural political subdivisions access state funds. TRWA appreciates the opportunity for small political subdivisions to access the Water Supply Infrastructure Grant funds ("WSIG") but is deeply concerned by the inability of non-profit water supply corporations ("WSCs") to apply for the funds in the proposed implementation plan and believes the proposed distribution of WSIG does not provide enough assistance to small rural water systems.

2. Introduction.

The TRWA is a nonprofit trade association whose membership includes more than 850 retail water and sewer utilities that collectively provide potable water and wastewater services to approximately three million Texan residents. Most of our members are WSCs, water districts, and small cities. TRWA relies upon its experience and background in making the following observations and comments on the proposed implementation plan for the WSIG. TRWA requests changes to the WSIG Implementation Plan that would allow WSCs to access the funds and make more funds available to small water systems which have the highest amount of infrastructure with the least economic reserves to update it. Specifically, TRWA requests that TWDB recognize that the WSIG is a TWDB Program that WSCs, as political subdivisions, are eligible to apply for. TRWA also requests that a larger portion of the WSIG funding be designated for small utilities.

3. TRWA Rule Comments.

TRWA commends TWDB and its staff on its hard work to make WSIG available in a timely manner. TRWA appreciates being a partner in this process and is supportive and appreciative of the TWDB mission of providing funds to political subdivisions, which include WSCs, through its many programs. TRWA's requested changes to the proposed implementation plan are to assist TWDB in achieving their stated goals.

TRWA's biggest pain point is the exclusion of WSCs from eligibility for the WSIG funds. TRWA's additional concern is TWDB's allocation of over 50% of WSIG funds to the eleven (11) entities in Texas that serve populations of over 1 million people.

This is not where the biggest need lays. The biggest need is in rural Texas, where 752 WSCs provide water to 4.2 million Texans with service areas that all include populations of less than 150,000 except for one.¹

A. WSCs should be eligible to apply for WSIG funds.

TRWA is concerned with the TWDB's interpretation of its authority and finding that WSCs are not eligible to apply for WSIG funds because they are "private entities." This interpretation means that WSCs, a major provider of water utility service for rural Texas, will be barred from the opportunity of accessing \$1.038 billion in water infrastructure project funds budgeted and allocated to the Texas Water Development Board (TWDB) in HB 500.

TRWA worked alongside numerous stakeholders to support this significant infusion of funds to TWDB under the assumption that its members would be amongst those that would be eligible to apply for the funds since they are eligible for all other TWDB funds. The TWDB has always worked well with rural water systems in providing financial and technical assistance but this novel interpretation of a water supply corporation as a private entity creates confusion and jeopardizes the ability of rural water systems to apply for critical funds in addressing infrastructure issues. This departure from TWDB's traditional treatment of WSCs as political subdivisions is unnecessary because TWDB's enabling statute provides it with sufficient authority to make the WSIG available to WSCs.

As background, HB 500 from the 89th Texas Legislative Session appropriated \$1,038,000,000 from the general revenue fund to the TWDB but did not specify that the money was appropriated to a specific fund. The appropriated money was deposited into TWDB's general revenue fund. The purpose for the appropriation was stated as, "water infrastructure and supply projects and grants as determined by the board." The appropriation language did not specifically give the TWDB authority to transfer the funds into another TWDB fund or account. TWDB concluded that the \$1.038 billion appropriation had to be distributed directly from TWDB's general revenue fund and not through an existing financial assistance program. TWDB then took the position that WSCs are ineligible to apply for the funding because:

¹ There is 1 WSC that serves a population of over 150,000 North Alamo WSC in the Rio Grande Valley.

Texas Constitution prohibits the grant of public funds (1) for private purposes and (2) to "individuals" when the grant is not provided for in pre-existing law. (Tex. Const., Art. III, ...§ 44 []prevents TWDB's private entity customers, such as WSCs and Investor-Owned Utilities, from receiving a general revenue grant.²

Barring WSCs from accessing WSIG funds because WSCs are "private entities" is a significant departure by TWDB from its normal course of dealing. In fact, this will be the first time that WSCs will be barred from accessing TWDB funds. Until now, TWDB has consistently treated WSCs as public entities, not private ones, and they are currently eligible to apply for all other funds distributed by TWDB. WSCs have also long been recognized by Texas law as "public" entities. WSCs are defined as political subdivisions by Chapter 15 of the Texas Water Code, TWDB enabling statute³, and as a governmental body in the open government provisions of the

Texas Government Code.³ WSCs boards are elected by their member customers for two-year terms⁴, WSCs have the authority to issue bonds⁵, and they have the power of eminent domain, if needed, to implement water line and infrastructure projects.⁶

TWDB asserts it cannot legally transfer public money from a general revenue grant to a WSC when those funds do not flow through an existing TWDB program because a WSC is a private entity. TWDB cites Article III, §§ 51 and 44, of the Texas Constitution as prohibiting grants of public funds (1) for private purposes and (2) to “individuals” when the grant is not provided for in pre-existing law. In this case, however, the HB 500 general revenue grant of \$1.038 billion is flowing through a new TWDB “program” entitled the Water Supply Infrastructure Grant (WSIG) with a proposed implementation plan that is the subject of these comments.

TWDB concedes that Art. III, § 51 does not bar WSCs from applying for WSIG funds because water infrastructure grants to WSCs would in fact serve a public purpose and the TWDB would retain sufficient control over the funds through the grant process. However, TWDB maintains that Art. III § 44 still prevents WSCs from being eligible to apply for WSIG funds. TRWA respectfully disagrees.

² TWDB Website: <https://www.twdb.texas.gov/financial/programs/WSIG/index.asp>

³ Texas Water Code Sec. 15.001(5):

“Political subdivision” means a city, county, district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, any other political subdivision of the state, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67. (emphasis added)

⁴ WSC are considered a governmental body for the purpose of the Open Meetings Act and the Public Information Act. Please see Texas Government Code Sections 551.003(3)(K) and 552.003(1)(A)(ix)

⁵ Texas Water Code Sec.(s) 67.005 & 67.007

⁶ Texas Water Code Sec. 67.010(c)

⁷ 49.222

For WSCs to be eligible to apply for WSIG funds, Art. III § 44 requires an existing law that expressly grants or implies that TWDB has the authority to make these funds available to WSCs.⁷ It is well established that, “[u]nder the provisions of Section 44 of Article III of the Constitution of Texas, the legislature is prohibited from appropriating state money unless at the very time the appropriation is made, there is already in force some pre-existing valid law authorizing the appropriation.”⁸ In this case, TWDB’s enabling statute is clear that TWDB has the authority to provide funds to WSCs because they are defined as political subdivisions for purposes of all TWDB funding programs.

TWDB has the legal authority to allow WSCs to apply for WSIG funds. TWDB was granted broad powers to assist political subdivisions, which include WSCs.⁹ The Texas Legislature is very clear that the TWDB has the power to, “provide political subdivisions the maximum opportunity to finance projects through programs provided by this chapter.”¹⁰ Barring WSCs from applying for WSIG funds is inconsistent with this provision because it would not provide WSCs with the maximum opportunity to finance projects through TWDB programs.

The TWDB also determined that WSCs are not eligible to apply for WSIG because TWDB does not consider WSIG to be a TWDB “program.” There is no legal definition of “program” in the TWDB enabling statute and therefore no legal barrier to

TWDB designating the WSIG as a program. Therefore, TRWA respectfully requests that TWDB consider WSIG a program and allow WSCs to apply for WSIG funds.

B. The monetary allocation should reflect the need.

TRWA’s additional concern is TWDB’s proposed distribution of the WSIG favors the largest cities and counties in Texas. TWDB’s proposed application process, on its face, may seem to favor rural disadvantaged communities but the proposed monetary allocation does not achieve this. The TWDB’s proposed monetary allocation is not in line with the Legislative intent to assist small disadvantaged political subdivisions because most of the money will be granted to large political subdivisions. These large entities have access to other funding sources and benefit from economies of scale whereas the small rural political subdivisions have a greater need for grant funding to continue to provide affordable water supply to their communities. Please refer to TWDB’s graph below entitled

⁸ Tex. Atty. Gen. Op. No. JC-0146 (1999); see also, Tex. Atty. Gen. Op. Nos. JM-551 (1986) at 5; MW-475 (1982) at I-2 (“The governing bodies of state universities are creatures of statute and may constitutionally exercise only powers properly delegated to them by the legislature.”) (citing *Foley v. Benedict*, 55 S.W.2d 805 (Tex. 1932)); see also, *Fort Worth Cavalry Club v. Sheppard*, 83 S.W.2d 660,663 (Tex. 1935)

⁹ Id.

¹⁰ Texas Water Code Sec. 15.001(5).

¹¹ Texas Water Code Sec 15.002(b):

The legislature finds that the conventional means of financing projects are inadequate to meet current and anticipated needs of the state. Therefore, it is the further intent of the legislature to provide a means of coordinating the development of projects through the board and to provide **political subdivisions** the maximum opportunity to finance projects through programs provided by this chapter. ... (emphasis added)

“allocation of funds.”

| Service area population size | Less than 10,000 | 10,001-150,000 | 150,001-1 million | Greater than 1 million | Total |
|----------------------------------|--|----------------|-------------------|------------------------|---------------|
| Funding Cap per project (TBD) | \$5 Million | \$15 Million | \$25 Million | \$40 Million | |
| Total funding target | \$71Million | \$142 Million | \$181 Million | \$400 Million | \$794 Million |
| | | | | | |
| Canal lining/conversion projects | \$100 Million for match funding for North American Development Bank projects | | | | \$894 Million |

Looking at TWDB’s proposed monetary allocation above, \$400 million of the WSIG funds, over 50% of the money being made available for water infrastructure (\$794 Million), will only be available to the 11 political subdivisions with a population of over 1 million. This includes 4 cities: Houston, San Antonio, Dallas, Fort Worth; and 7 Counties: Harris, Dallas, Tarrant, Bexar, Travis, Collin, and Denton County. These large counties and cities contain over 70% of Texas’ population, but they also have the most resources and the least per capita infrastructure, therefore, the lowest need for grants.

Most Texas water systems serve a population of 150,000 or less. Small rural political subdivisions have some of the most pressing water infrastructure needs with the

least ability to pay for them. Yet TWDB proposes that small political subdivisions only be able to access approximately 27% of the available \$794 Million funds, or \$213 million. A larger percentage of the grant funds should be allocated to small rural communities serving a population of 150,000 or less. At least 50% of the grant funds should be available to these water systems.

In conclusion, TRWA appreciates the opportunity to comment on the proposed implementation plan and welcomes further discussion to ensure that the WSIG works optimally for small rural water systems.

Best Regards,

Mary Alice Boehm-McKaughan
TRWA General Counsel

Comment Submitted By: Marisa Bruno, Water Program Manager, Hill County Alliance

Comment Date: February 3, 2026

Comment:

Thank you for providing the opportunity to provide public comments on the Water Supply & Infrastructure Grants. I am submitting the attached comments on behalf of the Hill Country Alliance.

Thank you for your consideration-- and for all of the work that I know went into developing this implementation plan!

Comment Attachment:

Re: Water Supply and Infrastructure Grants (WSIG) Implementation Plan

Dear Members of the Texas Water Development Board,

Thank you for providing the opportunity to submit comments on the Water Supply and Infrastructure Grants (WSIG) Implementation Plan.

I am writing on behalf of the Hill Country Alliance (HCA), a regional nonprofit that works to preserve land, waters, and night skies across 17 counties of the Hill Country. Our water program, specifically, works with countless local partners, from county commissioners and groundwater conservation districts, to multi-generational land owners, to promote thoughtful and community-driven policies that promote water supply resilience. As a member of the Texas Living Waters coalition, we submitted more extensive comments. However, I wanted to highlight the recommendations that we believe will most impact the communities we work with in Central Texas.

1. Consider revising the population-based funding targets to more equitably serve rural communities.

According to the Environmental Policy Innovation Center, 21.9% of Texans live in communities with less than 10,000 people, and 37.2% of the population lives in a community with 10,001-150,000 people. Under the current implementation plan, these communities are set to receive 8.9% and 17.9% of the funding, respectively. To more equitably serve these communities, we ask that the board consider adjusting the allocations so that rural communities get their fair share. This would mean increasing funding targets to ~\$174M and \$295M, respectively.

2. Clarify the process for WSCs to participate in WSIG funding via county or municipal partners.

Many rural communities are served by Water Supply Corporations (WSCs), which are not eligible for WSIG. We are grateful that the TWDB is allowing counties or municipalities to apply *on behalf of* WSCs, but we are not clear on how these partnerships would need to be structured to be eligible for WSIG. We would be grateful for clearer guidance on this arrangement to ensure all rural systems can participate in this historic opportunity.

3. Adopt an inclusive interpretation of “water supply and infrastructure” that includes source water protection projects.

In recognition of the important role that land conservation plays in protecting future water supplies, several communities in Central Texas, including the City of San Marcos and Comal County, have applied for funding through the TWDB for source water protection projects. We ask that the board affirm these types of projects as eligible for WSIG.

We know that the task of distributing \$1B in grants is not an easy one– and we appreciate the TWDB’s thoughtfulness in their approach. We hope you will consider our recommendations and are available if you have any questions about our comments.

Comment Submitted By: Juan A. Martinez, General Manager, United I.D. HCID No. 16, Mission, Texas

Comment Date: February 3, 2026

Comment:

Please review the attached comments. Thank you again for your consideration.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

United Irrigation District (United) intends to pursue funding through the NAO Bank Water Resiliency Fund (WRF) to implement canal lining improvements and acknowledges the Texas Water Development Board's (TWDB) allocation of \$100,000,000 to support and enhance the NAD Bank WRF program. This funding commitment provides the District with an opportunity to seek financial assistance at a level that more appropriately aligns with the scope of anticipated benefits of the proposed projects.

The District requests that the TWDB consider authorizing NAD Bank to receive and evaluate WRF applications and to rank projects on the TWDB's behalf using established program criteria. United Irrigation District also requests that irrigation districts that do not directly furnish potable water service be evaluated as small entities. Although three potable water providers served by United have a cumulative population of 335,577, that population is served by three districts, in addition to United. United's operational revenue is approximately \$.20 - \$0.30 per thousand gallons, a rate that is significantly lower than that of the potable water providers. This revenue structure limits the District's ability to independently fund engineering design, and project development activities, making grant assistance essential to advancing these improvements.

United further requests that NAD Bank be permitted to administer the grant agreement, funding disbursement, and reporting requirements alongside its financing. Allowing NAO Bank to serve in this role would streamline project administration, reduce duplicative oversight, and enable a greater share of available funds to be directed toward canal lining and water conservation outcomes. Canal lining projects represent a highly implementable conservation strategy, as they generally require limited environmental review and can be designed within a short timeframe. National Environmental Policy Act (NEPA) concerns are uncommon for this type of project which allows construction activities to commence shortly after financial closing with NAD Bank.

Comment Submitted By: Rogelio Sanchez, CCID #6, General Manager

Additional Authors/Contributors: Frank Ferris, Patricia Munoz, Tito Nieto

Comment Date: February 3, 2026

Comment:

Attached please find a letter/public comment for your consideration.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

Cameron County Irrigation District No. 6 (CCID6) intends to submit canal lining projects to the North American Development Bank (NAD Bank) for water resiliency funding. CCID6 is pleased that the Texas Water Development Board (TWDB) has added \$100,000,000 of grant funding to increase the amount of canal lining that will be accomplished to result in more conservation. We ask that the TWDB allow NAD Bank to accept and review applications, prioritizing award of the TWDB funds and administer the grant funds on behalf of the TWDB. This will reduce administrative costs, expedite funding, and guarantee more of the NAD Bank funding is available for water conservation improvements in the Lower Rio Grande Valley Districts. Our District has received funding from NAD Bank and TWDB in the past and are confident that NAD Bank has the financial and technical qualifications to properly administer the TWDB canal lining grant funds.

Your consideration of this request is appreciated.

Comment Submitted By: Jose De Leon, Hidalgo County Consolidated Water Control and Improvement District on behalf of Othal Brand, Jr., President, Hidalgo County Consolidated Water Control and Improvement District

Comment Date: February 3, 2026

Comment:

Good Afternoon please attached letter from Othal brand Jr. President of the board.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

The Hidalgo County Consolidated Water Control and Improvement District was established through the consolidation of the former Hidalgo County Water Improvement District No. 3 and the Santa Cruz Water Control and Improvement District No. 15, approved by voter election in November 2024. We intend to submit a NAD Bank Water Resiliency Fund (WRF) Application for canal lining projects and are pleased that the TWDB has set aside \$100,000,000 in funding to compliment the NAD Bank WRF. The availability of additional grant funding has allowed the district to pursue a higher funding request to increase the proposed project scope. We ask that the TWDB allow NAD Bank to accept applications and prioritize projects on behalf of the TWDB, based on the WRF criteria. In addition, we ask that water control and improvement districts that do not supply potable water to customers be considered small entities. Although the potable water retailer, which is our downstream customer, serves a population of 171,195 (our District only serves 10% of the overall system capacity), it is serviced by four other districts. Our district revenue is about \$0.44 per kgal, compared to the potable water supplier that collects revenue ten times that amount. As such, we do not have resources for development of projects and need financial assistance for design. Canal lining projects, however, can be designed very quickly and NEPA concerns are rare, therefore, construction can begin within a few months of closing with NAD Bank.

Please consider allowing NAD Bank to administer the grant selection, agreement, funding and reporting, along with their financing. This will allow our district to work with one entity rather than two, thus reducing administrative costs while increasing the funds available for canal lining and water conservation. Implementation of TWDB canal lining funds with NAD Bank funds will result in the funds being disbursed more quickly in this unprecedented drought.

Comment Submitted By: Lori Olson, Executive Director, Texas Land Trust Council

Comment Date: February 3, 2026

Comment:

Thank you for the opportunity to provide comments on the Texas Water Development Board's implementation plan for House Bill 500. The attached comments and recommendations are respectfully submitted on behalf of our thirty-five member organizations, listed below, and represent our shared goal of protecting the water resources across our state.

Comment Attachment:

Re: Comment on Water Supply and Infrastructure Grants Implementation Plan (HB 500)

To Chairwoman Stepney:

The Texas Land Trust Council (TLTC) is a nonpartisan, nonprofit organization that builds and supports an active coalition of more than thirty-five member organizations working to conserve the lands and waters of Texas. Since the late 1990s, TLTC members have helped to conserve more than two million acres across the state.

Thank you for the opportunity to provide comments on the Texas Water Development Board's implementation plan for House Bill 500. The \$1 Billion appropriation provided through HB 500 represents an opportunity for TWDB to think more innovatively and holistically about protecting water supply resources in the state. TWDB has already taken initial steps in this regard, funding loans (through the DWSRF) for counties who wish to conserve important water quality lands. Comal County has been approved for \$30M in funding to conserve important lands that help preserve their water quality and quantity. This project is proactively protecting water supplies in the county by preserving important waterways and aquifer recharge areas. Similar projects to conserve important water resources would also serve to enhance water supply.

We recommend that these types of water supply enhancement projects should continue to qualify as fundable water supply projects under HB 500, as they provide the natural infrastructure for water supply function. In fact, a Texas A&M Natural Resources Institute (www.nri.tamu.edu) study concluded that conservation easements are *six times more cost effective than non-land conservation strategies* in protecting the same water volume. More recent TAMU-NRI studies show that these types of watershed conservation projects can protect tens of millions of dollars in water volume and provide a *simultaneous*, additional tens of millions of dollars in flood mitigation and prevention benefits. These types of projects are win-win.

While this type of request may not be of interest to every jurisdiction, those who see the conservation of important headwaters or recharge areas as essential to the preservation of their water supply should be allowed to apply for these funds. In many cases, smaller communities simply do not have the financing capacity of larger communities to allow them to take on larger bond funding for these types of projects. So, the ability to apply for a grant program like this is essential.

In addition, these types of more “natural infrastructure” water supply projects do not typically rank or score high, given more traditional scoring criteria geared toward facility/construction projects, yet they are just as important. **We recommend** that TWDB earmark a specific dollar amount (possible target amount = \$100M) with its own distinctive scoring criteria for natural infrastructure projects, so that those applications have a greater chance of success in funding. These types of projects really need their own set of criteria to be scored more fairly against other applications.

And if the Board is looking for true “shovel ready” projects, conservation easements and acquisitions for important water quality lands would be an efficient, cost-effective way to spend down these funds, as they are legal transactions that can be executed more quickly than built infrastructure. There are many landowners across the state who are eager to place conservation easements on their lands, if funding is available.

More generally, additional scoring criteria for cost-share on project applications would also be useful in order to stretch the funding as far as possible. A tiered system could be set up with <25% cost share; 25%-50% cost share; or > 50% cost share, with an increased point allocation for the larger cost share categories.

In conclusion, we hope TWDB will ensure that water supply projects (involving nature-based infrastructure like conservation easements or fee-simple acquisitions) for water quality, aquifer recharge, and source water protection are eligible for funding. Nothing in statute would appear to prohibit this. **We recommend** that TWDB adopt a broad interpretation of “water supply and infrastructure” that will facilitate innovative approaches and allow eligibility of activities that conserve important water resources. **We further recommend** that a percentage of the overall funding be set aside for projects of this type, so that they can compete against similar natural infrastructure applications.

The following comments and recommendations are respectfully submitted on behalf of our thirty-five member organizations, listed below, and represent our shared goal of protecting the water resources across our state. Thank you for the opportunity to provide input.

Comment Submitted By: Jonathan Stinson, Deputy General Manager, Guadalupe-Blanco River Authority on behalf of Darrell Nichols, General Manager/CEO, Guadalupe-Blanco River Authority

Additional Authors/Contributors: Fisher Reynolds

Comment Date: February 3, 2026

Comment:

Please see the attached TWDB Water Supply and Infrastructure Grants Implementation Plan Public Comment from the Guadalupe-Blanco River Authority.

Please let me know if you need additional information.

Comment Attachment:

RE: Public Comments for Water Supply and Infrastructure Grants Implementation Plan

Mr. McMath:

Thank you for the opportunity to provide public comments regarding the Texas Water Development Board's (TWDB) proposed Water Supply and Infrastructure Grants Implementation Plan utilizing the \$1.038 Billion appropriated by HB 500 (89R) for water infrastructure and supply projects and grants. As an entity charged with the ownership and development of regional water-supply projects, GBRA appreciates the TWDB's positive consideration of modifications to the proposed plan to further effectuate specific goals to implement needed projects from the Texas State Water Plan and projects that reduce identified water loss.

As currently proposed, TWDB's plan dilutes the distribution of funds by basing the plan on projects and interest in TWDB's Drinking Water State Revolving Fund (DWSRF). The DWSRF has historically had limited capacity with maximum loan amount thresholds for borrowers. DWSRF also provides more focus on projects related to infrastructure of already developed water supplies. As such, it may not be the best program to model for implementation of new water supply projects or large regional water supply projects that are included in the state water plan.

TWDB's proposed plan should allocate funds to accomplish specific goals with half the funds dedicated for regional water supply projects and the other half dedicated for replacement of infrastructure to reduce water loss or local water supply development. For regional water supply development, large entities should be able to access funds for either planning, acquisition, and design (PAD) or funds for construction but not both. Only making funds available for construction ready projects for large entities is not the best use of those funds. Large regional water supply projects by entities with population over 150,000 will have already secured funds for construction by the time those projects are shovel ready. Allowing these entities to pursue PAD funding will advance the development and implementation of needed large regional water supply projects in the state water plan.

The TWDB may not have the financial capacity to support the significant near-term capital needs of regional water supply projects prior to availability of Prop 4 funding. TWDB should consider other creative funding mechanisms similar to the TWDB's proposal to utilize \$100 Million for match funding for NAD Bank projects. TWDB should consider a similar use for regional water-supply projects included in the water plan. While not leveraging funds directly, utilizing ~\$150 Million appropriated by HB 500 to emulate the interest rate buy-down and/or deferral structures like those in the SWIFT program could effectuate over \$1 Billion being made available to water-supply projects in the next 4 years. The HB 500 funds could be granted directly to the entity and combined with a loan from the TWDB's Development Fund program or market loan obtained by the entity.

GBRA believes TWDB's consideration and inclusion of specific project goals, additional options, and flexibility utilizing the HB 500 appropriation will enable more water-supply project implementation in the coming years. Please do not hesitate to contact me if you need additional information or if I ever may be of assistance.

Comment Submitted By: Christal Smith, General Manager / South Freestone County WSC

Comment Date: February 4, 2026

Comment:

WSC's should be eligible to apply for the TWDB WSIG grants. WSC should have avenues for funding large projects otherwise infrastructure will fail. Most WSC's are aging with very limited funding avenues.

Target Amounts for Each Population Category:

The funding limit for under 10,000 population should be higher. The cost of the needed projects will likely be considerably higher than \$5 million based on current contractor bids.

Eligibility Requirements:

Low to moderate income requirements should be removed. This restraint causes many WSC's to not be eligible even though they can't possibly charge the members enough to do the necessary upgrades due to the cost.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Without funding avenues for WSC's they will begin to fail due to the age of their infrastructure.

Comment Submitted By: Rudy Watkins, GM Dog Water Supply Corporation

Additional Authors/Contributors: Heidi Curtis, Board President

Comment Date: February 4, 2026

Comment:

I feel it is highly unfair and very detrimental that small Rural Water Supply Corporations (WSC) are not eligible, and cannot apply, for approximately \$1.038 billion in Texas Water Development Board (TWDB) grants being disbursed through the new Water Supply Infrastructure Grant (WSIG). We don't think this is right or what the Texas Legislature intended. I am also getting in touch with Lt. Gov. Dan Patrick and other congressional representatives to raise awareness of this issue. Thank you for your attention to my response.

Target Amounts for Each Population Category:

I am ok with the proposed target amounts as long as WSC's can participate in the WSIG program.

Eligibility Requirements:

NO, a change to the Texas budget supplemental appropriations bill language had the devastating and unintended consequence of making WSCs ineligible to access these funds.

Project Types Eligible for Funding:

yes

Funding Structure for the Grants:

NO, WSC's need to be eligible for WSIG funding as well.

Prioritization Methodology for Awarding Grants:

Yes

Administrative Conditions Governing the Award of Grant Funds:

NO, WSC's need to be eligible for WSIG funding as well.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

WSC's need to be eligible for WSIG funding as well.

Comment Submitted By: Graham Moore, Executive Director / Alliance Regional Water Authority

Comment Date: February 4, 2026

Comment:

I am submitting the following comment on behalf of the Alliance Regional Water Authority (Alliance Water), for which I serve as Executive Director. I appreciate the opportunity to make comments on the TWDB's proposed Water Supply and Infrastructure Grants Implementation Plan and appreciate the TWDB's consideration.

Recommendation #9 – Plans and Specifications Requirements Review

Recommendation #9 and the Key Issues on Page 3 both reference the US Iron & Steel provisions from Texas Government Code Chapter 2252, Subchapter G. Alliance Water requests that if eligible projects have received an exemption from the TWDB for the US Iron & Steel requirements that this exemption be extended to funds provided through the Water Supply and Infrastructure Grants for the same projects.

Target Amounts for Each Population Category:

No comment.

Eligibility Requirements:

No comment.

Project Types Eligible for Funding:

No comment.

Funding Structure for the Grants:

No comment.

Prioritization Methodology for Awarding Grants:

No comment.

Administrative Conditions Governing the Award of Grant Funds:

Comments were noted on Recommendation #9 dealing with US Iron and Steel requirements.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

No.

Comment Submitted By: Guy Rogers, Director, Winkler Water Supply Corp.

Comment Date: February 4, 2026

Comment:

WWSC serves the south side of the Lake Richland Chambers, located south of Corsicana. We have approximately 450+ meters, with 75+ miles of water lines. WWSC has been in service since 1968 providing good clean water to our customers. As a non-profit entity, we are constantly looking for grants and state funding assistance to continue this public service. It is governed by a small board of local residents to oversee the operation. When the approximate \$1.038 billion in Texas Water Development Board grants was established through the new Water Supply Infrastructure Grant, we expected to be able to apply for badly need funding assistance. We now find out that WWSC is not eligible to request these badly need funds for infrastructure and water supply projects. WWSC requests WSC be eligible to apply for the TWDB WSIG grants as intended by the Texas Legislature.

Target Amounts for Each Population Category:

WWSC agrees with the proposed target amounts for each population category.

Eligibility Requirements:

WWSC does not agree that Water Supply Corporations are not eligible. As WWSC is a non-profit entity, we should be able to apply for grants like any other Water Supply and Infrastructure.

Project Types Eligible for Funding:

Agree with project types for funding.

Funding Structure for the Grants:

Applications structures should be streamlined and as simple as possible to assure funding intent and proper execution of funds received and spent.

Prioritization Methodology for Awarding Grants:

Methodology should lean to assistance being granted to smaller rural areas. There should be more categories than 150,000 or less and 150,000 or greater.

Administrative Conditions Governing the Award of Grant Funds:

NO!! Non-profit rural Water Supply Corporations should be treated like local government political subdivisions.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

WWSC is in need of public government funding support to help provide clean water to the rural community it supports, residences of the State of Texas.

Comment Submitted By: Joe Richards, Playa & Water Conservation Outreach Specialist, Playa Lakes Joint Venture / Tomorrow's Water

Additional Authors/Contributors: Heather Johnson (Texas Parks & Wildlife Department, Texas Playa Conservation Initiative), Todd Merendino (Ducks Unlimited), Lily Abromeit (PLJV, Tomorrow's Water), Miruh Hamend (PLJV)

Comment Date: February 4, 2026

Comment:

Communities in the Texas Panhandle are in a unique position to guide the region toward a more sustainable water future. With over 23,000 playas (also called playa lakes) in the Panhandle, incorporating playa restoration as a green infrastructure solution to address groundwater concerns is key. These natural recharge basins play a vital role in replenishing groundwater and providing critical habitat for birds and other wildlife.

Found at the lowest point of a watershed, playas are round, shallow basins lined with clay soil that collect and hold rainfall and runoff, forming temporary wetlands. Playas are recharge wetlands, meaning water flows through them to the underlying aquifer. Playas are a primary source of groundwater recharge, contributing up to 95 percent of water flowing to the aquifer, with recharge rates in playas 10 to 1,000 times higher than under other areas. According to USGS Circular: Recharge Rates and Chemistry Beneath Playas of the High Plains Aquifer, the average recharge rate across the playa region is about three inches per year – that's three inches of water the size of the playa moving toward the aquifer each year. In addition, water reaching the aquifer through playas is of higher quality than that going through other pathways. Healthy playas are also water filtration systems – reducing contaminants reaching the groundwater.

Although playas are a primary source of recharge, irrigation pumping from the aquifer greatly exceeds groundwater recharge from playas. Communities can proactively address a declining water supply by restoring playas and adopting irrigation practices that reduce the impacts from aquifer overuse. Once water use has been reduced, healthy playas can provide a sustainable source of future water. Restoring playas and reducing aquifer overuse has multiple long-term benefits, including providing critically important habitat for wildlife species, strengthening the ecosystem, and engaging local communities in tailored conservation plans meant to ensure their continued resilience.

Tomorrow's Water, which supports communities in these efforts, is an adaptive, collaborative process in which local communities partner with conservation organizations to create an actionable plan to stabilize their water supply – with a focus on incorporating playa conservation as part of broader water quantity and quality efforts. Tomorrow's Water has proven to be highly replicable and successful, taking into account each community's unique infrastructure and water needs.

date, the existing Texas Playa Conservation Initiative partnership in Texas – led by Texas Parks & Wildlife Department, Ducks Unlimited, and Playa Lakes Joint Venture – has completed 109 restoration projects, restoring 3,797 acres of playa lakes, with the potential of providing 309.5 million gallons or 949 acre-feet of groundwater recharge annually. However, many of the playas in Texas have been modified and are no longer fully functional; additional funding is needed to support restoration projects. Playa restoration reverses past modifications to playas by removing accumulated sediment, filling drainage features, redirecting water back into the playa, and protecting the playa with a buffer composed of native vegetation. Collectively, these actions restore the functionality of the

playa, supply recharge for groundwater, and provide for communities, agricultural use, and sustainability.

The cost of restoring playas varies based on multiple factors and each unique situation. A healthy or hydrologically functional playa needs to have an intact clay soil basin, with excess sediment removed, and a protective native vegetation buffer that allows water runoff to freely enter the basin. For more information about playas and the benefits they provide, including groundwater recharge, visit playasworkfortexans.com and pljv.org/playas.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

Communities in the Texas Panhandle can proactively address a declining water supply by restoring playas and adopting irrigation practices that reduce the impacts from aquifer overuse. We recommend incorporating playa restoration as a green infrastructure solution that addresses groundwater concerns be considered for Water Supply and Infrastructure Grant funding.

Comment Submitted By: Sandra Zavala, City of Crystal City, Texas

Comment Date: February 4, 2026

Comment:

The City of Crystal City, Texas has cast iron and asbestos drinking water pipes that are collapsing due to the high heat and now excessive cold weather causing the ground to shift. Is this project eligible for the WSI program? Thank you

Target Amounts for Each Population Category:

Respectfully we would prefer the smaller communities have more opportunity for funding as they have less dollars to go around. Thank you

Eligibility Requirements:

Agree.

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Steve Williams, Individual

Comment Date: February 4, 2026

Comment:

We thank the TWDB for this opportunity. We have a severely dilapidated water treatment plant for the city's fresh water. EPA has deemed it as needing significant repairs. Are we able to include replacing the clarifiers as eligible for this WSI funding program?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Helen Lowry, Secretary/Treasurer, Start Mountain WSC

Comment Date: February 4, 2026

Comment:

I first heard of the Water Supply Infrastructure Grant last October at a TRWA Symposium that I attended with other Directors from the Star Mountain WSC Board. We were very excited about this opportunity. We have been actively looking for funding to replace fifty-plus year-old lines, worn-out meters and other issues that most small WSCs are dealing with as more families move to the country. We don't understand what has happened that is now preventing us and other WSCs from taking advantage of this much needed funding. This is extremely disappointing.

I remember when my father, my uncle and others in this community began working to get enough people to commit to tying on to this water system so that it could be constructed. This was in 1970 when everyone depended on personal wells, some of which were unreliable. As my uncle told me years later, "We didn't know nothin', all we knew was that we needed water." They started from scratch, navigating the maze of acquiring a USDA loan, hiring operators and overseeing a business in which none of them had any experience. My father remained on the Board until he died.

I have now been on this Board for almost twenty years and probably will be until I die. I love this community, my heritage and the rural way of life. Providing good, clean water is vital to the lifestyle and beauty of living outside of the crowded urban centers. I hope that this issue with the grant funding can be resolved.

Thank you,

Helen Lowry
Secretary/Treasurer
Star Mountain WSC

Comment Submitted By: Vanna Ngo, Individual

Comment Date: February 4, 2026

Comment:

The project is to build water lines on Lakeview Drive connecting the community and the fire station to a storage tank. The question is, the new system will provide drinking water to new customers in the city limits but also to customers in the city's ETJ. Is this project still allowable?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

We do not

Comment Submitted By: Charlie Smith, Individual

Comment Date: February 4, 2026

Comment:

The City of Gladewater's only source of drinking water is from Lake Gladewater. The dam on Lake Gladewater has been designated by the state as high "hazard". The city would like to request WSI funds to help modernize the overflow spillway to protect the water source. Is this project eligible for WSI?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Cherina Perimon, Admin Asst. BPSUD

Additional Authors/Contributors: Sheila Cunningham

Comment Date: February 4, 2026

Comment:

Concerning a SUD with a population of less than 10,000;

May we apply for reimbursement of costs incurred after June 22, 2025 for a Contract that was executed prior to June 22?

In addition, concerning the Audit requirement;

Our fiscal year runs January to December. Our official and approved 2025 audit may not be available until May or later. Is the current 2024 audit sufficient? Or do we specifically have to wait for the 2025 audit to be completed and approved before we make application?

Comment Submitted By: Scott Hall, General Manager / Lower Neches Valley Authority

Additional Authors/Contributors: Sheila Cunningham

Comment Date: February 4, 2026

Comment:

Have you considered any of these funds for agricultural related water supply and infrastructure projects? If so, where or how would you classify ag projects? LNVA has a shovel ready project that is included in the State Water Plan (Region H) that is in need of a funding stream. The project certainly falls within the intent of the WSI program but the proposed scoring criteria does not appear to consider agricultural projects.

Target Amounts for Each Population Category:

We agree with the proposed target amounts in that the low grant award amount will force a wider distribution of funds.

Eligibility Requirements:

Please consider incorporating agricultural projects in addition to the small community category

Project Types Eligible for Funding:

yes

Funding Structure for the Grants:

yes

Prioritization Methodology for Awarding Grants:

generally yes; however, we would like to see agricultural projects and how they might be scored/prioritized.

Administrative Conditions Governing the Award of Grant Funds:

no comment

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

no comment

Comment Submitted By: Shelley Vaught, Plant Director / Upper Jasper County Water Authority

Additional Authors/Contributors: Steve Hofman, Lone Star Consulting

Comment:

Attachment for the WSI Comment submitted by the Upper Jasper County Water Authority.

Comment Date: February 4, 2026

Comment:

The Upper Jasper County Water Authority is a taxing authority and government entity designated by the State of Texas. Our dilapidated water lines are collapsing under 4 roads in our service area including Highway 63 which is a major hurricane evacuation route according to FEMA. We had 38 boil water notices last year and significant water loss. It is difficult to provide drinking water to our residents.

Is our project to replace the water lines eligible if we have to pay for some road repair to accomplish our goal? Thank you.

Target Amounts for Each Population Category:

We would like to see more funding for smaller communities as they have fewer funds for projects.

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None



Upper Jasper County Water Authority Jasper County, Texas

Present Hurricane Evacuation Route in Need of Repair





Comment Submitted By: Sarah Standifer, City of Dallas, Water Utilities

Comment Date: February 4, 2026

Comment:

Public Comments regarding: Water Supply and Infrastructure Grants Implementation Plan.

1. What defines "Consistent with 2027 State Water Plan" and when will the 2027 State Water Plan be finalized and publicly available?
2. While limiting the amount of applications per entity is understood, consider allowing more than one, or allow more applications for larger systems.
3. Consideration should be given to allowing Planning and Design to be eligible for populations > 150,000. Water Supply projects take many years and often decades to implement, from planning to design to construction.
4. Points allocation for Retail Providers does not consider the AMHI of those specifically benefiting from a particular infrastructure project, instead it averages across the providers entire system even if the project benefits a subset of the entire system.
5. How will providers that are both retail and wholesale providers be scored and ranked? The criteria on Page 14 do not address this scenario. For example, if a provider produces about 45-50 % of water for wholesale and rest for retail, how are they categorized for scoring and ranking?
6. Page 7, which is the excerpt of HB 500 states that \$881K of \$1.038B has been appropriated to be transferred to other accounts or funds administered by the board. This seems to contradict earlier guidance that the money must be provided directly from the TWDB's general revenue fund and not through an established financial assistance program.
7. Does TWDB have a standardized form that can be submitted as an affidavit of self-certification for environmental compliance, and should this document be notarized?
8. Does TWDB plan on providing the grant recipients with training on the required documentation and forms for outlay reimbursements with regards to financial management and grant accounting?
9. What criteria must be met for reimbursement of expenses for a Grant Administrator?
10. Would there be a fee deducted from grant award amount towards administration of each grant by TWDB? If so, will this be a percentage or a set amount for each grant?

Comment Submitted By: Ben Medina, City Administrator for the City of Rio Hondo, Texas

Comment Date: February 4, 2026

Comment:

The City of Rio Hondo's project to replace their asbestos drinking water lines is critical as the pipes are failing. To replace the lines, the project will damage some of the city roads. Will WSI funds be able to be used for some road repair along with the pipe replacement?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

We do not have any additional comments

Comment Submitted By: Clint Smith, PE, CFM, Project Manager, Water / Wastewater / Halff

Additional Authors/Contributors: William Pembroke, Lance McLeod, Elizabeth Range-Pendell, Ronald King, Kristina Leal, Richard Correa

Comment Date: February 4, 2026

Comment:

We thank the Texas Water Development Board (TWDB) for their continued commitment to advancing water supply and infrastructure projects in the State of Texas.

We, at Halff, are happy to have been and to continue partnering with TWDB on providing safe drinking water to Texans. Through the Water Supply and Infrastructure Grant (WSIG), we know that many Texans are going to be provided with the opportunity to have more reliable access to clean water.

We, at Halff, have the following questions about the TWDB WSIG as it pertains to cities, municipalities, and potential end users of the grant funds:

1. Will removal and disposal of asbestos-containing pipe be an allowable activity?
2. Can an entity self-perform work under this funding opportunity, or must it be procured and performed by contractors?
3. Clarify if the population used in the funding criteria refers to the entity's overall population or the project's service area.
4. With the rapid growth of Water Supply Corporations (WSCs) throughout Texas, especially in the Rio Grande Valley, infrastructure financing for improvements can only be done via rates, which places the burden on costs to accommodate the growth of the system. It would be great to see WSCs considered for eligibility with stipulations.
5. In the Project Prioritization Criteria scoring, Readiness to Proceed – can there be points assigned to projects that can demonstrate significant progress, although not completely deemed ready to proceed with construction?
6. The Proposed Requirements document, updated Friday, January 9, states the following:
 1. Scoring criteria per population allocation will be based on Annual Median Household Income (AMHI) and Service area populations. Does this mean that for Retail Water Providers, only AMHI will be used for scoring?
 2. Then, conversely, does it mean for Wholesale Water Providers that only the total population served will be used for scoring?
 3. Lastly, is it possible to use Countywide AMHI for retail water providers vs. Service Area?
 7. Are procurement rules going to follow typical TWDB guidance (that is, rely on the applicant's local policies) for this application development?
 8. Since "shovel-ready" projects are the only projects to be eligible, TCEQ will likely be getting an overload of applications to make projects "shovel-ready" by the time the grant applications are due. Can the grant application period be extended to account for this, or will proof of submission to TCEQ for permitting be counted towards eligibility?

We thank TWDB for their dedication to improving the lives of today's and future Texans!

Target Amounts for Each Population Category:

We, at Halff, agree with the proposed target amounts and the limit, knowing that it will provide more water providers to utilize the funds.

Eligibility Requirements:

We at Halff understand the importance of the eligibility requirements in place. However, we wish that WSCs could also be included due to the financial burden placed on the customers to accommodate growth and repairs of the system.

Project Types Eligible for Funding:

We agree with the proposed project types. We hope that asbestos-containing pipe removal and disposal will also be a considered project type.

Funding Structure for the Grants:

We agree with the proposed funding structure for the grants.

Prioritization Methodology for Awarding Grants:

We understand the merit to "shovel-ready" projects receiving full marks, but hope to have projects that have made significant progress to be allowed points.

Administrative Conditions Governing the Award of Grant Funds:

We agree with the proposed administrative conditions.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

We have no additional recommendations at this time.

Comment Submitted By: Rona Stringfellow, City Manager / Madisonville

Comment Date: February 4, 2026

Comment:

The City of Madisonville, Texas, has a fresh water line project to supply the eastern portion of the city where there is increased development. If the water line fails, the whole community on the east side of IH-45 will be without water for a significant amount of time. The EPA has recognized this a critical project after a site visit. Our question is, are we able include repairs on the accompanying water well with this water pipe project in our WSI funding request. Thank you

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Dr. Brian Rowland, City Manager / Kirby, Texas

Comment Date: February 4, 2026

Comment:

The City of Kirby, Texas is looking to repair a water well to provide drinking water to the residents. The city is looking build a needed second water well on the same water source but in a different location. Would both these water wells be eligible in a single WSI grant request? We are looking forward to your response. Thank you

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Troy Stirman, Project Specialist / DUNAWAY

Comment Date: February 4, 2026

Comment:

Will a relatively new agency/entity with no previous track record of TWDB water reports be eligible for a grant?

What constitutes 'a project'? If a client has multiple infrastructure implementations and/or phases, can that be considered one project?

Can a project that has already raised funding via a revenue bond also use this grant funding for their project?

Do entities under the threshold of 3,300 connections also require current TWDB water reports and the water loss validation?

If an entity has a project under construction, but is not using U.S. Iron and Steel Act as part of their scope, is grant funding as reimbursement an option?

Target Amounts for Each Population Category:

We agree with the proposed target amounts for each population category. However, special consideration for a smaller population project that has or is seeing exponential growth and needs greater capital for infrastructure (multiple water wells and water storage towers)to meet this hyper-demand should be given consideration as not all water wells are shallow--drilling costs are tied with overall depth. And that depends on where the aquifer is located within a particular part of the State. (250 feet vs 2,500 feet in some cases)

Eligibility Requirements:

The eligibility requirements seem fair to us.

Project Types Eligible for Funding:

We agree with the proposed project types in general, but wish wastewater plans would have also been included as this is also a big expense for smaller communities.

Funding Structure for the Grants:

We agree with the structure as outlined in the plan.

Prioritization Methodology for Awarding Grants:

We agree with the methodology as outlined in the plan.

Administrative Conditions Governing the Award of Grant Funds:

We agree with the proposed administrative conditions as outlined in the plan.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

N/A

Comment Submitted By: David Sanchez, City Manager / Crandall, TX

Comment Date: February 4, 2026

Comment:

Thank you for letting us submit a public comment. The City of Crandall would like to build a water line on the east side of the town where there is significant high growth. Kaufman County is one of the fastest growing counties in the country. The fresh water lines would supply residents but also supply water some areas that are not yet to be annexed by the city. Does the project need to only provide benefits to residents of the city?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Josh Barron, City Manager / Mexia, TX

Comment Date: February 4, 2026

Comment:

The City of Mexia, Texas is wanting build water lines and a water pump to provide drinking water to a growing area for residences and businesses, from the city's existing water tower. Fresh water is critical to economic growth in this area. Are WSI funds eligible for a fresh water line project even if there is no wastewater set up at the location?

Target Amounts for Each Population Category:

Agree

Eligibility Requirements:

Agree

Project Types Eligible for Funding:

Agree

Funding Structure for the Grants:

Agree

Prioritization Methodology for Awarding Grants:

Agree

Administrative Conditions Governing the Award of Grant Funds:

Agree

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Duane Glider, FreiWater

Comment Date: February 4, 2026

Comment:

To Whom It May Concern,

FreiWater appreciates the opportunity to submit public comment regarding the Texas Water Development Board's proposed Water Supply and Infrastructure Grants Implementation Plan developed pursuant to House Bill 500.

We commend the Legislature and the TWDB for committing a historic one-time \$1.038 billion investment toward strengthening Texas' water supply resilience. The emphasis on 100 percent grant assistance, water supply infrastructure, reuse projects, and the reduction of real or apparent water loss reflects a forward-looking and necessary response to Texas' ongoing drought conditions, population growth, and increasing stress on centralized water systems.

As a Texas-based company focused on decentralized and alternative water supply solutions, FreiWater strongly supports the inclusion of reuse projects and projects addressing water loss within the eligible project types. These categories are critical to maximizing existing water resources and reducing dependence on strained surface water and groundwater supplies.

We respectfully encourage the Board to consider how emerging decentralized and building-scale reuse technologies—particularly those that recover water currently discharged to sewer or wasted onsite—can be effectively incorporated into projects sponsored by eligible political subdivisions. While we understand and acknowledge the constitutional limitations restricting direct grant eligibility to governmental entities, many innovative water supply solutions are deployed through public-private partnerships, pilot programs, or municipally sponsored residential and commercial initiatives.

Providing clarity within the implementation framework on how cities, counties, districts, or river authorities may partner with technology providers or incorporate distributed reuse solutions into eligible water supply projects would help ensure the broadest possible impact of these funds. Small-scale, distributed projects—when implemented at scale—can collectively yield meaningful reductions in potable demand, system losses, and peak load stress, particularly in drought-prone and well-dependent communities.

FreiWater supports the Board's prioritization of water supply reliability, conservation, and reuse and appreciates the transparency provided through this public comment process. We look forward to continued engagement and stand ready to support political subdivisions in advancing innovative, cost-effective water supply solutions that align with the goals of House Bill 500.

Thank you for your leadership and consideration.

Respectfully submitted,

FreiWater

Target Amounts for Each Population Category:

Agree as it seems appropriate

Eligibility Requirements:

Yes- seems reasonable also

Project Types Eligible for Funding:

No opinion

Funding Structure for the Grants:

No opinion

Administrative Conditions Governing the Award of Grant Funds:

No Opinion

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

None

Comment Submitted By: Virigina Kilgore, Founder and Executive Director of Water Is Alive, Individual

Comment Date: February 4, 2026

Comment:

Dear TWDB Board Members and WSIG Program Staff,

Thank you for the opportunity to comment on the Water Supply and Infrastructure Grant (WSIG) Implementation Plan associated with HB 500.

I am submitting this comment to request added clarity and a practical scoring approach that will help small and mid-sized communities address aging distribution infrastructure, including legacy asbestos-cement (AC) mains and service lines.

Clarify eligibility for distribution system replacement, including AC mains and service lines. Please explicitly confirm in the final Implementation Plan and guidance that replacement of aging drinking-water distribution mains and service lines (including asbestos-cement pipe) is an eligible WSIG use, including funding for planning/design (PAD) where needed and construction where projects are ready. Many communities have significant AC mileage and need clear eligibility language to proceed confidently.

Strengthen scoring and tie-breakers so “health-risk legacy materials + water loss” compete fairly

The current framework heavily rewards “ready-to-proceed” projects. I ask TWDB to add scoring points or tie-breakers for:

- documented water loss and main-break history, and
- replacement of legacy pipe materials with public health concerns and high failure risk (including AC pipe), especially where those lines serve dense neighborhoods, schools, or critical facilities.

This would better align WSIG with public health protection, system reliability, and long-term affordability for ratepayers.

Require or strongly encourage public health transparency for funded projects

To support community trust, please require (or strongly encourage) WSIG-funded applicants to publish:

- a pipe material inventory (including AC segments where present),
- a written replacement timeline/phasing plan, and
- a resident-facing point of contact for schedule/status updates.

Provide technical assistance pathways for smaller cities to meet WSIG prerequisites. TWDB’s plan references water-loss audits/validation and other compliance items that can be barriers for smaller utilities. Please provide template language, clear checklists, and technical assistance pathways so communities can qualify quickly within the HB 500 timeline.

Local example: Duncanville (Dallas County)

In Duncanville, residents have ongoing concerns about aging AC mains and service lines, break risk and break history, and the need for a transparent replacement schedule. Clear

eligibility language and scoring that recognizes legacy-material risk would directly improve the ability of cities like ours to compete for WSIG support and modernize infrastructure responsibly.

Thank you for considering these implementation improvements. I appreciate TWDB's work to deploy HB 500 funds quickly and fairly.

Respectfully,

Virginia Kilgore
Duncanville resident | Water Is Alive (501(c)(3))

- EPA National Primary Drinking Water Regulations: Asbestos MCL = 7 MFL (fibers >10 µm)
- ATSDR (HHS) Asbestos ToxFAQs / Public Health Statement: notes drinking water may contain asbestos from asbestos-cement pipes and summarizes health hazards

Target Amounts for Each Population Category:

I believe smaller communities need more assistance.

Eligibility Requirements:

I think the eligibility requirements need more assessment.

Project Types Eligible for Funding:

I think asbestos mainlines are dangerous and need replacement. And if that is not going to happen, public health hazards need to be addressed and announced publicly.

Funding Structure for the Grants:

I believe that the funding structure needs to be more inclusive of communities with outdated asbestos pipes.

Prioritization Methodology for Awarding Grants:

The awarding methodology could be better.

Administrative Conditions Governing the Award of Grant Funds:

I dont know.

Additional Recommendations or Alternative Approaches Distributing the Appropriated Funds:

This public comment is a great start!

Comment Submitted By: Michelle Mata, Civil Engineer, City of Halthom City

Additional Authors/Contributors: Autumn Permenter

Comment Date: February 4, 2026

Comment:

Would the upsizing or replacement of an existing water line be eligible if it is included as part of a full roadway reconstruction project (paving, drainage, water, and sewer)? We would, of course, only apply for funding for the water line component, not the entire project. I ask because we have several full roadway reconstruction projects that are nearly shovel-ready, and we would ideally like to apply for funding for the water line portion of one of those projects.

Comment Submitted By: Bruce Gootee, Board Member, Bell-Milam-Falls WSC

Comment Date: February 4, 2026

Comment:

I am a board member of the Bell-Milam-Falls WSC. I was notified recently that funds allocated to the TWDB could not then be allocated to WSCs. Why this is I'm not sure but I feel it was not the intention of the Texas House to deny these funds to WSCs. I ask your assistance in correcting this oversight. Thank you. Bruce Gootee.

Comment Submitted By: Lindsay McClune, Project Manager, Halff

Comment Date: February 4, 2026

Comment:

Would *expedited meter replacements and upgrading to AMI infrastructure* be an eligible project? This type of project would help address water loss.

Comment Submitted By: Laura Jones, Lake Palo Pinto Area WSC

Comment Date: February 4, 2026

Comment:

I am a member and serve on the board of directors for the Lake Palo Pinto Area WSC in Palo Pinto County, which treats and distributes water to 755 active meters. The LPPAWSC is one of at least five Water Supply Corporations in Palo Pinto County. There are only three municipalities and one Special Utility District in the county - obviously, the residents of our rural county are very dependent on WSCs for potable water. **All** of these rural water systems are in need of grants; and yet, "Water Supply Corporations are not eligible, and cannot apply, for approximately \$1.038 billion in Texas Water Development Board grants being distributed through the new Water Supply Infrastructure Grant." (February 2, 2026 letter from general counsel for the Texas Rural Water Association).

Surely this is NOT what the 89th Texas Legislature intended! It is not right. There should be equal access for all types of water systems - municipalities, SUDS, as well as Water Supply Corporations - to apply for the \$1.038 billion in Texas Water Development Board grants through the new Water Supply Infrastructure Grant. After all, each type of water system is supplying good drinking water to thirsty Texans - Texans who voted for Proposition 4 in November 2025.

Comment Submitted By: Claudia Farias, Director of Grants Administration, City of Edinburg

Additional Authors/Contributors: Michelle Mendoza, Nelda Ramirez

Comment Date: February 4, 2026

Comment:

The City of Edinburg respectfully submits the following public comment for the Texas Water Development Board's Water Supply and Infrastructure Grants Implementation Plan:

We recommend TWDB increase funding for cities with service area populations from 10,001 to 150,000. The proposed total funding target for communities with a service area population of 10,001 to 150,000 is \$142 million, only 13.6 percent of the total \$1.038 billion. There are roughly 268 cities of this population size across Texas competing for the proposed total funding of \$142 million. If all awardees apply for the \$15 million maximum award size, then less than 10 cities will be selected. While we understand all grant programs are oversubscribed and cannot meet every city's needs, we recommend TWDB increase the funding target for the roughly 268 communities of our size for a more even distribution of grant funding for small cities with aging infrastructure and limited resources.

We recommend TWDB allow more than one project submission. While limiting one application per entity to expedite the review process is a sound goal in project management, it incentivizes cities to request the maximum award size. However, the limited total funding for cities with a population of 150,000 or less, is only \$142 million, which equates to roughly less than 10 awards across the whole state. As long as the cumulative request amounts total \$15 million or less, we recommend TWDB allow at least two to three project submissions so small cities can increase competitiveness with more reasonable, cost-practical requests.

We recommend TWDB invest any unobligated HB 500 funding in eligible WSI Grant projects. Edinburg's water infrastructure is rapidly aging, and increasingly expensive to maintain and upgrade. To expedite support to meet current and projected water demands, we recommend any unobligated HB 500 funding be allocated to the Water Supply and Infrastructure Grant Program. We also recommend that when additional funding becomes available, the TWDB release another solicitation of applications to communities with limited resources like ours to support critical infrastructure upgrades.

We appreciate the opportunity to submit this public comment.

Please feel free to contact us if we can provide additional information.

Comment Submitted By: Melba Romero, Grant & Proposal Specialist, Black and Pearl Publications, LLC

Comment Date: February 4, 2026

Comment:

Where can I find the 2027 State Water Plan?

Comment Submitted By: Janet Landeros, Grants and Contracts Coordinator, McAllen Public Utility

Additional Authors/Contributors: Carlos Gonzalez

Comment Date: February 4, 2026

Comment:

Here are comments for the Water Supply and Infrastructure Grants Implementation Plan

Prioritization criteria should place greater emphasis on projects that develop or secure new water supply sources, particularly in regions vulnerable to prolonged drought. In South Texas, there is a reliance on the Rio Grande as a primary source, that directly affects the region's ability to meet future demands. Projects that add drought-resilient supply, such as reuse, brackish groundwater, new surface water rights, or regional supply partnerships, provide statewide benefit and align with the intent of House Bill 500 to strengthen long-term water supply resilience.

Consider including a pre-award cost option, which will allow the grantee to start incurring reimbursable expenses for the project before the grant award date.

Comment Submitted By: Ruben Arias, Owner/Operator, Custom Water Services LLC

Comment Date: February 4, 2026

Comment:

Hello, my name is Ruben, and I represent Custom Water Services LLC. I serve as the certified water operator for Sunday Canyon in Randall County, as well as for several other public water systems (PWSs). I need to gain a better understanding of the process for obtaining grants for Sunday Canyon and some of the PWSs I manage.

I previously attended a grant seminar in Amarillo organized by the PRPC. However, as I work through the process, I keep encountering obstacles due to the requirement for a financial survey. The survey conducted for Randall County suggests that we do not qualify because the median household income is too high, yet it does not focus on this small community and its system, which has approximately 60 connections.

I have reached out to various organizations, including USAD, TCEQ FMT, Communities Unlimited, and even the TWDB, but I have not been successful in obtaining the information I need to move forward. Everyone keeps advising me to complete the application, but I am hesitant to fill out all the applications and provide the necessary documentation only to discover that it was all for nothing because we cannot get a survey completed. From what I understand, to apply for any of these grants, we need to have a financial survey conducted and be below the median household income to qualify, but that has been the challenge. I cannot find anyone to conduct the survey, and neither can the organizations I mentioned earlier. This has been the most frustrating experience I have ever encountered, and I feel like I am just going in circles.

Could you assist me in finding someone to carry out the survey? Clearly, there must be someone in this region who can offer this service, and if not, my company is interested in providing this service but would require guidance on how to proceed.

I genuinely need step-by-step instructions on how to move forward after the survey is completed. Fingers crossed.

Comment Submitted By: Luis J. Moreno, Chief of Staff, Office of State Senator Juan “Chuy” Hinojosa

Comment Date: February 4, 2026

Comment:

Attached is Senator Chuy Hinojosa’s public comment on the proposed Water Supply and Infrastructure Grants Implementation Program. Please confirm receipt of this email. Do not hesitate to contact our office if you have any questions or need additional information.

Comment Attachment:

Re: Public Comment - Water Supply and Infrastructure Grants Implementation Plan (HB 500, 89R)

Dear Chairwoman Stepney, Director Franks, and Director Morgan,

I write to provide public comment on the proposed Water Supply and Infrastructure Grants (WSIG) Implementation Plan developed pursuant to House Bill 500 (89R). House Bill 500 appropriated \$1.038 billion for water infrastructure and water supply projects and grants as determined by the Board.

I appreciate the staff recommendation to include \$100 million to address canal lining and conversion projects. This recommendation recognizes that canal modernization is a direct, near-term water conservation strategy. It is important that our state continues to make investments that reduce conveyance losses and improve water supply reliability for communities that depend on the infrastructure of irrigation districts delivering raw water for municipal, industrial, and agricultural uses, particularly in the Rio Grande Valley. This recommendation is important for our communities, where aging irrigation system canals lose substantial water through seepage and operational inefficiencies. Modernization investments will produce measurable new water supply through conserved water and improved system efficiency.

While I support the concept of joint funding for canal lining and conversion projects, I respectfully request that the Board amend the WSIG Implementation Plan to maximize flexibility to leverage any federal funds, rather than tying this funding exclusively to a single partner or program, such as the North American Development Bank’s (NADBank) Water Resiliency Program. I appreciate the intent given the urgent needs along the border; however, irrigation districts and other eligible political subdivisions may also have viable opportunities to pair state dollars with other federal sources.

Concerns have been raised by stakeholders that much of the available NADBank funding consists of loans, not grants, which may reduce the number of entities with eligible projects applying for the funds. Furthermore, clarifying or stating that eligible canal modernization projects include meters, lift gates, control structures, valves, automation equipment, and other system components needed for accurate measurement, efficient distribution, and reduced water loss will greatly address our needs in the Rio Grande Valley.

Making these changes preserves the policy goal in the staff recommendation of canal lining and conversion projects, while avoiding unnecessary constraints that could limit participation, slow project delivery, or leave federal dollars on the table. Thank you for the opportunity to provide public comment and for the staff's work to develop an implementation plan. Please do not hesitate to contact me if you have any questions or need additional information.

Comment Submitted By: Antonio Uresti, General Manager, Hidalgo County Irrigation District No. 6

Additional Authors/Contributors: Rey Work, Reynaldo Razo

Comment Date: February 2, 2026

Comment:

Attached is the letter for public comment.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

Our District intends to submit canal lining projects to the North American Development Bank (NAD Bank) for water resiliency funding. We are pleased that the Texas Water Development Board (TWDB) has added \$ 1 00,000,000 of grant funding to increase the amount of canal lining that will be accomplished to result in more conservation. We ask that the TWDB allow NAD Bank to accept and review applications, prioritizing award of the TWDB funds and administer the grant funds on behalf of the TWDB. This will reduce administrative costs and guarantee more of the NAD Bank funding is available for water conservation improvements in the Lower Rio Grande Valley Districts, as well as expedite the conservation projects.

Your consideration of this request is appreciated.

Comment Submitted By: Ashley Myers, Executive Director, Texas Association of Water Companies

Comment Date: February 4, 2026

Comment:

Please find attached our public comments in the matter under consideration by the Texas Water Development Board re: Water Supply and Infrastructure Grants Implementation Plan.

Comment Attachment:

Re: Water Supply and Infrastructure Grants Implementation Plan

Dear Members of the Texas Water Development Board,

On behalf of the Texas Association of Water Companies (TAWC), thank you for the opportunity to provide public comment on the proposed Water Supply and Infrastructure Grants Implementation Plan developed pursuant to House Bill 500 from the 89th Texas Legislative Session.

TAWC respectfully submits this comment to ensure that the perspective of investor-owned utilities and the customers they serve is reflected in the public record as the state continues to evaluate long-term water funding strategies.

Investor-owned utilities provide essential water service to hundreds of thousands of taxpaying Texans across the state, frequently in fast-growing or infrastructure-constrained communities. These utilities are subject to comprehensive regulatory oversight and are required to meet the same water quality, conservation, and system reliability standards as public providers. Unlike political subdivisions, however, investor-owned utilities must finance infrastructure investments primarily through customer rates, placing the full cost burden directly on consumers.

Under established ratemaking principles and Commission oversight, any public funding applied to investor-owned utility infrastructure would flow through to customers in the form of reduced capital costs, rather than accruing to shareholders.

As Texas faces increasing demands on its water supply systems, TAWC believes there is value in continued examination of whether and how statewide water infrastructure funding could be distributed through additional public funding tools (under appropriate safeguards and accountability measures) to help reduce consumer impacts, support affordability, and advance shared state goals related to water supply development, conservation, and system resilience.

While the proposed implementation plan reflects the Board's current interpretation of House Bill 500, TAWC encourages policymakers and stakeholders to consider that the legislation does not necessarily foreclose the inclusion of other funding mechanisms administered by the Board that could be made available to private entities. The statute authorizes funding to "be used for water infrastructure and supply projects *and* grants," language that does not, on its face, automatically exclude the use of loan-based or similarly structured financial assistance tools.

TAWC appreciates the Board's leadership and thoughtful administration of this important funding initiative and thanks you for considering our comments for the record.

Comment Submitted By: Alfonso A. Gonzalez, P.E., Marcia Appia Civil Infrastructure Consultant Engineers, LLC.

Comment Date: February 4, 2026

Comment:

For your file records, attached please find our recommendations pertinent to the referenced subject.

We appreciate the opportunity to submit our comments.

Please feel free to contact me if I could be of further assistance.

Comment Attachment:

RE: Public Comment – HB 500 Water Supply and Infrastructure Grants Implementation Plan

We appreciate the opportunity to submit comments regarding the proposed Water Supply and Infrastructure Grants Implementation Plan including eligibility requirements, project types and funding structure.

We strongly support the initiative of the Water Supply and Infrastructure Grants Implementation Plan, and in particular the proposed dedication of \$100 million in funding for canal lining or conversion projects. In our expert opinion, canal lining and conversion projects yield substantial water savings and significantly improve conveyance efficiency.

We respectfully recommend the resources also be made available for critical infrastructure which may consists of upgrading river pumping stations and improving reservoir storage capacity.

We also respectfully recommend the funding mechanism be administered through the Texas Water Development Board. In our expert opinion the resources can be allocated efficiently if these are administered solely through a single organization rather than through various organizations.

Thank you for your consideration of these comments and for your continued commitment to safeguarding our water resources.

Comment Submitted By: Heather Harward, Heather Harward Consulting on behalf of Texas Water Supply Partners

Comment Date: February 4, 2026

Comment:

Please find attached, comments from the Texas Water Supply Partners regarding the Texas Water Development Board's Water Supply and Infrastructure Grants Implementation Plan.

Comment Attachment:

**Re: Implementation of House Bill 500, 89(R), 2025,
Texas Water Development Board's Draft Implementation Plan for
Water Supply and Infrastructure Grants**

Dear Chairwoman Stepney, Director Morgan, and Director Franks:

On behalf of the Texas Water Supply Partners (TWSP or Partners), thank you for the opportunity to provide comments regarding House Bill 500 (HB 500), 89(R), 2025, and the Texas Water Development Board's (TWDB or Board) Draft Implementation Plan for the Water Supply and Infrastructure Grants (WSIG), dated January 16, 2026.

The TWSP are a group of like-minded entities who share a commitment to advancing and influencing State policy related to the development of water supplies throughout Texas, including implementation of the State Water Plan (SWP). Our partners recognize that clean, affordable, and reliable supplies of water are essential to public health, quality of life, and the economic prosperity of our great state. Members of TWSP include: North Texas Municipal Water District, San Jacinto River Authority, Texas Business Leadership Council, and Upper Trinity Regional Water District.

Consisting of some of its largest borrowers, the TWSP work closely with the TWDB to fund and implement projects that ensure Texas has the water supplies it needs to support its economic growth. The success of the TWDB is inextricably related to the success of the TWSP and our shared commitment to providing water for Texans of today and tomorrow.

During the 89th Legislature, the TWSP actively supported a one-time investment of \$5 billion in the visionary Texas Water Fund (TWF) created by the 88th Legislature and approved by voters through passage of Proposition 6 in 2023. The TWF was designed to enable the TWDB to distribute funds to proven programs based on need and to safeguard against stranding precious assets in funds associated with undersubscribed programs at the expense of more utilized programs.

While the 89th Legislature did not appropriate new funds to the TWF, we are grateful for the \$1.038 billion that was appropriated to the TWDB through HB 500 for "water infrastructure and supply projects and grants as determined by the board." We recognize the unique nature of the HB 500 appropriation and commend the TWDB's thorough legal analysis provided in the WSIG Implementation Plan with respect to how the funds can and cannot be used.

As the TWDB endeavors to distribute WSIG in a manner that is consistent with the Legislature's appropriation on balance with providing the highest and best use of taxpayer dollars to meet our state's vast water supply and infrastructure needs, the TWSP offer the following comments and recommendations for consideration.

IMPLICATIONS OF GRANT-ONLY FUNDING

Since the creation of the TWDB in 1959, the impetus and success of the agency's programs have been through affordable loan financing. Texas has blazed the trail in implementation of water infrastructure projects through innovative financing programs. Given the vast size of Texas and our state's extraordinary water infrastructure needs, leveraging of fiscal resources through issuance of bonds and the administration of loan programs have been fundamental tenets of water financing.

The shift to a grant-only model as provided in the WSIG Implementation Plan is an unprecedented, monumental shift in policy. The TWSP recognize that the nature of the HB 500 appropriation necessitates limitations on the use of the \$1.038 billion but would be remiss if we did not draw attention to the precedent that could be set by this approach.

Texas has extraordinary water infrastructure needs, and it is paramount that our financing tools maximize the investment of every dollar. Leveraging of our state's fiscal resources through TWDB programs, such as the nationally acclaimed State Water Implementation Fund for Texas (SWIFT), has been critical to implementing water projects. As our state's population continues to explode, and to maintain Texas' robust economy, it is imperative that the use of grants be coupled with the leveraging of dollars through TWDB's loan programs.

Given the diverse and ever-increasing water needs across the state, all financing tools in TWDB's toolbox are needed. While the WSIGs will provide much needed assistance for certain projects, there is a funding gap over this biennium with respect to existing TWDB programs.

STATE WATER IMPLEMENTATION FUND FOR TEXAS

In 2013, members of the TWSP worked in partnership with the Legislature to ensure passage of legislation creating SWIFT. The SWIFT program has been a resounding success and has helped members of the TWSP implement historic, fiscally conservative water projects, such as Bois d' Arc Lake and Lake Ralph Hall. Without SWP projects like these, areas of Texas would not have adequate water supplies to support future population growth.

When SWIFT was created in 2013 the need for state assistance for SWP projects was \$27 billion. The need for financial assistance identified in the 2022 SWP was \$80 billion and is anticipated to be even higher in the 2027 SWP. Simply stated, SWIFT must be recapitalized to maintain the success of this critical program. Because recapitalization is not viable through WSIG, our Partners encourage the Board to explore creative ways to use grants to assist projects that would otherwise be funded through SWIFT. For example, TWSP recommend that TWDB consider using WSIG funds for interest rate subsidies associated with a SWIFT loan. This

would allow for the practice of SWIFT to continue without an actual transfer of funds from WSIG to the SWIFT program.

Relating to the SWIFT parenthetical in Recommendation #3 of the WSIG Implementation Plan (see below), we believe that a good use of WSIG funds would be to supplant or replace all, or a portion, of an outstanding SWIFT commitment. For example, if an entity has a multi-year commitment from SWIFT for \$50 million set to close in 2027, if they were eligible to receive a grant for \$25 million and only close the remaining \$25 million as a SWIFT loan, this would help alleviate pressure on the SWIFT program.

Recommendation #3:

If a project previously received a funding commitment from a TWDB funding program (except for unclosed SWIFT commitments slated to close in 2027 or later), these grant funds may not be used for the same activities that previously received funding commitments. However, if a project previously received funding commitments for only planning, acquisition, or design, the project is eligible to receive funding from these grants for construction.

- 1. TWSP recommend that the TWDB utilize WSIG to offset unclosed SWIFT commitments and in lieu of drawing funds from the SWIFT account for interest rate subsidies.**

READY-TO-PROCEED AND SCORING CRITERIA

Our Partners appreciate TWDB's commitment to expediting WSIG and recognize that ready-to-proceed projects are critical. We respectfully request that the timing of ready-to-proceed be given as much flexibility as possible. Additionally, when evaluating scoring criteria, the TWSP encourages TWDB to give weight to projects that provide regional value and those that include local effort/match.

- 2. TWSP recommend that the TWDB provide flexibility to the stated readiness-to-proceed definition.**
- 3. TWSP recommend that the TWDB include additional scoring criteria, including regionalization and local match.**

The TWSP are committed to working with TWDB on successful implementation of the WSIG, as well as the 90th Legislature to address funding gaps in TWDB's established programs, such as SWIFT.

We appreciate the opportunity to provide comments on the implementation of HB 500 through WSIG. Please know that the TWSP stand ready to assist the TWDB in any way we are able.

Comment Submitted By: Alan Leonard, Director of Policy, Texas Water Foundation

Additional Authors/Contributors: Sarah Schelssinger

Comment Date: February 4, 2026

Comment:

On behalf of Texas Water Foundation, attached are our comments on the [WSIG Implementation Plan](#) as released by TWDB for review on January 5, 2026. Thank you for the opportunity to provide input and to TWDB's staff in their efforts to advance this funding for Texas water infrastructure.

Comment Attachment:

Dear Chairwoman Stepney, Director Morgan, Director Franks, and Executive Administrator McMath,

Thank you for the opportunity to provide comments¹ on Texas Water Development Board's (TWDB) Water Supply and Infrastructure Grants (WSIG) proposed implementation plan for HB 500, which appropriated \$1.038 billion for a two-year period for water infrastructure and supply projects. We appreciate the hard work put into a thoughtful plan to convert this funding into action to address the state's complex, expansive, and growing water needs.

Texas Water Foundation (TWF) is a statewide nonadvocacy nonprofit dedicated to leading Texas into a secure water future through policy education, leadership development, and public awareness. While TWF has not traditionally provided public comment on legislation or its implementation, we have followed water infrastructure funding policy closely, and provide education to decision-makers on its role and impact. From this perspective, we submit the following observations for consideration.

With TWDB's leadership, Texas has a successful and impressive track record supporting water infrastructure. This success stems from sophisticated funding programs, availability of strategic grants, and the ability to leverage multiple funding sources. The funding made available by HB 500 offers an opportunity to consider the role and importance of this blended approach, articulate the potential benefits of a grants-focused distribution, as well as consider associated risks for the continued success of Texas' water infrastructure funding. As it relates to the WSIG proposed implementation plan, such consideration is valuable to help embed this funding opportunity within the broader framework of how Texas meets water infrastructure needs.

Grants can be effective and sometimes crucial in meeting a local water need, particularly for small or rural systems that often face the greatest limitations in ratepayer and workforce capacity to develop and fund water infrastructure projects. If reaching those communities is a core objective, the timeline and structure of the proposed WSIG plan may limit such applicants. Instead, the proposed plan appears to prioritize projects and activities that can be completed in the near term. Near-term, ready projects may not align with the areas of greatest long-term need at the community, region, watershed, or statewide level.

In addition to addressing differing community needs, another benefit of a grants-focused approach could be the opportunity to consider projects that most benefit from catalytic funding. In particular,

¹ These comments reflect TWF's perspective alone, and do not speak for any of the entities that we educate and support, including the Texas Water Caucus, other water nonprofits, or alumni of Texas Water Leaders program and their employers.

projects that lack traditional revenue or cost-recovery mechanisms can benefit from grants. As you contemplate the WSIG implementation plan, there may be further opportunities to incentivize projects or activities that are not as directly supportable through rates. This could include activities that are not project-specific, such as asset management plans that would put these systems on better footing for future infrastructure improvements, or projects that substantively advance goals in the State Water Plan.

Beyond grants, TWF recognizes TWDB's well-established record of using loans to increase both the reach and impact of the state's general revenue investments in water projects. A notable example of this is TWDB leveraging the initial \$2 billion investment in State Water Implementation Fund for Texas (SWIFT) to support \$16.6 billion of water infrastructure. That investment has financed nearly 400 projects, representing an \$8.3:1 return on its investment since 2013. In light of the historic passage of Proposition 4 and Texas' future water funding needs, one possible path forward would be for TWDB to continue to seek balance between its ability to leverage state investments and the targeted impact of grants. As it relates to the WSIG implementation plan, TWDB might evaluate the potential for WSIG grants to be used as match funds to deliver high impact projects that achieve cost savings or long-term benefits comparable to a traditional TWDB loan.

However TWDB proceeds with this funding, clear documentation and public reporting of WSIG-funded projects and their effects will be important. The public and the Legislature will benefit from data on this funding's impact, included or aligned with the performance reporting added by SB 7 on addressing gaps and tracking its effectiveness alongside future projects that receive assistance.²

Finally, TWF noted that the proposed implementation plan does not extend to wastewater, stormwater, or flood projects based on legal analysis of Section 6.02(a) of HB 500. We recognize that statutory interpretation and program design involve complex considerations and constraints. However, given the presence of this language in Section 6.02(c) – which does apply to specified water, wastewater, storm, and flood control projects – further elaboration on this analysis would help clarify TWDB's position for potential applicants and stakeholders.³

In closing, TWF offers these observations to assist in the effective implementation of this substantial investment and help inform future approaches for funding water infrastructure. We understand that a range of water sector partners with diverse perspectives and expertise have submitted comments on this proposal, and we appreciate TWDB's consideration of their input.

² All citations to Texas statutes are as they appear at <https://capitol.texas.gov>.
Section 6.116(a)(4), Texas Water Code.

³ Article IX, Sec. 17.18, “Texas Water Development Board: Direction for Specific Water Infrastructure, Flood, Wastewater, and Supply Projects and Grants Funded in House Bill 500,” Chapter 1185, Acts of the 89th Legislature, Regular Session (SB 1), available at https://www.lbb.texas.gov/Documents/GAA/General_Appropriations_Act_2026_2027.pdf

Comment Submitted By: David Kelly, Government Affairs and Special Projects Manager, North Texas Municipal Water District on behalf of Jenna Covington, Executive Director/General Manager, North Texas Municipal Water District

Additional Authors/Contributors: Leann Bumpus

Comment Date: February 4, 2026

Comment:

Attached, please find comments on the Water Supply and Infrastructure Grants implementation plan from the North Texas Municipal Water District.

Comment Attachment:

Re: Comments on TWDB's Draft Water Supply and Infrastructure Grants Implementation Plan

Dear Chairwoman Stepney, Director Morgan, and Director Franks:

On behalf of the North Texas Municipal Water District (NTMWD), thank you for the opportunity to provide comments to the Texas Water Development Board (TWDB or the Board) regarding the Draft Water Supply and Infrastructure Grants (WSIG) Implementation Plan, including edits dated January 16, 2026. NTMWD is grateful to the 89th Texas Legislature for its appropriation of more than \$1 billion in critically needed water infrastructure funding and to TWDB for its expeditious efforts to implement this one-time program with the goal of timely fund disbursement.

Readiness Standards May Not Support High Impact Regional Projects

NTMWD urges the Board to formally recognize the significance and inherent complexity of regional and multi-jurisdictional water supply initiatives within the project prioritization and readiness framework. Many of the most resilient and cost-effective water supply solutions depend on coordination among multiple political subdivisions. Accordingly, readiness standards should be applied in a manner that does not unintentionally disadvantage high-impact regional projects relative to simpler, single-entity proposals. NTMWD is concerned that the requirement for projects to be fully ready to proceed at the time of application significantly limits the number of eligible projects available to retailers and wholesalers statewide. Project owners generally do not delay projects that are ready to proceed, making it difficult for many entities to identify qualifying projects under this standard. This challenge is compounded by the length of the TWDB review and approval process following application submittal. During this period, utilities may be forced to delay urgently needed water infrastructure improvements while awaiting funding decisions.

Additionally, current eligibility criteria further disadvantage larger entities. Utilities serving populations greater than 150,000 are limited to construction-only funding, while smaller entities may seek funding for planning, land acquisition, and design. This restriction places larger, more complex systems at a significant disadvantage despite their responsibility for serving communities of both large and small populations and regional systems.

Taken together, these provisions risk reducing the overall effectiveness of the WSIG program. With more than \$400 million allocated to entities serving populations greater than one million, the current structure creates a meaningful risk that funds will remain uncommitted. While NTMWD understands TWDB's objective of fully disbursing all HB 500 funds by August 31, 2027, modest adjustments to prioritization, readiness, and eligibility requirements would better align the program with that goal and maximize its statewide impact.

NTMWD respectfully suggests that TWDB consider allowing entities serving populations greater than 150,000 to access funding for earlier project phases—including planning, design, and pipeline procurement, in the same manner currently permitted for smaller entities. In addition, we request that TWDB allow reimbursement of eligible costs incurred for authorized projects that proceed prior to fund distribution, consistent with the treatment of entities serving smaller populations.

Finally, NTMWD encourages TWDB to consider a prioritization approach that awards tiered additional points to projects based upon their readiness to proceed commitment date at the time of application. As an example, a project ready to proceed on the date of application would be awarded five points, a ready-to-proceed commitment within six months of application would receive three points and a ready-to-proceed commitment between six and twelve months of application would receive a single point. A tiered prioritization structure such as this would still allow projects in earlier development phases to apply and better align with TWDB's proposed disbursement timelines. This also provides flexibility for projects to advance toward readiness and allow future awards if initially selected projects are unable to meet their anticipated readiness commitments.

Evaluation on Population Served Disadvantages Wholesalers

With respect to project prioritization, current population data used by TWDB, sourced through the TCEQ Water Viewer, are inaccurate and outdated for many wholesale providers statewide. In the WSIG application, wholesalers are required to report service-area population figures calculated using methodologies that differ substantially from those reflected in the Water Viewer. As a result, large wholesalers are placed at a significant disadvantage when accurate population figures are used, despite those figures more appropriately reflecting wholesale service dynamics.

Rather than calculating wholesaler priority based on population, NTMWD respectfully requests that wholesalers be evaluated using the same Area Median Household Income (AMHI)-based methodology applied to retailers. Specifically, we propose using the average AMHI of the member or customer systems served by a wholesale provider. This approach is already used by TWDB under the SWIFT program, where key scoring indicators rely on several demographic factors and TWDB routinely calculates wholesaler AMHI based on member or customer entities. Applying this same methodology to WSIG would ensure consistency across TWDB programs and result in a more accurate and equitable assessment of wholesale utilities.

NTMWD appreciates the opportunity to comment on the WSIG Implementation Plan and thanks the Board and staff for their continued engagement with stakeholders. We look forward to working collaboratively with TWDB to ensure these funds are deployed effectively, equitably, and in a manner that strengthens Texas's long-term water supply reliability.

Comment Submitted By: Jason Brumbalow, Vice President, 439 Water Supply Corp

Comment Date: February 4, 2026

Comment:

Please find the attached formal Board Resolution from the 439 Water Supply Corporation regarding the Water Supply Infrastructure Grant (WSIG) Implementation Plan.

As a non-profit utility serving thousands of residents in Bell County, we are deeply concerned by the proposed exclusion of Water Supply Corporations (WSCs) from the \$1.038 billion in grant funding. This exclusion, based on an interpretation of WSCs as "private individuals," contradicts the clear legislative intent of House Bill 500 to secure water for all Texans.

Our submission outlines concrete administrative solutions to rectify this eligibility gap, including:

Alternative Eligibility Models: Proposing the use of Public Purpose Affidavits or County Sponsorship to satisfy constitutional requirements while honoring the state's investment in rural infrastructure. (Can provide further supporting material)

Project Type Inclusion: Demanding that Advanced Metering Infrastructure (AMI) and smart-grid leak detection be recognized as essential water loss projects. (Can provide further supporting material)

Audit Flexibility: Challenging the 2025 fiscal year-end audit requirement as a prohibitive barrier for small, rural systems.

439 Water Supply Corporation maintains that a billion-dollar administrative technicality should not result in a permanent "infrastructure tax" on rural families. We urge the Board to adopt a "Solution-First" mindset that includes WSCs in the final implementation plan.

Comment Attachment:

**439 WATER SUPPLY CORPORATION
OFFICIAL BOARD RESOLUTION: CHALLENGE TO HB 500
IMPLEMENTATION PLAN AND ELIGIBILITY EXCLUSION**

WHEREAS, the 89th Texas Legislature appropriated \$1.038 billion from the General Revenue Fund via House Bill 500 for water infrastructure and supply projects [cite: 305, 323, 438]; and

WHEREAS, the Texas Water Development Board (TWDB) has proposed an Implementation Plan that excludes Water Supply Corporations (WSCs) from eligibility, citing constitutional prohibitions and classifying WSCs as 'private individuals' [cite: 325, 328, 350]; and

WHEREAS, 439 Water Supply Corporation (the 'Corporation') is a non-profit, member-owned utility performing a critical public service and has historically been eligible for TWDB programs like DFund and SWIFT [cite: 328, 442]; and

WHEREAS, the proposed exclusion penalizes rural Texans by placing an 'infrastructure tax' on families forced to shoulder 100% of the cost for water security through rates rather than grants;

NOW, THEREFORE, BE IT RESOLVED BY THE VICE PRESIDENT OF 439 WATER SUPPLY CORPORATION:

1. FORMAL CHALLENGE TO ELIGIBILITY: The Corporation formally disputes the administrative exclusion of WSCs. We maintain that our non-profit public service mandate provides the 'pre-existing law' required for eligibility [cite: 328].
2. PROPOSAL OF LEGAL WORKAROUNDS: The Corporation urges the TWDB to adopt either a 'Public Purpose Affidavit Model' or a 'Fiscal Sponsorship Model' via political subdivisions (Counties).
3. DEMAND FOR PRIORITIZATION REFORM: The Corporation demands that the TWDB revise scoring criteria to reward 'Proactive Modernization,' including Advanced Metering Infrastructure (AMI) [cite: 352].
4. OBJECTION TO AUDIT REQUIREMENTS: The Corporation objects to the requirement of a 2025 fiscal year-end audit for initial eligibility, as it creates an arbitrary barrier for small systems [cite: 355].

CERTIFICATION OF ADOPTION

As Vice President and authorized steward of 439 Water Supply Corporation, I hereby certify the adoption of this resolution on this 4th day of February, 2026, to be submitted as a formal public comment to the Texas Water Development Board.

Comment Submitted By: Evan Johnson, Spencer Pane LLP, CSWR, LLC, on behalf of Josiah Cox, President and Founder of CSWR, LLC, and CSWR-Texas Utility Operating Company, LLC

Additional Authors/Contributors: Hanna Campbell

Comment Date: February 4, 2026

Comment:

Please see the attached comments being submitted on behalf of CSWR, LLC and CSWR-Texas Utility Operating Company, LLC in response to the TWDB's proposed Water Supply and Infrastructure Implementation Program.

Please confirm receipt and let me know if you have any questions.

Comment Attachment:

To Members of the Texas Water Development Board,

I am submitting these comments on behalf of CS WR-Texas Utility Operating Company, LLC (CSWR-Texas or Company), an investor-owned retail water and wastewater utility serving over 100 communities, primarily in rural areas in Texas. Approximately half the systems served in Texas were referred to us for acquisition by various state regulatory agencies.

CSWR-Texas is owned by CSWR, LLC, which operates 938 public drinking water and/or wastewater systems providing service to nearly 200,000 individual connections in Missouri, Arkansas, Texas, Louisiana, Kentucky, Tennessee, Mississippi, Florida, Arizona, North Carolina and South Carolina. Since 2022, CSWR has been the single largest owner of individual domestic wastewater treatment plants and one of the largest owners of individual drinking water systems in the U.S.

CSWR-Texas's mission and focus is to identify distressed water or wastewater systems in Texas. When it arrived in the State, there were well over 800 individual water and wastewater systems, most of which were small community-based systems that were out-of-compliance and in a distressed financial or operational condition and required new investment and long-term management to address. Many were under supervision or management of the State for decades.¹ CSWR-Texas has acquired over 100 of these systems across east, central, north and west Texas.

Almost every system was in a distressed condition at the time the Company acquired it because of a lack of recent or ongoing investment or adequate operations and maintenance practices. Further, the systems are primarily located in rural, smaller communities that have struggled to attract long-term investment or experienced utility operators and managers to properly rehabilitate, modernize, operate, and maintain the systems as needed. A video of some of the projects

¹ In fact, CSWR-Texas routinely makes itself available when the Commission seeks to appoint a temporary manager for a distressed water or wastewater system. For instance, CSWR-Texas was appointed the temporary manager for the Aero

Valley water system which was subsequently acquired by the Company. The Company was also appointed as temporary manager for Castlecomb Water Supply Corporation, Channel Oaks Water System, Blue Cereus, LLC, Farrar Water Supply Corporation, and Marion J. Smith d/b/a Smith Management Services. This is a tangible benefit to all Texans because it reduces the obligation of taxpayers to support the operations and management of these utilities.

CSWR-Texas has performed in these communities and demonstrating some of the most severe compliance concerns CSWR-Texas has addressed, is available at the following link:

<https://vimeo.com/1040815626?share=copy&tl=cl&fe=ci>

Therefore, CSWR-Texas is intimately familiar with the challenges facing the state's water and wastewater providers and the need to make significant improvements to the state's existing water and wastewater infrastructure while maintaining affordable water and wastewater rates. It is also uniquely qualified to address these concerns because of its significant expertise and focus on rehabilitating distressed systems.

Texas House Bill (H.B.) 500 reflects the Legislature's intent to strengthen Texas's water infrastructure and long-term water supply planning by dedicating significant funds to new infrastructure projects that could help mitigate costs incurred by water and wastewater utilities that are typically passed on to customers through their utility rates. The new statute appropriates \$1,038,000,000 in funds to the Texas Water Development Board specifically to address water infrastructure and supply projects. To the extent public utilities can access these funds to construct and rehabilitate water infrastructure at a more reasonable cost, those funds could benefit customers by limiting the utility rate increases that typically accompany such large investments, thereby allowing the utility to maintain more affordable rates while still addressing necessary infrastructure needs.

CSWR-Texas is concerned that the Texas Water Development Board's implementation plan expressly excludes investor-owned utilities and their customers from benefitting from the appropriation created by H.B. 500 for investment in the State's water infrastructure. The Texas Water Development Board has interpreted H.B. 500 as a directive to distribute this \$1.038 billion solely in the form of grants to public entities and asserts that investor-owned utilities are excluded from such grant funding due to the Texas Constitution's prohibition against private entities receiving general revenue grants. This interpretation undermines the Legislature's intent and purpose in implementing H.B. 500, which is to support the construction of new infrastructure across the state, not just for customers of public entities. In fact, investor-owned water utilities in Texas serve a public need. They serve a significant and growing portion of Texas residents, particularly in fast-developing and underserved areas of the state. The provision of safe and reliable water service is indisputably a public purpose, regardless of the ownership structure of the entity providing service, and investor-owned utilities fulfill that objective as State-regulated public utilities. Texas courts have repeatedly recognized that expenditures serving a legitimate public purpose are not an unconstitutional grant of public funds and do not violate constitutional restrictions when adequate safeguards are in place to protect

the public interest.² Moreover, drought resilience, aging infrastructure, and population growth affect all systems, regardless of

² See *Texas Mun. League Intergov'tl Risk Pool v. Texas Workers' Comp. Comm'n*, 74 S.W.3d. 377,383 (Tex. 2002).

whether they are publicly or privately owned. Excluding investor-owned utilities from H.B. 500 disadvantages customers served by those utilities--- customers who pay the same taxes and face the same water challenges as customers served by public entities.

Nothing in H.B. 500 prohibits participation by investor-owned water utilities, nor does the Texas Constitution exclude them from programs designed to finance public infrastructure for the benefit of Texas citizens and taxpayers. CSWR-Texas urges the Texas Water Development Board to reconsider its interpretation of H.B. 500 and allow investor-owned water utilities to participate on equal terms as public entities. A policy framework that excludes entire categories of providers based solely on ownership structure fails to reflect this reality and weakens the state's overall water strategy. A more inclusive approach would better advance the goals of H.B. 500, promote fair treatment of Texas water customers, and ensure that all capable providers can contribute to addressing the state's pressing water infrastructure needs.

Thank you for the opportunity to submit these comments. The Company welcomes the opportunity to engage further in the implementation of the statute.

Comment Submitted By: Blaire Parker, Director of Legislative and Regulatory Affairs, San Antonio Water System on behalf of Hope E. Wells, VP of Legislative and Regulatory Affairs, San Antonio Water System

Comment Date: February 4, 2026

Comment:

Attached please find comment from the San Antonio Water System regarding the Water Supply and Infrastructure Grants Implementation Plan.

Comment Attachment:

Re: Public Comment - Water Supply and Infrastructure Grants Implementation Plan

Chairwoman Stepney and Directors Franks and Morgan:

The San Antonio Water System (SAWS) appreciates the opportunity to provide comments on the proposed Water Supply and Infrastructure Grants Implementation Plan by the Texas Water Development Board (TWDB). SAWS is an agency of the City of San Antonio providing water, wastewater and reclaimed water services to over 2 million people in Bexar County, as well as parts of adjacent counties. As part of a high growth area of the state, we strive to maintain and expand our system to serve growing residential and business populations. We commend the Legislature's commitment to investing state resources in water and wastewater infrastructure, as well as the TWDB for its efforts in administering these programs. The implementation of this grant program marks a shift in how such a substantial amount of financing dollars are deployed. We encourage the TWDB to thoughtfully consider how to maximize the impact of these funds and ensure they are used in ways that best support the state's long term needs.

In that vein, we have comments with respect to the specifics of the plan. In considering the administration of the grants, we urge TWDB to expand planning eligibility to larger entities by allowing flexibility for the funds to be used for planning/design and construction, rather than just for construction. The requirements for completed construction in the given timeframe is very short, especially for large-scale or regional projects.

Large utilities often serve as regional partners, impacting millions. Regional coordination on water resiliency—whether addressing drought or large-scale supply and infrastructure needs—should include our biggest population bases in needed planning support. By allowing larger systems access to planning funds, we not only facilitate strengthened regional collaboration, we can ensure the most densely populated areas can access these funds to further water supply projects and in turn, fulfillment of our State Water Plan. For example, as part of SAWS' water planning process, we anticipate evaluating potential expansions to our recycled water system. This system is increasingly vital for meeting water supply needs, particularly given rising demand from data centers and other water intensive industries. Access to planning funds for this work would be especially beneficial.

Another suggestion is to clarify that grant funds may be used to optimize existing projects and implement essential upgrades necessary to achieve planned supply volumes. This flexibility would help align project performance with the State Water Plan, where specific planning volumes must be met to ensure statewide water needs are adequately addressed.

Comment Submitted By: Eric Sabolisice, SVP, Gulf Coast Utilities, Texas Water Utilities

Comment Date: February 4, 2026

Comment:

Please accept the attached comment letter.

Comment Attachment:

Dear Chair and Members of the Texas Water Development Board,

I am writing on behalf of Texas Water Utilities, LP (TWU) to provide formal comments on the implementation plan for Texas House Bill (H.B.) 500. For reference, TWU is a Texas based water and wastewater utility serving 91,000 connections across 51 counties.

While we appreciate the Legislature's intent to strengthen Texas's water infrastructure and long-term water supply planning, we are deeply concerned that the current implementation plan excludes investor-owned utilities (IOU) and water supply corporations (WSCs) from meaningful participation.

The Legislature has recognized that "Texas is facing a severe long-term water supply deficit and significant funding shortfall for all types of water-related infrastructure."¹ In response, Governor Abbott made a "Texas-sized investment in water" an emergency item for the 89th Legislature.² H.B. 500's one-time appropriation of \$1.038 billion of water funding to the Texas Water Development Board (TWDB) is one part of a suite of legislation from 2025's legislative session responding to Governor Abbott's emergency request,³ and presents an important opportunity for the State, through TWDB, to booster Texas's water supply and infrastructure funding in a way that fully aligns with the Governor's and Legislature's stated objective.

However, TWDB's current interpretation that H.B. 500's funding is prohibited from being distributed to IOUs endangers achievement of this goal by needlessly handicapping the very entities that are best positioned to deliver on this ambitious objective. IOUs and WSCs serve a significant and growing portion of Texas residents, particularly in fast-developing and underserved areas of the state. Excluding these entities from eligibility or participation under H.B. 500 undermines the bill's stated objectives by arbitrarily limiting the tools available to meet Texas's water infrastructure needs. This approach creates an uneven regulatory and funding landscape that disadvantages customers served by IOUs, despite those customers paying the same taxes and facing the same water challenges as customers served by other utility types.

Moreover, IOUs are often at the forefront of infrastructure investment, innovation, and operational efficiency. Increasing the competitive environment for funds tends to elevate project outcomes by encouraging new solutions, driving high standards, and ensuring stronger alignment between cost, quality,

¹ HJR 1's Senate Committee Report Sponsor's Statement of Intent.

² *Id.*

³ See *also* HJR 7, SB 7.

and performance. By excluding these entities, the implementation plan risks postponing project delivery timelines, and increasing long-term costs for ratepayers. This outcome is inconsistent with the Legislature's intent to promote resilient, affordable, and sustainable water systems statewide.

We also note that water supply challenges do not align neatly with ownership or governance structures. Drought resilience, aging infrastructure, and population growth affect all systems, regardless of whether they are publicly or privately owned. A policy framework that excludes entire categories of providers based solely on ownership structure fails to reflect this reality and weakens the state's overall water strategy.

Section 6.02(a) of H.B. 500 states that "the amount of \$1,038,000,000 is appropriated from the general revenue fund to the Water Development Board for the two-year period beginning on the effective date of this Act to be used for water infrastructure and supply projects and grants as determined by the board." TWDB has interpreted this language as a directive to distribute this \$1.038 billion solely in the form of a 100 percent grant, thereby excluding WSCs and IOUs as potential recipients of any funding due to the Texas Constitution's prohibition against private entities receiving a general revenue grant. TWU disagrees with TWDB's reading that H.B. 500 requires that the appropriation be distributed solely via grants.

The Texas Water Development Board's stated position that H.B. 500 funds cannot be granted to IOUs due to alleged constitutional prohibitions is overly restrictive, unsupported by the plain language of H.B. 500, and inconsistent with longstanding state practices that recognize the public purpose served by regulated IOUs. Importantly, in no part of the text or legislative history of H.B. 500 does the Legislature state that it intends for Section 6.02(a) funding to be distributed solely through grants or to political subdivisions.⁴

Section 311.021 of the Code Construction Act requires that, in enacting a statute, it is presumed that the entire statute is intended to be effective, a just and reasonable result is intended, and a result feasible of execution is intended.⁵ Section 311.023 states that, in construing a statute, whether or not the statute is considered ambiguous on its face, a court may consider the object sought to be attained, circumstances under which the statute was enacted, legislative history, and consequences of a particular construction.⁶ TWU contends that no part of H.B. 500's Section 6.02(a) explicitly denies an IOU from receiving funding or requires that such funding be distributed solely through grants. H.B. 500 **does not** state that Section 6.02(a) shall be used "for water infrastructure and supply projects via grants." Rather, "grants," as used in, "to be used **for** water infrastructure and supply projects and grants as determined by

the board" should be read as one option to distribute the funding in a list of options that is also inclusive of "water infrastructure" and "supply projects," thus allowing IOUs to receive the benefit of the funding via avenues other than direct grants (e .g., low or 0% interest loans, principal forgiveness, etc.) which TWDB has experience providing under its Drinking Water State Revolving Fund Loan Program. To read the

statute any other way would run counter to the bill's explicit language, legislative intent and the Code Construction Act.

Alternatively, IOUs operate under comprehensive state oversight, are subject to rate regulation, and provide essential public services to Texans across the state. The provision of safe and reliable water service is indisputably a public purpose, regardless of ownership structure. Texas courts have repeatedly

⁴ H.B. 500 House Committee Report Analysis, Senate Committee Report.

⁵ Gov' t Code Sec. 311.021(3)-(5).

⁶ *Id.* at Sections 311.023(1)-(3) and (5).

recognized that expenditures serving a legitimate public purpose are not an unconstitutional grant of public funds and do not violate constitutional restrictions simply because a private entity is involved, particularly when adequate controls and safeguards are in place to protect the public interest.⁷

TWDB's position effectively elevates an internal legal interpretation above the Legislature's clear policy objectives. Nothing in H.B. 500 expressly prohibits participation by IOUs, nor does the Texas Constitution mandate their exclusion from programs designed to finance public infrastructure that directly benefits Texas residents. By adopting a categorical exclusion, the implementation plan narrows the bill beyond what the Legislature enacted and denies eligibility to entire classes of ratepayers based solely on the ownership structure of their service provider. This class of customers serviced by IOUs and WSCs will in fact be subsidizing infrastructure improvements for rate payers of municipal water systems.

IOUs are an important service provider specifically for Texas's rural areas, providing necessary service and infrastructure improvements in vast portions of the state where political subdivisions are incapable of providing such service. Moreover, customers of IOUs in this state are also taxpayers who will have paid into the funding associated with this legislation yet will be unnecessarily removed from the intended benefits. With Governor Abbott's proclamation that water infrastructure was an emergency item for the 89th legislative session, and the Legislature's hyperfocus on passing numerous statutes and a Constitutional amendment granting water providers additional funding to tackle the problem, it strains credulity that the Legislature intended to disallow such a large category of market participants and taxpayers from benefiting from its legislation, disproportionality hurting rural constituents in the process. H.B. 500 cannot be construed to exclude IOUs from funding since such a construction would dilute the statute's effectiveness and feasibility of execution, as well as deny a just and reasonable result, especially when interpreted in the context of the ultimate object sought to be attained, circumstances under which the statute was enacted, legislative history, and consequences of a particular construction. Therefore, TWU requests that the adopted TWDB Plan allow for TWDB to distribute H.B. 500 funding via mechanisms beyond direct grants, and thus to all market participants rather than solely political subdivisions.

We respectfully urge the Texas Water Development Board to revisit the current plan and revise it to allow IOUs and WSCs to participate on equitable terms. A more

inclusive approach would better advance the goals of H.B. 500, promote fair treatment of Texas water customers, and ensure that all capable providers can contribute to addressing the state's pressing water infrastructure needs.

Thank you for the opportunity to submit these comments. We would welcome the opportunity to engage further and provide additional perspective as the implementation plan is refined.

⁷ See *Texas Mun. League Intergov'tl Risk Pool v. Texas Workers' Comp. Comm'n*, 74 S.W. 3d . 377, 383 (Tex. 2002).

Comment Submitted By: Sarah Kirkle, Director of Policy and Legislative Affairs, Texas Water Association on behalf of Stacey Allison Steinbach, Executive Director

Comment Date: February 4, 2026

Comment:

Attached please find TWA's comments on the Water Supply and Infrastructure Grants. We appreciate the opportunity to comment. Please do not hesitate to reach out with any questions.

Comment Attachment:

Re: Public Comment - Water Supply and Infrastructure Grants Implementation Plan

Chairwoman Stepney and Directors Franks and Morgan:

The Texas Water Association (TWA) is a nonprofit association working to promote sound water policy for the state, focusing on water supply and management. From drought to flood and everything in between, we work with our members to address the state's greatest water needs. TWA members represent river authorities, municipalities, groundwater conservation districts, other water districts such as utility, drainage, flood, and irrigation districts, and all kinds of water users, owners, and interests.

We appreciate the opportunity to comment on the proposed Water Supply and Infrastructure Grants Implementation Plan. Many TWA members have accessed Texas Water Development Board (TWDB) financial assistance programs to fund water infrastructure projects to ensure that Texas communities, industries, and residents have adequate water and wastewater service to meet the state's diverse and growing demands. Some water infrastructure projects can take decades to plan, build, and deliver water, making the availability of cost-effective financing a fundamental aspect of securing our water future.

Because TWA's diverse membership includes entities of all sizes and needs, TWA has limited comments on TWDB's proposal to allocate funds within the grant program. We appreciate that TWDB has attempted to distribute funding across a range of sizes and needs. Wherever feasible, TWA encourages TWDB to also consider opportunities to leverage the grant funding to ensure funding for implementation of *State Water Plan* projects through creative solutions to expand capacity in the State Water Implementation Fund for Texas (SWIFT) program.

The Legislature displayed great leadership passing H.J.R. 7, or Proposition 4 as passed by the voters, which will begin dedicating \$1 billion per year to the Texas Water Fund in 2027. However, the Legislature did not specifically appropriate funding to TWDB's key non-federal financial assistance programs, including the agency's workhorse program to implement the *State Water Plan* – SWIFT. TWDB should be congratulated on SWIFT's success in shaping the Texas water landscape, which is due in large part to dedicated efforts of TWDB staff in administering the program. However, as the implementation costs of new State

Water Plans continue to nearly double every five years, and TWDB's financial portfolio continues to expand, the capacity for the SWIFT program to continue to fund *State Water Plan* projects appears to be in great jeopardy. Depending on the timeline for the arrival of Proposition 4 funds and the number and size of SWIFT applications in the short term, TWDB may be facing a 3-4 year funding gap in its ability to fully finance *State Water Plan* projects.

Lack of available financing for *State Water Plan* projects, together with widespread difficulty for water providers to access or afford interest rates in the private market and increased construction costs for projects will delay and possibly discourage implementation of critical infrastructure needed to support current demand and growth. In a limited survey of TWA's wholesale water providers, we found that TWA members expect to approach TWDB for more than \$12 billion in financing for *State Water Plan* projects in the next five years. As you all know, ensuring implementation of the *State Water Plan* is of the utmost importance to Texas – the plan cites a loss of \$153 billion annually in 2070 if water plan strategies are not implemented. The *State Water Plan* cites access to funding as one of the most common impediments to implementation of projects.

Ultimately, SWIFT is in dire need of recapitalization to meet ongoing demands on the program. Outside of recapitalization, TWA encourages TWDB and the Legislature to consider creative solutions to boost the program's capacity over the next several years. If use of the \$1.038 billion from H.B. 500 is limited to grants, we encourage TWDB to consider offering grants in lieu of the interest rate subsidies traditionally offered in SWIFT, paired with a traditional loan. Because the SWIFT interest rate reductions are comparable to grants, this creative solution would mimic the benefits of the SWIFT program, without actually transferring funding into SWIFT itself.

In terms of the wider water financing landscape, use of grant funding instead of predominantly relying on loans to fund water infrastructure represents a seismic shift in the State's approach to assisting communities with their water infrastructure. While we recognize and support the need for grants in limited circumstances, Texas communities face hundreds of billions of dollars in needed water, wastewater, and flood infrastructure projects over the next 50 years. If the Legislature were to continue an approach of predominantly awarding grants instead of loans, the funding would not reach nearly as far, greatly limiting the ability of many Texas communities to move forward with their water, wastewater, or flood projects.

Comment Submitted By: Vanessa Puig-Williams, Senior Director, Climate Resilient Water Systems, Environmental Defense Fund

Comment Date: February 4, 2026

Comment:

EDF is please to submit comments on TWDB's implementation plan for HB 500.

Comment Attachment:

Re: Environmental Defense Fund Comments on House Bill 500 Water Supply and Infrastructure Funding

Dear Chairwoman Stepney,

Thank you for the opportunity to provide comments on the Texas Water Development Board's implementation plan for House Bill 500. As described in the draft implementation plan, HB 500 appropriated over one billion dollars to TWDB to support "water infrastructure and supply projects and grants as determined by the board." This language provides TWDB with extraordinary latitude and an unprecedented opportunity to shape the future of Texas water supply resilience.

House Bill 500 creates a unique moment for the Board to expand its conception of "water supply projects and infrastructure" beyond traditional approaches and to include projects that historically have not fit neatly within existing financing programs. There is nothing in the language of the legislation that would require TWDB to take a narrow approach to defining water supply projects and infrastructure.

EDF urges the Board to earmark 100 million dollars in House Bill 500 funding to support the following water supply strategies that are often underfunded in Texas:

- **Agricultural water conservation strategies**
- **Natural infrastructure projects, like watershed protection and recharge enhancement**
- **Conservation easements that protect drinking water quantity and quality**
- **Rainwater harvesting**
- **Data and science related to water supply availability**

These water projects struggle to access financing because TWDB programs are largely designed around traditional, engineered infrastructure that produce a discrete, quantifiable yield of water, are owned and operated by a single political subdivision, and commonly generate revenue to repay loans. Yet they are critical components to ensure Texas has resilient water supplies in the future.

Let's use this funding to think outside the box.

Texas has always been at the forefront of water financing and planning. The Board should take full advantage of this funding to be more innovative and pave the way for

holistic and resilient water supply planning in Texas. Agricultural water conservation strategies, rainwater harvesting, conservation easements, natural infrastructure solutions, and investments in water data and science often cannot qualify for financing under TWDB's programs because they do not fit traditional notions of "water supply" or revenue-generating infrastructure.

Yet these approaches frequently deliver distributed, long-term, and system-wide benefits—such as reduced demand, improved aquifer resilience, flood mitigation, and better planning decisions—than do discrete, pipe-and-plant projects with clear ownership and repayment structures. These benefits, while real and measurable, are typically expressed as avoided losses or improved resilience rather than new production, and they accrue across watersheds rather than to a single borrower. As a result, they frequently fall outside program eligibility or evaluation criteria despite directly supporting long-term water supply reliability. Similarly, investments in monitoring, modeling, and scientific research are foundational to responsible water supply development but are not treated as financeable infrastructure. *Consequently, some of the most cost-effective and climate-resilient water strategies remain under-supported by current financing frameworks.*

House Bill 500 provides a rare opportunity to overcome these structural barriers and ensure that water supply and infrastructure funding reflects the full range of strategies needed to secure Texas' water future.

Water supply projects are more than just pipes and pumps.

Natural Infrastructure

Natural infrastructure projects are, in many cases, water supply projects. Healthy forests and watersheds increase infiltration, reduce sedimentation, improve water quality, and extend reservoir capacity—directly protecting and augmenting available water supply. Examples include floodplain and wetland restoration that enhance groundwater recharge and improve baseflows to rivers and streams; protection of recharge zones that sustain aquifers used for municipal and agricultural supply; and conservation of working lands that maintain soil health and infiltration capacity, reducing runoff and increasing water availability during dry periods. A notable example outside of Texas is found in New York, where over the years, New York City has invested billions in watershed protection (forest conservation, riparian buffers, land acquisition) upstream of its water treatment plant to clean its water supplies instead of building a costly new water filtration plant. This investment protects the drinking water supply for over 9 million people and is explicitly treated as water supply infrastructure.

Conservation Easements

Conservation easements that prevent fragmentation or intensive development in sensitive watersheds can protect both surface water quality and long-term groundwater recharge, directly supporting reliable water supplies for downstream users. Indeed, the Board has acknowledged the critical connection between land protection and water supply through its recent loan to Comal County under the Clean Water State Revolving Fund for the purchase of conservation easements to protect water supplies in the region. And perhaps the most notable example in Texas of how conservation easements protect water supplies is San Antonio's investment in land conservation over the Edwards Aquifer. Through the acquisition of development

rights across the recharge zone, the City has conserved over 187,000 acres of land, protecting over half of the land capable of recharging the water supply for over two million residents.

If the Board is looking for “shovel ready” projects, conservation easements are an efficient, cost-effective way to spend down these funds, as they are simply legal transactions that can be executed faster than hard infrastructure.

Agricultural Water Conservation

Agricultural water conservation strategies are widely recognized as approaches to augment water supplies in arid regions where irrigation represents the largest consumptive use of water. States such as Colorado, California, and Arizona treat agricultural efficiency improvements—such as advanced irrigation technology, soil moisture monitoring, canal lining, and on-farm water management—as mechanisms to increase system-wide water availability. These investments reduce consumptive use, improve return flows, enhance aquifer recharge, and free up water for other uses without requiring new diversions or reservoirs. In Colorado, for example, agricultural water conservation programs are explicitly incorporated into basin implementation plans as “new supply” strategies because conserved water can be quantified, managed, and redeployed to meet growing municipal and environmental needs.

TWDB’s own implementation plan recognizes the connection between agricultural water conservation and water supply by including an earmark for canal lining projects, but this narrowly focused earmark misses the larger opportunity to fund an array of agricultural water conservation strategies in drought prone regions across the state. The Board needs only to look at its oversubscribed Agricultural Water Conservation Program for evidence that more funding for these approaches is direly needed across the state to reduce water supply demand.

Rainwater Harvesting

The Texas Water Development Board should explicitly allow rainwater harvesting projects to be eligible for funding under HB 500 because these projects function as cost-effective, drought-resilient water supply infrastructure that directly advance the state’s water security goals. Rainwater harvesting reduces demand on existing surface water and groundwater supplies, provides localized water supply augmentation where other alternative water supplies may not exist, and enhances system reliability—particularly during periods of drought, peak demand, and emergency conditions. Distributed rainwater harvesting systems improve water reliability in rural areas, small communities, and underserved populations that may lack access to large-scale water projects or face high costs for new supply development. These systems can be deployed quickly, scaled incrementally, and integrated into new development or retrofitted into existing buildings, making them especially valuable as near-term solutions in a state facing rapid population growth and increasing climate variability. Finally, rainwater harvesting delivers co-benefits that further justify its eligibility for funding. These projects reduce stormwater runoff and localized flooding, improve water quality by decreasing pollutant loads, and can be paired with green infrastructure to enhance community resilience. When compared to conventional supply projects, rainwater harvesting often provides water at a lower cost per acre-foot and with fewer permitting, environmental, and land acquisition challenges.

Rainwater harvesting is recognized as a water management approach by regional water planning groups. For example, the Region K Water Plan (Lower Colorado Regional Water Planning Area) includes on-site rainwater harvesting as a strategy designed to supply outdoor and non-potable indoor water uses in single-family residential, multi-family residential, and commercial buildings. Region K's analysis indicates that rainwater harvesting can provide a reliable water supply even under drought-of-record conditions if adequate storage is constructed.

EDF urges the Board to earmark HB 500 dollars to use as grants to local governments to support rainwater harvesting incentive or rebate programs. This would be an efficient way to get dollars out the door and maximize impact on the ground.

Data is Infrastructure

Additionally, the Board should ensure that projects funded through House Bill 500 dollars advance our understanding of water availability. Sound water supply planning requires robust data and monitoring. Texas cannot afford to invest heavily in new water supply development without a clear understanding of the availability of the resource being developed or the impacts that development may have on other water supplies. This concern is especially important for projects involving groundwater, including brackish groundwater production, where pumping may affect freshwater aquifers, springs, or connected surface waters.

Accordingly, the Board should allow HB 500 dollars to be used to cover costs related to drilling groundwater monitoring wells and equipping these wells with monitoring equipment, in addition to costs associated with data storage and analysis. TWDB should also require, as a condition of grant eligibility, that projects involving groundwater development submit a groundwater monitoring plan approved by the applicable local groundwater conservation district, where one exists. Such plans should include baseline data collection and long-term monitoring. Incorporating monitoring and data collection into water supply projects is not ancillary—it is essential to ensuring that public funds are used responsibly and that water supplies remain viable over time.

Conclusion

In conclusion, House Bill 500 offers the Texas Water Development Board a once-in-a-lifetime opportunity to rethink how water supply projects are defined, funded, and evaluated. By embracing natural infrastructure, prioritizing data and monitoring, and ensuring a balanced portfolio of investments, the Board can maximize the return on this historic investment and leave a lasting legacy for Texas water security. Thank you for your consideration of these comments and for your continued leadership on Texas water issues.

Respectfully,

Vanessa Puig-Williams
Senior Director, Climate Resilient Water Systems
Environmental Defense Fund

Comment Submitted By: Trey Gerfers, General Manager, Presidio County Underground Water Conservation District

Comment Date: February 4, 2026

Comment:

Please find attached the public comments on the HB 500 Implementation Plan from Presidio County.

Kindly acknowledge receipt.

Comment Attachment:

Comments on the Proposed Water Supply and Infrastructure Grants Implementation Plan

These comments on behalf of the disadvantaged, rural communities of Presidio County are based on past experience with TWDB's funding programs. We are encouraged to learn that the language of HB 500 means that "most policies and requirements that apply per statute or rule to the existing programs will not apply to this funding." We also whole-heartedly agree with the implementation plan's objective to achieve a "simplified project prioritization for allocating available funding."

However, since House Bill 500's stated purpose for the appropriation is "water and infrastructure and supply projects and grants *as determined by the board* [emphasis ours]," we believe that the proposed Implementation Plan could go further in meeting its goal "to simplify and expedite the ranking process" by simply prioritizing the eligible water projects already approved by the Board in its Intended Use Plans. Prioritization of eligible projects listed in the IUPs would obviate the need for another round of applications because:

1) The projects have already been vetted based on even more stringent criteria than the "Proposed Requirements for Water Supply and Infrastructure Grants."

2) The projects approved in the IUPs already "provide the greatest benefit to disadvantaged communities serving the greatest number of people."

3) The entities identified in the IUPs have already submitted financial audits and entered into loan agreements with the Board.

4) These entities have already proven their financial bona fides through timely loan payments and adherence to the Board's outlay-request protocols.

and

5) The Board's in-house engineers, who already possess in-depth knowledge of these projects through their extensive, multi-year review and approval processes, can provide the Board with any additional information necessary to prioritize projects for HB 500 funding.

Barriers to access

We believe that a new round of applications for these funds poses a host of issues that effectively bar access by disadvantaged, rural communities, including:

1) The financial audit requirement

Many rural communities are chronically behind on their financial audits. This is not due to malfeasance or incompetence. It is simply due to a lack of sufficient financial and human resources. Among its 7,000 residents, Presidio County has exactly two certified public accountants, one in private practice and one who serves as county auditor. Despite these challenges, Presidio County completes its financial audits on a regular basis, just not at the pace routinely demanded by the TWDB. Rural communities with eligible, ongoing TWDB-funded projects should not be required to submit financial audits before they can obtain HB 500 funding. Submission of financial audits as they become available, along with good loan payment history and adherence to the Board's existing outlay-request protocols provide ample protection against loss or misuse of these funds.

2) Costly consultants

Due to the lack of human resources mentioned above, rural communities often must hire outside consultants to complete their applications for them. For example, Presidio County paid a grant writer over \$60,000 to complete its EDAP application in 2022-2023. If one assumes that these sorts of consultants are completing dozens, perhaps hundreds of applications a year, the inevitable result is that millions of dollars end up in the pockets of consultants, instead of going toward the completion of actual projects. Because consultant fees can often be covered by the grant itself, we believe that a new round of applications constitutes an unnecessary waste of precious funds.

Furthermore, the proposed implementation plan states that "Implementation is subject to the Texas Grant Management Standards, Chapter 783 of the Texas Government Code." According to Sec. 783.002, "It is the policy of the state to promote the efficient use of public funds in local government and in programs requiring cooperation among local, state, and federal agencies." We believe the redundancy of this application process is by definition an inefficient use of these funds.

3) Time constraints

The application process is time-consuming. It is also, seemingly by design, rushed and stressful. Even if outside technical assistance providers are hired on a *pro bono* basis, entities must still expend their limited human resources to work with those providers to complete what we believe to be redundant applications for later phases of projects previously approved by the Board.

Eligible entities and projects have already been vetted and approved in the IUPs. There is no need for another application process. The Board already has the information it needs to proceed with the identification of eligible entities and the funding of their approved projects.

Other comments on the proposed requirements for water supply and infrastructure grants:

"Project Phases Eligible for Funding"

We believe that HB 500 funding should be used exclusively for the completion of TWDB projects previously approved by the Board in the IUPs. This will provide the biggest "bang for the buck" and the most expedient path toward achieving closure for the many incomplete projects the Board has already approved and partially funded.

"Tiebreaker"

We believe giving preference to communities based on the amount of time they have gone without TWDB funding is misplaced. HB 500 funding will achieve its greatest benefit by going toward construction of ready-to-proceed projects. If any money is remaining, it can be dedicated to funding any other phases of projects the Board has already partially funded. Diluting the power of this funding by giving preference to communities that have no recent record with the Board wastes time and diverts funding away from project completions. We believe that these communities can be served just as well by existing TWDB programs. Once new entities have been thoroughly vetted through the application process of existing TWDB grant/loan programs, they should then be considered eligible to receive subsequent funding with no need for another round of applications.

"reimbursement for planning and design costs ... incurred 6/22/2025 or after"

We believe that the use of HB 500 funds for the reimbursement of any planning and design costs should be reconsidered. The entities already expended those funds with full knowledge of the costs and conditions of those expenditures. Draining away some of this funding to reimburse entities detracts from the greater benefit to be derived from this money through the completion of the greatest possible number of projects previously approved by the Board.

"Projects must be consistent with the 2027 State Water Plan"

It was pointed out during the webinar that the 2027 State Water Plan does not yet exist. We believe that this criterion represents an unnecessary burden because under-resourced applicants will waste time searching for this plan. Requiring consistency with a non-existent plan also undermines Board credibility.

Conclusion

The Board's existing funding programs serve as a gateway for communities to access the assistance they need to get their projects built. These programs already involve a high level of vetting and review that ensures the viability of the projects and the financial compliance of the applicants. All of this effort ultimately culminates in the approval of these projects by the Board in its Intended Use Plans, the entry of the Board into loan agreements with these entities, and the planning, acquisition, and design of these projects.

We believe that HB 500 provides a unique opportunity for the Board to not only fund the completion of water supply and infrastructure projects at unprecedented speed, but also to reduce the barriers to access by relying on its own IUPs to identify eligible projects for expedient funding without the need for another round of applications. Our comments seek to amend the proposed implementation plan in order to best ensure commonsense safeguards for public funds, redirect consulting fees toward actual project completion, reduce stress on under-resourced communities, and eliminate redundancy.

Focusing one-time HB 500 funding on the completion of projects the Board has already approved and partially funded could be the most expedient and logical approach to maximizing the return on the Board's previous investments in these projects. If the Board insists on another round of applications, which we believe to be redundant, many of these projects could be left stranded indefinitely, precisely because of the time, money, and effort required to submit yet another application to fund the completion of these self-same Board-approved projects.

We thank you for your attention and for the opportunity to submit these comments.

Comment Submitted By: Bianca Arriaga, REHS, Utility Grants Program Manager, El Paso Water

Comment Date: February 4, 2026

Comment:

Please see attached for EPWater's comments pertaining to the Water Supply and Infrastructure Grants Implementation Plan. The electronic form was completed, but the provided comment field size did not accommodate the length of comments. The document is being emailed as requested in the Office form. Thank you for the opportunity to provide input.

Comment Attachment:

Re: Public Comment on Water Supply and Infrastructure Grants Implementation Plan

To Whom It May Concern,

El Paso Water (EPWater) appreciates the opportunity to provide public comment on the Texas Water Development Board's (TWDB) proposed Water Supply and Infrastructure Grants Implementation Plan.

EPWater recognizes the intent of House Bill 500 to direct funding toward communities with the greatest need and acknowledges the importance of deploying these funds efficiently and within the required timeframe. We commend the TWDB for developing a streamlined framework intended to expedite project delivery and maximize near-term benefits to Texans.

Scoring Criteria and Consideration of Additional Factors

EPWater notes that the primary proposed project prioritization criterion places significant emphasis on Annual Median Household Income (AMHI). While EPWater agrees that AMHI is an important and appropriate metric for identifying disadvantaged communities, we respectfully request that TWDB consider assigning additional weight to other factors that can further optimize the long-term value of these investments.

Specifically, EPWater encourages the inclusion of long-term sustainability as a scoring consideration. Projects that enhance system resilience, reduce lifecycle costs, improve water-use efficiency, or otherwise support sustainable water supply strategies can effectively leverage grant funding by producing benefits well beyond the initial capital investment. Recognizing sustainability within the scoring framework would help ensure the greatest cost-benefit ratio and enduring public value from these one-time funds.

Projects with Dual Community and Military Benefits

EPWater also recommends consideration for projects that provide dual benefits to civilian communities and nearby military installations. While there are grant programs specifically targeted toward military support, projects that simultaneously strengthen regional water infrastructure for both municipal and military users represent an opportunity for funding optimization. Giving additional consideration to such projects

would enhance regional resilience, support national defense assets, and maximize the return on public investment.

Wholesale Benefits Provided by Retail Utilities

With respect to wholesale water considerations, EPWater acknowledges that the current implementation plan includes separate scoring methodology for wholesale water providers. However, EPWater encourages TWDB to also consider wholesale benefits generated by retail providers. Many retail utilities provide significant regional value by supporting wholesale customers, emergency interconnections, or system redundancies. Recognizing these wholesale benefits, even when provided by retail entities, would better reflect the full scope of public benefit delivered by certain projects.

Clarification on Eligibility of Multi-Phase Projects

EPWater further requests clarification regarding the eligibility of multi-phase projects. The current implementation plan indicates that individual project phases may be eligible for funding; however, additional clarity would be helpful to confirm that projects for which earlier phases have already been completed or are currently underway remain eligible for consideration for future phases. EPWater understands and agrees that prior phases already funded or completed would not be eligible for reimbursement, but inclusion of subsequent phases would acknowledge the reality of large, complex infrastructure projects that are necessarily implemented over multiple stages.

Design Phase and Readiness Considerations

Finally, EPWater understands and supports the need to prioritize ready-to-proceed projects in order to ensure timely expenditure of funds and successful project delivery. At the same time, EPWater respectfully urges TWDB to consider projects that are well advanced in the design phase, even if they have not yet reached 100 percent design completion.

The design phase represents a substantial financial and institutional commitment by a utility and is a strong indicator of project viability and intent to construct. Given the timing of this grant opportunity, there may be important projects already in active design that would otherwise be excluded under a strict ready-to-proceed definition. Allowing limited flexibility for such projects would better align with the goal of funding impactful infrastructure while still ensuring a high likelihood of completion.

Conclusion

EPWater appreciates the TWDB's efforts to implement HB 500 in a manner that balances urgency, equity, and accountability. We respectfully submit these comments for consideration and look forward to continued collaboration with the TWDB to ensure that this historic funding opportunity delivers lasting benefits to Texas communities.

Thank you for the opportunity to comment.

Sincerely,
EI Paso Water (EPWater)

Comment Submitted By: Tom Entsminger, Policy Director, Texas Coast and Water Program

Comment Date: February 4, 2026

Comment:

Please see attached comments submitted on behalf of Texas Living Waters and other organizations. Thanks so much for all your work in reviewing these, and please feel free to let me know if you have any questions.

Comment Attachment:

Re: Water Supply and Infrastructure Grants (WSIG) Implementation Plan

To Whom it May Concern:

The appropriation to TWDB for “water infrastructure and supply projects and grants as determined by the Board” in HB 500 presents a unique opportunity to meaningfully address our state’s water needs. The following comments and recommendations are respectfully submitted on behalf of a wide range of organizations united in our desire to secure a Texas-sized return on the state’s investment. We hope our input will support this outcome, though we recognize that some aspects of the WSIG (such as the inability to award funds to Water Supply Corporations and the influence of the biennial legislative cycle on the timeline for funding commitments) are not under your direct control. We appreciate the efforts undertaken by staff to develop the proposed implementation plan with detailed policy considerations for public comment.

Applicant Eligibility

The implementation plan provides a thorough explanation for the fact that nonprofit Water Supply Corporations (WSC’s) are not eligible to receive WSIG funds despite being eligible recipients under other TWDB programs. While this is unique within the context of TWDB funding, other funding sources such as the federal Community Development Block Grant (CDBG) program have similar limitations. Since WSC’s are an important element of the water utility industry and many serve rural and/or economically disadvantaged communities, they have become accustomed to working with municipalities to secure and utilize public funding through interlocal agreements or the creation of regional entities. These agreements are often important for the completion of projects in colonias along the Texas-Mexico border, where WSCs are often the primary or only water service provider. To ensure WSIG funds are distributed fairly across the state and can be deployed where they are most needed, WSC’s and their potential partners need clarity on whether such arrangements would allow their service areas to benefit from WSIGfunded projects.

Recommendation: Provide clarified outreach on opportunities for WSC’s to participate in WSIG projects. This may include interlocal agreements through which municipalities or counties apply for funds on a WSC’s behalf or regional entities formed for the purpose of advancing projects with regional benefits. Our

organizations favor participation by WSCs to assure that all areas of the state can benefit from the more than \$1 billion available under this funding stream.

Project Eligibility

When Governor Abbott identified water as an emergency item just a few minutes into his 2025 State of the State address, he highlighted specific concerns about long-term water supply and water loss through aging infrastructure. These focus areas make sense, as both are statewide issues that have the potential to become a limiting factor on our population and economic growth. They are also affordability issues impacting millions of Texas ratepayers as utilities balance their current and future infrastructure needs and seek innovative solutions to use water more efficiently. Through TWDBs experience administering programs that fund water projects, you know that the lines between eligible project categories can begin to blur as applicants propose creative solutions with multiple benefits and “soft infrastructure” such as asset management and other operational improvements that allow utilities to more effectively prevent water loss. Last year’s expansion of the Texas Water Fund to include wastewater and reuse projects is a recognition that such broad thinking is beneficial. TWDB’s sophisticated understanding of these issues should prevent narrow interpretations that restrict the options available for communities to address their water supply and infrastructure issues.

Recommendation: Adopt a broad and inclusive interpretation of “water supply and infrastructure” and facilitate innovative approaches by highlighting the eligibility of activities such as source water protection, conservation, nature-based solutions, and demand reduction efforts. Drainage, flood control, or wastewater projects that result in a water supply benefit or improve source water quality and decentralized water supply strategies such as rainwater harvesting should also be eligible for WSIG funding by the same logic that justifies the inclusion of water reuse and water loss reduction projects. Additionally, the board should highlight eligibility for projects that incorporate nature-based solutions or water reuse (as these approaches typically provide multiple co-benefits) as well as projects that include a local cost-share component.

Environmental Reviews

When awarding funds through its standard financial assistance programs, TWDB performs thorough financial and environmental reviews to ensure that state funds are not awarded to entities that are unable to repay loans or for projects that violate state environmental laws. It is reasonable to eliminate or greatly reduce the financial portion of that review when no loan component is involved, but we are concerned about the precedent established by the decision not to perform environmental reviews for WSIG projects. Allocating state funds to projects that may encounter environmental issues should be considered a significant risk that can be mitigated with a straightforward review. Although we appreciate the fact that applicants are required to affirm their compliance with all relevant laws, we feel the agency’s standard environmental reviews are as justified for WSIG as they are for any other TWDB funding opportunity.

Recommendation: Conduct basic staff-level outreach to sister agencies that do have a more direct environmental regulatory function - such as the Texas Commission on Environmental Quality or the General Land Office - to assure that a review to confirm compliance with relevant environmental law is conducted on some

level, even if not more directly by TWDB staff. Award additional points to prioritize projects that have undergone environmental review by another agency (such as those that previously received partial state or federal funding.) If environmental reviews are not performed, identify project types or categories associated with the least degree of environmental risk and award additional points to projects in these categories.

Population Brackets and Funding Allocations

The implementation plan establishes population brackets with per-project funding caps and targeted total funding, based on an analysis of recent demand for the Drinking Water State Revolving Fund (DWSRF) program. We appreciate the effort to develop a data-driven plan, but demand for DWSRF loans may not accurately predict the demand for a one-time grant opportunity and does not consider disparities in the impact of those grants among communities of various sizes. We recognize the effort to make sure this opportunity is available to communities of all sizes, but the impact of grants is often much greater for smaller, less-resourced utilities with more limited revenue. The proposed funding caps for each population bracket appear to indicate that this part of the implementation plan is oriented more toward managing workload than maximizing impact, and leaves smaller communities with less opportunity

Recommendation: Add a category for service area populations of 1,000 or less, increase proposed allocations toward the smaller end of the population scale, and prioritize smaller populations in allocating the \$131 million currently held in reserve. These adjustments would bring the plan into closer alignment with the distribution of populations and funding needs across the state while deploying the majority of the funds in areas where they are likely to have the greatest effect. An approach that the TWDB could consider is utilizing population-aligned funding targets such as those proposed by the Environmental Policy Innovation Center (based on the existing population brackets):

| Population | Current Funding Target | Proposed w/Population Alignment |
|---------------------|-------------------------------|--|
| <10k | \$71,000,000 | \$174,100,000 |
| 10,001 - 150k | \$142,000,000 | \$295,600,000 |
| 150,001 - 1 million | \$181,000,000 | \$164,800,000 |
| >1 million | \$400,000,000 | \$159,500,000 |
| Total | \$794,000,000 | \$794,000,000 |

Outreach and Technical Assistance

Getting the most out of the WSIG will require sharing it with all eligible applicants – even those not already in TWDB’s contact list. Substantial grants for water infrastructure are scarce, and the WSIG solicitation will likely generate interest from entities who do not regularly pursue TWDB financial assistance or have been

unable to satisfy TWDB's financial review in the past. Identifying and pro-actively marketing the program to these entities would promote the greatest possible distribution of WSIG funds statewide and help prevent the opportunity from being missed by communities that stand to benefit the most from it.

The ability to utilize the appropriation for "water infrastructure and supply projects and grants" seems to indicate the funds could be used for non-project activities such as technical assistance. Supporting this type of work would be beneficial and a good use of grant funds, as it could place additional utilities in position to participate in TWDB's financial assistance programs going forward by helping them catch up on audits, water conservation plans, and other required documentation.

Recommendation: Conduct targeted outreach to communities that do not typically participate in TWDB programs or would qualify for WSIG despite struggling to satisfy TWDB's standard underwriting requirements. Allow funds for grant writing support and assistance with audits, water conservation plans, water use surveys, and other work that supports general eligibility for TWDB's financial assistance. Highlight the eligibility of these activities in outreach messaging.

Funds for Canal Lining and Conversion Projects

We appreciate the set-aside for canal lining and conversion projects insofar as it reflects a commitment to water conservation and pro-active interagency coordination. Canals are an important part of our state's water infrastructure, but they are notorious for losing large quantities of water through both seepage and evaporation and irrigation districts generally lack the revenue necessary to secure loans for projects that would improve efficiency. Canal lining addresses half the concern by eliminating seepage, but evaporation remains a source of significant loss for lined canals. Conversion to underground conveyance addresses both seepage and evaporation, but is much more costly. Although the NADBank program only provides funding for traditional structural solutions, other options exist to minimize evaporative loss. Canal seepage has long been associated with the prevalence of invasive vegetation such as Carrizo cane, but vegetation management can involve the strategic planting of native species to shade canals and substantially reduce evaporative loss. Native vegetation consumes much less water than Carrizo cane and subsequently loses far less to evapotranspiration while providing invaluable habitat for native wildlife.

In addition, while we recognize that the specific project mentioned in the memo has undergone extensive review and collaboration through the NADBANK process, setting aside a specific amount of money for a specific project is not in keeping with the idea of a competitive process to secure money from this legislative allocation. The legislature could have chosen to directly allocate funds to this project as they did for many others but chose not to. Rather than limiting set-aside eligibility to projects that are participating in NADBank's program, making it available to projects that are eligible for the federal funds without limiting it to those that are actively pursuing them would make state funds accessible for additional projects that achieve the same kind of conservation benefits.

Recommendation: Maximize the amount of water conserved through TWDB's collaboration with NADBank by prioritizing conversion projects. Clarify and highlight

the eligibility of other approaches to improving efficiency such as vegetation management. Rather than tying eligibility directly to this specific NADBank program, make funding from this set-aside available to similar projects along the border that are eligible for NADBANK funding but may not have pursued it.

Thank you for the opportunity to submit these comments. We appreciate the value TWDB places on public input and the time spent considering our suggestions.

Comment Submitted By: Sarah Anderson, Senior Intergovernmental Affairs Coordinator, City of Corpus Christi on behalf of Nicholas J. Winkelmann, Interim Chief Operating Officer, Corpus Christi Water

Additional Authors/Contributors: Ryan Skrobarczyk, Nick Winkelmann, Emily Fauver, Joshua Kawinski, Kamil Taras, Esteban Ramos

Comment Date: February 4, 2026

Comment:

Please see our public comment attached.

Comment Attachment:

RE: Feedback for HB 500 Water Supply and Infrastructure Grant

Dear Chairwoman Stepney,

Thank you for giving us the opportunity to provide feedback on the Water Supply and Infrastructure Grant. We fully support the Texas Water Development Board's (TWDB) efforts to quickly deploy the funding provided by the Texas Legislature.

We urge the TWDB to modify the rules for the Water Supply and Infrastructure Grant (WISG) program to award priority points to water supply projects, specifically for shovel-ready projects in areas facing near-term supply shortfalls. The City of Corpus Christi and its utility, Corpus Christi Water (CCW), is the regional water provider to a seven-county region currently suffering from prolonged drought, resulting in our *two* reservoirs on the Nueces River being below 10% combined capacity. At present, models project regional curtailment may begin as soon as November 2026. CCW is taking the necessary steps to produce an additional 70 - 90 million gallons per day (MGD) to simply sustain current needs. This grant program will be instrumental in reducing the ratepayer impact of these emergency projects.

Our comments on the proposed implementation plan can generally be classified into two categories: recommended changes and requested clarifications.

Purchase of Water Rights

We request clarification that expressly allows WISG funding to be used for water rights acquisition by any population service entity. The City of Corpus Christi is rapidly developing groundwater projects in Nueces and San Patricio counties, both of which involve the purchase of groundwater rights. Several of the requirements in the proposed rules specify whether a small or large entity is eligible to use the funds for various project phases. However, the implementation plan "funding for water rights acquisition" does not make this distinction. We urge the Board to ensure any utility can quickly secure new water sources by deploying WISG funds to purchase water rights.

Scoring

The implementation plan includes "optional scoring of additional points," which creates ambiguity and uncertainty about how projects will be scored. Delineating the number of points available in the "optional" category would help applicants choose projects best suited for this grant. We would support adding points to the scoring criteria for matches of local dollars. This ensures that local communities are truly invested in the delivery of these projects.

Additionally, we request that the Board clarify whether a retail provider that provides some wholesale water should include the Annual Median Household Income (AMHI) of all its wholesale water customers in its service area for the AMHI calculation. Please clarify that this will not result in disqualification (through the "one application" policy) in the event a wholesale customer also applies for WSIG funding.

US Iron and Steel

We ask for clarification on whether US iron and steel requirements apply to the entire project when this grant is combined with local funding. At present, local governments may have otherwise eligible "shovel-ready" projects going to bid that comply with local government procurement rules and do not require US iron and steel specifications. We would also like to know whether the same US iron and steel exemptions apply to this grant as they do to other TWDB programs.

If the requirements do apply to the entire project, we request that construction-ready projects be eligible for the grant, with the caveat that design can be altered during/ shortly after grant awarding to include US iron and steel requirements. Giving applicants time to edit a project's design to match unforeseen design requirements would allow us to choose the project best suited for this grant.

Requirement clarifications

Please clarify what "consistent with the 2027 State Water Plan" entails. Numerous Interpretations of this phrase exist, with examples ranging from "the project must be one of the water supply strategies listed for that entity in the 2027 State Water Plan" to "the project simply needs to be a strategy type identified in that region of the State Water Plan". Additionally, how can we ensure that our project is consistent with this plan when it has not yet been published?

For time-sensitive projects, Construction Manager-at-Risk and other alternative delivery methods that allow concurrent construction and design can represent the fastest and most seamless option. However, it is unclear if this delivery method is allowed under the "readiness to proceed with construction" requirement.

Lastly, we request clarification regarding the procurement requirements and construction solicitation timeline for WSIG funded projects. Details such as when shovel ready construction projects can be advertised for solicitation of bids and awarded will help applicants select appropriate projects. If required, please provide the TWDB Front End Documents and/or any other documents required to be included in the bid package for the construction contract.

Reimbursements

We request that entities with a population greater than 150,001 are eligible for reimbursement of project costs that started construction in calendar year 2026. This would prevent delaying critical water supply and infrastructure projects. The longer the time between a project's design and construction results in increased costs and introduces opportunity for potential issues to develop.

The City of Corpus Christi supports the State taking a direct financial role in funding solutions to our regional water crisis. Thank you for taking the time to address our questions and provide clarification. Our team at Corpus Christi Water looks forward to partnering with the Texas Water Development Board to address our growing need.

Comment Submitted By: Rhonda Hoffman, Nexus Water Group on behalf of Rob MacLean, President & CEO

Comment Date: February 4, 2026

Comment:

Please see the attached letter.

Comment Attachment:

Dear Chair and Members of the Texas Water Development Board,

I have the privilege and I am deeply honored to lead a group of 1300 employees at Nexus Water. We are a Sugar Land, Texas based private, regulated utility that serves about 1.3 million customers in 20 states across this great nation. In Texas, our subsidiary Texas Water Utilities is the largest subsidiary in our company, proudly serving as the water and wastewater utility for Texans across 51 counties. I am taking the time today to submit comments on your rule making for Texas House Bill HB500. A few facts for your consideration:

1. All of our customers in Texas are subject to state sales tax. They pay into the sales tax coffers of the state of Texas and should be entitled to receive equitable benefit just as any other resident of Texas.
2. All our eligible voting customers had a say in passing the ballot measure for HB 500 and likely believed the benefits from a yes vote could impact them positively.
3. Our business in Texas is a Public Utility, and we operate Public Water Systems as defined by the Texas Commission on Environmental Quality for the benefit of our ratepayers, Texas residents and customers.
4. All our activities, including the rates we charge our customers, are regulated by the Public Utilities Commission of Texas.
5. We have routinely accepted the call to purchase, operate and turn around some of the worst designed, maintained and operated public utilities in the state. These systems are often ignored by local and county governments who don't possess the determination or skill to bring these systems into compliance. These systems are among the most deserving in the state for grants from HB500.
6. In the event our Texas subsidiary was selected to receive a grant from the TWDB, 100% of the grant would be applied to lower our rate base and the benefit of the grant would therefore flow 100% to our customers and there would be no private benefit. This fact is easily verifiable, auditable and can be so ordered by the Public Utilities Commission of Texas. Other states in our nation have practices in place to distribute federal and state grants to utilities regulated by public utility commissions.
7. Nexus Water and its subsidiaries produce audited annual financial statements that are accessible to our regulators and the TWDB.

Based on the facts above, it is demonstrable that the TWDB should allow private, regulated water and wastewater utilities (i.e. those regulated by the Public Utilities Commission of Texas) to participate in the HB 500 grant program. To do so would be equitable, legal and would allow for a nexus between state sales taxpayers and the benefits of HB500.

Thank you for the opportunity to submit these comments.

Comment Submitted By: Rik Hull, National Association of Water Companies

Comment Date: February 4, 2026

Comment:

The National Association of Water Companies offers the attached comments to the Texas Water Development Board's Water Supply and Infrastructure Grants Implementation Plan.

Please do not hesitate to contact me with any questions.

Comment Attachment:

RE: Water Supply and Infrastructure Grants Implementation Plan

Dear Members of the Water Development Board:

On behalf of the National Association of Water Companies (NAWC), I offer the following comments on the Texas Water Development Board's (Board) proposed Water Supply and Infrastructure Grants Implementation Plan.

First, NAWC congratulates the government and citizens of Texas for taking an important step in securing their water future. There are few things more important than water as Texas's population and economy continue to grow at enviable rates. Having the foresight to make this important investment will undoubtedly pay dividends.

As the national trade association representing private, regulated water and wastewater providers all around the country, including eight members serving over 700,000 Texans, NAWC has significant concerns about the proposal to preclude the Water Development Board's private customers from funding eligibility under the plan. We believe the Board should reconsider this decision for multiple reasons.

First, we believe the reliance of Article III, Section 44 of the Texas Constitution is misplaced. Section 44 states that the Legislature:

shall not . . . grant, by appropriation or otherwise, any amount of money out of the Treasury of the State, to any individual, on a claim, real or pretended, when the same shall not have been provided for by preexisting law[.]

A plain reading of this section is that the Legislature may not give money directly to any person (including a corporation) unless doing so was allowed prior to the section's enactment in 1876. The relevant portion of HB 500, Section 6.02 states that:

"The amount of \$1,038,000,000 is appropriated from the general revenue fund to the Water Development Board for the two-year period beginning on the effective date of this Act to be used for water infrastructure and supply projects and grants as determined by the board."

Thus, under this structure, the Legislature appropriated money to the Board for the Board to award grants for water infrastructure projects. The Legislature did not direct the Board to award any of amount of the appropriation to any person or class of people (or company or class of companies) in violation of Article III, Section 44. Nor

did the Legislature place any conditions on the Board's decision-making whatsoever other than that the grants must be for "water infrastructure and supply projects." In other words, once the funding was appropriated to the Board, the Legislature ceded decision-making authority on who the grant recipients should be to the Board. For this reason, awarding of a grant to a private company by the Board cannot be construed as the Legislature granting or appropriating money in violation of Article III, Section 44.

This interpretation is supported by the fact that private water companies are eligible to participate in Texas's Drinking Water State Revolving Fund program, while the state matching requirement can be met either by "appropriated funds or bond proceeds."¹

Moreover, sound public policy favors allowing customers of private utilities to benefit from these funds. The hundreds of thousands of customers of private water utilities pay the same taxes, and deserve the same benefits of those taxes, as customers of municipal utilities. And awarding grants to private utilities benefits their customers in the exact same way as customers of municipal utilities: by having lower infrastructure costs. Under basic utility ratemaking principles, none of the money granted can be retained by the utility to benefit shareholders, and even if that were not the case, the Public Utility Commission of Texas would not allow it.

For these reasons, NAWC respectfully requests that the Board reconsiders this proposal to allow customers of private water providers to benefit from these important funds.

Comment Submitted By: Quinn Potter, Grants Coordinator, Harris County Flood Control District on behalf of Tina Peterson, Ph. D., P.E., Executive Director

Comment Date: February 4, 2026

Comment:

The Harris County Flood Control District appreciates the opportunity to comment on the Texas Water Development Board's Water Supply and Infrastructure Grants Implementation Plan. We respectfully offer the attached recommendations for consideration.

Comment Attachment:

Subject: Public Comments on TWDB Water Supply and Infrastructure Grants Implementation Plan

Dear Mr. McMath:

The Harris County Flood Control District appreciates the opportunity to comment on the Texas Water Development Board's Water Supply and Infrastructure Grants Implementation Plan. Overall, we feel several provisions may unintentionally limit participation in the program and exclude critical infrastructure needed for comprehensive water management across the state. We respectfully offer the following recommendations for consideration.

Eligibility of Drainage, Flood Control, and Wastewater Projects

The implementation plan excludes drainage, flood control, and wastewater projects from eligibility. These project types were intended to be eligible uses of the Water Supply and Infrastructure Grants and are critical components of comprehensive water management, public safety, and environmental protection. Given the urgent need for flood infrastructure across the state and the potential for flood mitigation projects to serve as alternative water supply sources, we recommend revising the implementation plan to include drainage, flood control, and wastewater projects as eligible categories.

Project Readiness Requirements for Entities with Populations Greater Than 150,000

The plan limits entities with populations greater than 150,000 to submit only construction-ready projects with 100% design completion, all environmental reviews complete and permits approved by TCEQ. This requirement may significantly limit large communities from participation, as it requires project sponsors to fully design and permit projects while funding availability for construction remains uncertain. This approach is not aligned with typical project development timelines and may discourage broader participation. We recommend allowing a broader range of project stages for larger entities, including planning, land acquisition, design, and construction, to better support realistic implementation schedules and encourage participation across communities of all sizes.

Prohibition on Pre-Award Reimbursements for Larger Entities

The implementation plan does not allow pre-award reimbursements for entities with populations greater than 150,000. This restriction may create financial challenges for applicants that must incur substantial upfront costs to advance projects to the

required stage. Without reimbursement flexibility, large entities may be discouraged from pursuing projects that require early investment in planning, design, and permitting. We recommend allowing pre-award reimbursements for eligible costs incurred prior to award execution, consistent with the flexibility already provided to smaller entities.

Environmental Compliance Affidavit Timing

The implementation plan requires applicants to submit an affidavit certifying compliance with all applicable local, state, and federal environmental regulations, including completion of all coordination and permitting. This requirement may create timing challenges by effectively requiring applicants to pause at a very specific point in the project lifecycle to apply for funding, which may not align with realistic project development schedules. We recommend providing additional flexibility in the timing of this certification, such as allowing conditional approvals or permitting certain requirements to be completed post-award.

Thank you again for the ability to comment on the implementation plan. We appreciate TWDB's efforts to support critical water infrastructure investments across the state and encourage consideration of these recommendations to ensure the program is accessible and aligned with the full range of community infrastructure needs.

Comment Submitted By: Scott Moorhead, Chief Executive Officer, Texas Water Trade

Comment Date: February 4, 2026

Comment:

Thank you for the opportunity to provide comment on HB500. Please see attached, and thank you.

Comment Attachment:

Re: Comment on Water Supply and Infrastructure Grants Implementation Plan
(House Bill 500)

Dear Chairwoman Stepney:

Thank you for the opportunity to provide comments on the Texas Water Development Board's implementation of House Bill 500. Texas Water Trade (TWT) appreciates the Board's leadership in administering this historic investment in Texas' water future and its recognition that the statutory language of HB 500 provides flexibility to support a wide range of water supply and infrastructure solutions.

TWT believes that HB 500 presents a rare opportunity for the Board to adopt a broad, forward-looking interpretation of "water supply projects." Such an approach should reflect the realities facing small systems, rural communities, and colonias across Texas, as well as the growing need for distributed, resilient, and cost-effective approaches to water reliability.

Clarifying eligibility for treatment and decentralized systems as water supply projects

TWT respectfully recommends that the Board clarify that water treatment and decentralized systems may qualify as eligible water supply projects under HB 500 when they make existing but currently unusable water sources viable. In many rural communities and colonias, physical water is present but inaccessible due to contamination from naturally occurring constituents such as arsenic or fluoride, or due to aging and inadequate infrastructure.

Decentralized and point-of-use treatment systems that bring these impaired sources into regulatory compliance effectively increase available water supply without the need for new reservoirs, groundwater development or long-distance conveyance. Recognizing these projects as water supply initiatives would align with the purpose of HB 500, improve equity in funding access, and deliver immediate, measurable benefits to communities that often face the greatest barriers to traditional infrastructure financing.

Supporting capacity building as an integral component of water supply projects

TWT also recommends that the Board explicitly allow HB 500 funding to support operator training, community education, and operations and maintenance planning as integral components of eligible water supply projects. For decentralized systems and small utilities in particular, long-term performance, regulatory compliance, and

public health protection are determined as much by local capacity as by physical infrastructure.

Without adequate training, user education, and operations and maintenance planning, even well-designed systems are at risk of failure. Allowing these elements to be included as eligible project costs would improve project durability, protect public investment, and reduce the likelihood of future compliance issues. This approach would help ensure that funded projects deliver sustained water supply benefits over time rather than short-lived gains.

Enabling water efficiency, rainwater harvesting, and reuse retrofits at public facilities

Finally, TWT recommends that the Board consider opening a clear pathway for political subdivisions to petition for grant funding to support water efficiency and reuse retrofits at public facilities. These facilities may include libraries, city halls, community centers, nature centers, and similar civic buildings. Projects of this type can often be implemented quickly, at relatively low cost, and with verifiable water savings.

Eligible activities should explicitly include rainwater harvesting systems, on-site non-potable and potable reuse, and other distributed water strategies that reduce demand on centralized surface water and groundwater supplies. Rainwater harvesting, in particular, functions as cost-effective and drought-resilient water supply infrastructure. It can be deployed quickly, scaled incrementally, and integrated into both new construction and existing buildings, making it especially valuable for small communities and underserved areas where conventional supply options may be limited or cost prohibitive.

The Board could establish or request a standard minimum annual water savings threshold, consistent with existing best management practices, to be documented by the project designer or contractor. This approach would ensure accountability while unlocking opportunities for strategies that combine efficiency, reuse, and rainwater harvesting. These strategies improve system reliability during drought and peak demand periods while providing co-benefits such as reduced stormwater runoff and localized flooding.

Allowing grant funding for these types of projects would complement traditional supply investments, extend the impact of HB 500 dollars, and demonstrate how distributed solutions can play a meaningful role in meeting Texas' long-term water needs.

Conclusion

House Bill 500 gives the Texas Water Development Board the discretion to define water supply in a way that reflects on-the-ground conditions across the state. By clarifying eligibility for treatment-based supply projects, recognizing capacity building as essential infrastructure, and enabling efficiency, reuse, and rainwater harvesting investments at public facilities, the Board can ensure that this funding reaches communities most in need while advancing a more resilient and diversified water portfolio for Texas.

Thank you for the opportunity to comment and for your continued leadership on these critical issues. Texas Water Trade looks forward to continued engagement as the Board finalizes and implements the HB 500 program.

Comment Submitted By: Ryley Paroulek, West Fork Public Utility Agency

Additional Authors/Contributors: Aaron Waters, John Cabrales Jr, Christopher Cha, Gregg Troy, William Taylor

Comment Date: February 4, 2026

Comment:

Please see the comments from the West Fork Public Utility Agency for the proposed implementation plan for House Bill 500. The WFPUA appreciates the opportunity to work towards a funding source through the TWDB.

Look forward to hearing from the board about the comments provided by the WFPUA.

Comment Attachment:

RE: HB 500 Water Supply and Infrastructure Grants Implementation Plan

Dear Chairwoman Stepney,

On behalf of the West Fork Public Utility Agency, we appreciate the opportunity to comment on the proposed implementation plan for the House Bill 500 Water Supply and Infrastructure Grants program published by the Texas Water Development Board.

The West Fork Public Utility Agency is a regional public utility agency, located in Wise County, formed under Chapter 572 of the Texas Local Government Code by participating political subdivisions to support coordinated water supply planning and long-term infrastructure solutions. The Agency was created to address regional water supply challenges that cannot be efficiently solved by individual entities acting independently and is authorized to serve as an applicant or regional sponsor for water supply planning and implementation projects.

The Agency has reviewed the proposed implementation plan carefully. We recognize the Board's intent to deploy this one-time appropriation efficiently and within statutory timelines. At the same time, we believe several elements of the proposed framework would benefit from clarification to ensure that regional entities such as public utility agencies can fully participate and that high impact regional projects are not unintentionally disadvantaged.

Summary of Requested Clarifications and Considerations

- Clarify how population-based categories and readiness expectations apply to public utility agencies whose service populations are aggregated across multiple member entities.
- Confirm eligibility of planning activities for regional public utility agencies when planning directly advances implementable water supply projects.
- Ensure that project readiness criteria appropriately recognize the added coordination required for regional projects.

- Provide guidance on the interpretation of State Water Plan consistency for evolving regional projects.
- Clarify scope limitations to ensure water supply projects sponsored by public utility agencies remain eligible where wastewater authority also exists

Comment 1. Regional Project Readiness and Prioritization

Reference: Project prioritization criteria and readiness requirements

Regional water supply projects sponsored by public utility agencies often require additional coordination among member political subdivisions, including governance alignment, interlocal agreements, and cost sharing arrangements. While this coordination may require additional effort early in project development, these projects frequently deliver broader reliability, redundancy, and long-term public benefit than projects confined to a single jurisdiction.

The Agency respectfully requests that readiness criteria be applied in a manner that recognizes the value and complexity of regional projects and does not unintentionally favor simpler single entity applications solely based on speed.

Comment 2. Application of Population Based Categories to Public Utility Agencies

Reference: Population based funding categories and eligibility distinctions

Public utility agencies aggregate service populations across multiple member entities. As a result, population-based thresholds may classify a regional agency as a large applicant even when many participating systems are small or resource constrained.

The Agency requests clarification on how population categories and associated readiness expectations will be applied to public utility agencies and encourages an approach that evaluates projects based on characteristics and regional benefit rather than aggregated population alone.

Comment 3. Eligibility of Planning Activities

Reference: Eligible uses of funds including planning acquisition design and construction

HB 500 authorizes funding for planning activities, particularly for smaller and regional entities. For public utility agencies, early phase planning is often essential to define feasible water supply projects, evaluate alternatives, establish governance structures, and position projects for timely implementation.

The Agency encourages clear confirmation that planning activities are eligible when they directly advance implementable water supply projects and support construction within the HB 500 timeframe.

Comment 4. State Water Plan Consistency for Regional Projects

Reference: Requirement for inclusion in, or consistency with, the Texas State Water Plan

Regional projects sponsored by public utility agencies are often aligned with regional planning strategies even when individual components are still being refined. The Agency supports the consistency requirement and requests a practical interpretation that allows regional solutions to advance when they clearly support State Water Plan objectives related to water supply reliability, resilience, and diversification.

Comment 5. Scope Clarity for Water Supply Projects

Reference: Eligible project categories and exclusions

Public utility agencies may have authority related to both water and wastewater services. The Agency recognizes that HB 500 funding is limited to water supply and water supply infrastructure. Clarification that public utility agencies may apply for water supply planning and implementation projects, provided wastewater components are excluded or clearly subordinate, would help avoid confusion and support compliant applications.

Comment 6. Timing and Phased Implementation

Reference: Program timelines and commitment requirements

The Agency recognizes the statutory requirement that all funds be committed and closed by August 31, 2027. For regional projects, phased implementation can be an effective way to meet this requirement while ensuring sound planning and execution. The Agency encourages the Board to consider approaches that allow early phase planning or enabling infrastructure to proceed where such efforts unlock broader regional benefits.

Comment 7. Annual Audit Requirements

Reference: Adopted 2025 fiscal year-end financial audit

HB 500 application requirements include the need for an adopted 2025 annual audit, to be deemed complete and eligible. With the formation of the West Fork Public Utility Agency in late October 2025, and applications due in July 2026, would prefer the board to waive the requirements for the audit of the new organizations, or to allow for constituent organizations to submit on the public utility agency's behalf.

Conclusion

The West Fork Public Utility Agency appreciates the Board's leadership in implementing this historic investment in Texas water supply infrastructure. Regional public utility agencies were created to deliver coordinated multi-community solutions that align closely with the intent of HB 500. We look forward to continued engagement with TWDB staff as the program is finalized and implemented.

Thank you for your consideration.

Sincerely,
West Fork Public Utility Agency

Comment Submitted By: Jose De Leon, Hidalgo County Consolidated Water Control and Improvement District on behalf of Othal Brand, Jr., President, Hidalgo County Consolidated Water Control and Improvement District

Additional Authors/Contributors: Aaron Waters, John Cabrales Jr, Christopher Cha, Gregg Troy, William Taylor

Comment Date: February 4, 2026

Comment:
SEE ATTACHED LETTER OF RECOMENDATION

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments

Dear WSI Team,

The Hidalgo County Consolidated Water Control and Improvement District was established through the consolidation of the former Hidalgo County Water Improvement District No. 3 and the Santa Cruz Water Control and Improvement District No. 15, approved by voter election in November 2024. We intend to submit a NAD Bank Water Resiliency Fund (WRF) Application for canal lining projects and are pleased that the TWDB has set aside \$100,000,000 in funding to compliment the NAD Bank WRF. The availability of additional grant funding has allowed the district to pursue a higher funding request to increase the proposed project scope. We ask that the TWDB allow NAD Bank to accept applications and prioritize projects on behalf of the TWDB, based on the WRF criteria. In addition, we ask that water control and improvement districts that do not supply potable water to customers be considered small entities. Although the potable water retailer, which is our downstream customer, serves a population of 171,195 (our District only serves 10% of the overall system capacity), it is serviced by four other districts. Our district revenue is about \$0.44 per kgal, compared to the potable water supplier that collects revenue ten times that amount. As such, we do not have resources for development of projects and need financial assistance for design. Canal lining projects, however, can be designed very quickly and NEPA concerns are rare, therefore, construction can begin within a few months of closing with NAD Bank.

Please consider allowing NAD Bank to administer the grant selection, agreement, funding and reporting, along with their financing. This will allow our district to work with one entity rather than two, thus reducing administrative costs while increasing the funds available for canal lining and water conservation. Implementation of TWDB canal lining funds with NAD Bank funds will result in the funds being disbursed more quickly in this unprecedented drought.

Comments Submitted After the Ending of the Public Comment and Review Period

Comment Submitted By: Michael Kent, District Manager, Donna Irrigation District, Hidalgo County No. 1

Comment Date: February 5, 2026

Comment:

On behalf of Donna Irrigation District, Hidalgo County No. 1, please find the attached comment for the Water Supply and Infrastructure Grants Implementation Plan.

Should there be any questions, please feel free to reach out. Thank you for your time and consideration.

Comment Attachment:

Re: Water Supply and Infrastructure Grant Comments HB 500.

Dear Chairwoman Stepney:

Donna Irrigation District (The District) would like to thank the Texas Water Development Board (TWDB) for the chance to provide public comment on this crucial funding opportunity, as we support the proposed dedication of \$100 million in funding for the lining of canals and/or the canal conversation into pipeline here in the Rio Grande Valley. The District intends to submit an application to the NAD Bank Water Resiliency Fund (WRF) for canal lining projects and genuinely appreciates TWDB's allocation of \$100 million to compliment the NAD Bank WRF to maximize water conservation.

The continued lack of deliveries from Mexico through the six named Treaty Tributaries stipulated in the Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande (1944 Water Treaty), has resulted in a water supply shortage that has prolonged for several years. Reduced water availability results in lower revenue, creating a financial barrier for Districts looking to implement essential, long-term water conservation projects. Given this reality, we hope our comments help the TWDB better understand how this funding opportunity can ensure our region continues to have a reliable source of water for generations to come.

The District offers the following scenarios for consideration:

- Scenario One: If the funds are distributed through NAD Bank, then the District respectfully requests that the TWDB allow NAD Bank to accept and prioritize applications on behalf of the TWDB, in accordance with their WRF criteria, with the flexibility of accepting a *Grant Only* financing option.
 - Furthermore, the District requests that irrigation districts that do not provide potable water to customers be considered small entities. While the District's two downstream potable water retailers serve a population of 187,371, that population is served by four other districts.

Donna Irrigation District's revenue is about \$0.26 per thousand gallons, which 50% of the revenue, per gallon, is collected by the potable water supplier. As a result, the District lacks sufficient resources for project development and requires financial assistance for design. Canal lining projects can be designed efficiently, and National Environmental Policy Act. (NEPA) concerns are uncommon. Consequently, construction can typically begin within a few months following the financial close with NAD Bank.

- Lastly, the District respectfully requests that NAD Bank be permitted to administer the grant agreement, funding, and reporting in conjunction with its financing. NAD Bank has the legal, financial, engineering, and environmental expertise to serve in this capacity. This approach would allow the District to work with a single entity rather than multiple agencies, thereby decreasing administrative costs and maximizing the funds available for canal lining and conservation efforts.
- **Scenario Two:** If the funds are allocated through TWDB and **not** for joint funding with the NAD Bank's WRF, then the District respectfully requests the funds be expedited to meet the water needs within our region and the patrons of the District. The WRF is said to have a loan component attached, in which it may seem fiscally irresponsible for an Irrigation District to participate in when the District is generating little to no revenue based on water deliveries.
 - Furthermore, the District requests the ranking criteria to consist of a blend from the current Agricultural Water Conservation Grant program and the Texas Water Development Fund. We request the reporting aspect be simplified and streamlined to decrease any associated costs after the completion of the project and maximize the funds available for canal lining and conservation efforts.
 - Lastly, the District respectfully requests the TWDB to identify key personnel and resources within the current organization to allow a seamless administration of the \$100 million to our region.

Again, the District thanks the TWDB Board, the Executive management, and the staff for their proactive engagement and attention to the Rio grande Valley during such prophetic times of our water supply. We are also grateful for Texas State Senator Juan "Chuy" Hinojosa highlighting this important funding opportunity to capitalize on water conservation and resiliency. Every drop of water saved, leads to a life earned. As always, it is another day in paradise.

Comment Submitted By: Carter Moxley, Deputy Chief of Staff on behalf of Representative Joanne Shofner

Comment Date: February 17, 2026

Comment:

Please see the attached letter from Representative Joanne Shofner's office regarding an application from the City of Overton to receive funding from the TWDB Drinking Water State Revolving Fund and the Water Supply and Infrastructure Grant.

The attached letter will be sent to TWDB and will be included in the City of Overton's application(s). If you have any questions, please contact our office and we will field your questions. Have a great rest of the week!

Comment Attachment:

Re: Letter of Support for City of Overton's Application to TWDB Drinking Water State Revolving Fund and the Water Supply and Infrastructure Grant Programs

Dear Administrator McMath,

I respectfully submit the following letter of support regarding the City of Overton's application to the Texas Water Development Board's (TWDB) 2027 Drinking Water State Revolving Fund and the Water Supply and Infrastructure Grant program relating to the funding passed during the 89th Legislature in House Bill 500.

Overton, located in Rusk and Smith Counties, is facing significant water quality and supply constraints that pose a demonstrated public health risk to Overton's long term sustainability. The history of elevated total trihalomethanes (TTHMs) in Overton's drinking water has drawn an enforcement action from the Texas Commission on Environmental Quality, because when TTHMs reach levels above maximum containment, long-term exposure will increase the risk of certain cancers. East Texas relies on groundwater sources influenced by lignite-bearing formations that naturally contain ammonia which requires chlorine for treatment. This process contributes to the formation of TTHMs and the most effective solution is water treatment at the source.

The issue revolves around Overton's lack of infrastructure with its existing facilities resulting in an inadequate ability to address these conditions relating to both TTHMs and disinfectant residuals in the water systems. The Revolving Fund and the Water Supply and Infrastructure Grant program monies from HB 500 will allow Overton to construct additional treatment capabilities at its two existing wells and drill a new production well to provide system redundancy. Without this redundancy measure, the City is one major technical or mechanical failure away from a serious public health disruption.

The City has taken steps over the last three years to address this water issue such as, replacing aging water lines and valves, rehabilitating elevated and ground storage tanks, increasing staff training, and raising water rates to support system operations. The median household income and economic base in Overton is well below Texas' statewide average. Overton is currently in the process of completing necessary audits to prove financial proficiency. Please give due consideration to and note my support for the City of Overton's application(s).