

TO: Board Members

THROUGH: Melanie Callahan, Executive Administrator

Carolyn L. Brittin, Deputy Executive Administrator,
Water Resources Planning and Information

Ken Petersen, General Counsel

David Carter, Agency Contract Administrator,
Contracting and Purchasing

Dan Hardin, Director, Water Resources Planning Division

FROM: Matt Nelson, Manager, Regional Water Planning
Water Resources Planning Division

DATE: July 11, 2012

SUBJECT: Consider authorizing the Executive Administrator to publish a request for regional water planning grant applications for up to \$9.5 million to complete the fourth cycle (2011-2015) of regional water planning

ACTION REQUESTED

Authorize the Executive Administrator to publish a request for regional water planning grant applications in the *Texas Register* for up to \$9.5 million to complete the fourth cycle (2011-2015) of regional water planning. Applications for funding will be due October 4, 2012.

BACKGROUND

Regional water planning groups are currently preparing the 2016 Regional Water Plans that, once approved, will become the basis for the 2017 State Water Plan. The Texas Water Development Board (TWDB) has currently contracted and committed funding in the amount of \$3.6 million to the 16 regional water planning groups to develop and deliver adopted regional

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water plans by September 1, 2015. This initial funding was allocated by formula and authorized for execution by the Board on June 22, 2011.

Currently, the TWDB has \$5.5 million in funding that was authorized by the 82nd Texas Legislature for regional water planning but has not yet been committed under regional water planning contracts. Additionally, it is anticipated that TWDB will include \$4.1 million in the baseline Legislative Appropriations Requests for regional water planning for Fiscal Years 2014-2015. During previous planning cycles, the five-year regional water planning grant contracts have included the full anticipated funding amounts as 'Total Study Costs' to complete the plans over the full planning cycles. The 'Committed' funding amounts in the contracts were then limited to the currently appropriated amounts. The 'Committed' amounts in the contracts were subsequently updated to incorporate additional funds that were authorized and appropriated by the Texas Legislature.

Available Funding

Funding to continue planning activities is proposed to be provided to all planning groups in an amount not to exceed \$9,463,747. This funding is comprised of:

- FY13 funds of \$5,511,879 appropriated by the 82nd Texas Legislature;
- Requested FY14-15 funds of \$4,051,868 appropriated by the 83rd Texas Legislature (\$100,000 of the FY 14-15 funds are anticipated to be set aside for future amendments to approved 2011 Regional Water Plans).

If any action taken by the 83rd Texas Legislature results in an amount less than \$4,051,868 being available during FY14-15, the proposed funding amounts for each region and for each task will be reduced proportionally.

PROPOSED REQUEST FOR APPLICATIONS

Activities to be performed under this proposed Request for Applications (Attachment A) are to support regional water planning group efforts to complete their 2016 Regional Water Plans in accordance with statute, rule and guidance requirements, including changed conditions resulting from:

- New statutory requirements that regional water planning groups report on implementation of projects;
- Changes to groundwater supplies due to recently completed modeled available groundwater values that may impact both existing water supplies and previously recommended water management strategies;
- Texas Commission on Environmental Quality's environmental flow standards that may impact previously recommended water management strategies; and,
- Revised agency planning rules that incorporate additional requirements in response to the 2011 drought.

Funding Allocations

The proposed funding allocations shown in Table 1 (Attachment B) are estimates of the amount of funding that regional water planning groups will receive to update their regional plans based on foreseeable changed conditions. These funds will be used to perform all tasks necessary to meet statute and rule requirements needed for developing the 2016 Regional Water Plans including holding meetings, entering data in the online planning database, and preparing and submitting all plan documents. These funds are proposed to be allocated through formula funding based on various factors.

These funding amounts are not guaranteed funds and must be requested in grant applications submitted to the TWDB by the designated deadline. These funds are proposed to be fully allocated to the planning tasks as follows:

- A) Task 1: Planning area description - *Allocation between regions based on region's relative share of counties and water user groups and wholesale water providers in the 2011 Regional Water Plans.*

- B) Remaining portion of Task 4D: Evaluation of potentially feasible water management strategies and recommended and alternative water management strategies – *Allocation between regions based on region's relative share of:*
 - *all water user groups*
 - *water user groups and wholesale water providers that had identified water needs in the 2011 Regional Water Plans;*
 - *water user groups and water management strategies in the 2011 Regional Water Plans that may be negatively impacted by modeled available groundwater volumes;*
 - *recommended water management strategies in the 2011 Regional Water Plans that now have Texas Commission on Environmental Quality environmental flow standards associated with them;*
 - *changes in needs over the planning horizon;*
 - *the number of separate water management strategies recommended in the 2011 Regional Water Plans;*
 - *the number of projects recommended in the 2011 Regional Water Plans that required development of capital cost estimates; plus*
 - *an additional base allocation across all regions.*

This task is partially funded under the current contracts on a notice-to-proceed basis. Additional funds will also be contingent on a scope of work submission and notice-to-proceed. If a proposed work scope cannot support the associated funding request, final, allowed expenditures under Task 4D in Table 1 may be less than the amounts shown.

- C) Task 5: Water conservation information and recommendations - *Allocation between regions based on region's relative share of:*
- *all water user groups;*
 - *water user groups that had identified water needs in the 2011 Regional Water Plans;*
 - *water user groups and water management strategies in the 2011 Regional Water Plans that may be negatively impacted by modeled available groundwater volumes;*
 - *changes in needs over the planning horizon; plus*
 - *an additional base allocation across all regions.*
- D) Task 6: Impacts of the regional water plan and consistency with long-term protection of water, agricultural, and natural resources – *Allocation between regions based on a relative portion of each region's funding allocated towards the evaluation of water management strategies.*
- E) Task 7: Drought response information, activities, and recommendations - *Allocation between regions based on region's relative share of:*
- *all water user groups*
 - *all wholesale water providers*
 - *water user groups that had identified water needs in the 2011 Regional Water Plans;*
 - *water user groups that will require emergency response analyses;*
 - *water sources requiring drought trigger recommendations;*
 - *changes in needs over the planning horizon; plus*
 - *an additional base allocation across all regions.*
- F) Task 8: Regulatory, administrative, or legislative recommendations: *Allocation between regions based on region's share of water user groups in addition to a base allocation across all regions.*
- G) Task 9: Infrastructure financing analysis - *Allocation between regions based on region's relative share of the number of projects recommended in the 2011 Regional Water Plans that required development of capital costs in addition to a base allocation across all regions.*
- H) Remaining portion of Task 10: Administration, public participation, and plan adoption – *Allocation between regions based on region's relative share of counties and water user groups in addition to a significant base allocation across all regions*
- I) Task 11: Implementation and comparison to the previous regional water plan - *Allocation between regions based on regions' relative share of:*
- *water user groups that had identified water needs in the 2011 Regional Water Plans;*

- *recommended water management strategies in the 2011 Regional Water Plans that now have Texas Commission on Environmental Quality environmental flow standards associated with them;*
- *the number of projects recommended in the 2011 Regional Water Plans that required development of capital cost estimates; plus*
- *an additional base allocation across all regions.*

Additionally, staff proposes setting aside \$100,000 in additional funding for regional water plan amendments and other unforeseen funding needs that may arise during the remaining years of this planning cycle, primarily associated with amendments to the 2011 Regional Water Plans. These funds would be restricted to those regional water plan amendments that address changes not already anticipated to be addressed under the current contracts for the fourth cycle of regional water planning.

KEY ISSUES

Funding recommendations for this cycle of regional water planning recognize that not all regions will require an equal amount of effort to complete the fundamental planning tasks as defined in statute and rule for this fourth cycle of regional water planning. Therefore, the dedication of limited state resources will not be uniform across the 16 regional water planning areas during this cycle of planning.

Funding recommendations for this cycle of regional water planning are predicated on the Board adoption of new regional and state water planning rules.

Actual contract funding recommendations and a request for authorization to negotiate and amend the existing contracts for the regional water planning groups will be considered by the TWDB at the October 2012 Board meeting based on applications received.

RECOMMENDATION

Staff recommends authorization of the Executive Administrator to publish a request for Regional Water Planning Grant Applications in the *Texas Register* for up to \$9.5 million to complete funding the fourth cycle (2011-2015) of regional water planning.

This recommendation has been reviewed by legal counsel and is in compliance with applicable statutes and Board rules.

Board Members

July 11, 2012

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ATTACHMENTS:

Attachment A: Draft Request for Applications for Funding to Complete the Fourth Cycle of Regional Water Planning

Attachment B: Table 1: Summary of Recommended Funding Allocations to Complete the Fourth Cycle of Regional Water Planning

ATTACHMENT A

**Draft Request for Applications for Funding to Complete the Fourth Cycle of
Regional Water Planning**

DRAFT

Request for Applications for Funding to Complete the Fourth Cycle of Regional Water Planning

**Texas Water Development Board
Request for Applications**

The Texas Water Development Board (TWDB) requests, pursuant to 31 Texas Administrative Code (TAC) §355.92 (*§355.91 in proposed rule revisions which will go into effect during the posting period of this request for applications*), the submission of regional water planning applications leading to the possible award of contracts to develop, revise and or update regional water plans as described in 31 TAC Chapter 357. In order to receive a grant, the applicant must be a political subdivision of the state and must have been designated an eligible applicant by a regional water planning group as defined in 31 TAC §355.91 (*§355.91 in proposed revisions*). 31 TAC Chapter 355, Subchapter C provides guidance for regional water planning grants.

Description of Funding Consideration.

Total funding for activities related to the development or revision of a regional water plan shall not exceed 100 percent of the total cost of the planning for that regional water planning area as defined in 31 TAC §355.91 (*§355.93 in proposed revisions*). Funds awarded for grants under this request for applications may total up to the remaining amount of funds appropriated for such activities for the Fiscal Year 2014-2015 biennium.

Funding is provided on a not-to-exceed basis for certain planning tasks as outlined in the Guidance for Preparation of the Application for Regional Water Planning Funding. In the event that acceptable applications are not submitted or that insufficient funds are available to fund proposed activities, the TWDB retains the right to not award contract funds.

Deadline, Review Criteria, and Contact Person for Additional Information.

Five double-sided copies and an electronic version of complete regional water planning grant application must be filed with the Board prior to 5:00 p.m., October 4, 2012. All applications should be prepared using the TWDB's application instruction sheet for Regional Water Planning Grants and the Guidance for Preparation of the Application for Regional Water Planning Funding. Applications will be evaluated according to the criteria listed in 31 TAC §355.94 (*§355.93 in proposed revisions*). All potential applicants may contact the Board to obtain the application checklist and guidance documents or they may be obtained from the Texas Water Development Board's webpage at:

<http://www.twdb.texas.gov/wrpi/rwp/rwp.asp>

Applications must be directed either in person to David Carter, Texas Water Development Board, Stephen F. Austin Building, 1700 North Congress Avenue, Austin, Texas, or by mail to David Carter, Texas Water Development Board, P.O. Box 13231, Austin, Texas, 78711-3231. Requests for information, the Board's rules, and instruction sheet covering the research and planning fund may be directed to Temple McKinnon at the preceding address or by calling (512) 475-2057, or by e-mail at temple.mckinnon@twdb.texas.gov

TRD-
Ken Petersen
General Counsel
Texas Water Development Board
Filed:

ATTACHMENT B

Table 1: Summary of Recommended Funding Allocations to Complete the Fourth Cycle of Regional Water Planning

Summary of Recommended Funding to Complete the Fourth Cycle of Regional Water Planning

| | | PLANNING TASK | | | | | | | | |
|--------|--------------------------|--------------------|--|------------------------------|---|---|---|-----------------------------------|--|---|
| | | 1 | 4D | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | Region Description | Evaluations and Recommendations of Water Management Strategies | Conservation Recommendations | Impacts of Plan and Consistency with Protection of Water Resources, Agricultural Resources, and Natural Resources | Drought Response Information, Activities, and Recommendations | Unique sites and Policy Recommendations | Infrastructure Financing Analysis | Public Participation, Administration, and Adoption | Implementation and Comparison to the Previous Regional Water Plan |
| Region | Total Additional Funding | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount |
| A | \$ 391,055 | \$ 12,307 | \$ 180,668 | \$ 12,768 | \$ 18,067 | \$ 53,156 | \$ 6,170 | \$ 2,658 | \$ 92,023 | \$ 13,238 |
| B | \$ 297,910 | \$ 6,553 | \$ 143,840 | \$ 10,932 | \$ 14,384 | \$ 32,556 | \$ 6,058 | \$ 2,268 | \$ 70,133 | \$ 11,186 |
| C | \$ 1,341,464 | \$ 19,435 | \$ 721,217 | \$ 98,686 | \$ 72,122 | \$ 161,448 | \$ 8,155 | \$ 25,204 | \$ 163,139 | \$ 72,058 |
| D | \$ 581,804 | \$ 16,139 | \$ 278,388 | \$ 19,070 | \$ 27,839 | \$ 81,590 | \$ 6,307 | \$ 2,706 | \$ 131,932 | \$ 17,833 |
| E | \$ 254,073 | \$ 4,053 | \$ 125,858 | \$ 11,127 | \$ 12,586 | \$ 23,866 | \$ 6,071 | \$ 1,732 | \$ 57,730 | \$ 11,050 |
| F | \$ 558,724 | \$ 18,177 | \$ 266,969 | \$ 16,994 | \$ 26,697 | \$ 86,011 | \$ 6,376 | \$ 4,070 | \$ 114,539 | \$ 18,891 |
| G | \$ 923,341 | \$ 27,311 | \$ 440,430 | \$ 36,179 | \$ 44,043 | \$ 146,500 | \$ 7,029 | \$ 6,651 | \$ 182,797 | \$ 32,401 |
| H | \$ 1,417,302 | \$ 19,392 | \$ 800,407 | \$ 79,989 | \$ 80,041 | \$ 141,058 | \$ 8,136 | \$ 33,872 | \$ 173,194 | \$ 81,213 |
| I | \$ 639,336 | \$ 15,540 | \$ 323,306 | \$ 21,521 | \$ 32,331 | \$ 89,614 | \$ 6,475 | \$ 5,969 | \$ 122,658 | \$ 21,922 |
| J | \$ 252,779 | \$ 3,733 | \$ 127,431 | \$ 9,697 | \$ 12,743 | \$ 22,345 | \$ 6,021 | \$ 1,635 | \$ 58,927 | \$ 10,247 |
| K | \$ 565,838 | \$ 11,192 | \$ 290,675 | \$ 25,016 | \$ 29,067 | \$ 68,848 | \$ 6,743 | \$ 3,242 | \$ 106,659 | \$ 24,396 |
| L | \$ 787,421 | \$ 17,387 | \$ 414,187 | \$ 34,593 | \$ 41,419 | \$ 94,766 | \$ 6,799 | \$ 3,924 | \$ 142,823 | \$ 31,523 |
| M | \$ 466,868 | \$ 7,742 | \$ 234,188 | \$ 24,438 | \$ 23,419 | \$ 50,512 | \$ 6,469 | \$ 13,614 | \$ 79,718 | \$ 26,768 |
| N | \$ 315,787 | \$ 7,185 | \$ 153,764 | \$ 12,825 | \$ 15,376 | \$ 32,058 | \$ 6,089 | \$ 1,927 | \$ 75,343 | \$ 11,220 |
| O | \$ 457,441 | \$ 12,763 | \$ 223,750 | \$ 17,302 | \$ 22,375 | \$ 53,430 | \$ 6,413 | \$ 4,216 | \$ 98,796 | \$ 18,396 |
| P | \$ 212,604 | \$ 2,142 | \$ 109,714 | \$ 9,261 | \$ 10,971 | \$ 11,103 | \$ 6,002 | \$ 1,197 | \$ 52,882 | \$ 9,332 |
| TOTAL | \$ 9,463,747 | \$201,051 | \$4,834,792 | \$440,398 | \$483,480 | \$1,148,861 | \$105,313 | \$114,885 | \$1,723,293 | \$411,674 |