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TO: Regional Water Planning Group Chairs

THROUGH: Carolyn L. Brittin, Deputy Executive Administrator, Water Resources Planning and Information *CAB*
Dan Hardin, Director, Water Resources Planning *DH*

FROM: Matt Nelson, Manager, Regional Water Planning *mn*

DATE: October 28, 2009

SUBJECT: Clarification regarding costs that should be included in the 2011 Regional Water Plans

Background

The current guidance in the Contract Exhibit C *General Guidelines for Regional Water Plan Development (2007-2011)* that is part of the regional water planning grant contracts provides some general guidance regarding the types of infrastructure and costs that should be included in a regional water plan.

In light of increased interest in the newly available State Water Plan funds including:

- Water Infrastructure Fund (WIF¹);
- State Participation Fund (SP²); and
- Economically Distressed Areas Program (EDAP³).

Exhibit C guidance may not be sufficient to adequately guide Regional Water Planning Groups (RWPGs) and their consultants. Some RWPG members and RWPG consultants have requested additional clarifying guidance regarding what types of infrastructure and costs are appropriate to include in the regional water plans.

¹ WIF provides loans for planning, design, and construction. A deferred payment option is available for the planning and design for projects with significant development lead times.

² SP enables the TWDB to assume ownership interest when the local sponsor can't assume the debt for the optimally-sized project at the time of construction.

³ EDAP provides loans and grants for planning, design, and construction to eligible economically distressed areas.

Our Mission

To provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.

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Infrastructure and Costs That May be Included in Regional Water Plans

The water management strategy components that are included in regional water plans should be limited to the infrastructure and costs that are required to develop and convey increased water supplies from water supply sources and to treat the water for end water user group requirements.⁴ This may include treatment facilities at the water user group (WUG) delivery point or treatment facilities at a point prior to transmission to the WUG, for example, at a wholesale water provider location. Costs may also include conservation water management strategies that have associated infrastructure or other costs (e.g. to address water loss, plumbing retrofits) or water management strategies needed to address infrastructure bottlenecks in an existing water supply conveyance system; the removal of which will increase the water supply volume available to a water user group.

The types of facilities and associated capital or other costs that *should* be included in a regional water plan⁵ are directly associated with development of new water sources, ‘supplies’ resulting from more efficient use of existing supplies (i.e. conservation), or volumetric increases to existing water supplies delivered to WUGs. Such strategies include but are not limited to:

- Facilities associated with a new water supply (e.g. new reservoir, new well field, intakes, pump stations).
- Facilities required to increase water supply from an existing water supply source (e.g. a new water transmission pipeline from an existing reservoir).
- Expansion of existing facilities to accommodate increased supply capacity to treat increased water supply for wholesale providers or water user groups (e.g. water treatment plant capacity expansion).
- Facilities associated with increasing overall water supply yields, for example, by blending new sources of water with existing water sources (e.g. conjunctive use).
- Expanded infrastructure required to fully utilize existing water rights/supplies (e.g. expansion of an undersized raw water intake or expansion of a water treatment plan).
- New facilities required to obtain water from an existing water source that may be changing (e.g. replacement of groundwater wells to obtain water from an existing groundwater supply in an aquifer that is being drawn down below existing wells).
- Infrastructure associated with water (raw or treated) supply transmission lines from wholesale water suppliers to water user groups.

⁴ See General Guidelines for Regional Water Plan Development (2007-2011), 31 TAC §357.7(a)(5). For a summary of the types of capital and operation costs that should be included for each eligible infrastructure component, see General Guidelines for Regional Water Plan Development (2007-2011), Section 4.1.2.

⁵ General Guidelines for Regional Water Plan Development (2007-2011) Planning groups must report capital and O&M costs in the Regional Water Planning Data Web Interface (see the TWDB’s “*Guidelines for Regional Water Planning Data Deliverables*” for further information).

- Water supply storage facilities associated with increasing water supply source yields (e.g. reservoirs, some ASR facilities).
- Costs associated with conservation water management strategies that have capital or other costs. This may include costs of plumbing retrofits or replacement of portions of an existing water transmission or supply distribution network that is the source of major water loss based on significant, measurable water losses. Replacement of such pipelines must provide an immediate, quantifiable increase in water supply.
- Costs associated with the increased wastewater treatment requirements needed to provide additional reuse water supplies.
- Costs of drought management strategies.⁶

Infrastructure and Costs That Should Not be Included in Regional Water Plans

If an infrastructure component is not required to increase the treated water supply volume to a WUG either as new supply or through conservation, the component and its costs should not be included in the regional water plan. Types of items and associated costs that *should not* be incorporated into a regional water plan include but are not limited to:

- New facilities associated with internal distribution networks (e.g. retail distribution within a water user group's system) and that do not convey additional water supply volumes to a WUG.
- Internal distribution facilities associated with reuse water.
- Wastewater collection systems associated with a direct reuse project.
- Water system improvements to address compliance issues related to water quality or water pressure.
- Maintenance of or upgrades to existing equipment or facilities that do not directly increase volumetric water supply (e.g. for improving water treatment processes at existing water treatment plants; replacement of electrical systems; replacement of pumps; or installation of cathodic protection on existing facilities).
- Preventative measures to protect or maintain infrastructure against future water loss.
- Water storage facilities directly associated with retail water distribution networks.

⁶ Estimated costs of probable economic impacts due to drought management strategy implementation may be presented for WMS evaluation and comparison purposes within technical analyses but should not be included in water plans as a financial cost of the plan.

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If you have any questions or comments, please feel free to contact me at (512) 936-3550 or via email at matt.nelson@twdb.state.tx.us. You may also contact Dan Hardin at (512) 936-0880 or via email at dan.hardin@twdb.state.tx.us.

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