

TEXAS WATER DEVELOPMENT BOARD

Self-Evaluation Report



WATER *for* **TEXAS**

A Report for the Sunset Advisory Commission

September 2009

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TEXAS WATER DEVELOPMENT BOARD



James E. Herring, *Chairman*
Lewis H. McMahan, *Member*
Edward G. Vaughan, *Member*

J. Kevin Ward
Executive Administrator

Jack Hunt, *Vice Chairman*
Thomas Weir Labatt III, *Member*
Joe M. Crutcher, *Member*

September 28, 2009

Honorable Members of the Sunset Advisory Commission:

We are pleased to submit the Texas Water Development Board's (TWDB) Self-Evaluation Report for our upcoming Sunset review.

Since 1957, the TWDB has been helping Texas plan, develop, and finance water supply related projects. Although our programs have expanded over the years, our mission remains fundamentally the same: providing leadership, financial assistance, information, and education for the conservation and responsible development of water for Texas. The challenges to accomplishing that mission, however, are formidable. With a population expected to more than double by 2060 and water supplies declining by 18 percent over the same period, Texas' water needs will outstrip the state's supplies over the next 50 years.

The 2007 State Water Plan identified strategies to provide future water supply to meet these growing needs, but it will take an estimated \$30.7 billion in investment to accomplish. In addition to these costs, local and regional municipal water and wastewater treatment entities will have to expend another \$131.8 billion to replace, upgrade, and expand their systems to comply with regulatory requirements and construct related distribution and collection systems. Demand for data, planning, and projects to protect life and property from flooding will only increase as the population grows. The TWDB has been entrusted by the legislature and the voters with significant resources and authority to ensure vital state services to meet the challenges of the future related to water.

Please contact Wendy Foster, the Director of Governmental Relations, for additional information. She will serve as our agency liaison for the Sunset review process. You may reach her at 512-463-5850 or by e-mail at Wendy.Foster@twdb.state.tx.us.

We appreciate the opportunity to provide our self-evaluation report and look forward to working with your staff during the review process.

Sincerely,

James E. Herring, Chair
Texas Water Development Board

J. Kevin Ward, Executive Administrator
Texas Water Development Board

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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A Member of the Texas Geographic Information Council (TGIC)



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Texas Water Development Board Self-Evaluation Report

I. Agency Contact Information

Texas Water Development Board Exhibit 1: Agency Contacts			
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Deputy Executive Administrator, Water Resources Planning and Information	Carolyn Brittin	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/475-0933 Fax: 512/936-0889 carolyn.brittin@twdb.state.tx.us
Deputy Executive Administrator, Project Finance	Amanda Lavin	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/475-2070 Fax: 512/475-2086 amanda.lavin@twdb.state.tx.us
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Deputy Executive Administrator, Operations and Administration	Lisa Glenn	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/463-8482 Fax: 512/475-2053 lisa.glenn@twdb.state.tx.us
General Counsel	Ken Petersen	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/475-1673 Fax: 512/463-5580 ken.petersen@twdb.state.tx.us
Agency's Sunset Liaison, Director, Governmental Relations	Wendy Foster	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/463-5850 Fax: 512/475-2053 wendy.foster@twdb.state.tx.us
Director, Policy Integration & Federal Coordination	Dave Mitamura	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/463-7965 Fax: 512/475-2053 dave.mitamura@twdb.state.tx.us
Director, American Recovery and Reinvestment Act (ARRA) Implementation	John Steib	211 E. 7 th Street Southwest Tower Building Room 915 Austin, Texas	Phone: 512/936-9813 Fax: 512/463-3613 john.steib@twdb.state.tx.us
Director, Internal Audit	Shari Daffern	1700 N. Congress Avenue Austin, Texas 78701	Phone: 512/463-7978 Fax: 512/475-2053 shari.daffern@twdb.state.tx.us

II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.
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The Texas Water Development Board (TWDB) was created by constitutional amendment in 1957 after many years of drought had devastated the Texas economy, leaving over 200 counties declared as disasters and many cities without water supplies. Interim committees met during the 1950s to report their findings to the Legislature, ultimately resulting in the 55th Legislature submitting an amendment that became Article III, Section 49-c of the Constitution, approved by voters in a special election held on November 5, 1957. The amendment created the Texas Water Development Board and the Texas Water Development Fund. The amendment also authorized the first \$200 million in Texas Water Development bonds for the state to provide loans to its political subdivisions to assist in “the conservation and development of the water resources of this State, including the control, storing and preservation of its storm and flood waters and the waters of its rivers and streams, for all useful and lawful purposes by the acquisition, improvement, extension, or construction of dams, reservoirs and other water storage projects, including any system necessary for the transportation of water from storage to points of treatment and/or distribution, including facilities for transporting water therefrom to wholesale purchasers, or from any one or more of such purposes or methods.”

In the first called special session of the 55th Legislature, 1957, the “Texas Water Planning Act” was also passed and signed into law on December 2, 1957, authorizing a Water Resources Planning Division within the State Board of Water Engineers. One of the duties of the new division was to acquire conservation storage in reservoirs. A second amendment to the Constitution, adopted by the voters on November 6, 1962, expanded the authority of the TWDB to acquire and develop storage facilities in reservoirs using the Texas Water Development Fund. This same amendment restricted projects to “not be used to finance any project which contemplates or results in the removal from the basin of origin of any surface water necessary to supply the reasonably foreseeable future water requirements for the next ensuing fifty-year period within the river basin of origin, except on a temporary, interim basis.” This amendment formed the foundation of the current water planning period for the state.

The heritage of the Texas Water Development Board is grounded in water resources planning, raising capital, and developing the water resources of the state through acquiring facilities and providing financial assistance. Since 1962, voters have continued to expand financing powers of the TWDB, increasing bonding authority, adding water quality enhancement and flood control to the list of authorized projects, and creating special funds in the state treasury for research and other water resource development projects. Retail distribution and economically distressed areas assistance through grants were added as well. Additionally, in response to recent droughts, the legislature has expanded funding programs for the TWDB to implement an aggressive subsidy program to assist water purveyors in financing projects that will withstand drought conditions.

With the Texas Legislature's passage of Senate Bills 1 (75th Legislature), 2 (76th Legislature), and 3 (80th Legislature), federal and state organizations, political subdivisions, and regional water planning groups have assumed increased responsibility for ensuring sufficient water supplies for the state. Notably, in recent

sessions, flood control funding from federal sources has been combined with related state assistance programs.

The TWDB is the state’s water planning and water project financing agency. The agency’s main responsibilities are threefold: collecting and disseminating water-related data; assisting with regional water planning and preparing the state water plan for developing the state’s water resources; and administering cost-effective financial assistance programs for the construction of water supply, wastewater treatment, flood control, and agricultural water conservation projects. In addition, the TWDB is the designated State Coordinating Agency for the National Flood Insurance Program, including community assistance and flood insurance rate mapping activities, and acts as the state’s clearinghouse for geographic information services.

The most recently adopted mission of the Texas Water Development Board is to provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.

The current agency vision is sustainable, affordable, quality water for Texans, our economy, and our environment.

The original purpose and mission of the TWDB is still necessary. Political subdivisions of the state have not developed sufficient water resource related projects to withstand drought-of-record conditions. (The 1950s drought was the worst in the state’s recorded history—or the drought of record. As mandated by the legislature, TWDB water planning must determine that there are sufficient water supplies for the state when another drought of record occurs.) The TWDB has a leadership and support role through guiding, enabling, and supporting the responsible development of the state’s water resources to ensure that sufficient water will be available at a reasonable cost while protecting the agricultural and natural resources of the state.

Enabling Statutes and Legislation

Strategy	Statutory References
<p>Strategy description for 01-01-01 (Collection, Analysis, and Reporting of Environmental Impact Information):</p> <p>Collect, receive, analyze, process, and facilitate access to basic data and summary information concerning water necessary to support a sound ecological environment in the state's streams, rivers, bays and estuaries.</p>	<p>Water Code §§11.1491, 16.012, 16.058</p>
<p>Strategy description for 01-01-02 (Water Resources Data):</p> <p>Collect, receive, analyze, process, and facilitate access to basic data and summary information to support planning, conservation, and responsible development of surface water and groundwater for Texas and studies to determine the quantity and quality of water available and environmental flow needs.</p>	<p>Water Code Chapter 15 (Subchapter M), Chapter 16 (Subchapter B), §16.059</p> <p>Water Code §§11.153, 11.155, 15.4063</p>

Enabling Statutes and Legislation – *Continued*

Strategy	Statutory References
<p>Strategy description for 01-01-03 (Automated Information Collection, Maintenance and Dissemination):</p> <p>Operate statewide program to provide training and to produce, maintain, and disseminate public domain geographic data in support of the state's water planning programs and related activities.</p>	<p>Water Code Chapter 16 (Subchapter B), Education Code §88.503</p>
<p>Strategy description for 01-02-01 (Technical Assistance and Modeling):</p> <p>Conduct studies on surface water and groundwater resources; provide technical information and assistance to citizens, groundwater conservation districts, river authorities, water utilities, and regional water planning groups; and develop, maintain, and adapt surface water and groundwater availability models to support planning, conservation, and responsible development of water in Texas.</p>	<p>Water Code Chapter 16 (Subchapters B and C), §§ 16.012, 16.015, 16.019, 16.051, 16.053; Water Code Chapter 35 §§ 35.004, 35.007, 35.012, 35.013, 35.018; Water Code Chapter 36 §§ 36.015, 36.108, 36.120, 36.1071 through 36.1073.</p> <p>Local Gov't Code §§ 212.0101, 232.0032.</p>
<p>Strategy description for 01-02-02 (Water Resources Planning):</p> <p>Assist in the developing and implementing regional and state water plans and measures resulting in protection from floodwaters. Efforts include managing contracts and providing technical assistance to regional water planning groups and political subdivisions for: 1) the preparation of regional water plans that are the foundation for the state water plan, 2) regional facility planning that initiates implementation of the state water plan, and 3) researching water resource problems and issues.</p>	<p>Water Code §§6.011, 6.012, 11.1271, 11.1272, 12.015, Chapter 15 (Subchapters A, B and F), Chapter 16 (Subchapters B, C, D and I)</p>
<p>Strategy description for 01-03-01 (Water Conservation, Education and Assistance):</p> <p>Provide water conservation information, data, and other technical assistance and services to promote increased water-use efficiency in Texas through statewide water conservation activities and as included in the regional and state water plans.</p>	<p>Water Code §§ 5.701, 11.1271, 13.146, 15.102, 15.103, 15.106, 15.208, 15.607, 15.701, 15.708, 15.735, 15.910, 15.975, 15.995, 16.012, 16.015, 16.0121, 16.022, 16.051, 16.053, 16.054, 16.055, Chapter 16, Subchapter K, 17.122, 17.125, 17.274, 17.277, 17.857, and 17.927, and Chapter 17, Subchapter J.</p>

Enabling Statutes and Legislation - *Continued*

Strategy	Statutory References
<p>Strategy description for 01-04-01 Perform Community Assistance pursuant to the National Flood Insurance Program:</p> <p>Provide assistance through community assistance contacts and community assistance visits to ensure that communities that participate in the National Flood Insurance Program receive sufficient technical assistance and are compliant with federal floodplain management regulations. Community Assistance Contacts, through telephone or personal contact with a community, provide an opportunity to determine if any problems or issues exist and to offer assistance if necessary. Community Assistance Visits are on-site assessments of a participating community's compliance with federal regulations, including a comprehensive assessment of the community's floodplain management program and its knowledge and understanding of the floodplain management requirements of the National Flood Insurance Program.</p>	<p>Water Code Chapter 16, Subchapter I, National Flood Insurance Reform Act of 1994, 42 United States Code, Chapter 50, Subchapter III, §§4001 through 4107, 44 CFR, Chapter I, Part 78, §§78.1 through 78.14</p>
<p>Strategy description for 02-01-02 (Economically Distressed Areas Program(EDAP)):</p> <p>Provide economically distressed areas access and connections to adequate water supply and wastewater treatment systems and indoor plumbing improvements.</p>	<p>Texas Constitution Article III, §§49-d-7, 49-d-8, 49-d-9, Water Code §§6.011, 6.012, 15.401, 15.407, Chapter 15 (Subchapters A, B, C, L, P and Q); Chapter 16 (Subchapter J); Chapter 17 (Subchapters K, M), applicable Federal Appropriations Acts.</p>
<p>Strategy description for 02-01-01 (Financial Assistance Programs):</p> <p>Provide financial assistance through state and federal programs to save money for Texas communities for water supply, water quality protection, and other water-related projects.</p>	<p>Water Code §§6.011, 6.012, 16.093, 17.0821, 17.961, 17.853; Chapter 15 (Subchapter J); 33 United States Code §§1251 et seq. (Federal Water Pollution Control Act); 42 United States Code §§ 300f-300j-26 (Safe Drinking Water Act); Texas Constitution Article III, §§49-c, 49-d, 49-d-1, 49-d-2, 49-d-3, 49-d-4, 49-d-5, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 50-d; Water Code §§6.011, 6.012, Chapter 15, (Subchapters A-F, M, N, O, Q, and R); Chapter 16 (Subchapters E and F); Chapter 17 (except for Subchapter M); §§36.159-.161, 36.371-374</p>

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

Each of the key functions of the TWDB support the clear and ongoing objective of fulfilling the agency's vision to provide sustainable, affordable, quality water for Texans, our economy, and our environment. The TWDB takes each of its functions very seriously and respects the public trust that has been bestowed upon the agency. The discontinuation of the TWDB's functions would result in a loss of critical science, data, and planning, financial, and technical assistance necessary for ensuring the future water needs for the State of Texas. Although the TWDB relies on partnerships with other agencies for collaborative efforts in the TWDB's program areas, a loss of these functions would have a crippling effect on the state's water planning and water infrastructure needs, leaving the people of the state exposed to devastating economic losses and environmental hardship during droughts. Additionally, the agency's role as State Coordinating Agency for the National Flood Insurance Program is necessary for the state's communities and its citizens to be eligible for the Federal Emergency Management Agency's (FEMA) flood insurance and other financial assistance to respond to or mitigate flood damages.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

In addition to the TWDB's performance measures reported to the legislature, the increased funding and responsibility given to the TWDB in recent legislative sessions speaks to the agency's effectiveness and efficiency. Additionally, the demand for the TWDB's financial assistance programs is at an unprecedented level. The TWDB believes this directly correlates to our constituents' trust and shows our effectiveness in providing monies and contracting with communities and entities in need of water, wastewater and flood control projects.

The TWDB has had many major accomplishments in the past few years, receiving numerous awards and surpassing all expectations and forecasts set forth in previous strategic planning cycles. The agency has become nationally and internationally recognized for the work it does to ensure safe and adequate water supplies for Texas. Following is a high-level overview of significant recognitions the agency and our staff have received, noteworthy committees and organizations the TWDB is involved with, and innovations in which the TWDB has been a driving force.

Debt Management for the State of Texas

TWDB issues general obligation bonds (both self supporting and non-self supporting) and revenue bonds to provide financial assistance to political subdivisions for water and wastewater services. As noted by rating agencies, the TWDB actively manages the portfolio to maintain strong debt service coverage and strong cash and investment positions. The general obligation bonds receive the state's credit rating of AA. The revenue bonds issued in the Clean Water State Revolving Fund maintain a AAA rating. The rating reports by the three rating agencies are included as Attachment 21 of this report.

Since 1998, the TWDB has refunded 21 separate series of bonds for both general obligation and revenue bonds. The cumulative savings over that period has been over \$135 million dollars. In FY 2009 alone, refunding outstanding series saved over \$20 million dollars. This debt management strategy has saved over

\$10,814,000 cumulatively in General Revenue dollars through the refunding of non-self-supporting debt outstanding (Economically Distressed Areas and State Participation programs).

Coordination with State and Federal Partners

In 2005, the TWDB, in conjunction with the Texas Water Conservation Association, co-founded and established Texas Water Day. Texas Water Day is held annually in Washington, D.C., to coincide with the release of the President's budget and the start of the congressional appropriations process. The event has proven to be a successful partnership between local, regional, state, and federal water resources agencies in reaching out to federal policymakers on key issues of importance to Texas water interests.

The primary purpose of Texas Water Day is to educate the Texas congressional delegation on policy and funding issues to help Texas meet its water needs. This highly successful venture is now in its fifth year; planning has begun for Texas Water Day 2010, which is tentatively scheduled for February 10, 2010.

State Revolving Fund Administration

In 2007, the U.S. Environmental Protection Agency bestowed their prestigious PISCES Award (Performance and Innovation in the SRF [State Revolving Fund] Creating Environmental Success) on the TWDB to recognize the extraordinary success of our dedication to the Clean Water Revolving Fund (CWSRF) program. Projects financed under the CWSRF programs support the Clean Water Act by protecting environmental health and water quality. The PISCES Awards highlight successfully designed projects that further the goal of clean and safe water with exceptional planning, management, and financing. In recognition of this achievement, U.S. Representative Eddie Bernice Johnson (Dallas) filed House Resolution 832, which was co-sponsored by 13 members of the Texas congressional delegation, applauding the TWDB's achievements.

Groundwater

In 2006, a staff member was awarded the Technology Award from the National Ground Water Association in recognition of the TWDB's Groundwater Availability Modeling Program.

Water Resources Planning

As a result of continued refinement of the process, the TWDB has continued to receive recognition as one of the leading water planning organizations in the nation. The *Water for Texas* 2007 State Water Plan won praise from the American Planning Association, a professional organization focused on city planning and community development. In October 2007, the Texas chapter of the Association presented the TWDB with the 2007 Long Range Planning Award, "given to an outstanding plan that concentrates on a single long-range planning element." The 2007 State Water Plan also received one of the national Association's four Letters of Commendation from the Awards Jury for its nomination for the Planning Excellence Award for Best Practice.

Service

Many in the TWDB family have been selected to serve on prestigious boards and entities in the water industry. Current Board member Thomas Weir Labatt III serves as vice chairman of the Western States Water Council, and it is anticipated that he will be elevated to the role of chair of the Council in 2010.

Executive Administrator J. Kevin Ward serves as vice president of the Council of Infrastructure Financing Authorities and is eligible to be nominated as the president of this organization in 2010. In 2005, Kevin Ward served on a three-member team of state administrators that conducted the U.S. Agency for International Development's Pooled Financing Workshop, titled the "Infrastructure Reform and Finance Project." The workshop was conducted in Bucharest, Romania, and assisted the countries of Romania,

Russia, Ukraine, Montenegro, Georgia, Bulgaria, and Armenia in evaluating how to develop capital markets and pool resources within their respective countries that facilitate the development of water resources necessary to support their economies effectively.

Many additional staff members at the TWDB serve on statewide and local committees and serve as informational resources to many of these entities.

The TWDB received an award for the 2008 State Employees Charitable Campaign for the highest per capita giving among all state agencies with 201–400 employees. We are proud to report that we won the same award for both the 2005 and the 2007 campaigns. Additionally, the 2005 awards included the Highest Percentage of Participants as well as the Rising Star Award.

Innovation

Texas Natural Resources Information System (TNRIS), a division of the TWDB, is taking the initiative to prepare for emergency situations by making available through its Web site event-specific spatial data and resources to local, state, and federal entities. In May 2003, the Texas Senate passed Resolution 875 praising TNRIS and the TWDB's efforts in the recovery of the Space Shuttle Columbia. We are proud that our technology furthered the recovery efforts for the space shuttle. During the 2005 hurricane season, TNRIS was called upon to assist the Federal Emergency Management Agency (FEMA) with geographic information systems support at the FEMA Joint Field Office in Austin. Staff supported FEMA response efforts on a part-time basis over a three-to-four week period starting soon after Hurricane Rita came ashore. TNRIS continued to support FEMA during recovery operations. As part of the hurricane coordination effort, FEMA proposed that TNRIS create a repository for all of the geographic data collected during the Hurricane Rita response and recovery event. FEMA wanted the data to be permanently housed within TNRIS and available for analysis, planning, and mitigation activities. TNRIS worked with FEMA to define a proposal for this purpose and was encouraged to submit the proposal for funding to the Governor's Division of Emergency Management under the Hazard Mitigation Grant Program. Subsequently, TNRIS was awarded a grant for \$750,000 to create the Geospatial Emergency Management Support System.

The development of high-resolution elevation data is giving the state a much greater capacity to model potential hurricanes accurately. The data are being used to create detailed inundation maps that were used effectively in advance of Hurricane Ike to communicate risk to the public and to help decision makers anticipate and prepare for hurricanes.

One activity that has arisen from this is a public evacuation zone locator developed for the Governor's Division of Emergency Management. This allows citizens to input their address and see which evacuation zone they live in and links to other state preparedness resources.

The deployment of the Geospatial Emergency Management Support System has given emergency management decision makers a system for maintaining situational awareness during large emergency events. Based on the statewide Strategic Mapping Program data, the system allows for real time weather, traffic, and sensor data to be viewed and integrated.

In preparation of flood events, real time precipitation can be displayed with floodplains and watersheds, helping to target potential areas of flooding. This system is envisioned to support forecasting to allow the public and emergency managers to understand risks and act on current live data during an event.

Desalination

In April 2002, Governor Rick Perry directed the TWDB to pursue the development of drought-proof water supplies from seawater desalination. Governor Perry's initiative called for implementing Texas' first large-scale demonstration seawater desalination project. Subsequently, the 78th Texas Legislature in 2003 passed legislation directing the TWDB to pursue the development of seawater desalination. Acting on these directives, the TWDB identified three sites with the highest potential for implementing large-scale seawater desalination: Brownsville, Corpus Christi, and Freeport. In 2004, based on the results of TWDB-funded feasibility studies for these sites, the TWDB requested a legislative appropriation to continue supporting the development of seawater desalination. In 2005, the 79th Texas Legislature appropriated \$2.5 million for seawater desalination pilot plant studies.

The TWDB has historically been engaged in developing desalination water supplies in Texas. Financial assistance for planning studies was instrumental in developing current model plants such as the Southmost Regional Water Authority and the El Paso-Ft. Bliss Brackish Desalination Plant. The TWDB currently has over seven demonstration projects active. In 2007, the TWDB awarded \$205,000 to the San Antonio Water System to perform a pilot test and assess the cost and technical feasibility of the Vibratory Shear Enhanced Process as a tool for reducing the volume of brackish groundwater desalination concentrate. The project includes developing a model for evaluating enhanced recovery processes to aid in selecting concentrate management solutions for brackish groundwater desalination. The total cost of the project is \$877,000.

In 2006, the TWDB was a finalist for the Water Agency of the Year Award from Global Water Intelligence. Global Water Intelligence noted that the TWDB had "set an example for other U.S. water agencies planning to tap nontraditional water resources."

National Flood Insurance Program Federal Funding

Since assuming responsibilities for this program in September 2007 and in light of additional state appropriations to implement the program, the TWDB received additional federal funds in the following amounts: \$130,911 in FY 08 and \$177,962 in FY 09 for the Community Assistance Program; \$80,000 in FY 09 for flood insurance rate map management support; and \$26,560,000 in Severe Repetitive Loss grants.

Financial Assistance for Agricultural Water Conservation Demonstration Projects and Studies

The TWDB has increased the amount of federal grant monies for agricultural conservation, which has allowed us to provide \$10 million in grant funding for two long-term (8 to 10 years) agricultural demonstration projects and \$2.5 million in other grants for 29 short-term (1 to 3 years) projects or studies during FYs 2004–2008. Additionally, the agency was selected by the U.S. Department of Agriculture–Natural Resources Conservation Service in FY 2009 to be an Agricultural Water Enhancement Program Partner, which allowed \$7 million of FY 2009 federal cost-share funding to be provided to participating agricultural producers in 49 counties in the Texas High Plains.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

The agency's enabling law correctly reflects the agency's mission, key functions, powers, and duties. Each session the TWDB makes policy recommendations and funding requests to the legislature, and many of our recommendations were adopted by the 81st and 80th Legislatures as outlined below.

81st Legislature

In the 81st Legislative Session, the TWDB recommended legislative changes that resulted in 10 bills being filed, five of which were passed and are being implemented. The requested legislation covered all facets of the agency from the Economically Distressed Areas Program (EDAP) to TWDB's ability to produce promotional items. Two of the bills that failed, the evergreen funding for replenishing the agency's state general obligation bond authorization, and the TWDB's ability to use other state and federal programs to match grants in the EDAP program, will be addressed in the first policy items in Section IX of this report.

Additionally, the 81st session secured funding for the state water plan and other non-self-supporting general revenue bond programs through the next biennium by appropriating \$46,447,917 in General Revenue for debt service on \$470 million in new bonding authority. Accompanying rider language to use baseline revenues to issue previously authorized bonds of \$312.7 million produced a total of \$782.7 million in bonds for water projects. Several riders were granted to the TWDB, including one that directs the agency to use appropriated dollars on recommended water management strategies in the state water plan. The rider also directs the TWDB to give priority to those projects with the earliest implementation date. Another allowed for reimbursement of expenses to the members of the Texas Environmental Flows Science Advisory Committee and the Basin and Bay Expert Science Teams as discussed in Section VII of this report.

80th Legislature

The 80th Session of the Texas Legislature took historic actions on water conservation, environmental flows, and reservoir site designation and provided unprecedented funding to implement water management strategies in the 2007 State Water Plan. Existing TWDB state financial assistance programs were infused with new capital to open the doors to a new evolution of loans and grants for water and wastewater infrastructure in Texas.

House Bill 1, General Appropriation Act, included funding to implement seven of the TWDB's 14 original exceptional item requests and all five of the state water plan funding requests. The bill appropriated an additional \$30.6 million over and above the agency's \$78.0 million baseline request for agency programs and administration. It also appropriated almost \$56 million over and above the agency's \$54.7 million baseline request to pay the debt service on general obligation bonds to finance water and wastewater projects through existing agency programs—the Economically Distressed Areas Program, the State Participation Program, and the Water Infrastructure Fund. Proposition 16, approved by Texas voters on November 6, 2007, authorized the TWDB to issue up to \$250 million in additional general obligation bonds for the statewide Economically Distressed Areas Program. This authorization allowed the TWDB to use bond proceeds to issue approximately \$87 million during the next two years in grants and/or low-interest loans for water and/or wastewater projects in economically distressed communities across Texas.

Senate Bill 3 designated the unique reservoir sites listed in the 2007 State Water Plan and included provisions for protecting environmental flows, conserving water, expediting regional water planning amendments, promoting voluntary land stewardship, providing lease-back and mitigation protections for landowners impacted by potential reservoirs, designating river and stream segments of unique ecological value for protection, and creating a water supply study commission involving Regions C and D water planning areas. House Bill 1 included significant appropriation increases that are an investment in the future water supply and distribution and delivery systems serving Texas communities. As a result of the legislative investment in infrastructure financing, the TWDB had more than \$762 million available for loans and grants to implement water management strategies identified in the 2007 State Water Plan, approximately \$99 million available for loans and grants for water and wastewater infrastructure in economically distressed areas across the state, and \$600,000 in grant funding for self-help projects to address needs in colonia communities near the Texas-Mexico border.

Outcomes of the 80th Legislative Session
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Policy Issues	Outcome
Designate remaining viable reservoir sites of unique value for constructing reservoirs to meet future water demands	Article 4, Senate Bill 3
Authorize expedited amendments to regional water plans	Article 2, Sections 2.14 and 2.15 of Senate Bill 3
Extend the deadline for completing the instream flow priority studies from Dec. 31, 2010, to Dec. 31, 2016	Article 1, Section 1.23 of Senate Bill 3
Require subdivision developers to submit groundwater certification reports to TWDB and groundwater conservation districts	Senate Bill 662
Authorize collection of a fee to be dedicated to TNRIS	Filed as House Bill 3477. Fee provision removed. Amendment added Article 2, Sections 2.12 and 2.13, of Senate Bill 3.
Enhance and clarify Sec. 16.021, Texas Water Code, for TNRIS	Filed as House Bill 3477. Amendment added Article 2, Sections 2.12 and 2.13, of Senate Bill 3.
Authorize TWDB to acquire intellectual property rights, such as trademark, copyright, or patent.	Senate Bill 616
Finance water management strategies	Appropriations and riders for bond debt service in Article VI, Agency 58a in House Bill 1
Interbasin transfers of surface water	Filed as House Bill 991 but did not pass
Environmental water needs	Article 1, Senate Bill 3
Water conservation	Article 2 of Senate Bill 3 House Bill 4
Indirect reuse	Filed as House Bill 3233 but did not pass
Municipal water conservation program	\$596,020 appropriated in Article VI, Agency 580, in House Bill 1
Restore Drinking Water State Revolving Fund match	\$753,800 appropriated in Article VI, Agency 580, in House Bill 1
Disadvantaged Rural Community Water and Wastewater Financial Assistance Fund	Alternative funding through appropriations and riders for bond debt service and FTEs in EDAP and specific set-asides for rural disadvantaged areas
Groundwater management for Texas	\$622,489 appropriated and 6 FTEs added in Article VI, Agency 580, in House Bill 1
Environmental flows	Tasks from Exceptional Item not funded but new tasks from Article I, Senate Bill 3 funded in Article VI, Agency 580 in House Bill 1
Restoration of General Revenue for regional planning	\$2.5 million appropriated from Water Assistance Fund (WAF) balances and \$2.5 million appropriated from General Revenue
Restoration of General Revenue for StratMap	Not funded (\$1.09 million requested)
Water data for water planning	Not funded (\$2.1 million requested)

Outcomes of the 80th Legislative Session - Continued	
Policy Issues	Outcome
Economically Distressed Areas Program II	Senate Joint Resolution 20 (Proposition 16) authorized \$250 million in general obligation bond debt for EDAP. Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Restoration of funding for desalination grants	Not funded (\$2.5 million requested)
Water Technology Demonstration Program	Not funded (\$2.1 million requested)
Borderlands Information Center	Not funded (\$693,518 requested)
Colonia Self-Help Program	\$774,891 appropriated for FTEs and grants in Article VI, Agency 580, in House Bill 1
Economically Distressed Areas Program bond debt	Appropriations and riders for bond debt service to issue final \$12 million in 1989 authorization included in Article VI, Agency 58a, in House Bill 1.
Debt service for State Participation Program	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Debt service for desalination	Not funded
Debt service for Water Infrastructure Fund for permitting and design and construction (municipal water supply)	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Debt service for Water Infrastructure Fund for other municipal projects (interest deferrals and low-interest loans)	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Debt service for Water Infrastructure Fund for water distribution and treatment grants in economically distressed areas.	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Debt service for Water Infrastructure Fund grants and subsidized loans (rural areas)	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1
Debt service for Water Infrastructure Fund for State Participation (project construction)	Appropriations and riders for bond debt service in Article VI, Agency 58a, in House Bill 1

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

The key agency functions include regional and state water planning, water-related project financing (including water supply, water quality enhancement, flood control, nonsource pollution control, and scientific studies); groundwater and surface water data collection; promotion of water conservation; and dissemination of data related to geographic information systems using technologies that include satellite imagery, aerial photography, and Light Detection and Ranging (known as LiDAR). Although several state and federal agencies and universities may operate similar programs or maintain similar data sets, there is no material duplication of functions. In fact, the TWDB works with all of the other agencies doing similar work on joint projects, combining resources to maximize the effect of the respective programs in delivering optimum services to the public. For example, when the TWDB funds a water project that also receives financing from another state or federal agency, each respective agency funds separate components of the project that further their respective mission and give the maximum benefit to the recipient.

There have been legislative changes in the past for shared roles of engineering reviews of water and wastewater treatment system plans and specifications to ensure that the Texas Commission on Environmental Quality and TWDB do not perform dual review on projects. The TWDB and Texas Commission on Environmental Quality have a memorandum of agreement that describes the respective agency roles for this function.

State flood control planning and project financial assistance has been at the TWDB since inception, and recently, the legislature transferred the Federal Emergency Management Agency Flood Mitigation project funding program to the TWDB from the Texas Commission on Environmental Quality, consolidating management of the federal and state role for flood control planning and mitigation programs into a single agency.

F. In general, how do other states carry out similar functions?

Financial Programs

- Texas provides a great depth and breadth of financial assistance programs, ranging from grants to low-income disadvantaged communities, to sizable loans for water infrastructure. All 50 states have similar programs to our Drinking Water and Clean Water state revolving funds. Although the states have latitude in tailoring the revolving funds to their individual needs, all must follow the federal rules, guidelines, and laws. Other states similar in size to Texas (New York, Ohio, Pennsylvania, and California for example) also have a wide range of financial grant and loan programs for water infrastructure and related projects in addition to their state revolving funds. Some examples of other state's programs include Ohio's Dam Safety Loan Program and Emergency Relief Grant Program and Pennsylvania's Stormwater Management Planning and Implementation Program.
- Throughout the country, a wide range of financing options from fees and taxes to leveraging is employed to fund water and wastewater infrastructure projects.

Conservation

- Arizona, California, Colorado, New Mexico, and Nevada have been involved in water conservation for some time. Much of their efforts have been directed at developing, funding, and implementing water-use efficiency measures for both municipal and agricultural water use. More recently, severe drought conditions have states such as Oregon, Washington, Florida, and Georgia looking at incorporating conservation into their long-term water planning efforts. The efforts in Texas have been recognized nationally, and the TWDB has provided information on agency programs to assist in their efforts.

Innovative Water Technologies

- In Pennsylvania, the Department of Environmental Protection promotes the development and use of new water and wastewater and storm water technologies. The Department (1) provides financial assistance to support new and innovative water and wastewater treatment technology projects and a variety of technology demonstration projects, (2) researches and reports on new technologies, (3) monitors costs, and (4) conducts technology transfers via forums and symposiums.
- In California, the Department of Water Resources manages funding for desalination and water reuse projects.

Groundwater

- The California Department of Water Resources provides data collection services in some areas of the state (although not as comprehensive as Texas) and provides limited technical assistance in developing groundwater management plans. California has no organized program of groundwater modeling.
- The Arizona Department of Water Resources collects data in the active management areas that are managed by department staff. The Department also develops and manages groundwater models of the active management areas.
- The Kansas Water Office is involved in planning, including developing and revising their state water plan, and gathering water resource information. Other sister agencies provide technical support.

Surface Water

- The U.S. Geological Survey and the National Weather Service operate in all states, so all states have at least a basic level of streamflow and meteorological information.
- Oklahoma collects basic meteorological data at nearly 120 sites across the state.
- California (as of 1994) and Florida (as of 1972) have established programs to determine the freshwater inflow needs of estuaries. Although other states in the United States have conducted investigations into the needs for freshwater inflows, dedicated programs are not as well established as in Texas, California, or Florida.
- Oklahoma has a hydrographic survey program.
- The National Oceanic and Atmospheric Administration, the U.S. Geological Survey, and the U.S. Army Corps of Engineers operate in other coastal states and provide tide gaging. These organizations also provide hydrodynamic modeling services in other states.

Water Planning

- All 50 states do some type of water-related planning and all are different; many are crisis driven (drought or flood).
- Of the 50 states, 23 have current water supply plans; 9 more are developing plans.
- Western states do the most water supply planning and are the most comprehensive; 13 of 19 western states have plans (Arkansas, Arizona, California, Hawaii, Kansas, North Dakota, Nebraska, New Mexico, Oklahoma, Texas, Utah, Washington, and Wyoming).
- California probably has the most comprehensive water supply plan outside of Texas.
- Planning is done by state agencies, river/basin authorities, water supply districts, and other special purpose districts.
- Key reasons that states prepare water plans are to ensure future water supply sources, given population and economic growth; possible reductions in supplies; and the ability to better balance competition for water or reconcile conflicts over water.
- All states consider funding for both planning and implementation their greatest need; technical planning assistance is another need listed by many states.

GIS

- Other states operate with a range of models. Some states use university programs to disseminate their information but do not provide funding from the state. Other states view geographic information systems (GIS) technology as a part of information technology and focus on technology coordination aspects. Still other states use a model similar to Texas, which provides a central clearinghouse and consolidated operational center to support agency specific GIS groups to accomplish their mission.

G. What key obstacles impair your agency's ability to achieve its objectives?

Water Science and Conservation

The legislature has mandated that the TWDB and other state agencies collect and analyze data for the state's inland and coastal surface water resources. An analysis by the U.S. Geological Survey and TWDB identified a "Core Network" of streamflow gages required to meet statewide data collection objectives. Because of restricted funding, less than 93 percent of these gages have been operational since 2003. Without a completely operational core network, TWDB is limited in its ability to adequately monitor surface water resources in Texas, a condition that could adversely impacts many agency objectives.

Through Senate Bill 2, 77th Legislative Session, the legislature mandated that the TWDB and other state agencies provide for the collection of instream flow data and analysis. The Texas Parks and Wildlife Department, Texas Commission on Environmental Quality, and TWDB were directed to determine the appropriate methodologies for determining flow conditions in the state's rivers and streams to support a sound ecological environment. Instream flow studies for six specified sites are to be completed no later than the statutorily established deadline of December 31, 2016. Although progress has been made over the last few years, reduced appropriations have negatively affected the Instream Flow Program by effectively eliminating the possibility of installing site specific real-time streamflow monitoring stations, reducing the ability of staff to conduct necessary fieldwork, and decreasing the amount of compensation available to hire and retain qualified technical staff. The legislature authorized but did not fund a full-time employee position for the Instream Flow Program, leaving the agency with limited resources to meet our legislative mandates. In response to legislative directives, the TWDB and the Texas Parks and Wildlife Department jointly established and currently maintain a data collection and analytical study program focused on determining the effects of and needs for freshwater inflows to the state's bays and estuaries. These studies and this data are useful in evaluating environmental flows in support of Senate Bill 3, 80th Legislative Session.

Water Resources Planning and Information

Funding requests related to flood have continued to increase, with a four-fold increase in requests from 2006 to 2008. Priorities of the Flood Mitigation Planning Division include increasing funding available to analyze and mitigate flood hazards, increasing the participation in the National Flood Insurance Program to include all communities with identified flood hazards, and providing detailed Flood Insurance Rate Maps for 90 percent of the counties with identified flood hazards.

In addition to flood programs, Water Resource Planning and Information also houses the Texas Natural Resources Information System (TNRIS), the state's clearinghouse for natural resource information. University researchers have recently developed foundation technologies that are being evaluated for adoption within the TWDB, presenting a significant opportunity for building a unified approach to linking water sciences and planning for the public's benefit. If Texas can increase its investment in these technologies and systems, TNRIS could

- reduce the cost of data and data storage and services;
- increase access for the public to a wider range of information about agency programs and capabilities;
- provide a platform for organizing and coordinating real-time data exchange for planning, science, engineering, and policy proposals;
- serve as the national model for integrated hydrologic information systems; and
- provide a means to measure the state's capacity for accurately understanding historical, current, and future conditions and an ability to analyze social, economic, and environmental options.

Fiscal obstacles for achieving these capabilities include a lack of efficient purchasing mechanisms, lack of intra-government protocols for data exchange, undefined technology services from mandated providers, and a lack of awareness of successes by select technology centers.

Project Finance

Funding requests of the TWDB's financial assistance programs continue to grow. This is partially due to current economic conditions and the downgrading of municipal insurers. Many entities that would normally access the municipal market are unable to do so and are turning to the TWDB for their infrastructure financing needs.

The full realization of several state financial assistance programs depends upon sufficient General Revenue funds and staff resources. Senate Bill 3, 80th Legislature, included provisions for a first-time investment in infrastructure financing specific to state water plan funding. More than \$762 million was made available for loans and grants to implement water management strategies identified in the 2007 State Water Plan. The \$762 million was estimated to meet Texas' water supply needs through 2020. Further funding will be needed to meet the additional water supply needs through the 2060 planning horizon. During the 81st session, the TWDB requested over \$1 billion to continue funding of the state water plan. However, total new funding secured was \$445 million for state water plan projects.

In the past, state loan programs have been affected by cuts to General Revenue, and any future funding cuts would result in reducing the level of services provided on state loan and grant programs. These service reductions include frequency of monthly field inspections during construction, levels of technical assistance to economically disadvantaged political subdivisions, and loan/grant management oversight activities. Several other state-funded programs administered by the TWDB also rely upon additional program funding each biennium for water and wastewater projects. Reductions to General Revenue in the financial assistance programs will result in project delays or in projects being scaled back to less than the most cost-effective size and scope. In addition, economically distressed areas will not receive basic water-related services, nor will the Drinking Water State Revolving Fund disadvantaged community program be able to continue providing grant assistance.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

Federal legislation, S.787, known as the Clean Water Restoration Act, proposes to amend the Federal Water Pollution Control Act by substituting the terms "waters of the United States" for "navigable waters of the United States." As such, the legislation would clarify and arguably extend the reach of permitting jurisdiction for, among other federal agencies the U.S. Corps of Engineers, beyond what is currently allowed under Supreme Court interpretations of "navigable" (most recently in *Rapanos v. United States* (2006)). This could impact the viability, cost, and duration of implementing water development projects that require Section 404 permits from the Corps.

Federal legislation, S.1005, proposes to amend the Federal Water Pollution Control Act and the Safe Drinking Water Act and could affect the TWDB's administration of the Clean Water and the Drinking Water state revolving funds. These programs administer grants received from the U.S. Environmental Protection Agency (EPA) to provide financing to Texas political subdivisions for constructing and improving treatment works and public water systems. This financing is provided through low-interest loans and, under the Drinking Water program, some level of grant in the case of disadvantaged communities.

The proposed legislation would authorize the appropriation of nearly \$35 billion over the 2010–2014 time frame for EPA capitalization grants to the states' revolving fund programs, reflecting an increase over previous appropriation levels. The legislation also proposes to expand the types of projects eligible for financial assistance, updating the formula used by EPA to allocate grant monies among the states and tribes based on the EPA needs surveys; authorize grant subsidies for disadvantaged communities under the clean water program; and allow the states to extend the repayment terms for loans. Provisions currently are not included in S.1005 but mentioned as possible amendments during markup include Davis-Bacon wage rates, "Buy American" requirements for construction contracts, and additional restructuring of the state allocation formula.

A lawsuit filed by the TWDB against the United States Fish and Wildlife Service (USFWS), *Texas Water Development Board v. United States Department of the Interior* (Fifth Circuit Court of Appeals, Cause No. 08-10890, petition for writ of certiorari pending) involves litigation that could impact the TWDB's stakeholders, including regional water planning groups, and financing strategies for long-term water supply. The lawsuit challenges actions by the USFWS that have effectively precluded the construction of Fastrill Reservoir, a long-term drinking water supply for the City of Dallas and other entities. The interest of the state is to require USFWS to consider the state water planning process as it would any other National Environmental Policy Act-like state process in considering the effects of establishing a wildlife refuge, ultimately resulting in the determination of necessary mitigation of the resulting loss of the potential future water supply.

Litigation currently pending before the Texas Supreme Court, *Edwards Aquifer Authority and the State of Texas v. Day and McDaniel* (Case No. 08-0964) and *City of Del Rio v. Clayton Sam Hamilton Trust* (Case No. 08-0755), could impact groundwater conservation districts and other TWDB stakeholders by declaring that groundwater underlying a landowner's property is a real property interest entitled to due process protection and possible compensation if that interest is affected by permitting decisions or regulatory determinations by the respective districts. The TWDB is directed by statute to review determinations by groundwater conservation districts of the desired future conditions of aquifers and, following approval, establish the managed available groundwater that is available for additional permitting by these districts. However, the outcome of these cases is unlikely to have a direct impact on these TWDB functions.

I. What are your agency's biggest opportunities for improvement in the future?

The TWDB faces many challenges in today's economic and political climate, which we believe can be considered opportunities for the future. The biggest opportunities for improvement present themselves in the continued improvement of the use of new technologies and staff expertise and skill in delivering the many new and expanded services that the legislature has recently charged and entrusted to the TWDB. Reviews of the TWDB's implementation efforts for new legislation and appropriations by interim committees consistently provide feedback and direction. Additionally, stakeholder processes conducted by the TWDB, legislature, and trade organizations provide meaningful feedback to ensure that TWDB management becomes aware of any needed adjustments to our strategies in developing new or changing existing services.

In the areas of infrastructure finance, lessons learned from reviews (from TWDB management, audits, and federal agencies) of the Clean and Drinking Water state revolving funds, combined with the current experience of implementing the 2009 American Recovery and Reinvestment Act grant program, should be applied to future program years. These lessons include improved coordination with customers and stakeholders. Additionally, as mentioned earlier, there is likely to be a federal act that changes both

programs. The opportunity to combine the reviews of so many professionals will help ensure an effective and efficient conversion to the new federal initiatives.

The TWDB owns the Water IQ trademark, which with further development and funding could enable the state through the TWDB to be a leader in educating the public on conservation matters. Creating a stakeholder outreach and feedback process and encouraging its continued development is crucial to conservation strategies currently in place across the state. An outreach program also fosters the introduction of new strategies within water utilities and encourages more efficient government and individual water use habits. Increased development and distribution of conservation-related publications and materials will ensure a broad-based public awareness of the importance of individual, corporate, industry, and agricultural best practices for water conservation, which are collectively the least expensive source of new water supply for the state. The TWDB has an opportunity to develop reporting measures and projections that accurately depict the future water supplies available to the state by taking into consideration water savings generated through conservation. This information will help the agency understand the need for and implementation timing of other water management strategies for securing adequate water supplies for the state.

J. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Texas Water Development Board Exhibit 2: Key Performance Measures - Fiscal Year 2008				
Key Performance Measures By Goal By Strategy	Key Performance Measures	FY 2008 Target	FY 2008 Actual Performance	FY 2008 % of Annual Target
Goal 1	Water Resources Planning			
Outcome 01-01.01	Percent of information available to adequately monitor the state's water supplies	69.10 %	76.60 %	110.85 % *
Outcome 01-01.02	Percent of key regional and statewide water planning activities completed	84.60 %	96.80 %	114.42 % *
Outcome 01-01.03	Percent of eligible Texas communities and other entities receiving technical and/or financial assistance for water planning and conservation	9.50 %	6.90 %	72.63 % *
Output 01-01-01.01	Number of bay, estuary, and instream study elements completed	9.0	8.86	98.44%
Explanatory 01-01-03.01	Number of responses to requests for TNRIS-related information that are filled	350,000	769,500.00	219.86
Output 01-02-01.01	Number of responses to requests for water resource information that are filled	2,850.00	2,636.00	92.49%
Output 01-02-02-.01	Number of active grants for regional water, wastewater, flood, and research studies funded from the Research and Planning Fund	115.00	129.00	112.17%
Output 01-03-01.01	Number of responses to requests for water conservation information, data, technical assistance, and educational activities provided by the TWDB staff	575.00	613.00	106.61%

Continued from previous page.

Key Performance Measures By Goal By Strategy	Key Performance Measures	FY 2008 Target	FY 2008 Actual Performance	FY 2008 % of Annual Target
Goal 2	Water Project Financing			
Outcome 02-01.01	Total dollars committed as a percent of total financial assistance dollars available	73.00 %	130.01 %	178.10 % *
Output 02-01-01.01	Number of state participation projects receiving financial assistance	4.00	0	0%
Output 02-01-01.02	Total dollars committed to projects to implement the state water plan	\$234,910,000.00	\$511,440,000.00	217.72 % *
Output 02-01-01.03	Number of commitments to state water plan projects	37.00	15.00	40.54 %
Output 02-01-02.03	Number of completed colonia or economically distressed areas projects	81.00	70.00	86.42%
Output 02-01-03.01	Number of financial assistance commitments offered	102.00	87.00	85.29%*
Output 02-01-03.02	Number of commitments to small, rural, or disadvantaged community projects	26.00	66.00	253.85 % *
Output 02-01-03.03	Total dollars of financial assistance committed	\$679,700,000.00	\$827,679,205.00	121.77 % *
Output 02-01-03.06	Number of construction contracts managed	360.00	351.00	97.50 %
Efficiency 02-01-03.01	Administrative cost per active financial assistance agreement	\$3,231.00	\$1,408.00	43.58 % *

*Varies by 5 percent or more from target.

III. History and Major Events

The following history reflects the progress of the state to protect and preserve the water resources of Texas beginning with the first constitutional amendment in 1904 and including the creation of the Texas Water Development Board and the Texas Water Development Fund by constitutional amendment in 1957 and the Texas Water Commission in 1962.

1904	A constitutional amendment was adopted authorizing the first public development of water resources.
1913	The 33rd Texas Legislature created the Board of Water Engineers to regulate appropriations of water.
1957	<p>The TWDB was created by legislative act and constitutional amendment. The constitutional amendment, approved by Texas voters, authorized the TWDB to issue \$200 million in State of Texas general obligation Water Development bonds for the conservation and development of Texas' water resources through loans to political subdivisions. Additionally, Chapter II of the Laws of the First Called Session of the 57th Legislature, titled "the Texas Water Planning Act of 1957" created a Water Resources Planning Division within the State Board of Water Engineers.</p> <p><i>The statewide drought of record that lasted almost eight years ended, resulting in 244 out of 254 Texas counties being declared disaster areas.</i></p>
1962	The Board of Water Engineers was reorganized, renamed the Texas Water Commission, and given specific responsibilities for water planning by the 57th Texas Legislature. An additional constitutional amendment added powers to the TWDB regarding the acquisition and development of storage facilities in reservoirs using the Texas Water Development Fund.
1965	The Texas Legislature restructured the state water agencies, transferred water resource planning functions to the TWDB, and renamed the Texas Water Commission as the Texas Water Resource Commission.
1970	President Richard Nixon established the U.S. Environmental Protection Agency (EPA)
1972	The Texas Natural Resources Information System (TNRIS) was created, succeeding the Texas Water-Oriented Data Bank and incorporating a centralized repository and clearinghouse of maps, census information, and water-related information.
1977	<p>The three existing water agencies:</p> <ul style="list-style-type: none"> • the Texas Water Development Board; • the Texas Water Rights Commission; and • the Water Quality Board <p>were combined by the Texas Legislature, creating the Texas Department of Water Resources. This new agency was responsible for developing Texas' water resources, maintaining the quality of water, and ensuring equitable distribution of water rights.</p>
1985	Sunset legislation reorganized the Texas Department of Water Resources, splitting the agency into two separate agencies: the Texas Water Commission and the Texas Water Development Board. The TWDB was charged with long-range planning and water project financing. Four constitutional amendments were passed that 1) added \$980 million in bond authorization for water, water quality enhancement, and flood control projects; 2) gave authority for the TWDB to create special funds in the treasury; 3) created a bond insurance program; and 4) authorized the TWDB to provide financial assistance to nonprofit water supply corporations.
1987	Congress established the Clean Water State Revolving Fund through the Clean Water Act Amendments of 1987, creating a permanent, state-administered financial assistance program for water pollution abatement projects.
1989	The 71st Texas Legislature and voters of the state passed comprehensive legislation and constitutional amendments establishing the Economically Distressed Areas Program, to be administered by the TWDB.

1993	The North American Development Bank and Border Environment Cooperation Commission were created through the North American Free Trade Agreement. The Bank and Commission charges included financial assistance for water and wastewater projects along the Texas-Mexico border.
1996	Congress established the Drinking Water State Revolving Fund through the Safe Drinking Water Act Amendments of 1996, creating a state-administered financial assistance program for drinking water infrastructure projects.
1997	<p>The 1997 State Water Plan was adopted as a consensus effort by the TWDB, the Texas Parks and Wildlife Department, and the Texas Natural Resources Conservation Commission (now the Texas Commission on Environmental Quality or Texas Commission on Environmental Quality).</p> <p>The 75th Texas Legislature passed Senate Bill 1, a landmark piece of legislation that began a new path for the water planning process in Texas. Senate Bill 1 charged local entities with preparing regional water plans every five years and charged the TWDB with incorporating these plans into a comprehensive state water plan.</p> <p>With enactment of Senate Bill 1, the Strategic Mapping Initiative was developed, and the Texas Geographic Information Council was formed.</p> <p>Sunset review resulted in the passage of Senate Bill 312, which preserved the existence of the TWDB for 12 more years and mandated program changes. The TWDB revised all forms and procedures and adopted all necessary rules required to implement program changes mandated in Senate Bill 312.</p>
2001	<p>The 2002 State Water Plan was published in late 2001, the first state water plan to be adopted by the TWDB since the passage of Senate Bill 1 by the 1997 Texas Legislature.</p> <p>The 77th Texas Legislature passed Senate Bill 2, which added additional requirements to the TWDB's technical data collection and groundwater modeling programs and created two new funding programs to be administered by the TWDB: the Water Infrastructure Fund and the Rural Water Assistance Fund. Senate Bill 2 also created the Texas Water Advisory Council, a 13-member organization of which the TWDB is a member.</p> <p>Voters approved \$2 billion in bond authorization under the Texas Constitution Amendment 19, Article III, Section 49-d-9.</p>
2003	The 78th Texas Legislature passed several bills focused on conservation: setting new requirements to address conservation issues when applying for financial assistance; requiring water audits by water utilities; consolidating financial assistance programs to provide financial assistance for agricultural water projects; and establishing the Water Conservation Implementation Task Force to review, evaluate, and recommend optimum levels of water use efficiency and conservation in the state.
2005	<p>The Economically Distressed Areas Program was changed from a border initiative to a statewide program, thus providing more money to the program and removing the moratorium on new projects.</p> <p>In 2005, with Executive Order No. RP-50, Governor Rick Perry created the Environmental Flows Advisory Committee, whose charge is to develop recommendations to establish a process that will achieve a consensus-based, regional approach to integrate environmental flow protection into the water allocation process while ensuring that human water needs are satisfied. The committee, made up of TWDB, Texas Commission on Environmental Quality, and Texas Parks and Wildlife representatives, examines relevant issues and makes recommendations for action and legislation concerning flow allocation to meet human and environmental needs at all times, including during drought conditions.</p> <p>The legislature passed House Bill 1763, which requires groundwater conservation districts within groundwater management areas to establish desired future conditions of their relevant aquifers.</p>

2007 Congress passed the Water Resources Development Act of 2007, which, as passed, included provisions to facilitate federal assistance in planning and developing water supply projects in Texas. Most notably, the Act authorized \$40 million for the Texas Environmental Infrastructure Program to support implementation of water supply strategies prioritized by the TWDB.

Senate Bill 3 was passed, and historic actions on water conservation, environmental flows, and reservoir site designation were made. Unprecedented funding to implement water management strategies and state water plan requests were included in the state's House Bill 1 budget. In addition, the TWDB received \$30.6 million over and above the agency's baseline for agency programs and administration and authority and funding to issue Water Infrastructure Fund bonds.

The National Flood Insurance Program was transferred from the Texas Commission on Environmental Quality to the TWDB.

Proposition 16, passed by voters in November, gave the TWDB \$250 million in bond authorization, providing funding for the Economically Distressed Areas Program.

2009 Congress passed the economic stimulus package titled the American Recovery and Reinvestment Act of 2009 (ARRA). EPA awarded over \$160 million in ARRA funds to the TWDB to help state and local governments finance improvements to water projects. EPA also awarded over \$179 million in ARRA funds to the TWDB to help state and local governments finance improvement to wastewater projects.

In the matter of *City of Dallas v. Hall and Texas Water Development Board v. United States Department of Interior, et al.*, the Fifth Circuit Court of Appeals affirmed the decision of the federal district court that the proposed Fastrill Reservoir is considered too speculative and remote to be relevant to the decision-making process of the U.S. Fish and Wildlife Service in establishing the acquisition boundaries for the Neches Wildlife Refuge. The decision suggested that specific, concrete measures toward the development of a specific reservoir must be in evidence before a court will provide anything more than a "highly deferential standard of review." Petition for writ of certiorari was filed by the TWDB and the City of Dallas with the U.S. Supreme Court in July 2009.

81st Legislative Session:

House Bill 2275 created the Task Force on Uniform County Subdivision Regulation to ensure that statutory provisions are consistent and clearly achieve the goals of promoting uniform subdivision standards in unincorporated counties near the international border and in economically distressed counties.

House Bill 2374, passed by the 81st Legislature, allowed political subdivisions to provide financial assistance to residents in economically distressed areas for the cost of connecting to a public water supply, connecting yard water service, installing indoor plumbing fixtures, or connecting to a sanitary sewer system.

House Bill 3861 directed the TWDB to exercise the discretion available under Texas Water Code §16.135(1) to include revenues from a political subdivision not currently under contract with the Angelina and Neches River Authority to participate in paying the costs of the site acquisition stage of the Lake Columbia Reservoir project; or a political subdivision not currently under contract to purchase a portion of the water to be supplied by the project.

House Bill 4110 granted the TWDB the authority to purchase and sell promotional items to further the purposes and programs of the agency.

2009

Continued

Senate Bill 1371 removed the requirement in current law that a colonia must consist of 11 or more dwellings if the TWDB determines the project will be beneficial and cost effective, thus removing a limitation on the number of small communities that may benefit from the program. The bill also allowed for a greater pool of sponsors, including political subdivisions, to be eligible for the program. Finally, Senate Bill 1371 allowed for advance financing, not to exceed 10 percent of the total grant, on a determination that participating utilities are sufficiently committed to actually providing service upon completion of the project.

Senate Bill 2312 clarified that entities eligible for other programs administered by the TWDB are also eligible to apply for financial assistance through the Water Infrastructure Fund, including nonprofit water supply corporations. Also removed a reference to an obsolete statutory reference and redefined “eligible political subdivision” to include nonprofit water supply corporations created and operating under Chapter 67 of the Texas Water Code and certain categories of districts, such as freshwater supply districts, special utility districts, and municipal utility districts, that had been excluded under the prior definition.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

Texas Water Development Board Exhibit 3: Policymaking Body			
Member Name	Term/Appointment Dates/ Appointed by Governor	Qualification (e.g., public member, industry representative)	City
James Edward Herring Chairman	Term: Six years Appointment Dates: 2/17/04–12/31/09	Public Member	Amarillo
Jack Hunt Vice Chairman	Term: Six years Appointment Dates: 1/27/98–12/31/09	Public Member	Houston
Joe M. Crutcher	Term: Six years Appointment Dates: 2/12/08–12/31/13	Public Member	Palestine
Thomas Weir Labatt III	Term: Six years Appointment Dates: 2/19/02–12/31/11	Public Member	San Antonio
Lewis H. McMahan	Term: Six years Appointment Dates: 3/13/08–12/31/11	Public Member	Dallas
Edward G. Vaughan	Term: Six years Appointment Dates: 3/13/08–12/31/13	Public Member	Boerne

B. Describe the primary role and responsibilities of your policymaking body.

The TWDB is the state agency with primary responsibility for conducting water planning and administering water financing for the state (Texas Water Code §6.011). In executing these responsibilities, the Board appoints an Executive Administrator and sets general policy direction.

The primary roles and responsibilities of the Board are enumerated in the Texas Water Code. In general, this responsibility is administering laws and policies relating to the following:

- Supporting regional water planning efforts and developing and implementing of the state water plan for the orderly and responsible development, management, and conservation of the state's water resources
- Administering the state's various water assistance and financing programs for water supply projects;

water quality projects, including wastewater treatment, municipal solid waste management, and nonpoint source pollution control; flood control projects; agricultural water conservation projects; rural and small community water and wastewater projects; and expenses for creating groundwater conservation districts

- Studying the occurrence, quantity, quality, and availability of the state's surface water and groundwater, including developing of groundwater availability models for the state's major and minor aquifers
- Collecting data and conducting studies concerning the freshwater needs of the state's bays and estuaries
- Facilitating the state's efforts to determine the feasibility and identify the requirements for implementing large-scale seawater desalination projects
- Maintaining a centralized data repository of information on the state's natural resources called the Texas Natural Resources Information System (TNRIS)
- Serving as the state coordinating agency for the federal National Flood Insurance Program
- Implementing federal Flood Mitigation Assistance and Severe Repetitive Loss grant programs
- Adopting statewide, regional, and local population and water demand projections for the state and regional water planning processes
- Authorizing the issuance of all TWDB bonds
- Providing policy direction for the agency

C. How is the chair selected?

The chair is appointed by and serves at the will of the Governor (Texas Water Code §6.059[a]).

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The TWDB is unique in that it is created by Article III, Section 49-c, of the Texas Constitution.

The six members of the Board also serve as the board of directors of the Texas Water Resources Finance Authority (Texas Water Code §20.012).

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2008? In FY 2009?

Texas Water Code §6.060 requires the Board to meet at least once every other month. Currently, the Board meets monthly, usually in Austin, Texas. In FY 2008, there were 11 Board meetings, and in FY 2009, there were 12 Board meetings. The Board typically holds at least one of its monthly meetings each year in a town other than Austin to facilitate attendance at meetings by persons outside the Austin area.

F. What type of training do members of your agency's policymaking body receive?

The TWDB staff provides new Board members with the following training required by Texas Water Code §6.062:

- Legislation that created the TWDB
- Programs operated by the TWDB
- Role and functions of the Board
- Rules of the TWDB, with an emphasis on the rules that relate to disciplinary and investigatory authority
- Current budget for the TWDB
- Results of the most recent formal audit of the TWDB
- Requirements of
 - the open meetings law, Chapter 551, Government Code
 - the public information law, Chapter 552, Government Code
 - the administrative procedure law, Chapter 2001, Government Code
 - other laws relating to public officials, including conflict of interest laws
- Any applicable ethics policies adopted by the board or the Texas Ethics Commission

The TWDB staff members also provide the Board with information regarding the agency's operating guidelines, procedures, strategic planning, performance measures, information on water resources planning and financial assistance project status, and current legislative appropriations and legislation.

Board members complete the training required by the Open Meetings Act (Texas Government Code §551.005) and Public Information Act (Texas Government Code §552.012) within 90 days of taking office. Board members are also required by the Public Funds Investment Act to complete an investment training session within six months of their appointment to office (Texas Government Code §2256.007). This may be accomplished through an investment training video approved by the Texas Higher Education Coordinating Board.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

The designation of duties for the Executive Administrator and the Board are found throughout the statutes relating to the TWDB and rules promulgated by the TWDB. Texas Water Code, Chapter 6, provides for delineation of these duties by stating specific duties of the Executive Administrator and the Board. The Executive Administrator is authorized to propose rules to the Board (§6.101), and the Board is responsible for adopting rules. The Executive Administrator is responsible for managing the administrative affairs of the TWDB under the general supervision and direction of the Board (§§6.181, 16.011); the Board approves appropriations requests to the legislature (§6.1011), which are prepared by the Executive Administrator. The Executive Administrator employs personnel, and, with approval of the Board, organizes and reorganizes the administrative sections and divisions of the agency (§§6.184, 16.011); and the Executive Administrator negotiates contracts, and, with the consent of the Board, enters into contracts (§6.190).

Chapters 15, 16, and 17 of the Texas Water Code also define various roles and responsibilities for the Executive Administrator and the Board. For example, the Executive Administrator should gather technical data and provide technical assistance to political subdivisions and to regional water planning groups in the development of regional water plans. The Board has final approval over the regional and state water plans. The Executive Administrator must provide a technical review of any applications for financial assistance; the Board retains the right to authorize such assistance.

Chapters 20, 26, 35, 36, Texas Water Code and §§487.054, 490B.003, 775.002, and 1233.051 of the Government Code describe additional duties of the Board and the Executive Administrator.

The Board is required to develop and implement policies clearly separating the policy-making responsibilities of the Board from the management responsibilities of the Executive Administrator and TWDB staff (Texas Water Code §6.111). The Executive Administrator is authorized by statute to manage the administrative affairs of the TWDB, subject to the Texas Water Code and other laws and under the Board's general supervision and direction. In some cases, the Board has delineated the Executive Administrator's management responsibilities. In other cases the Board has provided its approval or consent to certain actions within certain parameters and provided authority to the Executive Administrator to carry out the functions of the Board within those parameters. Below is a summary of the powers and responsibilities delegated by the Board to the Executive Administrator via Resolution or Minute Order.

Board's Policy and Executive Administrator's Management Responsibilities (Board Resolution 02-20)

The Executive Administrator's management responsibilities are

- to develop and implement policies and procedures that govern the internal management and organization of the agency, employ and discharge personnel as necessary for the efficient operation of the agency, and organize and reorganize the administrative sections and divisions of the agency without further Board action;
- to determine and oversee the responsibilities of each administrative division of the agency and its staff in carrying out the authority, duties, and functions required of the agency by law;
- to negotiate all contracts for the Board and execute certain contracts as specified in past and future resolutions of the Board;
- to recommend rules or actions to the Board on any issue;
- to make recommendations to the Board regarding the agency's legislative budget request and manage the fiscal affairs of the agency;
- to maintain a complaint file on each written complaint filed with the Board and take other required actions under Texas Water Code §6.154 and §6.155;
- to prepare information of public interest describing functions of the Board and complaint procedures;
- to conduct all technical studies and provide technical assistance required of the agency by statute;
- to prepare all statutorily required legislative reports and submit all required legislative reports except those listed in this resolution as requiring Board approval; and
- to report to the Bond Review Board on performance of loans as required by Texas Water Code §17.179.

The Board's policy-making responsibilities are

- to appoint a person to serve as Executive Administrator;
- to adopt rules necessary and advisable to carry out the powers and duties of the Board;

- to approve loans and grants unless specifically delegated by Board rule to the Executive Administrator;
- to approve regional water plans and the state water plan;
- to approve all contracts that are not delegated by specific Board action to the Executive Administrator;
- to examine and approve budget recommendations that are to be transmitted to the legislature (the Legislative Appropriations Request);
- to approve the following reports to the legislature: the agency's strategic plan and biennial reports in writing to the Governor and legislature on the activities of the TWDB and its recommendations for necessary and desirable legislation;
- to take all other actions specifically required by law;
- to adopt population and water demand projections for regional and state water plans;
- to rule on petitions relating to the reasonableness of adopted groundwater desired future conditions; and
- to designate river basin boundaries in the state.

Contracts

The Board has delegated signature authority to the Executive Administrator (Resolution 02-95).

- The Executive Administrator has the authority to execute the following contracts without further Board approval:
 - all receivable contracts of the TWDB;
 - all payable contracts (including purchase requisitions) of the TWDB, other than financial assistance contracts or those that by law require Board action, in amounts of \$250,000 or less, including amendments that do not increase the total commitment to greater than \$250,000;
 - all subordinate contracts of the TWDB needed to support master agreements or joint funding agreements between the TWDB and the U.S. Government if the master agreements or joint funding agreements have been previously approved by the TWDB; and
 - all amendments of payable contracts of the TWDB previously approved by the Board, if required, which do not increase the TWDB's monetary obligation.
- Board approval is required for the Executive Administrator to sign
 - payable contracts over \$250,000; and
 - all master agreements or joint funding agreements of the TWDB with the U.S. Government concerning TWDB financial participation in facilities.
- The Executive Administrator may delegate his delegated signature authority to any Deputy Executive Administrator.
- The Executive Administrator must provide the Board members with an itemized monthly list of all contracts executed during the month with a brief description of work to be performed.

The Executive Administrator has delegated signature authority to the Deputy Executive Administrators of up to \$25,000 by Memorandum of September 1, 2008.

Financial Assistance Responsibilities (Board Resolution 03-20)

On February 19, 2003, the Board assigned certain duties to the Executive Administrator that were previously delegated to the Development Fund Manager.

- The Executive Administrator may execute necessary documents for financial assistance closings (Minute Order of May 16, 1996; Memorandum to the members of the Board of April 29, 1996) that

include

- consent to the issuance of additional bonds, if certain criteria are met;
- a change in paying agents;
- escrow releases; and
- modification of debt service schedules that do not negatively impact the TWDB's portfolio.
- The Executive Administrator may perform bond redemption and prepayment functions
 - to execute necessary documents regarding the Board's waiver of the requirement to publish notice of redemption for bonds when the Board is the sole bondholder and has received timely notice of redemption (Resolution 99-60)¹;
 - to deposit to the credit of the Financial Assistance Account or the Economically Distressed Areas Program account all prepayments for financial assistance from those accounts (Resolution 99-61); and
 - to execute a Release of Lien at the request of a water supply corporation or a private entity when debt that is secured by the liens is being paid in full (Resolution 99-62).
- On February 19, 2003, the Board authorized the amendment of the following rules to assign duties to the Executive Administrator regarding setting interest rates for loans, recommending actions on applications for financial assistance, monitoring the conduct of construction, and approving the release of construction funds (31 Tex. Admin. Code):
 - §363.11—schedule a pre-application conference;
 - §363.33—set interest rates for loans and purchase of TWDB interest in state participation projects;
 - §§363.42 and 363.931—accept escrow account statements related to a bond resolution or ordinance;
 - §363.1017—consent to the annual payment of administrative cost recovery fees for the State Participation Program;
 - §367.44—set and extend interest rates for loans from the agricultural trust fund;
 - §367.45—source for guidelines with which applications for agricultural loans must be consistent;
 - §371.52—set and extend interest rates for loans from the Drinking Water State Revolving Fund;
 - §371.71—accept escrow account statements related to a bond resolution or ordinance;
 - §375.52 and 375.222—set and extend interest rates for loans from the Clean Water State Revolving Fund;
 - §375.71—accept escrow account statements related to a bond resolution or ordinance;
 - §382.5 (now §363.1205)—set interest rates for loans from the Water Infrastructure Fund; and
 - §384.5—set and extend interest rates for loans from the Rural Water Assistance Fund.

In addition to the foregoing, the Board has established an Audit Committee and Finance Committee, each with three members of the Board. Each committee has adopted a "Responsibility Statement" governing its responsibilities. The Audit Committee provides oversight of financial reporting practices, auditing, and internal controls. The Audit Committee may meet at any time but generally meets quarterly. The Finance Committee serves as an oversight committee to the Board to advise the Board on the sale of Texas Water Development bonds and selection of a financial advisor and bond counsel. The committee also advises the

¹Texas Water Resources Authority (TWRFA) Resolution 99-4 authorizes the Development Fund Manager to execute documents to give effect to TWRFA's waiver of notice, identical to the Board's waiver in Board Resolution 99-60. Although TWRFA met in February 2003, it did not assign the delegation of authority from the Development Fund Manager to the Executive Administrator.

Executive Administrator on investing Development Fund monies and disbursement of fund monies. The Finance Committee meets monthly. Reports and recommendations are made from each committee to the full Board for consideration and/or action.

In addition, the agency has general administrative and human resources policies and procedures.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

Monthly

- Financial assistance programs performance report regarding loan and grant commitment activity
- Report relating to the Economically Distressed Areas Program
- Contract status report regarding the current status of pending contracts that are under development and executed contracts that have been previously approved by the Board
- Briefing and discussion on possible Development Fund activity
- Briefing and discussion on drought conditions in Texas

Quarterly

- Briefing and discussion on the activities of Internal Audit, including the status of outstanding audit issues
- Briefing and discussion on the quarterly investment report
- Briefing and discussion on fiscal year quarterly financial statements, budget reports, external monitoring, and performance measures

Annually

- State revolving fund capacity analysis
- Annual financial report, strategic plan, and other agency reports required by statute

Periodic Briefings

- Briefing and discussion concerning the legislative session, including bills filed and legislation recommended by the agency (as appropriate, primarily immediately preceding and during the legislative sessions)
- Implementation status and activities of agency programs

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

Texas Water Code §6.105 requires the Board to develop and implement policies that provide the public with a reasonable opportunity to appear before the Board and to speak on any issue under its jurisdiction. The Board has adopted rules governing public participation (31 Tex. Admin. Code §353.4) addressing the administration of oaths, the order of presentation, the ability of the Board to limit or exclude cumulative or repetitious presentations, and any filings of briefs or other written statements. If members of the public, including representatives of political subdivisions, choose to provide written comments on items before the Board, the comments are submitted to the Board before they are considered. Additionally, the TWDB notifies any person who has previously informed the Executive Administrator of an interest in any agenda item (31 Tex. Admin. Code §353.12).

The Board has also adopted rules for rulemaking public hearings before the Board (31 Tex. Admin Code §353 [d]). Public comments on rules are summarized for Board members before they are asked to adopt such rules, and specific language is adopted by the Board to address these public comments. Rule hearings also may be held at the discretion of the TWDB, or upon specific public request, to allow for public input on proposed rules for adoption.

Statutory provisions regarding water planning (Texas Water Code §§16.051 and 16.053), groundwater management plans (Texas Water Code §36.1071 and §36.1072), and approval of desired future conditions (Texas Water Code §36.108) require public input. This information is then forwarded to the TWDB and presented to the Board for its consideration.

Notice is provided to political subdivisions relating to various planning grant applications (31 Tex. Admin. Code, Chapter 355) and public hearings are conducted to review the Intended Use Plans and priority ranking systems for the state revolving funds. The Board also holds public hearings or solicits input to consider adopting and approving the Clean Water and Drinking Water state revolving funds Intended Use Plans (31 Tex. Admin. Code §371.11 and §375.11).

The Executive Administrator may hold meetings with various members of the public to discuss any business of the TWDB and may convey this information to the Board. The TWDB staff also interacts directly with the public on a daily basis and provides public input to the Board on relevant issues. Both the Board and the Executive Administrator encourage staff to obtain input from customers and stakeholders regarding decisions pending before the agency.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Texas Water Development Board Exhibit 4: Subcommittees and Advisory Committees			
Name of Subcommittee or Advisory Committee	Size/Composition/How are members appointed?	Purpose/Duties	Legal Basis for Committee
Finance Committee	Three members of the Board; appointed by the Board chairman	Guides/advises on policy issues relevant to TWDB finance programs and reviews loan and grant applications	Texas Water Code §6.014
Audit Committee	Three members of the Board; appointed by the Board chairman	Provides oversight in materials relating to financial reporting, auditing, and internal control	Texas Water Code §6.014

V. Funding

A. Provide a brief description of your agency's funding.

The TWDB budgeting cycle begins with preparing the agency strategic plan, which is due in June of each even-numbered year. TWDB staff uses the strategic plan process to ascertain agency priorities and policy issues to determine the need for new programs or enhancements to existing programs. These new/enhanced programs are the basis for exceptional items to be included in the Legislative Appropriations Request or recommended as policy initiatives for the upcoming legislative session.

In addition to the strategic plan, beginning in April of each even-numbered year, staff identifies baseline funding requests, available funding, and agency priorities for the second year of the current biennium and for the upcoming biennium.

In May and June, TWDB members and staff participate in several legislative work sessions to finalize and prioritize exceptional items to be included in the Legislative Appropriations Request. The baseline and exceptional items in the Request, including the budget for the second year of the current biennium, are approved by the Board at its July meeting.

The TWDB's internal operating budget cycle during odd-numbered years begins in May. Each organizational area receives a General Revenue budget target based on the most current version of the General Appropriations Act. Budget requests for non-General Revenue are based on revenue estimates for federal grants and appropriated receipts. The budget for each organizational area is reviewed by Finance staff members who make recommendations for funding. The funding recommendations are presented to TWDB management for review and approval. The finalized internal operating budget is presented to the Board as an informational item during its August meeting.

Below is a summary of the appropriations for the 2008–09 and 2010–11 biennia:

	2008–09	Pct	2010–11	Pct
TWDB:				
General Revenue	\$ 55,484,226	51%	\$ 58,042,524	59%
Federal Funds	21,471,483	20%	18,357,393	19%
Appropriated Receipts	21,947,430	20%	13,830,513	14%
Water Assistance Fund	7,375,913	7%	5,432,327	6%
Agricultural Water Conservation Fund	2,074,658	2%	1,918,281	2%
Interagency Contracts	434,098	0%	149,678	0%
Total, TWDB	<u>\$ 108,787,808</u>		<u>\$ 97,730,716</u>	
Non-Self Supporting G.O. Water Bonds				
General Revenue	\$ 93,309,384	84%	\$ 142,982,834	72%
Water Infrastructure Fund	-		32,643,462	16%
EDAP	4,151,556	4%	6,793,668	3%
State Participation	13,243,010	12%	17,100,952	9%
Total, Non-Self-Supporting G.O. Water Bonds	<u>\$ 110,703,950</u>		<u>\$ 199,520,916</u>	

General Revenue: These funds are appropriated to the agency from sales taxes for agency operations and to

pay debt service on non-self-supporting bonds.

Federal Funds: The majority of federal funds included in the TWDB appropriation come from the U.S. Environmental Protection Agency for administering the Clean Water and Drinking Water state revolving funds and pass through funding from the Federal Emergency Management Agency related to the National Flood Insurance Program. The agency also receives funding from the U.S. Department of the Interior, U.S. Department of Agriculture, and the U.S. Geological Survey.

Appropriated Receipts: The majority of appropriated receipts are funds for cost recovery from the federal state revolving fund programs and funding from the Texas Water Resources Finance Authority. In addition, appropriated receipts include contracts and memorandums of understanding from entities other than Texas state agencies.

Interagency Contract: The TWDB has contracts with several state agencies, including the Governor's Office of Emergency Management, Texas Parks and Wildlife, and the General Land Office primarily for geographic information system data and special water-related studies.

Agricultural Water Conservation Fund: This fund includes bond proceeds to be used to make conservation grants and loans, and operations related to Agricultural Water Conservation.

Water Assistance Fund: This is a constitutionally dedicated fund used for specific purposes including but not limited to regional water planning, water loan assistance, research, planning, and operation of the Texas Water Bank.

Non-Self-Supporting General Obligation Water Bonds

- **Economically Distressed Areas Bond Payment Account Number 357:** These are funds received from interest and repayments of Economically Distressed Areas Program (EDAP) loans. The funds are used to pay debt service on EDAP bonds.
- **State Participation Program Payment Account Number 8432:** These funds are received from interest and repayments of State Participation Program loans and are used to pay debt service on State Participation bonds.
- **Water Infrastructure Fund Number 302:** These funds are received from interest and repayments of Water Infrastructure Program (WIF) loans and are used to pay debt service on WIF bonds.

B. List all riders that significantly impact your agency's budget.

2010–11 Riders Impacting Budget—Texas Water Development Board		
Rider 3.	<p>Transfer Authorized. Included in amounts appropriated above in Strategy A.2.1, Technical Assistance and Modeling, and Strategy A.2.2, Water Resources Planning, is \$2,816,861 out of the General Revenue Fund in each fiscal year of the 2010-11 biennium to be transferred to the Water Assistance Fund No. 480, for the sole purpose of making grants to regional planning groups pursuant to Water Code, § 15.4061. The Texas Water Development Board is authorized to transfer these funds from the Water Assistance Fund to other accounts as authorized under Water Code, § 15.011 as needed to support the regional planning process.</p> <p>Also included in amounts appropriated above in Strategy A.2.2, Water Resources Planning, is \$2,591,722 out of the Water Assistance Fund No. 480 for the 2010-11 biennium. These amounts also shall be used for the purpose of making grants to regional planning groups pursuant to Water Code, § 15.4061.</p>	<p>This rider provides authority to transfer General Revenue to the Water Assistance Fund for the purpose of funding regional planning grants that support the regional water plans and roll up to the state water plan. The water planning cycle is every five years, and these grants cross fiscal years and biennia; therefore, the funding of these grants is best served through the flexibility afforded by the Water Assistance Fund.</p>
Rider 4.	<p>Safe Drinking Water Act State Revolving Fund. Included in amounts appropriated above in Strategy B.1.1, State and Federal Financial Assistance Programs, is up to \$3,837,234 out of the General Revenue Fund in each fiscal year of the biennium for the state match portion of the community/non-community water system and economically disadvantaged community accounts established under the Safe Drinking Water Act State Revolving Fund.</p>	<p>This rider provides the authority to transfer General Revenue to the Drinking Water State Revolving Fund held in the Texas Safekeeping Trust to provide match funds for the disadvantaged financial assistance provided.</p>
Rider 5.	<p>Appropriation: Water Assistance Fund. Included in the amounts appropriated above are balances in the Water Assistance Fund No. 480 (WAF) as of August 31, 2009 and revenues accruing to the WAF during the 2010-11 biennium, estimated to be \$3,739,827 during the 2010-11 biennium. In addition to the amounts appropriated above, there is hereby appropriated to the Water Development Board all revenues accruing to the Water Assistance Fund No. 480 during the biennium beginning on September 1, 2009, including receipts from the Water Resources Finance Authority. These funds shall be used as authorized in Chapter 15, Water Code.</p>	<p>This rider provides the authority to appropriate balances and revenues in the Water Assistance Fund. This is necessary since the Water Assistance Fund provides monies for projects that cross fiscal years and biennia.</p>
Rider 7.	<p>Appropriation: Agricultural Water Conservation Fund. Included in the amounts appropriated above out of the Agricultural Water Conservation Fund No. 358 is \$959,141 in fiscal year 2010 and \$959,140 in fiscal year 2011 for use pursuant to § 50-d of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapter J. In addition to amounts appropriated above, there are hereby appropriated such amounts as may be necessary to administer and disburse funds for loans and grants through the agricultural water conservation program and to pay the principal and interest on agricultural water conservation bonds that mature</p>	<p>This rider provides appropriation authority for the Agricultural Water Conservation Fund, including any bond proceeds. This provides the flexibility to fund loans and grants and pay bond debt service as needed.</p>

2010–11 Riders Impacting Budget—Texas Water Development Board		
	or become due during the biennium beginning with the effective date of this Act, pursuant to § 50-d of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapter J, to be transferred to the Agricultural Water Conservation Interest and Sinking Fund No. 359.	
Rider 9.	<p>Fee Appropriation: State Revolving Fund Program Operation. In addition to the amounts appropriated above, the Water Development Board is hereby appropriated any additional fee revenue collected for administration and operation of revolving fund programs for the biennium beginning September 1, 2009. All fee revenue collected pursuant to the SRF program and additional state revolving funds may be deposited into an operating fund held in the Texas Treasury Safekeeping Trust Company. Monies in the SRF or additional SRFs operating fund, including interest, may be used only for the purposes of reimbursing expenditures from appropriations in this Act. Such reimbursement shall include both direct expenditures for salaries and other expenditures and fringe benefits. In addition, the Texas Water Development Board may transfer amounts from the operating fund to the SRF or additional SRFs for uses pursuant to the Water Code, Chapter 15, Subchapter J.</p>	This rider provides estimated appropriation authority for State Revolving Fund fees to be used for administration of the programs.
Rider 10.	<p>Use of Texas Water Resources Finance Authority (TWRFA) Funds. Included in the amounts appropriated above in Strategy A.1.3, Automated Information Collection, Maintenance, and Dissemination, Strategy A.2.1, Technical Assistance and Modeling, Strategy A.2.2, Water Resources Planning, Strategy B.1.2, Economically Distressed Areas Program, and Strategy C.1.2, Information Resources, is \$1,293,394 in fiscal year 2011 and \$1,292,491 in fiscal year 2010 in Appropriated Receipts derived from cash flows from the Texas Water Resources Finance Authority (TWRFA). Also included in amounts appropriated above in Strategy B.1.1, State and Federal Financial Assistance Programs, is \$62,542 in fiscal year 2010 and \$62,542 in fiscal year 2011 in Appropriated Receipts in each fiscal year of the biennium derived from cash flows and reserved as operating costs of TWRFA and used to reimburse TWDB for administrative expenditures incurred by the Water Development Board in administering the TWRFA portfolio.</p>	This rider clarifies the line item budget and the types of receipts from the Texas Water Resources Finance Authority.
Rider 11.	<p>Appropriation: Unexpended Balances in the Groundwater District Loan Assistance Fund. In addition to amounts appropriated above, the Texas Water Development Board is hereby appropriated any unexpended balances in the Groundwater District Loan Assistance Fund No. 363 as of August 31, 2009. Any unexpended balances as of August 31, 2010 are hereby appropriated for the fiscal year beginning September 1, 2010.</p>	This rider maintains the appropriation authority, along with unexpended balance authority, for the Groundwater District Loan Fund so that these funds can be awarded if needed.
Rider 12.	<p>Appropriation: Cost Recovery for the State Participation Program. Included in the amounts appropriated above to the Texas Water Development Board in Strategy B.1.1, State and Federal Financial Assistance Programs, is \$141,047 in fiscal year 2010 and \$141,015 in fiscal year 2011 in Appropriated Receipts</p>	This rider provides the appropriation authority to use State Participation fees to fund the administration and operation of the State

2010–11 Riders Impacting Budget—Texas Water Development Board		
	collected for the administration and operation of the State Participation Program to be used for those purposes. In addition to the amounts appropriated above, there is hereby appropriated to the Texas Water Development Board any additional revenues collected for the administration and operation of the State Participation Program for the same purposes.	Participation Program.
Rider 13.	Rural Water Assistance Fund. In addition to the amounts appropriated above, there is hereby appropriated to the Texas Water Development Board (TWDB) available balances in the Rural Water Assistance Fund, money that TWDB may place into the Rural Water Assistance Fund from any sources legally available, including but not limited to proceeds from bonds issued by the Board, money transferred to the fund, and any revenues that may accrue to the Rural Water Assistance Fund.	This rider provides appropriation authority for bond proceeds and any other receipts in the Rural Water Assistance Fund to be used for financial assistance under this program.
Rider 15.	Capital Budget Expenditures: Federal Funds and Appropriated Receipts Exemption. To comply with the legislative intent to maximize the use of federal funds, to maximize the use of state funds, and to fulfill grant requirements required for the receipt and expenditure of federal funds, the Water Development Board is hereby exempted from the Capital Budget Rider Provisions contained in Article IX of this Act, “Limitations on Expenditures – Capital Budget,” when Federal Funds or Appropriated Receipts are received in excess of amounts identified in the agency’s Capital Budget Rider. The Water Development Board shall notify the Legislative Budget Board and the Governor upon receipt of such Federal Funds or Appropriated Receipts, of the amount received and items to be purchased.	This rider allows the use of federal or other revenues received in excess of original estimates to be used for capital budget items.
Rider 16.	Desalination. Included in amounts appropriated above out of the General Revenue Fund in Strategy A.2.2, Water Resources Planning, is \$600,000 in fiscal year 2010 to be transferred to the Water Assistance Fund No. 480 to be used for grants for brackish groundwater desalination demonstration projects. Any unexpended balances remaining in this appropriation on August 31, 2010 are hereby appropriated for the fiscal year beginning September 1, 2010.	This rider provides the authority to transfer General Revenue to the Water Assistance Fund to provide for projects related to brackish groundwater desalination.
Rider 18.	Appropriation: Water Infrastructure Fund. In addition to the amounts appropriated above, there is hereby appropriated to the Water Development Board for the biennium beginning on September 1, 2009, all available funds in the Water Infrastructure Fund (WIF) No. 302, including, but not limited to fund balances, revenues, bonds issued by the Water Development Board, and funds transferred to the WIF. Appropriations to the WIF used to fund projects that are recommended water management strategies in the State Water Plan shall be allocated with priority given to projects with the earliest recommended implementation date in the State Water Plan.	This rider provides appropriation authority for bond proceeds and any other receipts in the Water Infrastructure Fund to be used for financial assistance under this program.
Rider 19.	Colonia Self-Help. Included in amounts appropriated above out of the General Revenue Fund in Strategy B.1.2, Economically Distressed Areas, is \$300,000 in each fiscal year to be transferred	This rider provides the authority to transfer General Revenue to the Water

2010–11 Riders Impacting Budget—Texas Water Development Board		
	to the Water Assistance Fund No. 480 to be used for grants for colonia self-help projects. Any unexpended balances as of August 31, 2010 out of appropriations made herein are appropriated to the Water Development Board for the same purpose for the fiscal year beginning September 1, 2010.	Assistance Fund to provide for Colonia Self-Help projects that likely cross fiscal years and possibly biennia.
Rider 20.	Unexpended Balances Within the Biennium. Any unexpended balances as of August 31, 2010 in appropriations made to the Water Development Board are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2010.	This rider provides the ability to transfer appropriation authority to the second year of the biennium, which provides the flexibility to fund operations and grants within the biennium as appropriate.
Rider 21.	Travel Cap Exemption for Bond Travel. Travel expenses incurred by the staff of the Texas Water Development Board related to the issuance of debt and paid from bond proceeds are exempt from the requirements of Article IX, relating to the Limitation on Travel Expenditures, and the limitations on such expenditures set forth therein.	This rider allows the TWDB to access the market as necessary to provide timely funding for financial assistance programs, maintain compliance with federal tax law, and minimize risk to TWDB’s portfolio.
Rider 23.	Reimbursement of Advisory Committees. Pursuant to Government Code, § 2110.004, reimbursement of expenses for advisory committee members out of funds appropriated above is limited to the following advisory committees: the Texas Environmental Flows Science Advisory Committee and the Basin and Bay Expert Science Teams.	This rider provides specific authority to reimburse expenses for the named advisory committees.
Rider 25.	Advisory Committees. Included in amounts appropriated above out of the General Revenue Fund in Strategy A.1.1, Environmental Impact Information, is \$525,000 in each fiscal year to be transferred to the Water Assistance Fund No. 480 to be used for reimbursement of travel and compensation for attendance and participation at meetings of each of the Basin and Bay Expert Science Teams and the Environmental Flows Science Advisory Committees.	This rider provides authority to transfer General Revenue to the Water Assistance Fund for reimbursing advisory committees as provided in statute.

2010–11 Riders Impacting Budget— Debt Service Payment— Non-Self-Supporting General Obligation Water Bonds		
Rider 1.	<p>Payment of Debt Service: Economically Distressed Areas Bonds. All monies received by the Texas Water Development Board and deposited to the Economically Distressed Areas Bond Payment Account No. 357 are hereby appropriated for the payment of principal and interest on bonds issued to provide financial assistance for water and wastewater infrastructure through the Economically Distressed Areas Program that mature or become due during the biennium beginning with the effective date of this Act, pursuant to §§ 49-c, 49-d-7, 49-d-8, and 49-d-10 of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapters C and L, including amounts issued prior to the effective date of this Act. The amounts identified above in the Method of Financing as the Economically Distressed Areas Bond Payment Account No. 357 are estimated amounts to be received from repayments of loan principal and interest on such bonds that mature or become due during the biennium.</p> <p>Included in the amounts appropriated above, out of the General Revenue Fund, the Texas Water Development Board is also appropriated \$4,002,092 in fiscal year 2010 and \$6,900,913 in fiscal year 2011 for the payment of principal and interest on \$84,370,000 in Economically Distressed Areas Program Bonds hereby authorized to be issued and sold during the 2010-11 biennium to provide financial assistance for water and wastewater infrastructure through the Economically Distressed Areas Program pursuant to §§ 49-c, 49-d-7, 49-d-8, and 49-d-10 of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapters C and L. The actual amount of funds to be paid from the General Revenue Fund shall be the total amount of debt service obligations due in each fiscal year less the amount available in the Economically Distressed Areas Bond Payment Account No. 357 for Debt Service Payments for the Economically Distressed Areas Program. The provisions contained herein shall not be construed, however, to abrogate the obligation of the State under §§ 49-c, 49-d-7, 49-d-8, and 49-d-10 of Article III of the Texas Constitution to provide for the payment in full of the principal and interest on such bonds that mature or become due during the biennium.</p>	This rider clarifies the amount of bond issuance authorized by the legislature for the biennium.
Rider 2.	<p>Payment of Debt Service: State Participation Bonds. All monies received by the Texas Water Development Board and deposited to the State Participation Program Bond Payment Account No. 8432 are hereby appropriated for the payment of principal and interest on bonds issued to provide financial assistance for State Participation projects that mature or become due during the biennium beginning with the effective date of this Act, pursuant to §§ 49-c, 49-d-7, 49-d-8, and 49-d-9 of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapters C and L, including amounts issued prior to the effective date of this Act, as well as additional amounts issued during the 2010-11 biennium. The amounts identified above in the</p>	This rider clarifies the amount of bond issuance authorized by the legislature for the biennium.

2010–11 Riders Impacting Budget— Debt Service Payment— Non-Self-Supporting General Obligation Water Bonds		
	<p>Method of Financing as the State Participation Program Bond Payment Account No. 8432 are estimated amounts of payments received from political subdivisions representing the purchase of the state's ownership interest in projects dedicated to the payment of principal and interest on such bonds that mature or become due during the biennium. Included in the amounts appropriated above out of the General Revenue Fund, the Texas Water Development Board is also appropriated \$9,455,646 in fiscal year 2010 and \$12,205,875 in fiscal year 2011 for the payment of principal and interest on \$225,050,000 in State Participation Bonds hereby authorized to be issued and sold during the 2010-11 biennium to provide financial assistance for water and wastewater infrastructure projects through the State Participation Program pursuant to §§ 49-c, 49-d-7, 49-d-8, and 49-d-9 of Article III of the Texas Constitution and Water Code, Chapter 17, Subchapters C and L. The actual amount of funds to be paid from the General Revenue Fund shall be the total amount of debt service obligations due in each fiscal year less the amount available in the State Participation Program Bond Payment Account No. 8432 for Debt Service Payments for the State Participation Program. The provisions contained herein shall not be construed, however, to abrogate the obligation of the State under §§ 49-c, 49-d-7, 49-d-8, and 49-d-9 of Article III of the Texas Constitution to provide for the payment in full of the principal and interest on such bonds that mature or become due during the biennium.</p>	
Rider 3.	<p>Payment of Debt Service: Water Infrastructure Fund Bonds. Included in the amounts appropriated above to the Water Development Board is \$22,531,920 in fiscal year 2010 and \$25,258,197 in fiscal year 2011 out of the General Revenue Fund, to be transferred to the Water Infrastructure Fund (WIF) No. 302, pursuant to Texas Water Code, Section 15.974 (a)(4), for the repayment of principal and interest on \$473,365,000 in Water Infrastructure Fund bonds hereby approved to be issued and sold during the 2010-11 biennium pursuant to Texas Water Code, Section 17.952, Water Financial Assistance Bonds, to provide financial assistance for projects related to the implementation of the State Water Plan as authorized by Texas Water Code, Section 15.974.</p> <p>The actual amount of funds to be paid from the General Revenue Fund shall be the total amount of debt service obligations due in each fiscal year less amounts deposited to the Water Infrastructure Fund (WIF) No. 302 for loan repayments and interest earnings.</p> <p>The provisions contained herein shall not be construed, however, to abrogate the obligation of the State under §§ 49-c, 49-d-8 and 49-d-9, of Article III of the Texas Constitution to provide for the payment in full of the principal and interest on such bonds that mature or become due during the biennium.</p>	This rider clarifies the amount of bond issuance authorized by the legislature for the biennium.
Rider 4.	<p>Bond Issuance Authority by Program. Based on demand in the various programs under the Non-Self Supporting G.O. Water</p>	This rider authorizes the TWDB to transfer legislative

2010–11 Riders Impacting Budget— Debt Service Payment— Non-Self-Supporting General Obligation Water Bonds		
	<p>Bonds, the authority to issue bonds may be transferred between programs provided: 1) debt service for such bonds does not exceed the General Revenue appropriation for debt service; 2) the issuance of the bonds is approved by the Bond Review Board; and 3) the Legislative Budget Board, upon receiving a request for bond issuance from the Water Development Board, does not issue a written disapproval not later than the 15th day after the date the staff of the Legislative Budget Board concludes its review and forwards those findings to the Board.</p>	<p>bond authority between programs based on demand and contingent on specified criteria.</p>
Rider 5.	<p>Bond Issuance and Payment of Debt Service. Within the amounts appropriated above, the Texas Water Development Board is authorized to issue Non-Self Supporting G.O. Water Bonds for State Participation, Economically Distressed Areas Program and Water Infrastructure Fund purposes, provided: 1) debt service for such bonds does not exceed the General Revenue appropriation for debt service; 2) the issuance of the bonds is approved by the Bond Review Board; and 3) the Legislative Budget Board, upon receiving a request for bond issuance from the Water Development Board, does not issue a written disapproval not later than the 15th day after the date the staff of the Legislative Budget Board concludes its review and forwards those findings to the Board.</p>	<p>This rider authorizes the TWDB to issue non-self supporting bonds in addition to the amounts specifically identified contingent on specified criteria.</p>

C. Show your agency's expenditures by strategy.

**Texas Water Development Board
Exhibit 5: Expenditures by Strategy - Fiscal Year 2008 (Actual)**

Agency Operations

Goal/Strategy	Total Amount	Contract Expenditures Included in Total Amount
A.1.1. Environmental Impact Information	977,891	137,343
A.1.2. Water Resources Data	3,617,582	1,229,894
A.1.3. Automated Information	5,941,603	1,732,967
A.2.1. Technical Assistance and Modeling	1,917,066	693,902
A.2.2. Water Resources Planning	5,482,495	562,249
A.3.1. Conservation Education and Assistance	866,827	7,107
A.4.1. National Flood Insurance Program	1,590,908	123,241
Subtotal, Goal A: Water Resource Planning	20,394,372	4,486,703
B.1.1. Financial Assistance	10,999,269	189,475
B.1.2. Economically Distressed Areas Program	1,206,418	23,990
Subtotal, Goal B: Water Project Financing	12,205,687	213,465
C.1.1. Central Administration	3,577,706	188,640
C.1.2. Information Resources	773,665	21,791
C.1.3. Other Support Services	676,324	613
Subtotal, Goal C: Indirect Administration	5,027,695	211,044
Total Texas Water Development Board	37,627,754	4,911,212
Debt Service Payments – Non-Self-Supporting General Obligation Water Bonds		
A.1.1. EDAP Debt Service	16,556,189	
A.1.2. State Participation Debt Service	7,601,808	
A.1.3. Ag Water Conservation Debt Service	2,694,485	
A.1.4. WIF Debt Service	7,781,913	
Total Non-Self-Supporting General Obligation Water Bonds	34,634,395	

EDAP = Economically Distressed Areas Program; WIF = Water Infrastructure Fund

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2009-2010.

Texas Water Development Board			
Exhibit 6: Objects of Expense by Program or Function for Fiscal Year 2009			
Object-of-Expense	Executive (\$)	Legal (\$)	Water Science & Conservation (\$)
Salaries	437,588	443,702	3,862,097
Other Personnel Costs	13,040	32,520	252,911
Professional Fees	5,500	42,053	2,034,436
Fuels/Lubricant			16,207
Consumables	1,086	3,859	28,135
Utilities	2,104	275	3,647
Travel	14,551	3,051	156,653
Rent - Building			282,842
Rent - Mach/Oth			13,500
Other Operating	14,174	41,203	735,347
Client Services			
Grants			916,692
Capital Outlay			78,728
Total	488,043	566,663	8,381,195

Texas Water Development Board			
Exhibit 6: Objects of Expense by Program or Function for Fiscal Year 2009, <i>Continued</i>			
Object-of-Expense	Water Resources Planning & Information (\$)	Project Finance (\$)	Construction Assistance (\$)
Salaries	2,448,077	1,325,921	3,024,252
Other Personnel Costs	94,049	48,427	131,627
Professional Fees	859,994		5,750
Fuels/Lubricant			
Consumables	21,021	394	13,730
Utilities	3,895		11,311
Travel	81,792	15,037	49,434
Rent - Building	1,475	1,024	57,898
Rent - Mach/Oth	42,434		11,731
Other Operating	351,040	15,046	93,941
Client Services		3,735,026	
Grants	2,576,335	1,500,000	200,055
Capital Outlay	2,998,816		
Total	9,478,928	6,640,875	3,599,729

Texas Water Development Board		
Exhibit 6: Objects of Expense by Program or Function for Fiscal Year 2009, <i>Continued</i>		
Object-of-Expense	Finance (\$)	Operations & Administration (\$)
Salaries	2,064,514	3,226,671
Other Personnel Costs	102,563	155,582
Professional Fees	259,955	1,438,035
Fuels/Lubricant		110,267
Consumables	17,024	58,445
Utilities	753	11,621
Travel	20,002	58,663
Rent - Building	250	10,011
Rent - Mach/Oth	6,420	42,019
Other Operating	197,446	511,923
Client Services		
Grants		
Capital Outlay		180,157
Total	2,668,927	5,803,394

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Texas Water Development Board	
Exhibit 7: Sources of Revenue Fiscal Year 2008	
Source	Amount
General Revenue	\$54,420,937
Federal Funds	184,795,089
Appropriated Receipts	10,144,256
Interest Income	185,611,946
Bond Proceeds	116,611,483
Interagency Contracts	1,036,652
TOTAL	\$552,620,363

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

Texas Water Development Board				
Exhibit 8: Federal Funds Fiscal Year 2008				
Type of Fund	State/Federal Match Ratio	State Share	Federal Share	Total Funding
CFDA 11.419 – U.S. Department of Commerce Coastal Zone Management Admin. Award	0% / 100%	\$0	\$24,970	\$24,970
CFDA 15.507 – U.S. Department of the Interior Challenge Grant Program for New Water	48.69% / 51.31%	36,139	38,084	74,223
CFDA 15.808 – U.S. Department of the Interior U.S. Geological Survey Research and Data Collection	0% / 100%		64,595	64,595
CFDA 66.202 – U.S. General Services Administration Congressionally Mandated Projects	0% / 100%		21,848	21,848
CFDA 66.458 – U.S. Environmental Protection Agency Capitalization Grants for Clean Water	16.67%/83.33%	12,693,149	63,450,515	76,143,664
CFDA 66.468 – U.S. Environmental Protection Agency Capitalization Grants for Drinking Water	16.67%/83.33%	18,238,911	91,172,673	109,411,584
CFDA 66.475 – U.S. Environmental Protection Agency Gulf of Mexico Program	49.43%/50.57%	53,119	54,344	107,463

CFDA 66.000 – U.S. Environmental Protection Agency Colonia Wastewater Treatment Assistance	16.67%/83.33%	4,255,271	21,271,249	25,526,520
CFDA 97.023 – U.S. Department of Homeland Security Community Assistance Program State Support	25% / 75%	102,139	306,417	408,556
CFDA 97.029 – U.S. Department of Homeland Security Flood Mitigation Assistance	25% / 75%	2,175,880	6,527,640	8,703,520
CFDA 97.039 – U.S. Department of Homeland Security Hazard Mitigation Grant	25% / 75%	178,228	534,684	712,912
CFDA 97.045 – U.S. Department of Homeland Security Map Modernization Management Support	0% / 100%	0	1,873,554	1,873,554
TOTAL		\$37,732,836	\$185,340,573	\$223,073,409

Source: FY 08 Annual Financial Report

G. If applicable, provide detailed information on fees collected by your agency.

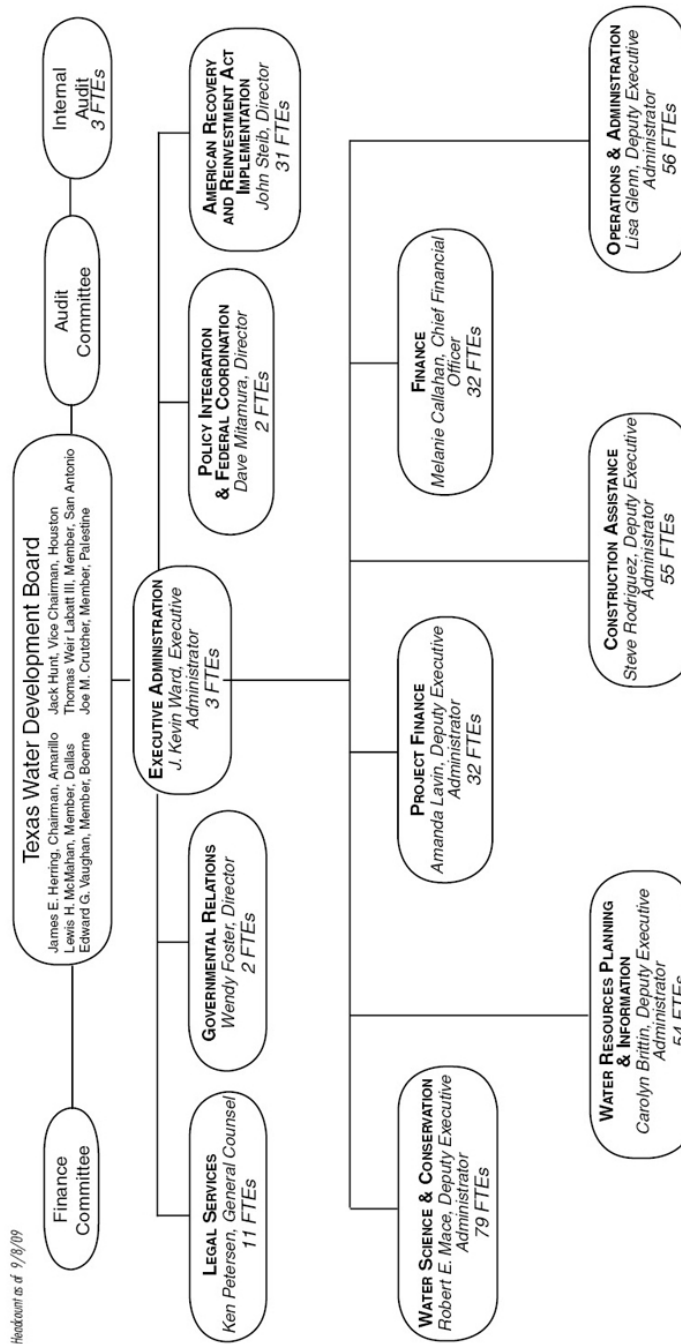
Texas Water Development Board Exhibit 9: Fee Revenue Fiscal Year 2008				
Fee Description/ Program/ Statutory Citation	Current Fee/ Statutory maximum	Number of persons or entities paying fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Admin. Fee CWSRF	1.85% of CW loan amount	25	\$7,751,202	Local Fund
Admin. Fee DWSRF	2.25% of DW loan amount	17	\$4,536,861	Local Fund

CWSRF = Clean Water State Revolving Fund; DWSRF = Drinking Water State Revolving Fund

VI. Organization

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.

*Headcount as of 9/8/09



B. If applicable, fill in the chart below listing field or regional offices.

Texas Water Development Board			
Exhibit 10: FTEs by Location for Fiscal Year 2008			
Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs, FY 2008	Number of Actual FTEs as of August 31, 2008
Headquarters	Austin	305.30	278.74
Field Office	Mesquite	6.00	6.00
Field Office	Houston	8.00	8.00
Field Office	Harlingen	4.00	4.00
Field Office	San Antonio	2.00	2.00
Field Office	El Paso	2.00	2.00
Total		327.30	300.74

C. What are your agency's FTE caps for fiscal years 2008–2011?

FTE caps for Fiscal Years 2008–2011			
FY 2008	FY 2009	FY 2010	FY 2011
326.1	348.1	357.6	357.6

D. How many temporary or contract employees did your agency have as of August 31, 2008?

The TWDB employed four temporary or contract employees as of August 31, 2008.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

Texas Water Development Board		
Exhibit 11: List of Program FTEs and Expenditures - Fiscal Year 2008		
Program	FTEs as of August 31, 2008	Actual Expenditures
Executive	6.00	488,043
Legal	7.00	566,663
Water Science & Conservation	72.45	8,381,195
Water Resources Planning & Information	46.93	9,478,928
Project Finance	24.00	6,640,875
Construction Assistance	54.30	3,599,729
Finance	32.80	2,668,927
Operations & Administration	57.26	5,803,394
TOTAL	300.74	37,627,754

VII. Guide to Agency Programs

Executive Office

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Executive Office
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	J. Kevin Ward, Executive Administrator
Actual Expenditures, FY 2008	\$488,043
Number of FTEs as of August 31, 2008	6.00

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Executive Office consists of three main areas: (1) Executive Administrator, (2) Governmental Relations, and (3) Policy Integration & Federal Coordination. The primary objectives of the office are to support the TWDB and represent the agency before policymakers and stakeholders. Internal Audit reports directly to the Board, with administrative oversight by the Executive Administrator.

Executive Administrator

- Reports directly to the Board
- Implements Board policies and directives
- Accountable for the functions and operations of the agency
- Manages agency priorities and budgets
- Directs and oversees agency initiatives
- Responsible for prudent management of financial portfolio

Governmental Relations

- Reports directly to the Executive Administrator
- Coordinates agency interaction with the state legislature
- Leads development of action plan for legislative session
- Advises the Executive Administrator and Board on legislative and policy initiatives
- Briefs the Board and Executive Administrator on status of legislative activity
- Promptly responds to inquiries from state legislators, legislative oversight agencies, and other state agencies

Policy Integration & Federal Coordination

- Reports directly to the Executive Administrator

- Leads the coordination and integration of the agency's policy decisions to ensure consistent and comprehensive application
- Serves as liaison to the Texas congressional delegation, congressional committees, and federal agencies
- Monitors and provides input into the development of legislative, policy, and appropriations initiatives by Congress and federal agencies
- Supports the Executive Administrator and Board on memberships in regional and national water resources and financing organizations

Internal Audit

- Assists members of management and the Board in the effective discharge of their responsibilities by furnishing them with analyses, recommendations, counsel, and information concerning the activities reviewed
- Reports directly to the Audit Committee of the Board
- Performs audits of the TWDB
- Performs follow-up reviews to determine what corrective action was taken and whether or not it is achieving the desired results
- Performs assurance services to parties outside of the TWDB, such as contractors or other state agencies
- Acts as a liaison with external auditors reviewing TWDB activities or programs
- Has primary responsibility for the investigation of all suspected fraudulent acts and for coordinating investigative activities

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

The Executive Office is a vital function. It coordinates activities with the legislature, ensuring prompt and adequate response to inquiries from the legislature, customers, and stakeholders. The Executive Office also performs the monthly mailout of agenda items for Board meetings, coordinates correspondence for prompt response, and ensures that all Board member communications are in place.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Services and functions of the Executive Office have not changed from the original intent. The Executive Administrator, however, recognized a need to strengthen integration and coordination of policy decisions across the agency. In 2009, the Executive Administrator created the Policy Integration & Federal Coordination Division to ensure that policy decisions and implementation accounted for an agencywide perspective.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The activities of the Executive Office affect all aspects of the agency’s business. The Executive Office supports the Board, executive and legislative branches of state government, and stakeholders. The Executive Office also provides guidance and support to agency staff and other public agencies and non-governmental organizations.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Executive Administrator is the agency’s chief executive officer, reporting directly to the Board. The Executive Office delegates authority for specific program areas to five Deputy Executive Administrators, the Chief Financial Officer and the General Counsel, as depicted in the agency’s organizational chart and described elsewhere in this section. In addition, within the Executive Office, the Director of Governmental Relations and Director of Policy Integration & Federal Coordination report directly to the Executive Administrator. All of these positions are part of the Executive Administrator’s Leadership Team.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Executive	
General Revenue	\$249,115
Federal Funds	219,834
Appropriated Receipts	<u>19,094</u>
Total	\$488,043

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

The Office of State-Federal Relations (OSFR) in Washington, D.C., performs services similar to the Policy Integration & Federal Coordination Division. OSFR serves as a liaison between the Governor, state legislature, and Texas congressional delegation. OSFR monitors legislation and interacts with congressional offices on priority issues for the state, which currently do not include water issues. The Policy Integration & Federal Coordination Division performs similar duties, with a much more specific focus on water resources issues and programs. The Policy Integration & Federal Coordination Division is often called on to provide specific input on draft legislation and appropriations related to water resources policy and funding. The Policy Integration & Federal Coordination Division also coordinates federal

communications with various regional and national water organizations to ensure a cohesive message where appropriate.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

As mentioned above, the Policy Integration & Federal Coordination Division coordinates its federal outreach with regional and national water organizations, including the Texas Water Conservation Association, Western States Water Council, Interstate Council on Water Policy, Council for Infrastructure Financing Authorities, and Alliance for Water Efficiency. In addition, where applicable, the Executive Office coordinates with other state and federal agencies on water policy and funding.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The Executive Office works closely with a broad range of governments, from local to federal levels. The Executive Office interacts directly with municipalities, water districts, river authorities, state and federal agencies, and the executive and legislative branches of Texas and federal government.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

FY 2008 expenditures: \$5,500

Number of contracts: 1

The only contract for this area was for peer review services for the Internal Audit section. These services are obtained periodically to ensure best practices. This contract requires a report and presentation to the Board to fulfill the required services.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Eliminating out-of-state travel limitations for business conducted in Washington, D.C.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable

Legal Services

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Legal Services
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	Kenneth L. Petersen, General Counsel
Actual Expenditures, FY 2008	\$566,663
Number of FTEs as of August 31, 2008	7.00

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the Legal Services Division is to provide legal advice and representation to the TWDB Board members and staff in the areas of financial assistance, water planning, water policy, natural resources, environmental compliance, legislation, tort claims, human resources, contracting and purchasing, real estate, ethics, open records, open meetings, and rulemaking. This includes, but is not limited to, preparing and reviewing documents, researching and preparing formal and informal legal opinions, representing the agency on interagency working groups, drafting and reviewing regulations and policies, and working with the Office of the Attorney General regarding agency litigation and contested matters.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Although the day-to-day activities of the Legal Services Division include a number of matters that are not easily counted (see, B, above), the following are a few statistics that reflect the work of the Legal Services Division.

- In FY 2008, assisted with the application review and loan process for the Clean Water State Revolving Fund (CWSRF) program, which resulted in 19 loans closed, totaling \$93,634,236. Assisted with the application review and loan process for the Drinking Water State Revolving Fund (DWSRF) program, which resulted in 30 loans closed, totaling \$426,735,000. Also assisted with the application review and loan process for state programs, resulting in 35 loans closed, totaling \$119,445,00.

- In FY 2009, provided legal advice and assistance pertaining to funds received as part of the American Recovery and Reinvestment Act which solicited over 726 CWSRF program projects and 800 DWSRF program projects. The Legal Services Division is assisting with the application review and loan process for the DWSRF program for approximately 34 projects identified as eligible for American Recovery and Reinvestment Act funding. The division is also assisting with the application review and loan process for the CWSRF program for approximately eight projects identified as eligible for funding through the American Recovery and Reinvestment Act.
- Developed and proposed/adopted 261 new rules or rule amendments and 23 miscellaneous documents in FY 2008 and 133 new rules or rule amendments and 30 miscellaneous documents in FY 2009.
- Worked with the Office of the Attorney General in defending six lawsuits pending against the TWDB in FY 2008 and FY 2009. Assisted the Office of the Attorney General in pursuing lawsuits.
- Responded to four complaints filed with the Equal Employment Opportunity Commission (EEOC) in FY 2008 and one complaint filed in FY 2009.
- Responded to approximately 50 open records requests in FY 2008 and 153 open records requests in FY 2009.
- Prepared bill analyses for over 400 bills during the 81st Texas Legislature.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Prior to 2005, there existed a Legal Services Division and a separate section titled “Administration and Northern Legal Services” within the division of Project Finance and Construction Assistance. In 2004 or 2005, reorganization occurred, budgets were consolidated, and the attorneys working in the Project Finance and Construction Assistance Division became part of the Legal Services Division. The functions performed by these attorneys also moved to the Legal Services Division. The primary impacts of the consolidation of the functions performed by the attorneys was (1) the elimination of strict lines separating attorneys’ job duties and (2) the availability of a single source for legal services. This also provides an opportunity for cross training.

The Legal Services Division is currently part of the Executive Office. The division consists of a General Counsel, a Deputy General Counsel, seven staff attorneys, a program specialist, and two executive assistants. The program specialist serves as the agency open records coordinator and as the primary coordinator for bill analyses and review. The executive assistants provide administrative support to and staffing for agency Board meetings.

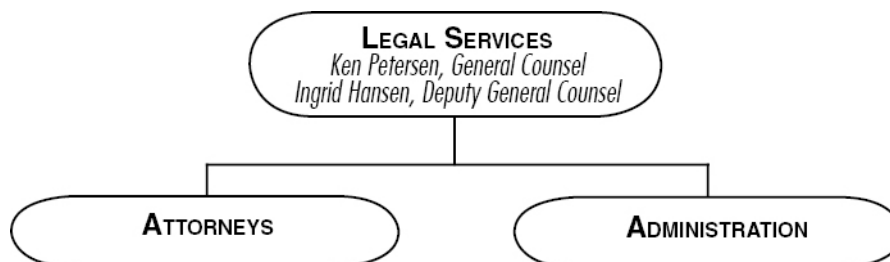
E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The Legal Services Division provides legal services and advice internally to the entire agency. The types of legal services vary depending on the issues that arise within the agency. A breakdown of the services provided by the Legal Services Division is as follows:

- Financial Assistance (project finance and construction planning): 45 percent
- Water Science and Conservation: 20 percent
- Water Resources Planning and Information: 15 percent
- Claims and lawsuits against the TWDB: 5 percent
- General government and agency operations: 15 percent

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The General Counsel reports to the Executive Administrator. The staff attorneys, program specialist, and executive assistants report to the General Counsel. The following is the Legal Services Division organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Legal Services	
General Revenue	\$ 321,146
Agricultural Water Conservation Fund	1,217
Federal Funds	170,591
Appropriated Receipts	<u>73,709</u>
Total	\$ 566,663

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

There are no other programs, internal or external to TWDB, that provide services that are identical or similar to the functions of the Legal Services Division. The Office of the Attorney General represents the TWDB in civil litigation. Other state agencies have legal divisions, and private law firms provide legal services to some governmental bodies. However, given the broad and unique nature of the TWDB's mission, no other program provides services that are identical or similar to the services provided by the TWDB Legal Services Division.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Although there is little risk of duplication or conflict, the Legal Services Division seeks to ensure coordination with other agencies to increase efficiency. For example, the TWDB participates in the State Agency Coordinating Committee Legal Subcommittee. The TWDB's attorneys and program specialist participate in periodic meetings of agency public information coordinators. In addition, the TWDB attorneys are members of various state and local bar groups.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The Legal Services Division works with entities seeking loans and grants from the TWDB, including but not limited to cities; counties; local and special districts created under Section 52, Article III or Section 69, Article XVI, Texas Constitution; groundwater districts, other political subdivisions of Texas; any interstate compact commission to which the state is a party; and any nonprofit water supply corporation created and operating under Chapter 67.

The Legal Services Division also supports agency staff in water science and conservation and water planning issues, including groundwater. This might include interacting with the groups involved in these issues, such as local governments, special and local districts, regional water planning groups that have been designated by the TWDB, and groundwater management areas.

The Legal Services Division supports the work of other TWDB divisions in their routine work with other agencies, including but not limited to the following: (There are incidental projects and issues that might require limited coordinated and communication with another state or federal entities. These are not included here.)

- Office of the Governor on American Recovery and Reinvestment Act matters related to the American Recovery and Reinvestment Act and reporting and general government issues
- The Texas Commission on Environmental Quality, the Texas Department of Rural Affairs (formerly the Office of Rural Community Affairs), the Secretary of State's Office, the Health and Human

Services Commission, and the U.S. Environmental Protection Agency on CWSRF and DWSRF and state loan and grant programs

- Federal Emergency Management Agency on flood mitigation planning issues
- U.S. Geological Survey
- The Comptroller's Office, the Texas Facilities Commission, the Texas State Library and Archives Commission, and the Department of Information Resources on general government issues
- The Attorney General's office on claims and litigation, as well as public information matters
- The Texas Workforce Commission and federal Equal Opportunity Commission regarding claims of discrimination. Other TWDB divisions may also be very involved in such matters, but the Legal Services Division is the lead division for such contacts.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

FY 2008 expenditures: \$42,053

Number of contracts: 2

The Legal Services Division entered into an outside counsel contract for intellectual property rights, including legal advice and services related to trademark rights. Legal Services also entered into a contract for expert engineering consulting services in preparation for litigation. The staff attorney assigned to these issues and who works most closely with the contractor reviews each invoice for work prepared and consistency with the contract. All invoices are also approved for payment by the Office of the Attorney General, in accordance with their procedures. In addition to review by program staff, contract administration staff review invoices to ensure that submissions are proper and correspond to contract requirements.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Judicial remedies to enforce specific covenants and obligations in bonds and other securities, including loan and grant agreements, executed or issued by financial assistance applicants, may be extended or more clearly specified in statute, as discussed in greater detail in Section IX, Policy Issues ("Adequacy of Judicial Remedies").

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Not applicable.

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- **why the regulation is needed;**
 - **the scope of, and procedures for, inspections or audits of regulated entities;**
 - **follow-up activities conducted when non-compliance is identified;**
 - **sanctions available to the agency to ensure compliance; and**
 - **procedures for handling consumer/public complaints against regulated entities.**

Not applicable.

- O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.**

Not applicable.

Water Science and Conservation

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Water Science and Conservation
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 4 th Floor Austin, Texas 78701
Contact Name	Robert E. Mace, Deputy Executive Administrator
Actual Expenditures, FY 2008	\$8,381,195
Number of FTEs as of August 31, 2008	72.45

B. What is the objective of this program or function? Describe the major activities performed under this program.

Water Science and Conservation provides the scientific expertise required to analyze and supply objective information on the water resources of Texas as well as provide technical assistance for water conservation activities. With a staff that holds 17 Ph.D.'s, 10 registered professional engineers, and 22 registered professional geoscientists, Water Science and Conservation provides these functions through four primary programs:

- Conservation
- Surface Water Resources
- Groundwater Resources
- Innovative Water Technologies

Conservation

- Promotes conservation strategies in regional and statewide water resources planning
- Reviews, plans and annually reports water conservation plans, which are required to receive financial assistance from the TWDB
- Assists water suppliers with developing water conservation plans and water loss audits
- Provides technical assistance to implement water conservation best management practices
- Provides technical and financial assistance to implement agricultural conservation programs
- Provides water conservation education, literature, outreach, and public awareness programs

Surface Water Resources

- Provides data collection and analytical studies to determine freshwater inflow needs to maintain the health and productivity of Texas' bays and estuaries
- Provides data collection and analytical studies to determine the conditions in Texas' rivers and streams necessary to support a sound ecological environment
- Provides data collection and analysis to determine reservoir volumes and sediment accumulation
- Evaluates the availability of surface water for water and wastewater infrastructure projects submitted to the TWDB for financial assistance

- Provides modeling studies to determine the amount of water available to meet the multiple needs for water in Texas

Groundwater Resources

- Monitors wells and springs in all major and minor aquifers to determine water levels and ambient water quality and assess changes over time
- Administers and maintains the groundwater database, which provides public information on groundwater levels, water quality, and other information concerning groundwater wells
- Reviews desired future conditions submitted by groundwater conservation districts, develops managed available groundwater estimates, and assists with reviews of petitions appealing the reasonableness of the desired future conditions
- Evaluates the availability of groundwater for water and wastewater infrastructure projects submitted to the TWDB for financial assistance
- Develops and runs groundwater flow models to support development of groundwater management plans, assists with defining desired future conditions, and calculates managed available groundwater in overall support of managing groundwater resources in Texas
- Assists groundwater conservation districts in developing their groundwater management plans and reviews these plans for administrative completeness

Innovative Water Technologies

- Researches, develops, and disseminates information to advance the development of innovative water management strategies, including desalination, water reuse, rainwater harvesting, and aquifer storage recovery
- Provides educational outreach on innovative water technologies
- Manages technology demonstration contracts and research studies

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Performance Measures

- Number of responses for water conservation information, groundwater data, technical assistance, and educational activities provided by the TWDB staff
- Percent of communities receiving technical and/or financial assistance for water planning and conservation
- Percent of information available to adequately monitor the state's water supplies
- Number of bay, estuary, and instream study elements completed
- Number of data units collected and/or processed by the TWDB staff in support of monitoring, investigating, and defining the state's surface water and groundwater resources

Key Statistics

- Since 1985, the TWDB has developed annual irrigation water use estimates for each of the 254 counties.
- The National Research Council of the National Academies of Science positively reviewed the Texas Instream Flow Program in which the TWDB is a partner.

- Since 1982, the TWDB has surveyed 128 lakes and reservoirs. The updated elevation-area-capacity tables have been used by regional water planning groups.
- The TWDB currently supports 93 streamflow measurement sites and 57 lake level monitoring sites in cooperation with the U.S. Geological Survey.
- In FY 2008, the TWDB staff and cooperators collected 14,074 annual water levels, 10,866 continuous recorder water levels from recorders (counted at six per month), and 834 water quality samples.
- Since inception of the Groundwater Availability Modeling Program in 1999, 24 models have been developed, representing all 9 major aquifers and 10 of the 21 minor aquifers.
- Hydrodynamic models have been developed for all major estuaries in Texas.
- The TWDB has advanced the seawater desalination initiative from a preliminary planning level through a completed pilot plant study phase.
- The TWDB has funded nine brackish groundwater desalination projects and two seawater pilot plant studies.
- Continuous (hourly) measurements of water quality data have been collected in all major bays since 1986, except Sabine Lake, which began in 1990 and Laguna Madre in 1992.
- Freshwater inflow studies and reports have been completed for all major bays, with the minor bays presently being studied.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Conservation

House Bill 1, passed by the 69th Texas Legislature in 1985, was the start of the current era of water conservation programs in water planning activities by the TWDB and other agencies. In 1997, Senate Bill 1 established the regional water planning process, which includes optional consideration of water conservation strategies as a means to meet future water supply needs. In 2003, the 78th Legislature approved several conservation activities, including consolidation of several existing agricultural water conservation funding programs to better use funding for grants and staff activities, development of a Water Conservation Best Management Practices Guide (TWDB Report 362) to be used by regional water planning groups and individual retail water suppliers, and requirements related to water conservation plans and water audits. The 80th Legislature authorized the TWDB to implement a statewide water conservation public awareness program.

Surface Water Resources

Studies of Texas' bays and estuaries by Texas state agencies began in the late 1960s with the recognition that these downstream ecosystems are influenced by inflows and they are economically important. The earliest inflow recommendations for all of Texas' major estuaries were developed in the late 1970s and early 1980s, culminating in a series of reports authored by the TWDB, Texas Commission on Environmental Quality, and Texas Parks and Wildlife Department. With additional data and improved models and methods, the agencies developed updated recommendations for the major estuaries in the early 2000s. Senate Bill 2, passed in 2001, created the Texas Instream Flow Program, which is administered by the three agencies and is focused on instream flow needs of entire river sub-basins. Senate Bill 3, passed in 2007, established the Texas Environmental Flows Science Advisory Committee, basin and bay area stakeholder committees, and basin and bay area expert science teams. These committees and teams are now reevaluating existing data, models, and analyses in an accelerated process to develop further updated inflow recommendations.

The hydrographic survey program was authorized in 1991 to provide accurate and affordable methods for determining current and future reservoir storage capacities.

The TWDB uses the water availability models developed in 2001 and 2004 by Texas Commission on Environmental Quality but modifies them to evaluate water management strategies as part of state water planning. The Water Availability Modeling Program provides guidelines and technical assistance for planning efforts at the regional level. These committees and teams are relying on technical and administrative assistance from the TWDB and other state agencies.

Groundwater Resources

Until 1988, groundwater monitoring team leaders managed four different regions in the state and determined the goals of all water level and water quality monitoring programs. After 1988, the TWDB management centralized decisions about groundwater data collection and initiated programs resulting in the annual measurement of water level depths in all counties, technological upgrades to recorder equipment, and periodic/cyclic sampling of wells (and springs) for water quality. Part of the shift to centralized data collection was the creation of a centralized, relational database for all types of information in all aquifers. After 2000, these data became available online through several avenues. These online resources frequently receive national recognition for their comprehensive nature and ease of downloading data.

Both the groundwater technical assistance and the groundwater availability modeling functions were formed and have evolved as a result of legislation. The Groundwater Technical Assistance Program started on September 1, 1997, with the implementation of Senate Bill 1, 75th Legislative Session. Initially, the section focused on assisting groundwater conservation districts in developing groundwater management plans. In the legislative sessions following the 75th Session, the requirements for developing the management plan increased, requiring the TWDB to provide additional services and review.

The Groundwater Availability Modeling Program was an outgrowth of the regional water planning process created by Senate Bill 1, 75th Legislative Session. To assist with regional planning of aquifers shared by multiple regional water planning groups, the TWDB developed a regional scale model of the Hill Country portion of the Trinity Aquifer in 2000. The program was deemed successful and, in 2001, Senate Bill 2, 77th Legislative Session, required that models of the major and minor aquifers be developed and provided to groundwater conservation districts and regional water planning groups to assist in their planning and management efforts. During the same legislative session, legislation was passed that required groundwater conservation districts to use groundwater availability modeling information in conjunction with any available site-specific information provided by the districts and acceptable to the TWDB.

Both sections have expanded further since the passage of House Bill 1763, 79th Legislative Session. This act requires that groundwater conservation districts develop desired future conditions of relevant aquifers within their boundaries. In many instances, groundwater conservation districts have sought technical assistance and groundwater modeling to assess alternative desired future conditions. Ultimately, once the desired future conditions are adopted, staff from the Groundwater Technical Assistance and Groundwater Availability Modeling sections will develop managed available groundwater numbers that will be used by regional water planning groups and groundwater conservation districts.

Innovative Technologies

Innovative Water Technologies was formed to address the 78th Texas Legislature's statutory directive to the TWDB to take all necessary action to advance the development of seawater desalination supplies. In addition to seawater desalination activities, this section is also responsible for programs concerning brackish

groundwater desalination, reuse, rainwater harvesting, and aquifer storage recovery. Staff members provide information on innovative technologies for consideration when regional water plans are being developed.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Water Science and Conservation provides foundational information and data for other agency activities and for regional water planning groups. This involves interaction with, support of, and/or membership in numerous entities:

- Water Conservation Advisory Council
- Drought Preparedness Council
- Texas Groundwater Protection Committee and subcommittees
- Advisory Council of the Irrigation Technology Center
- Groundwater conservation districts (95)
- Regional water planning groups (16)
- Environmental interest groups
- International Boundary and Water Commission
- Texas Commission on Environmental Quality
- U.S. Geological Survey
- Bureau of Economic Geology at The University of Texas Austin
- U.S. Environmental Protection Agency
- U.S. Army Corps of Engineers
- Local municipal water districts and city water departments
- Coastal commercial and recreational fisheries
- Texas Parks and Wildlife Department
- General public

Many entities benefit from data collected and posted online by Water Science and Conservation, including governmental entities at all levels, university researchers, different divisions within the TWDB, private companies, and the general public. These data are necessary for planning, preparing special reports and studies, and contributing to general knowledge. There are no qualifications for use of the data; water resources information is always available online. For example, a person looking to drill a water well can contact our agency or visit our Web site to learn about depth to water, water quality, and expected well productivity.

Water conservation literature and educational information, both printed and on the Web, provide public awareness and educational opportunities. Water IQ is a statewide public awareness water conservation program providing information on water-efficient practices and raising awareness about the importance of water conservation.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

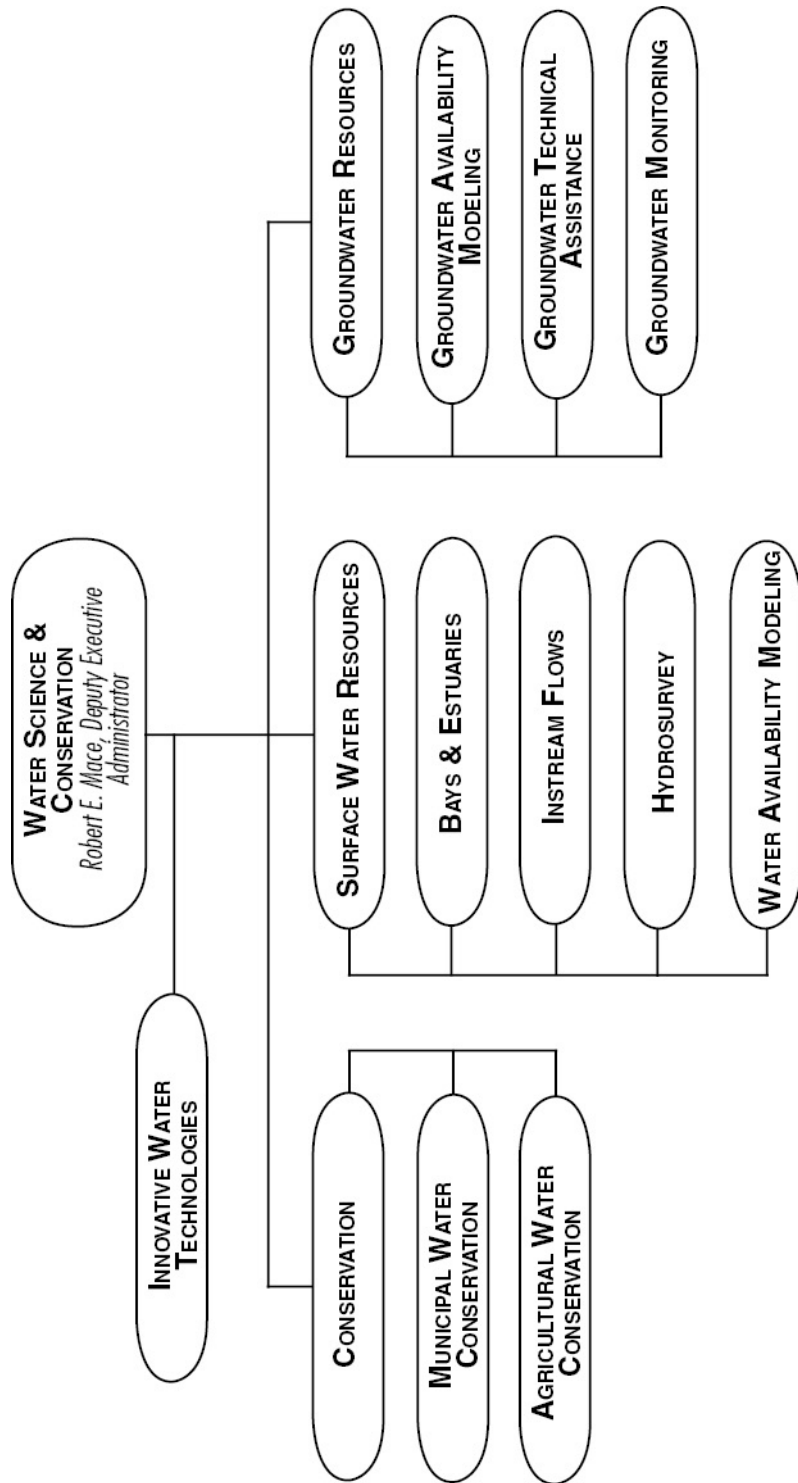
Water Science and Conservation is divided into three divisions, along with a function to address innovative water technologies, reporting to the Deputy Executive Administrator:

- Conservation
- Surface Water Resources
- Groundwater Resources

Each division is led by a division director and divided further into sections. The responsibilities of management include performing or delegating responsibility for the following tasks:

- Facilitating, assigning, and prioritizing projects
- Completing administrative tasks including budget, performance plans, timesheets, hiring and de-hiring of staff, annual raises or merit bonuses, staff meetings, meeting reports, and oversight
- Reviewing products, such as reports and papers, to provide quality assurance
- Coordinating and developing the sections' processes and procedures internally and externally
- Overseeing contract management
- Directing updates to Web content and Web development
- Arranging and coordinating annual technical advisory group meetings
- Serving as a source person for various work-related questions or concerns regarding the program

The following is the Water Science and Conservation organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Water Science and Conservation	
General Revenue	\$5,667,946
Agricultural Water Conservation Fund	275,430
Water Assistance Fund	16,884
Federal Funds	983,028
Appropriated Receipts	1,392,755
Interagency Contracts	<u>45,152</u>
Total	\$8,381,195

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

No internal or external programs provide the same identical services and functions as Water Science and Conservation; however, there are similar programs in various areas.

Conservation

- The Texas Commission on Environmental Quality requires water conservation plans in conjunction with a surface water right of 1,000 acre-feet or more for municipal use and 10,000 acre-feet for irrigation use, and the TWDB requires water conservation plans from all financial assistance applicants.
- Some groundwater conservation districts require irrigators to submit annual reports of irrigation water use. When available, these data are incorporated into the TWDB’s estimates of irrigation water use.
- Other entities, including the Lower Colorado River Authority, Texas AgriLife Extension Service, and several larger municipalities, also provide educational conservation materials; however, these are specific to their area.
- The Texas Commission on Environmental Quality also has a public awareness campaign titled “Take Care of Texas,” which includes energy and water conservation aspects.
- Some large regional and municipal utilities use their own specific public awareness programs, although some use Water IQ.

Surface Water Resources

- The Texas Parks and Wildlife Department, Texas Commission on Environmental Quality, and the Texas Department of Health also collect randomly located point measurements of salinity and some nutrient data and conduct studies on Texas’ estuaries. However, the primary focus of Texas Parks and Wildlife Department data collection is to maintain commercial and recreational fisheries, and it considers many factors other than freshwater inflows. The collection of long-term (5 to > 20 years) continuous (hourly) water quality data in Texas’ estuaries is unique to the TWDB. However, the Lower Colorado River Authority, Mission-Aransas National Estuarine Research Reserve, and Padre Island National Seashore have begun collecting similar data in their respective locales.

- The Texas Parks and Wildlife Department and the Texas Commission on Environmental Quality run hydrologic, water quality, and hydraulic models, though the focus on the effects of freshwater inflows and the modeling expertise for estuaries found in the Bays and Estuaries Program are unique to the TWDB.
- The National Oceanic and Atmospheric Administration, the U.S. Army Corps of Engineers, and the U.S. Geological Survey collect water velocity or flow data at limited locations in some bays, though the broad spatial coverage across all of Texas' bays is unique to the TWDB.
- The TWDB, the Texas Parks and Wildlife Department, and the Texas Commission on Environmental Quality jointly provide technical and administrative assistance to the environmental flows process, although expertise in coastal hydrology and estuarine modeling is unique to the TWDB.
- The Texas Parks and Wildlife Department and the Texas Commission on Environmental Quality are partner agencies with the TWDB in the Texas Instream Flow Program. Each partner shares in data collection activities, and they are jointly responsible for characterizing aquatic ecosystems, evaluating impacts to those systems, and determining their instream flow needs. However, expertise in hydraulic and sediment transport modeling is unique to the TWDB staff.
- The TWDB, the Texas Parks and Wildlife Department, and the Texas Commission on Environmental Quality jointly provide technical and administrative assistance to the environmental flows process, although expertise in hydraulic and sediment transport modeling is unique to the TWDB.
- Many river authorities, cities, and private interests also subsidize the collection of river flow data through the U.S. Geological Survey. However, the statewide coverage of the TWDB-funded gages and focus on data needs for water planning is unique to the TWDB.
- The National Oceanic Atmospheric Administration conducts hydrographic surveys to produce the nation's nautical charts, though their focus is on navigation safety and in areas near the coast and offshore.
- The Texas Parks and Wildlife Department, the Texas Commission on Environmental Quality, and river authorities in Texas all conduct water availability modeling analyses. However, the Texas Commission on Environmental Quality focuses on water permitting issues; the Texas Parks and Wildlife Department focuses on streamflow conditions; and river authorities conduct only regional studies, while the TWDB focuses on water availability issues and use of water strategies for the entire state.
- The U.S. Geological Survey and the U.S. Army Corps of Engineers monitor reservoirs in the state, but the TWDB covers a wider range of reservoirs for the entire state and integrates and analyzes water storage conditions for all of the major reservoirs in the state.
- The National Weather Service collects precipitation and some evaporation data in Texas, but the TWDB collects evaporation data at many locations that the National Weather Service does not serve. The TWDB program also provides estimated areal precipitation and evaporation data for Texas at finer geographical scale.

Groundwater Resources

- More than 40 groundwater conservation districts, the U.S. Geological Survey, municipal water districts, cities and municipalities, and the International Boundary and Water Commission measure groundwater levels in wells in their areas of interest or jurisdiction. They provide this information to the TWDB for inclusion in its groundwater database, and the TWDB does not measure these wells.
- Some of these entities also sample for groundwater quality through in-house, portable lab analysis of a few inorganic constituents. By contrast, the TWDB contracts with a National Environmental

Laboratory Association Program accredited lab, using U.S. Environmental Protection Agency approved methods, to analyze for 35 or more inorganic constituents and for stable and radioactive isotopes.

- Water districts and cities operating public supply wells regulated by the Texas Commission on Environmental Quality may sample and analyze for some of the same inorganic and radioactive constituents that the TWDB does, also using accredited labs; however, they analyze drinking water after treatment, primarily for bacteria and other organic compounds such as chlorination disinfection byproducts and pesticides or herbicides. The U.S. Geological Survey also conducts water quality sampling for specific projects typically involving only 30 wells and no more frequently than once a year.
- The Texas Commission on Environmental Quality has limited resources to address questions about groundwater management plan approval but handles questions on groundwater conservation district formation, collects all districts' administrative information, and creates a statewide map of the districts they recognize. Texas AgriLife Extension Service provides educational materials on district activities and presentations to unconfirmed districts or areas considering forming a district.
- Groundwater availability models developed by the TWDB were initially used to broadly define groundwater availability for regional water planning groups and groundwater conservation districts. They are now being used to assist in establishing desired future conditions and, ultimately, determining managed available groundwater. Several local agencies (such as the Lower Colorado River Authority and the San Antonio Water System) have developed local scale groundwater models to address local scale groundwater management issues. To improve their reliability and accuracy, these local scale models depend on the TWDB groundwater availability model for data on pumping outside the immediate area of interest of the local scale model.
- Groundwater models that cover a larger scale have been developed by the U.S. Geological Survey. The U.S. Geological Survey is typically the sole source of information concerning aquifers within the boundaries of states with insufficient resources dedicated to studying and monitoring groundwater resources. The U.S. Geological Survey frequently works cooperatively with local agencies. Of particular note was their Regional Aquifer System Analysis Program, which was initiated in 1978 and completed in 1995 and covered 25 aquifer systems in the United States. The results were published in a national Ground Water Atlas. The scale of the models was considered too coarse to use for the TWDB Groundwater Availability Modeling Program.

Innovative Water Technologies

- There are no other state programs focused specifically on advancing the development of alternative water supplies by means of innovative technologies. A possible and notable exception, however, is the Texas Emerging Technology Fund, which seeks to expedite the development and commercialization of new technologies and, conceivably, may include water-related technologies. In contrast to this program, the TWDB's Innovative Water Technologies programs focus exclusively on existing and proven technologies or refinements to existing technologies or processes that can result in cost savings for water utilities.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Conservation

- TWDB coordinates with the Texas Commission on Environmental Quality in developing conservation plan materials and will accept a water conservation plan that satisfies the Texas Commission on Environmental Quality's requirements.
- TWDB data is coordinated with local data on annual irrigation water use whenever possible.
- TWDB conservation literature is designed to be generic for statewide applicability.
- Water IQ is specific to water, but the Texas Commission on Environmental Quality's program focuses on federal air and water quality standards.
- TWDB offers the use of Water IQ materials to interested parties upon completion of a usage agreement.

Surface Water Resources

- The Bays and Estuaries Program coordinates its long-term water quality monitoring of Texas' estuaries by directly contracting with the Texas Parks and Wildlife Department to assist in conducting the program. Synoptic (short-term, bay-wide) studies and other types of data collection activities are also coordinated with the Texas Parks and Wildlife Department and in the past with the Texas Commission on Environmental Quality, the U.S. Army Corps of Engineers, the U.S. Geological Survey, and universities by having them directly participate in the design and execution of data collection efforts. The TWDB is aware of and has been provided biological data collected by the Texas Parks and Wildlife Department Coastal Fisheries Program, thereby preventing functional overlap.
- The TWDB, the Texas Parks and Wildlife Department, and the Texas Commission on Environmental Quality signed a memorandum of agreement in October 2002 related to instream flow studies. In December 2002, they published a Programmatic Work Plan outlining the scope, time frame, and methodology for planning and conducting priority studies. As documented in that plan, the agencies agreed to work collaboratively on all study elements. In accordance with respective agencies' specific expertise and responsibilities in conserving fish and wildlife resources and water resources management, they selected lead agencies for activities described in the Programmatic Work Plan. The three agencies have also worked with river authorities and other local stakeholders to develop study goals, objectives, and indicators. Instream Flow staff members also serve as technical representatives on the Texas Environmental Resource Stewards forum where federal and state resource agencies discuss common issues.
- The Hydrographic Survey Program contracts with lake owners and water rights owners. Program staff members conduct extensive background research to identify any past surveys conducted on a particular lake or reservoir and who conducted the survey. The TWDB's Hydrographic Survey program is the only known program that uses the multi-frequency sub-bottom profiler for conducting sedimentation surveys within major lakes and reservoirs in Texas.
- The TWDB's water availability modeling activities have clear purposes that do not overlap with Texas Commission on Environmental Quality or Texas Parks and Wildlife Department applications of the model. The TWDB maintains close contact with the Texas Commission on Environmental Quality to ensure that we have the latest version of its water availability model and understand the

latest model functions. The data collection and synthesis activities of the Water Availability Modeling Program use data from the U.S. Geological Survey and the National Weather Service in addition to data collected by the TWDB to develop water resources data or reports; thus, the TWDB is aware of and does not overlap with data collection from other programs.

Groundwater Resources

- The Groundwater Monitoring Section has operated under informal agreements with groundwater conservation districts and the U.S. Geological Survey for decades. These organizations routinely send water level data to the TWDB annually, generally after each has finished its measuring season. The TWDB Monitoring Section personnel encourage districts to meet for informal training that ultimately is designed to promote district take-over of water level monitoring duties. The TWDB also hosts annual “Groundwater 101” workshops in which we emphasize our assistance with water level monitoring. Other periodicals, such as the monthly Aquifer Monitor email, remind recipients (representatives in all mentioned entities are included) of monitoring activities, database developments, and assistance.
- The U.S. Geological Survey and the Texas Commission on Environmental Quality also share water quality data with the TWDB upon demand. Within a more formal setting, the Groundwater Monitoring Section manager’s position as vice-chair of the Texas Groundwater Protection Committee and co-chair of its Data Management Subcommittee has ensured that all groundwater information about previous, current, and future water quality sampling projects is shared with the interested representatives of each entity. The TWDB has served as vice-chair of this state agency (as the Texas Groundwater Protection Committee is considered) since the committee’s inception in 1989. The Texas Commission on Environmental Quality routinely uses TWDB data when producing their bi-annual 305(b) report to the U.S. Environmental Protection Agency, which includes an assessment of groundwater quality in all of the state’s aquifers. Most important, to ensure that no duplication or conflict occurs, members of the Texas Groundwater Protection Committee meet quarterly and work together throughout the year on a number of publications describing monitoring activities, such as the yearly joint monitoring and contamination report.
- The TWDB and the Texas Commission on Environmental Quality have a memorandum of understanding to communicate results of management plan reviews and approvals. The TWDB sends letters to the Texas Commission on Environmental Quality once a month to update the status of overdue plans. In addition, the TWDB sends letters to indicate when districts have submitted plans for the official approval process, have officially withdrawn a plan from the approval process, or have their management plan officially approved. The Texas Commission on Environmental Quality sends the TWDB a letter whenever they have new administrative information about or action toward a district.
- To avoid duplication of modeling efforts, the TWDB has evaluated existing groundwater flow models developed from outside sources to determine their validity for being incorporated into the Groundwater Availability Modeling Program. If appropriate, the TWDB has “adopted” existing models.
- Because outside sources recognize the TWDB will only adopt groundwater availability models that meet the agency’s criteria, these groups typically request oversight or participation in their projects. The groups ask for agency collaboration so that their models will meet TWDB standards and be adopted as official groundwater availability models.
- To avoid any duplication of efforts or studies, the TWDB and the Texas office for the U.S. Geological Survey are in regular communication. The most relevant project that could be perceived as a duplication of efforts is the current regional modeling effort that includes the High Plains Aquifer, referred to as the Ogallala Aquifer in Texas. The U.S. Geological Survey has determined

that they will use existing models for the central and southern portions of the High Plains Aquifer and only develop a new model for the northern portion of the High Plains Aquifer. The TWDB has already provided copies to the U.S. Geological Survey of the groundwater availability models developed for the Ogallala Aquifer. In return, the U.S. Geological Survey will collect additional information that can be used at a later date to improve our models.

Innovative Water Technologies

- TWDB staff members monitor projects that are funded through the Texas Emerging Technology Fund to ensure there is no duplication of effort.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Conservation

- Staff members provide technical assistance to local and regional governments to meet requirements for water conservation plans or water loss audits or to implement water conservation activities.
- The Conservation Division provides grants to political subdivisions to implement local agricultural water conservation programs.
- Staff members receive data from the U.S. Department of Agriculture—Farm Service Agency, local groundwater conservation districts, and the Texas Commission on Environmental Quality for irrigation water use estimates.
- The Texas High Plains Agricultural Water Enhancement program operates under an agreement between the TWDB, which provides program promotion and impact analysis activities, and the U.S. Department of Agriculture—Natural Resources Conservation Service, Texas, which manages the cost-share funding provided to agricultural producers.

Surface Water Resources

- Several federal agencies are involved in funding studies, cost sharing, and data sharing, including the U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers, the U.S. Geological Survey, the U.S. Fish and Wildlife Service, the National Weather Service, and the National Oceanic and Atmospheric Association.
- The Texas Parks and Wildlife Department and the Texas Commission on Environmental Quality cooperate on data collection, joint studies, and support of the environmental flows process.
- Technical assistance is provided to the General Land Office on the Oil Spill Program.
- Feedback and comments on water availability modeling are provided to the Texas Commission on Environmental Quality.
- Data and technical support is provided to local governments, river authorities, port authorities, and regional water planning groups.

Groundwater Resources

- Groundwater Resources staff provides support and assistance to local groundwater conservation districts as directed by statute. Examples of this support and assistance includes the following:
 - Developing groundwater models
 - Using groundwater models to develop estimates of the annual flow into and out of the district within each aquifer and between aquifers in the district

- Using groundwater models and other available data and information to develop estimates of managed available groundwater based on a district's desired future condition.
- Reviewing groundwater conservation district management plans for administrative completeness
- Groundwater Resources staff provides support and assistance to regional water planning groups as directed by statute, such as reporting estimates of managed available groundwater for inclusion in regional water plans.
- On occasion, federal agencies such as the U.S. Geological Survey and the U.S. Department of the Interior—Bureau of Reclamation cooperate in special studies or modeling efforts.

Innovative Water Technologies

- Innovative Water Technologies staff provides presentations and other information to regional water planning groups and their designated consultants to assist in identifying and assessing potential water management strategies.
- Innovative Water Technologies' outreach targets include cities, public utility boards, water supply corporations, groundwater management districts, and universities. Staff members interact with these entities in a contract management capacity if they receive TWDB grants for technology demonstration projects and/or research studies. Staff also responds to questions from representatives of these entities about technology matters and provides presentations, if requested.
- Innovative Water Technologies staff maintains close collaboration with the U.S. Bureau of Reclamation on matters related to research on advanced water treatment technologies and funding opportunities for water technology projects.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

FY 2008 expenditures: \$2,150,681

Number of contracts: 35

Water Science and Conservation contracts are awarded for monitoring, laboratory analysis, data analysis, and scientific studies in support of model development and enhancements. For each contract the scope of work, budget, timeline, reporting requirements, and project deliverables are documented. Scheduled progress reports are required in many of the contracts. In addition to review by program staff, contract administration staff reviews invoices to ensure that submissions are proper and correspond to contract requirements.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Please refer to the agency's policy recommendations in Section IX.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Additional information on Water Science and Conservation programs and data that they provide via the Web can be found at:

Bays and Estuaries: http://www.twdb.state.tx.us/data/bays_estuaries/bays_estuary_toc.asp

Conservation: <http://www.twdb.state.tx.us/assistance/conservation/consindex.asp>

Desalination: <http://www.twdb.state.tx.us/iwt/desal.asp>

Instream Flows: <http://www.twdb.state.tx.us/InstreamFlows/index.html>

Hydrographic Survey: <http://www.twdb.state.tx.us/assistance/lakesurveys/volumetricindex.asp>

Water Availability Modeling: <http://wiid.twdb.state.tx.us/ims/resinfo/viewer.htm>

Groundwater Monitoring: <http://www.twdb.state.tx.us/GwRD/HEMON/GMSA.asp>

Groundwater Technical Assistance: <http://www.twdb.state.tx.us/GWRD/GTA/gtahome.htm>

Groundwater Availability Modeling: <http://www.twdb.state.tx.us/gam/>

Rainwater Harvesting: <http://www.twdb.state.tx.us/iwt/rainwater.asp>

Water Reuse: <http://www.twdb.state.tx.us/iwt/reuse.asp>

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable.

Water Resources Planning and Information

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Water Resources Planning and Information
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 4 th Floor Austin, Texas 78701
Contact Name	Carolyn L. Brittin, Deputy Executive Administrator
Actual Expenditures, FY 2008	\$9,478,928
Number of FTEs as of August 31, 2008	46.93

B. What is the objective of this program or function? Describe the major activities performed under this program.

Water Resources Planning and Information collects, analyzes, and disseminates water-related data and provides other services necessary to aid in planning and managing the state's water resources. It provides statewide geographic data services and flood mitigation planning, including administering federal assistance programs. With a staff that holds 23 advanced degrees (22 Masters and 1 Ph.D.) and has 3 registered professional engineers, 1 registered professional geoscientist, and 7 Certified Floodplain Managers, WRPI provides these functions through three primary program areas:

- Water Resources Planning
- Flood Mitigation Planning
- Texas Natural Resources Information System (TNRIS)

Water Resources Planning

- Coordinates the regional water planning process
- Develops population and water demand projections
- Compiles annual municipal and industrial water use data and information regarding water sales and purchases among users and suppliers
- Develops estimates of agricultural water use
- Evaluates the social and economic impacts of not meeting forecasted water needs
- Develops and maintains data management structures for water planning and water supply and strategy analysis
- Develops the state water plan, a comprehensive guide to the water resources in the state
- Works with state, federal, and local partners to implement water management strategies recommended in the planning process
- Administers the Regional Water and Wastewater Facility Planning grant program, which offers state funds to political subdivisions for studies to evaluate the most feasible alternatives to provide regional water supply and wastewater services for areas in Texas
- Operates the Texas Water Bank and Trust

- Reviews applications for financial assistance to ensure consistency with regional water plans and the state water plan, including approved population and water demand projections, and ensures compliance with water use survey reporting requirements
- Develops procedures to facilitate the availability and exchange of water resources data in Texas
- Provides technical support to the Water Conservation Advisory Council

Flood Mitigation Planning

- Serves as the state coordinator for the National Flood Insurance Program to enable communities to enroll and maintain eligibility in the program so that citizens and businesses are eligible for national flood insurance
- Administers the Flood Protection Planning Program, a feasibility level-planning grant program that provides state funds to political subdivisions to study flood problems within their watersheds and to evaluate the feasibility of structural and non-structural solutions
- Administers the Federal Emergency Management Agency's (FEMA) Flood Mitigation Assistance Program to provide planning and project grants to develop or update flood mitigation plans and to implement flood mitigation projects
- Administers the FEMA Severe Repetitive Loss Program to reduce or eliminate the risk of flood damage to severe repetitive loss residential structures insured under the National Flood Insurance Program

Texas Natural Resources Information System (TNRIS)

- Organizes and manages state historical aerial photographic and mapping inventory
- Provides direct and Internet access to geographic data and maps
- Conducts training and workshops to broaden understanding and use of public geographic data resources
- Manages the Strategic Mapping Program to maintain current and accurate standard geographic base data
- Manages the National Flood Insurance Program mapping services activities to support development of digital maps for the public
- Maintains the Borderlands Information Center to coordinate development and exchange of data along the Texas-Mexico Border
- Coordinates the process for updates and changes to the Geographic Names Information System
- Supports emergency management activities through implementation of geographic information systems (GIS) and data

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Performance Measures

- Percent of key regional and statewide water planning activities completed
- Number of active grants for regional water, wastewater, flood, and research studies funded from the Research and Planning Fund
- Number of communities assisted through Community Assistance Contacts and Community Assistance Visits
- Number of person-hours in training classes and conferences sponsored by TNRIS
- Number of strategic mapping pool

- Number of responses to requests for TNRIS-related information that are filled

Key Statistics

- Since 1997, the TWDB has supported the development and adoption of 16 regional water plans during two five-year planning cycles.
- Since the early 1960s, the TWDB has developed six state water plans, including two (2002 and 2007) based on the regional water planning process.
- Since 1985, the TWDB has developed county level annual water use estimates for agricultural producers (livestock and irrigation) and mining industries for each of the state's 254 counties.
- Since 1985, the TWDB has administered a statewide Water Use Survey that today includes nearly 7,000 water utilities, manufacturers, and electric utilities. TWDB staff members collect, analyze, and publish survey data each year and maintain historical water use databases for use by internal and external customers.
- Since the 1990s, the TWDB has committed \$21.6 million for almost 200 regional facility planning projects and almost \$15.6 million for over 100 flood protection planning projects throughout the state.
- Since 2007 (when the TWDB assumed administration of the program), Flood Mitigation Planning staff members have conducted 68 Community Assistance Visits, over 1,000 Community Assistance Contacts, and 53 training workshops pursuant to the National Flood Insurance Program.
- In 2008, the TWDB awarded two FEMA Severe Repetitive Loss grants for a total of \$26.6 million to buy out nearly 130 properties within Harris County, which represent roughly 10 percent of the Severe Repetitive Loss properties identified by FEMA statewide.
- Since 2004, the TWDB has awarded \$12.8 million in funding through the FEMA Flood Mitigation Assistance Program to assist communities in implementing measures to reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other structures insurable under the National Flood Insurance Program.
- Since 1968, TNRIS has served as a centralized information system incorporating all Texas natural resource data, socioeconomic data related to natural resources, and indexes related to that data that are collected by state agencies or other entities.
- The TNRIS data catalog has over 1,000,000 frames of aerial photography, more than 50 unique data sets equal to 500 gigabytes, and averages 10,000 data downloads a month.
- Following the devastation of Hurricane Rita, TNRIS developed a geospatial emergency management support system to serve as a data repository for emergency management in Texas through a \$1 million grant from FEMA awarded in 2007.
- TNRIS hosts the annual GIS Forum, the largest event of its kind in Texas, offering GIS and geospatial professionals the opportunity to share products, services, and knowledge and to network with nationally recognized experts in the geospatial field.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Water Resources Planning

Although the TWDB has planned for the state's water needs since the 1950s, the process has evolved over the years in response to state legislation. The drought of 1996 led to the passage of Senate Bill 1 in 1997, which established a new water planning process that relies primarily upon regional water plans prepared and adopted by local and regional decision makers. In essence, the planning process shifted from a centralized approach to a consensus-driven, regional model. Teams of regional and local leaders of different backgrounds and various social, environmental, and economic interests, with technical assistance from the TWDB and other state agencies, provide a thorough regional assessment that can be merged into a comprehensive state water plan. This approach has produced the 2001 and 2006 Regional Water Plans, and the 2002 and 2007 State Water Plans.

Senate Bill 2, passed by the 77th Texas Legislature in 2001, addressed a number of issues that emerged during the first round of regional water planning. The bill directed the TWDB to obtain or develop groundwater availability models for major or minor aquifers in coordination with groundwater conservation districts and regional water planning groups. Senate Bill 2 also allowed the TWDB to conduct surveys of entities using groundwater and surface water to gather data to be used for water supply planning. The legislation also clarified the meaning of the designation of river or stream segments of unique ecological value.

In addition, Senate Bill 2 created the Water Infrastructure Fund to pay for the implementation of water projects recommended through the state and regional water planning processes. Although the fund was created by the 77th Texas Legislature, it did not receive any appropriations until it was funded by the 80th Texas Legislature in 2007.

In 2007, the 80th Texas Legislature passed Senate Bill 3, the third significant omnibus water bill that included a number of provisions related to water planning. The legislation established the Water Conservation Advisory Council, a panel of experts in water conservation, to provide state leadership. Senate Bill 3 also established the Environmental Flows Advisory Group and the Texas Environmental Flows Science Advisory Committee, including a process to provide for developing and adopting environmental flow regimes for the major river basins in Texas.

In addition, Senate Bill 3 provided for a process to allow for a "minor amendment" to a regional water plan. The legislation also designated sites of unique value for constructing a reservoir and stream and river sites of unique ecological value recommended in the 2007 State Water Plan. The bill also established the Study Commission on Region C Water Supply to review water demand and water supply alternatives within the Region C Regional Water Planning Area and evaluate measures to comply with regulatory mitigation requirements. Senate Bill 3 created the Legislative Joint Interim Committee to evaluate water infrastructure needs and make recommendations on any legislative actions necessary to address funding needs to support the state's water programs. Senate Bill 3 also increased the amount of permitted withdrawals from the Edward's Aquifer and directed the Edwards Aquifer Authority, with assistance from Texas A&M University, to develop a recovery implementation program for all federally threatened or endangered species associated with the aquifer.

Flood Mitigation Planning

The TWDB has been providing state funds for flood mitigation planning since the early 1990s. In 1994, the National Flood Insurance Reform Act created the Flood Mitigation Assistance Program, which provides FEMA funds to assist states and communities in implementing measures that reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other structures insurable under the National Flood Insurance Program. The TWDB first awarded grants through the Flood Mitigation Assistance Program in 2001.

In 2004, Congress authorized the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act, which amended the National Flood Insurance Act of 1968 to provide funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss structures insured under the National Flood Insurance Program. The TWDB first awarded grants through the Severe Repetitive Loss Program in 2008.

In 2007, the 80th Texas Legislature transferred the administration of the National Flood Insurance Program in Texas from the Texas Commission on Environmental Quality to the TWDB. The mission of the program remains the same, but the services provided have continued to improve with the expansion of the program, which now includes staff in all five TWDB field offices (Austin, San Antonio, Harlingen, Houston, and Mesquite).

TNRIS

TNRIS was established by the Texas Legislature in 1968 as the Texas Water-Oriented Data Bank. In 1972, after four years of growth and diversification, it was renamed the Texas Natural Resources Information System. In 1997, the 75th Legislature passed Senate Bill 1, which merged the TNRIS Task Force and the GIS Planning Council into the Texas Geographic Information Council and provided funding for the Texas Strategic Mapping Program (StratMap). In 2000, TNRIS completed the Texas Orthoimagery Program, with 17,772 digital images created across Texas.

In 2001, StratMap completed its seven layers by using approximately \$40,000,000 in state and matching funds, in-kind contributions, and related data. The 77th Legislature provided funds for maintaining orthoimagery, transportation, and political boundaries and for creating the National Hydrographic Dataset for Texas. Also that year, TNRIS made StratMap data available online via a Digital Data Distribution System interface.

In 2003, member agencies of the Texas Geographic Information Council and other local, regional, and federal agencies extensively employed GIS technology to assist with the Space Shuttle Columbia recovery. In 2004, TNRIS entered into agreement with the U.S. Department of Agriculture—Farm Service Agency for new statewide orthoimagery to update the data from 1995 to 1996. The Texas Commission on Environmental Quality, the U.S. Geological Survey, and the U.S. Department of Agriculture—Natural Resources Conservation Service contributed funding.

In 2006, TNRIS entered into agreements with FEMA, the International Boundary and Water Commission, and the Lower Colorado River Authority to produce very high resolution elevation data with LiDAR technology that employs an airborne laser sensor to rapidly and accurately measure elevations.

Also in 2006, TNRIS began supporting the Texas Height Modernization Program and spatial reference center, which established the elevation reference system for the state. The system is the key to producing accurate and reliable maps and is especially important for mapping areas of flooding, coastal surge impacts, and other engineering-related projects that depend on accurate data.

In 2007, the Texas Water Code was amended by the 80th Legislature to provide authority for TNRIS to include data related to emergency management. Several projects were undertaken to strengthen the capacity of the state to respond and manage emergency events. The legislature also passed the National Flood Insurance Program bill that created authority for state participation in floodplain mapping.

TNRIS partnered with the Farm Services Agency for the second time in 2008 to acquire 1-meter, multi-band imagery for Texas. The aerial products support diverse requirements, including 911 call management, air quality, facilities planning, and vegetation classification.

In 2009, the Council on Competitive Government established a new procurement process designed to strengthen Texas' capabilities to create and maintain digital maps for government and the public. The new process, called High Priority Imagery and Data Sets, established a unified approach to digital map development and promotes coordination among state, regional, and municipal government.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Water Resources Planning and Information provides administrative and technical support for the 16 regional water planning groups, the Water Conservation Advisory Council, and political subdivisions in Texas that are awarded grants for regional water and wastewater facility planning and flood protection planning projects. Water Resources Planning and Information provides information and data for regional water planning groups, countless state and local governments, and businesses and citizens through historical water use data from the Water Use Survey and projected water use data from the regional water planning database and the TNRIS data catalog. This involves interaction with numerous entities:

- Water Conservation Advisory Council
- Groundwater conservation districts (95)
- Regional water planning groups (16)
- Wholesale and retail water providers
- Industrial water users
- Local governments
- River authorities and other special law districts
- Environmental interest groups
- State and federal agencies
- General public

The functions of TNRIS affect not only external customers but also internal TWDB customers, providing services necessary for a number of TWDB activities by supporting the following:

- The groundwater division by developing the groundwater availability model geodatabase to provide integrated access to all geographic groundwater datasets and by developing and deploying the Geologic Atlas of Texas.
- Groundwater monitoring by incorporating groundwater monitoring data into the development of the Texas Hydrologic Information System.

- Water availability modeling by deployment, training, and use of National Hydrography and other StratMap datasets.
- The Bays and Estuaries Program by incorporating coastal water quality data into the development of the Texas Hydrologic Information System.
- Project Finance by applying GIS analysis tools and updated census and business information to review socioeconomic factors.
- Economically Disadvantaged Areas Program by providing border-area data services and analysis, including census, transportation, and physiographic studies including elevation and watersheds.
- Flood Mitigation Planning by providing emergency management related data services, including mapping of National Flood Insurance Zones.
- The agency as a whole by applying GIS analysis tools and updated census and business information to review socioeconomic factors, by data developing and disseminating data, and by providing training and education.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

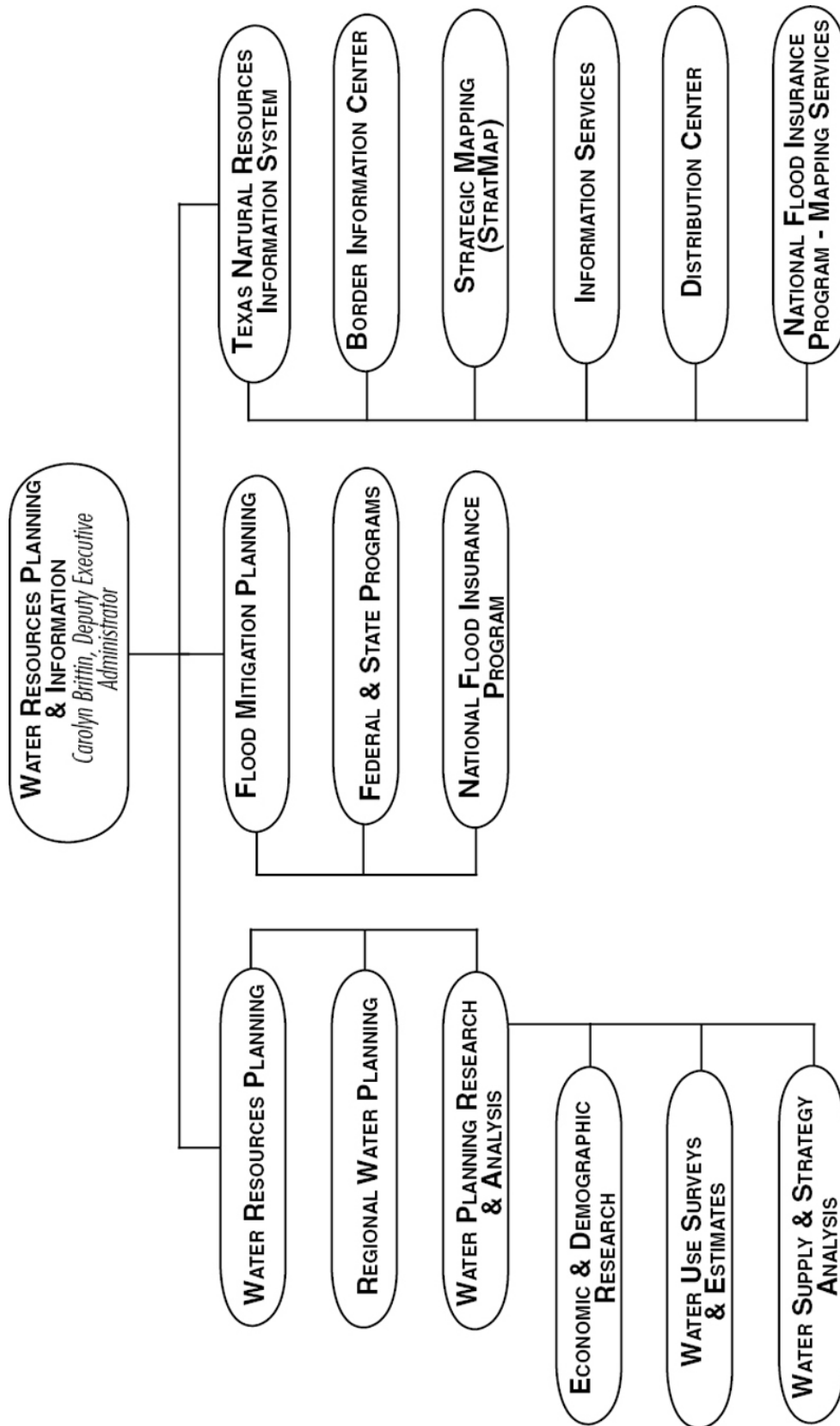
Water Resources Planning and Information is divided into three divisions with directors reporting to the Deputy Executive Administrator:

- Water Resources Planning
- Flood Mitigation Planning
- TNRRIS

Each division is led by a division director and divided further into sections. The responsibilities of management include performing or delegating responsibility for the following tasks:

- Managing contracts
- Providing administrative and technical assistance
- Facilitating, assigning, and prioritizing projects
- Completing administrative tasks, including budget, performance plans, timesheets, hiring and de-hiring of staff, annual raises or merit bonuses, staff meetings, meeting reports, and oversight
- Reviewing products, such as reports and papers, to provide quality assurance
- Coordinating and developing the processes and procedures internally and externally
- Directing updates to Web content and Web development
- Serving as a source person for various questions or concerns regarding the program

The following is the Water Resources Planning and Information organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Water Resources Planning and Information	
General Revenue	\$4,019,453
Agricultural Water Conservation Fund	1,805
Water Assistance Fund	35,500
Federal Funds	1,349,164
Appropriated Receipts	2,957,193
Interagency Contracts	<u>1,115,813</u>
Total	\$9,478,928

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

No internal or external programs provide services and functions identical to Water Resources Planning and Information; however, there are similar programs in various areas.

Water Resources Planning

Although water supply planning is done at the local level by water providers, no other programs perform comprehensive water planning at the regional or state level.

Flood Mitigation Planning

The division works very closely with FEMA in administering the National Flood Insurance Program and the Flood Mitigation Assistance and Severe Repetitive Loss programs. FEMA administers these programs at the national level, and the TWDB serves as the state coordinator, providing services, awarding funds, and managing contracts with communities in Texas.

The division coordinates with the Texas Floodplain Management Association, a professional organization of those involved in floodplain management, flood hazard mitigation, the National Flood Insurance Program, flood preparedness, and warning and disaster recovery. The organization certifies professional floodplain managers and provides educational opportunities and professional skills to the state’s floodplain management professionals. The division also coordinates with the Association of State Floodplain Managers, a national professional organization involved in similar activities.

The division also works closely with the Governor’s Division of Emergency Management, an agency charged with carrying out a comprehensive all-hazard emergency management program for the state and for assisting cities, counties, and state agencies in planning and implementing their emergency management programs.

TNRIS

TNRIS is recognized as the state clearinghouse for geographic information. Its principal role is to develop statewide base data for use by all agencies and the public.

Other agencies acquire data specific to their programs but do not serve as a clearinghouse or referral center for data dissemination. TNRIS' base data serves as the common geographic reference for all other mapping data used in other agencies. In its role as the clearinghouse, TNRIS maintains expertise in data and its application to a wide range of needs.

The Department of Information Resources is responsible for establishing information technology standards and rules related to managing of geographic data. This role serves to ensure interoperability of geographic data through standard technology practices.

The Department of Information Resources is also managing the transformation of selected state agencies to a centralized data center. The Department oversees the contract that provides the technology infrastructure services to the state. The data center will host agency data and represents a support function for TNRIS data dissemination services. In this arrangement, TNRIS personnel are the subject matter experts for designing and implementing GIS and are working with the Department of Information Resources to deploy systems for access by government and the public.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Water Resources Planning

Not applicable.

Flood Mitigation Planning

The division holds regular meetings with different agencies and associations to avoid duplicating efforts. Quarterly reports are provided to FEMA to inform them of current and proposed activities. Staff members also work with the Governor's Division of Emergency Management, as required, to address specific issues, such as Hurricane Ike in 2008.

TNRIS

- Coordination for data collection is provided by the Texas Geographic Information Council. Regular meetings and collaboration are held to communicate initiatives. Special joint funding projects are established to solicit participation in geographic data collection partnerships.
- Statewide purchasing of geographic data is administered in conjunction with the Council on Competitive Government. The Council on Competitive Government identified GIS as a state service and developed a state purchasing contract for "High Priority Imagery and Data Sets." The responsibility for the contract places TNRIS in a key central role to receive notices for proposed projects and serve as an advisor and partner for finding additional partnerships and product needs.
- Activities related to the High Priority Imagery and Data Sets are coordinated with the Texas Geographic Information Council and other potential government entities. These activities involve sharing specifications and data, in addition to pursuing additional funding that can increase match

dollars to state contributions.

- High Priority Imagery and Data Sets also provide the ability for agencies to contract directly with selected vendors, resulting in streamlined purchasing. This lessens the dependency for agencies to go through interagency agreements and avoids delays or conflicts in timing while still contributing to the awareness of projects and their locations.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Water Resources Planning

The program works with local governments and other political subdivisions of the state to provide guidance, funding, and technical and administrative support for regional water planning and regional water and wastewater facility planning. Through the regional water planning process, the program coordinates with other state agencies in developing population and water demand projections and in developing the state water plan. The program also works with federal agencies such as the U.S. Army Corps of Engineers to facilitate the implementation of water management strategies in the 2007 State Water Plan and to enhance TWDB efforts in water data and science.

Flood Mitigation Planning

The program works with local governments and other political subdivisions of the state to provide funding and technical and administrative support for flood protection planning. Flood Mitigation works closely with the Governor's Division of Emergency Management, the agency charged with carrying out a comprehensive all-hazard emergency management program for the state and for assisting cities, counties, and state agencies in planning and implementing their emergency management programs. The TWDB coordinates with the Governor's Division of Emergency Management in assisting citizens and businesses in Texas in responding to any disaster that may result in flooding. Hurricane response has been the largest priority, and the most recent example is Hurricane Ike in 2008.

Flood Mitigation works very closely with FEMA on Community Assistance through the National Flood Insurance Program to assist communities in preparing for and mitigating flooding. The program also works with FEMA to administer the Severe Repetitive Loss and Flood Mitigation Assistance programs.

TNRIS

TNRIS works with a number of state and federal partners to acquire and disseminate geographic data. Main partners include these groups:

- U.S. Geological Survey—Federal agency with primary responsibility for national mapping programs. This agency is charged with developing the national map, a seamless digital compilation of thematic data including imagery, elevation, political boundaries, geographic names, and hydrography.
 - Data collection partnerships
 - U.S. Geological Survey regularly contributes funding for Texas mapping programs that meet national objectives
 - U.S. Geological Survey coordinates components of U.S. Department of Homeland Security mapping, including imagery and critical infrastructure datasets
 - Data stewardship

- Texas coordinates stewardship of national map by adopting standards and developing best practices for maintaining digital data
- Data standards
 - U.S. Geological Survey maintains national data standards through contributions made as part of the Federal Geographic Data Committee
- Geographic names coordination
 - TNRIS manages the geographic names program for Texas
- Grants for special projects to support the national map
 - U.S. Geological Survey provides funding for developing special mapping products and supporting technology for maintenance of the national map
- U.S. Department of Homeland Security—Principal federal agency responsible for security, preparedness, and response to security threats and disasters in the United States
 - Disaster preparedness/Response coordination
 - TNRIS maintains data supplied by the U.S. Department of Homeland Security for use in emergency management and response activities and combines these sources with state geographic information as required
- U.S. Army Corps of Engineers—Agency responsible for civil works projects and determination of wetlands through Section 404 of the Clean Water Act
 - Technical collaboration
 - Sharing data and technology requirements to support interoperability of data resources
 - Disaster preparedness/Response coordination
 - Support Corps of Engineers field teams that mobilize to emergency events
 - Program coordination
 - Provide regular communication about activities and identification of new datasets and designations
- Federal Emergency Management Agency
 - Dissemination of Flood Insurance Rate Maps
 - Technical collaboration—specifications for digital elevation data
 - Disaster preparedness/Response coordination—data access and transmission to field offices and emergency management teams
 - Program coordination alignment of technology development initiatives
 - Data collection partnerships
 - Source of grant funding through the Hazard Mitigation Grant Program
- U.S. Department of Agriculture—Farm Services Agency
 - Data collection partnerships—responsible for key federal program to acquire imagery across the United States; primary partner for receiving StratMap data funds for statewide aerial imagery
- U.S. Department of Agriculture—Natural Resources Conservation Service
 - Data collection partnerships—provides funding to StratMap
 - Data management—coordination of soils mapping information
- U.S. Forest Service
 - Technical coordination of map products—StratMap works to develop compatible map products
- U.S. National Park Service
 - Data collection partnerships—provides funding to StratMap
- National Oceanic and Atmospheric Administration
 - Technical coordination of geodetic control

- U.S. Environmental Protection Agency
 - Technical coordination—digital data and interoperability
 - Source of grant funding to TNRIS
- International Boundary Waters Commission
 - Data collection partnerships—provides funding to StratMap
- U.S. Fish and Wildlife Service
 - Data distribution—wetlands map
- Regional Councils of Government
 - Data sharing
 - Technical exchange
- Texas Spatial Reference Center/National Oceanic Atmospheric Administration
 - Data standards coordination
- Columbia Regional Geospatial Service Center
 - Data sharing
 - Technology transfer

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

FY 2008 expenditures: \$985,348

Number of contracts: 34

Water Resources Planning and Information contracts are executed to support water resource planning, federal flood mitigation assistance, and mapping information services. For each contract, the scope of work, budget, timeline, reporting requirements, and project deliverables are documented. In addition to review by program staff, contract administration staff reviews invoices to ensure that submissions are proper and correspond to contract requirements.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

No statutory changes are recommended at this time.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Additional information on Water Resources Planning and Information programs be found on the following Web sites:

State Water Plan: <http://www.twdb.state.tx.us/wrpi/swp/swp.htm>

Regional Water Planning: <http://www.twdb.state.tx.us/wrpi/rwp/rwp.htm>

Planning Data: <http://www.twdb.state.tx.us/wrpi/data/data.htm>

Water Use Survey: <http://www.twdb.state.tx.us/wrpi/wus/wus.htm>

Flood Mitigation Planning: <http://www.twdb.state.tx.us/wrpi/flood/flood.htm>

TNRIS: <http://www.tnris.state.tx.us/>

StratMap: <http://www.tnris.state.tx.us/StratMap.aspx>

Borderlands Information Center: <http://www.tnris.state.tx.us/BIC.aspx>

TNRIS Education and Training: <http://www.tnris.state.tx.us/Education.aspx>

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

Not applicable.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable.

Project Finance

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Project Finance
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	Amanda Lavin, Deputy Executive Administrator
Actual Expenditures, FY 2008	\$6,640,875
Number of FTEs as of August 31, 2008	24.00

B. What is the objective of this program or function? Describe the major activities performed under this program.

The primary business functions of the office of Project Finance involve various aspects of making loans and granting financial assistance to customers through the TWDB's financial assistance programs. These programs provide funding for planning, designing, and constructing customer's water- and wastewater-related projects. The objective of Project Finance is to maximize the availability and effectiveness of the financial assistance programs accessed by political subdivisions throughout Texas, while providing the appropriate program oversight.

Project Finance provides its services through two divisions—the Program Development Division and the Project Development Division. Collectively, these divisions are responsible for the following business functions:

- Collecting, managing, and distributing information describing water and wastewater facility needs in Texas
- Marketing the TWDB's financial assistance programs
- Conducting pre-application meetings with entities interested in TWDB financial assistance
- Reviewing work processes, rules, and procedures and making improvements to ensure efficiency and effectiveness
- Working with applicants throughout the financial assistance process to ensure that the customer's schedules and expectations are met and that the application, closing, and construction of projects proceed smoothly and in a timely manner
- Conducting financial reviews of grant and loan applicants
- Providing project tracking and oversight
- Providing annual and interim reports to the U.S. Environmental Protection Agency regarding federally funded programs
- Managing the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) Intended Use Plan process
- Developing and implementing new financial assistance programs

Prior to May 2009, Project Finance was combined with the office of Construction Assistance. Project Finance and Construction Assistance were reorganized into two separate units in order to provide additional focus on each area of expertise. The two offices work closely together to ensure the effective and efficient use of program funds and the timely completion of projects.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Project Finance manages over 20 Goal 2 performance measures related to administering the TWDB financial assistance programs.

The selected measures below reflect the effectiveness of the various programs administered.

Output Measure 02-01-01.02 - KEY

Total dollars committed to projects to implement the state water plan	
FY 2008 Performance	FY 2008 Target
\$511,440,000	\$234,910,000

Output Measure 02-01-03.02 - KEY

Number of commitments to small and disadvantaged communities	
FY 2008 Performance	FY 2008 Target
66	26

Output Measure 02-01-03.03 – KEY

Total dollars of financial assistance committed	
FY 2008 Performance	FY 2008 Target
\$827,679,205	\$679,700,000

Output Measure 02-01-03.04

Total dollars committed to small, rural, and disadvantaged community projects through agency programs targeting such communities	
FY 2008 Performance	FY 2008 Target
\$151,598,682	\$35,000,000

Outcome Measure 02-01-03.02

Total dollars saved resulting from Texas Water Development Fund financial assistance	
FY 2008 Performance	FY 2008 Target
\$120,280,038	\$80,700,000

Two efficiency measures for FY 2008 are listed below. In these two measures, the agency performed better than target, holding administrative costs down and managing significantly higher dollars per FTE.

Efficiency Measure 02-01-03.01 - KEY

Administrative cost per active financial assistance agreement.	
FY 2008 Performance	FY 2008 Target
\$1,408	\$3,231

Efficiency Measure 02-01-03.02

Total non-EDAP financial assistance dollars managed per FTE.	
FY 2008 Performance	FY 2008 Target
\$64,061,641	\$44,228,834

The following highlights key marketing activities in FY 08:

- Developed the Economically Distressed Areas Program (EDAP) Marketing Plan with a goal to focus on strategic areas of the state to educate and provide technical assistance and awareness regarding EDAP to potential customers. Marketing efforts were focused in East Texas, North East Texas, South Texas/Coastal Bend Area, and the Brazos Region.
- Conducted six DWSRF and CWSRF workshops around the state in Bryan, Amarillo, Edinburg, Dallas, Abilene, and Odessa.
- Key activities and achievements:
 - Number of marketing trips—30 in various regions of the state
 - Number of outreach calls—80 (includes all program inquiries)
 - Number of technical assistance calls completed—420 (all programs)

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The primary function of providing financial assistance to political subdivisions for water and wastewater services has not changed. However, the programs and manner in which financial assistance is provided has changed to meet the needs of our customers and to ensure efficient use of the program. One such change is illustrated by the stepped financing approach in EDAP. Additional information on the financial assistance programs is included in Section XII.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Project Finance affects political subdivisions throughout the state through the marketing and administering the financial assistance programs. Those entities who apply for financial assistance loans and/or grants for water and/or wastewater systems are assisted through the process by Project Finance staff. The specific qualifications for the various programs are identified in Section XII.

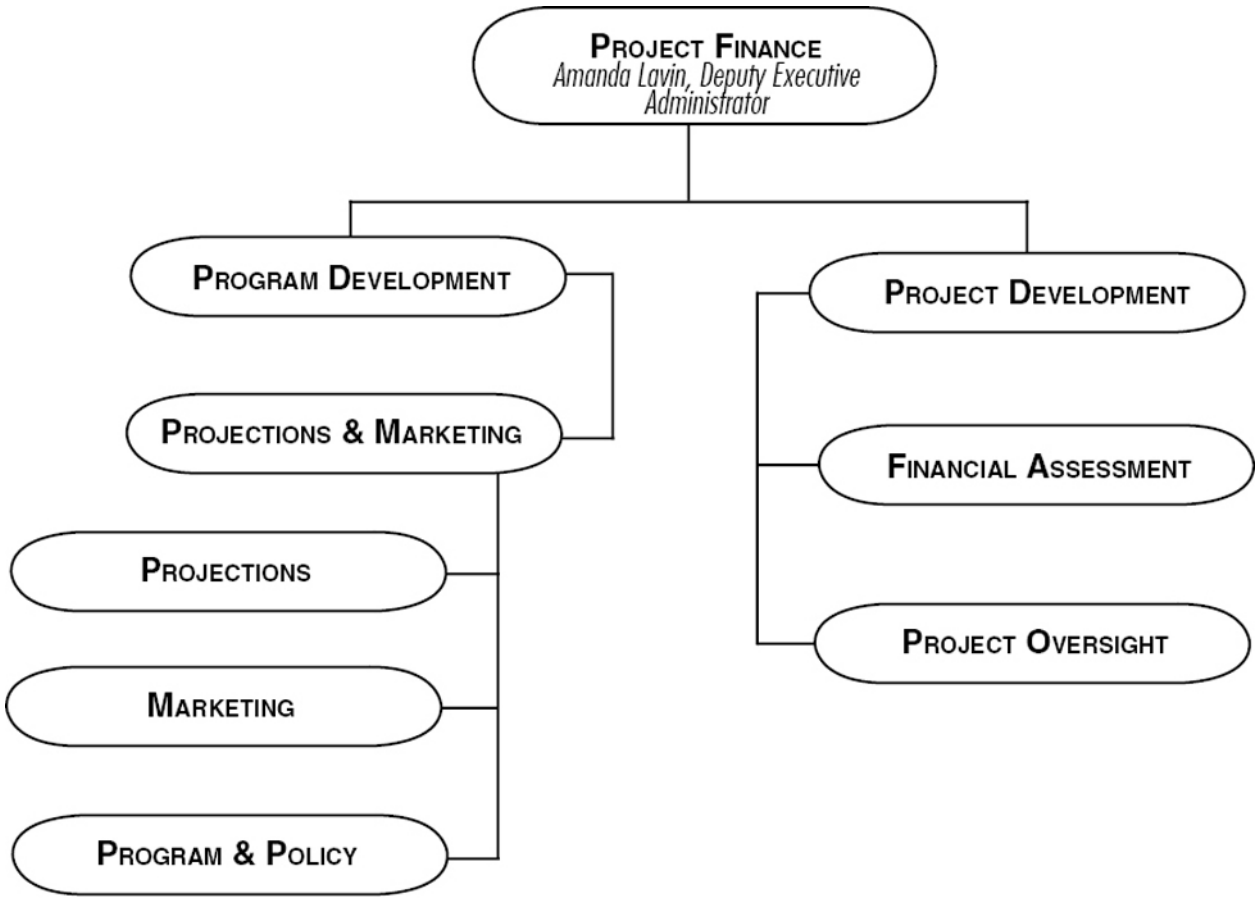
F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Project Finance is organized into two divisions:

- Program Development Division – This division is responsible for marketing, developing, and implementing the TWDB financial assistance programs. The division also develops policies to facilitate the management of the financial assistance programs. Division staff monitors and ensures agency compliance with state and federal laws, policies, and standards as it relates to administering the TWDB financial assistance programs. The division conducts water and wastewater needs assessments and projections for two federally funded programs (CWSRF and DWSRF), in addition to handling all annual and interim reports. Staff actively pursues opportunities to market and provide outreach regarding TWDB programs.
- Project Development Division – This division assesses the financial viability of projects by reviewing and analyzing financial data provided by potential applicants requesting financial assistance. Division staff oversees projects to ensure they are progressing in a timely manner. Staff also leads the efforts of multi-disciplinary project work groups to ensure progress on projects is achieved from the pre-application phase through commitment, closing, and final completion. The division coordinates loan closing activities associated with the financial applications. Staff works closely with the Program Development Division to ensure program requirements are being followed and that they are aware of the program implications of potential and existing projects. The division is responsible for coordinating, compiling, reviewing, and finalizing monthly Board presentation material regarding proposed projects and presenting financial applications to the Board for consideration.

Generally, most financial assistance programs administered by Project Finance follow the same process of pre-application, application, commitment, and closing.

The following is the Project Finance organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Project Finance	
General Revenue	\$3,854,359
Agricultural Water Conservation Fund	1,510,144
Federal Funds	1,090,815
Appropriated Receipts	<u>185,557</u>
Total	\$6,640,875

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

No other entity provides identical financial assistance services. Within the state, the Texas Department of Rural Affairs, formerly known as the Office of Rural and Community Affairs, also provides matching grants to entities to construct water and wastewater facilities in economically distressed areas. In addition, the U.S. Department of Agriculture—Rural Development program provides financial assistance for constructing water and wastewater projects. These financial assistance programs are generally coordinated to assist entities in financing their projects.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The TWDB coordinates with both the Texas Department of Rural Affairs and the U.S. Department of Agriculture—Rural Development in providing financial assistance. The General Appropriations Act regularly includes a rider for both TWDB and the Texas Department of Rural Affairs that continues a memorandum of understanding. The focus of the memorandum is to ensure that none of the appropriated funds are used to aid in the proliferation of colonias or are in a manner inconsistent with the intent of EDAP and to maximize the delivery of the funds and minimize administrative delay.

The TWDB also works closely with the Texas Border and Mexican Affairs Division of the Secretary of State to ensure project coordination among the various funding and oversight agencies. The Secretary of State leads coordination of the various entities and holds quarterly meetings in which the TWDB participates.

The TWDB coordinates with the various Councils of Government on all grant projects to avoid duplicating projects.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The primary federal governmental entity Project Finance interacts with is the U.S. Environmental Protection Agency (EPA), which provides capital grants to support the DWSRF and the CWSRF programs. EPA has also previously provided funding for the Colonia Wastewater Treatment Assistance Program, which has complemented EDAP.

Certain levels of EDAP grant funding are impacted by health and safety nuisance determinations made by the Texas Department of State Health Services. The TWDB maintains an interagency contract with the department to perform nuisance findings.

Coordination efforts between the TWDB and the Texas Historical Commission are necessary on various projects receiving financial assistance. The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Federal and state antiquities laws require all funded projects to be evaluated for their potential effect on archeological features present on a project site and cleared by the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

The TWDB also coordinates with Texas Department of Rural Affairs and the U.S. Department of Agriculture—Rural Development in providing financial assistance to economically distressed areas.

For the DWSRF, the Texas Commission on Environmental Quality performs the priority ranking of applications. The Texas Commission on Environmental Quality, as the state primacy agency, is responsible for state program management, small systems technical assistance, source water protection, and capacity development, in addition to ranking of applications.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

No contracted services were obtained in FY 08.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

During the 81st Legislative Session (2009), Senator Eddie Lucio, Jr., authored Senate Bill 2284 and Representative Eddie Lucio III authored House Bill 3542, neither of which passed. The bills would have allowed for 100 percent grant funding with EDAP bond authority. Current statute requires that no more than

90 percent of the total principal amount of issued and unissued bonds under the EDAP authority may be provided as grant assistance. Thus the remaining 10 percent of EDAP funds is required to be in the form of loan assistance. Please refer to Section XII for a full explanation of the proposed statutory change.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Financial Assistance Programs

http://www.twdb.state.tx.us/assistance/financial/financial_main.asp

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Not applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable

Construction Assistance

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Construction Assistance
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	Steve Rodriguez, Deputy Executive Administrator
Actual Expenditures, FY 2008	\$3,599,729
Number of FTEs as of August 31, 2008	54.30

B. What is the objective of this program or function? Describe the major activities performed under this program.

Construction Assistance provides environmental and engineering reviews and approvals required for projects financed with funds administered by the TWDB. In addition Construction Assistance staff provides technical and construction management assistance to project owners during all phases of project construction. Staff members include professional engineers, environmental reviewers, and technical and administrative personnel who provide these services through two primary divisions:

- Project Engineering and Review
- Inspection and Field Support

Project Engineering and Review

This division is responsible for processing and assessing the engineering and environmental effects of an application for financial assistance from the TWDB, which includes the following tasks:

- Reviewing and approving the engineering feasibility reports for the proposed project
- Reviewing environmental documents and issuing an environmental determination
- Reviewing and approving plans and specifications for every contract of each project
- Reviewing contract bid tabulations and authorizations to award
- Reviewing and approving of executed construction contract documents
- Reviewing and approving contract change orders

Inspection and Field Support

This division is responsible for overseeing project construction and providing technical assistance to project owners from the preconstruction phase, throughout the construction phase, and contract and project close-out, which includes the following tasks:

- Reviewing bidability and constructability of plans and specifications
- Participating in and reporting on preconstruction conferences
- Conducting monthly construction inspections and writing progress reports
- Conducting contract and project final inspections and writing final reports
- Gathering contract close-out documents and issuing a Certificate of Approval for each contract

- Conducting post-construction performance and warranty assistance as required
- Maintaining project database with current and historical project information

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Construction Assistance, in conjunction with Project Finance, contributes to the following performance measures:

- Output 02-01-01.01 – Number of Board actions to amend, confirm, or modify an applicant's terms of previously approved Economically Distressed Areas Program (EDAP) financial assistance
- Output 02-01-02.03 – Number of completed EDAP projects
- Output 02-01-02.04 – Number of EDAP construction contracts in progress
- Output 02-01-03.06 – Number of construction contracts managed
- Output 02-01-03.08 – Number of Board actions to amend, confirm, or modify an applicant's terms of previously approved financial assistance from the Board

These measures reflect the number of projects managed and approved for financial assistance from the TWDB. In FY 2008, each of these performance measures has met or exceeded agency outcome and output performance targets, demonstrating progress in these programs.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Not applicable

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The TWDB provides financing to a variety of public entities for constructing water and wastewater infrastructure statewide. Construction Assistance works with the engineering, environmental impacts assessment, and the construction aspects of project funding. The persons and entities affected are in the following three general categories:

1) Political subdivisions of the state with the authority to own and operate water and/or wastewater utilities.

All applicants of the TWDB funding programs administered by Project Finance and Construction Assistance must be public entities that can own and operate water and/or wastewater systems. These entities include cities, authorities, districts, water supply corporations, and in limited cases, counties.

The only exceptions to this are the Drinking Water State Revolving Fund (DWSRF) and the TWDB Self-Help programs. In the DWSRF, private water providers may qualify for funding under specific criteria. In Self-Help funding, financing may be offered to nonprofit entities who can help communities provide sweat equity in constructing infrastructure.

As a result, the people affected by the programs are the public and public officials who are affiliated with the entities that apply for funding. This ranges from citizens and staff associated with the individual entities applying for funding to local, state, and federal elected officials who may have an interest in the outcome of construction projects.

2) Professional Community in Texas

Project financing and construction is accomplished in Texas with the involvement of the professional community in several fields, including financing, engineering, environmental impacts assessment, legal, and construction. As such, the TWDB programs involve working interactively with all of these professional areas.

Coordination in Construction Assistance, therefore, focuses on the engineering, environmental, and construction communities. This also involves work with the various professional societies in these fields.

3) Governmental Agencies

The construction of water and wastewater projects in Texas is governed by statute and regulation. In addition, some of the programs administered by the TWDB are funded in part or whole by federal funds. As a result, other state and federal agencies are affected by projects funded by the TWDB. These would include, but are not limited to, the Texas Commission on Environmental Quality, the Texas Historical Commission, the Texas Parks and Wildlife Department, the U.S. Environmental Protection Agency (EPA), the U.S. Army Corps of Engineers, and the U.S. Fish and Wildlife Service.

Funding in Texas is also provided by other agencies. These programs are operated independently, but the TWDB works conjunctively with them to provide complete funding packages for projects. As a result, these other agencies are affected by TWDB funding. These include, but are not limited to, the Texas Department of Rural Affairs, the U.S. Department of Agriculture—Rural Development, North American Development Bank, Border Environment Cooperation Committee, and Housing and Urban Development funding for entitlement counties.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Construction Assistance is divided into two divisions reporting to the Deputy Executive Administrator:

- Project Engineering and Review
- Inspection and Field Support

Project Engineering and Review has a director with one executive assistant and three team leads overseeing three areas, including Environmental Impact Assessment, State Engineering, and Federal Engineering.

The Project Engineering and Review Division is located at Austin Headquarters: 1700 N. Congress, Austin 78711.

Inspection and Field Services has a director with one executive assistant and one staff services officer at the Austin headquarters, four field offices and one satellite office. The four field offices are located in Mesquite, Houston, Harlingen, and Austin, with a one-man satellite office in San Antonio.

Mesquite Office – Covers an area from the Oklahoma border south to about 40 miles north of Waco and from the Arkansas/Louisiana border west to the eastern edge of the Panhandle.

Staff: Four full-time inspectors, one team lead/inspector, and one administrative assistant.

Location: Near East Loop 635 and Interstate 30 at 801 W. Kearney, Suite 200, Mesquite 75149

Houston Office – Covers an area from the Gulf of Mexico north to about Nacogdoches and from the Louisiana border west to a line approximately from Bryan to Port Lavaca.

Staff: Five full-time inspectors, one team lead/inspector, and one administrative assistant.

One inspector maintains a sub-office in a City of Houston office building in downtown Houston to better serve the City of Houston projects.

One inspector works primarily from a home-based office in Anahuac and is responsible for projects in far East Texas.

Location: Main office – Northwest side of Houston at 3920 FM 1960, Suite 330, Houston 77068

Harlingen Office – Covers an area from the Mexico border north to a line just north of Corpus Christi to north of Laredo.

Staff: Two full-time inspectors, a manager², and one administrative assistant.

Location: 1828 W. Jefferson, Harlingen 78550

Austin Field Office – Has a total of four full-time inspectors and one lead inspector. Administrative support is provided by the division executive assistant.

Staff: Three inspectors and the lead inspector are in the TWDB headquarters in Austin.

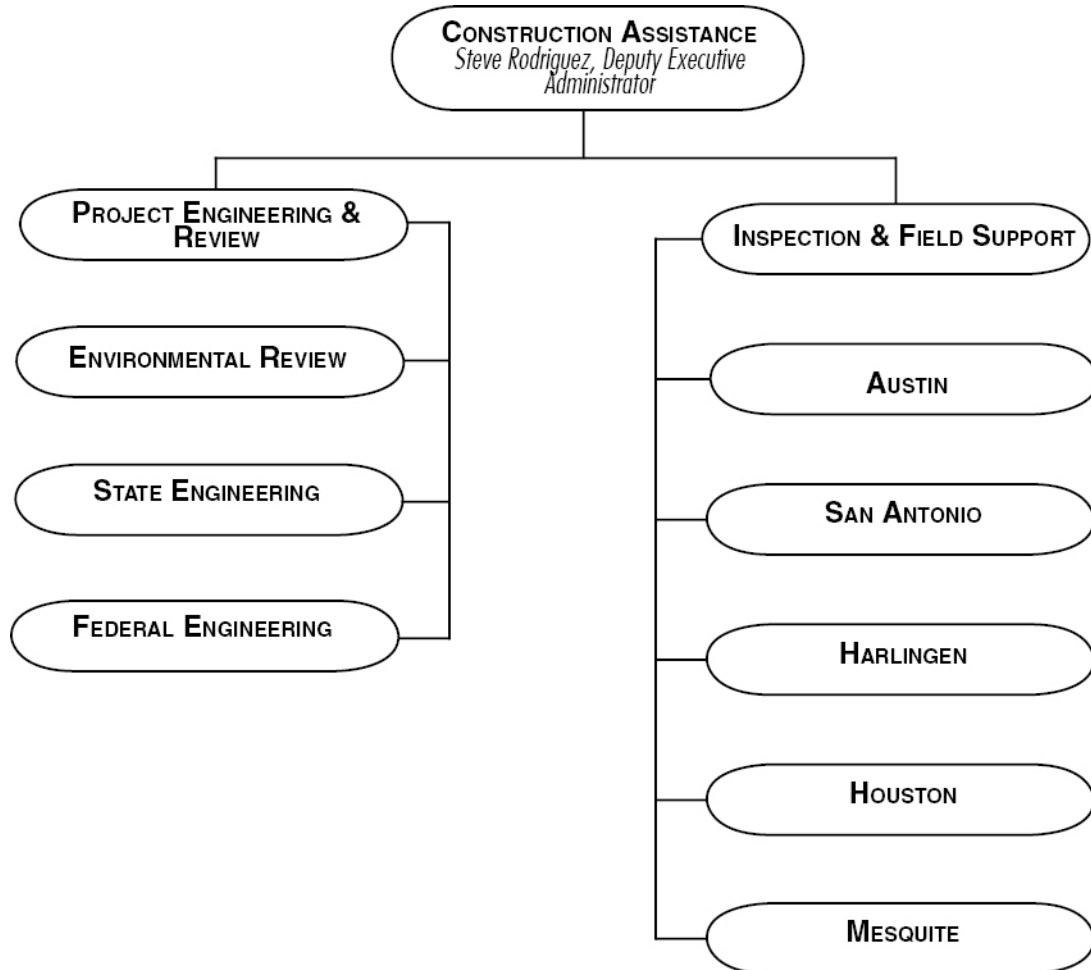
One inspector is in a sub-office in San Antonio.

Location: Austin Headquarters: 1700 N. Congress, Austin 78711

Location: San Antonio: 321 Center Street, Suite 400, San Antonio 78202

² As of the date this report was written, the manager position in Harlingen was not yet filled because of a division restructuring.

The following is the Construction Assistance organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Construction Assistance

General Revenue	\$ 526,426
Agricultural Water Conservation Fund	874
Federal Funds	2,288,026
Appropriated Receipts	<u>784,403</u>
Total	\$3,599,729

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

The Texas Commission on Environmental Quality also reviews plans and specifications for water projects. They have implemented a different protocol for wastewater projects. The TWDB review of plans and specifications for water projects is governed by an agreement with the Texas Commission on Environmental Quality.

There is no duplication, per se, in funding of infrastructure between the Texas Department of Rural Affairs, the North American Development Bank, the U.S. Department of Agriculture—Rural Development, and the Border Environment Cooperation Committee because we typically compliment each other to develop complete funding packages. One exception may exist with U.S. Department of Agriculture—Rural Development funding in some cases. From time to time there seems to be some tension with that federal agency regarding the "shopping" of projects by applicants between us and them.

The Texas Commission on Environmental Quality has a bond review section for projects funded for water districts.

The TWDB Water Resources Information and Planning area offers funding programs for research, planning, and flood projects. However, the nature and intent of the programs do not duplicate those in Construction Assistance.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

- Coordination of reviews of plans and specifications for water projects with the Texas Commission on Environmental Quality are governed by a memorandum of agreement.
- Close ongoing coordination, mostly to cooperate to completely fund projects addresses any duplication. This is due to the scarcity of funding compared to the needs statewide.

- Because of an agreement between the TWDB and the Texas Commission on Environmental Quality, there is no duplication. If a water district comes to us for funding, the applicant does not have to receive approval for a bond transaction from the Texas Commission on Environmental Quality (only applies to districts).
- Clear assignments of responsibilities and autonomously operating programs eliminate duplication. Construction Assistance coordinates with Water Resources Information and Planning on funding opportunities and joint packaging of funding, if necessary, as we would with any other entity that may offer funding for projects.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Although the TWDB may commit funds, it cannot deliver them until all appropriate permits, concurrences, or comments are obtained from state and federal agencies with jurisdiction. Many of these are related to the environment, and the information provided in their assessment will facilitate review by other agencies and will be of use in preparing any permit applications. The following is a partial list of state and federal agencies that, depending upon the type of project and/or its location, may comment on the project, issue a permit, or provide easements. Any of these agencies may require changes in the project design or stipulate measures to be taken to protect the environment.

The Texas Commission on Environmental Quality

The Texas Commission on Environmental Quality is the state agency responsible for regulating water and wastewater issues in the state. The TWDB adheres to regulations and permitting administered by the Texas Commission on Environmental Quality. In addition, the Texas Commission on Environmental Quality and the TWDB jointly manage the Drinking Water State Revolving Fund (DWSRF), coordinating their roles closely.

Texas Historical Commission

The Texas Historical Commission reviews projects for potential impacts to cultural resources of the state, including historical sites, and performs other related activities within its purview. Conditions identified by the Texas Historical Commission are inserted into the TWDB's environmental findings and into the construction documents as necessary.

Texas Parks and Wildlife Department

The Texas Parks and Wildlife Department reviews projects to identify potential impacts to fish and wildlife and threatened and endangered species and performs other related activities within its purview. Conditions that are identified by the Texas Parks and Wildlife Department are inserted into the TWDB's environmental findings and into the construction documents as necessary.

U.S. Environmental Protection Agency (EPA)

The EPA provides funding to the state for use in various programs. Two of the main programs include the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). Programs that receive funding from the EPA are administered by the TWDB to comply with EPA requirements.

U.S. Army Corps of Engineers

The U.S. Army Corps of Engineers reviews projects for potential impacts to wetlands and navigable waterways and performs other related activities within its purview. The TWDB adheres to permits granted

by the Corps of Engineers. Conditions identified by them are inserted into the TWDB's environmental findings and into the construction documents as necessary.

United States Fish and Wildlife Service

The U.S. Fish and Wildlife Service reviews projects to identify potential impacts to fish and wildlife and threatened and endangered species and performs other related activities within its purview. Conditions identified by the U.S. Fish and Wildlife Service are inserted into the TWDB's environmental findings and into the construction documents as necessary.

Funding Agencies

Funding in Texas is also provided by other agencies. These programs are operated independently, but the TWDB works conjunctively with them to provide complete funding packages for projects. As a result, these other agencies are affected by TWDB funding. These include, but are not limited to, the Texas Department of Rural Affairs, the U.S. Department of Agriculture—Rural Development, North American Development Bank, Border Environment Cooperation Committee, and Housing and Urban Development funding for entitlement counties.

Other Agencies

Construction in Texas, depending upon the nature of the project, can also involve other agencies on some projects but not all. When projects fall within these agencies' purview, coordination and feedback are added to the project. These would include the Council of Governments, Texas General Land Office, the International Boundary and Water Commission, the U.S. Bureau of Reclamation, the U.S. Department of Agriculture—Natural Resources Conservation Service, the U.S. Federal Emergency Management Administration, and the Occupational Safety and Health Administration.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

FY 2008 expenditures: \$6,800

Number of contracts: 4

Construction Assistance contracted services are operational in nature. Requirements and deliverables are documented and reviewed by Construction Assistance staff. In addition to review by program staff, contract administration staff reviews invoices to ensure that submissions are proper and correspond to contract requirements.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Not applicable

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The Texas Water Development Board Web site for the previously combined Project Finance and Construction Assistance departments provides information on organization, procedures, and processes; Intended Use Plan participants; training; and various program and project information reference material. The Web site address is: <http://iweb/AGENCY/OPFCA/opfca.asp>

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- **why the regulation is needed;**
 - **the scope of, and procedures for, inspections or audits of regulated entities;**
 - **follow-up activities conducted when non-compliance is identified;**
 - **sanctions available to the agency to ensure compliance; and**
 - **procedures for handling consumer/public complaints against regulated entities.**

Not applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable

Finance

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Finance
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	Melanie Callahan, Chief Financial Officer
Actual Expenditures, FY 2008	\$2,668,927
Number of FTEs as of August 31, 2008	32.80

B. What is the objective of this program or function? Describe the major activities performed under this program.

Debt and Portfolio Management

- Performs the function of debt issuance of general obligation (self-supporting and non-self supporting) and revenue debt of which the proceeds are subsequently lent or, in certain cases granted, to eligible entities of the TWDB's financing programs. This includes evaluating and recommending the instrument, structure, and terms of the debt.
- Provides ongoing review and monitoring of specific program and TWDB portfolios. This includes reviewing program debt service coverage ratios, capacity and program perpetuity management, loan risk, market risk, and concentration risk. It also includes establishing loan rates and fulfilling other program and loan-specific requirements. An objective is to achieve and maintain the highest credit ratings for long-term lower program debt costs for the assistance programs.
- Provides oversight of investments to ensure compliance with the TWDB's investment policies and the Public Funds Investment Act.
- Assigns, monitors, and tracks the use of bond proceeds, repayments, and other related funds to ensure compliance with tax-exempt financing regulations including arbitrage requirements.
- Provides state debt reporting, Internal Revenue Service arbitrage compliance reporting, and appropriate disclosure reporting for U.S. Securities Exchange Commission.

Financial Monitoring

- Monitors compliance with bond covenants and applicable statutes to minimize risk of default.
- Monitors stability reviews, subrecipient monitoring, and final accountings.

Accounting

- Maintains the general ledger
- Ensures integrity of financial data
- Prepares financial reports
- Prepares federal grants accounting and billing

- Processes payables and loan and grant disbursements
- Processes payroll
- Processes revenue and loan receipts
- Management of the Micro Information Products (MIP) financial system

Budget

- Prepares annual operating budget
- Prepares Legislative Appropriations Request
- Prepares legislative fiscal notes

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

- Debt portfolio managed through refundings, which achieved \$10.8 million in General Revenue savings
- No defaults in the history of the Water Financial Assistance or State Revolving Fund programs
- No financial findings resulting from audits
- \$695,400,000 in general obligation bonds issued in FY 09
- \$257,740,000 in revenue bonds issued in FY 09
- 65 single audits reviewed in FY 09
- 530 annual financial stability/compliance reviews performed in FY 09

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

There have been no changes from the original intent; however, recent changes within the financial markets have affected the services and functions of the TWDB's financial assistance programs. These include but are not limited to the following:

- Weakened and reduced number of municipal insurers
- Perceived weakening of portfolio due to insurer downgrades
- Limited municipal market access for those issuers that relied upon insurance, increasing the demand for TWDB financing for primary infrastructure construction
- Reduced number of providers and increased market costs due to market liquidity disruptions

Other impacts have resulted from requirements related to federal disclosure and the implementation of the Municipal Securities Rulemaking Board's new Electronic Municipal Market Access disclosure reporting system. In addition, the federal Tax Increase Prevention and Reconciliation Act implemented new requirements for pooled tax-exempt issuances, creating increased disclosure, monitoring, smaller and more frequent issuances, and increased interest costs.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Bonds are issued to provide funding for political subdivisions eligible for financial assistance under current funding programs, including regional water authorities, districts, cities, counties, water supply corporations, and other political subdivisions. Recipients of financial assistance are then subject to monitoring by the TWDB.

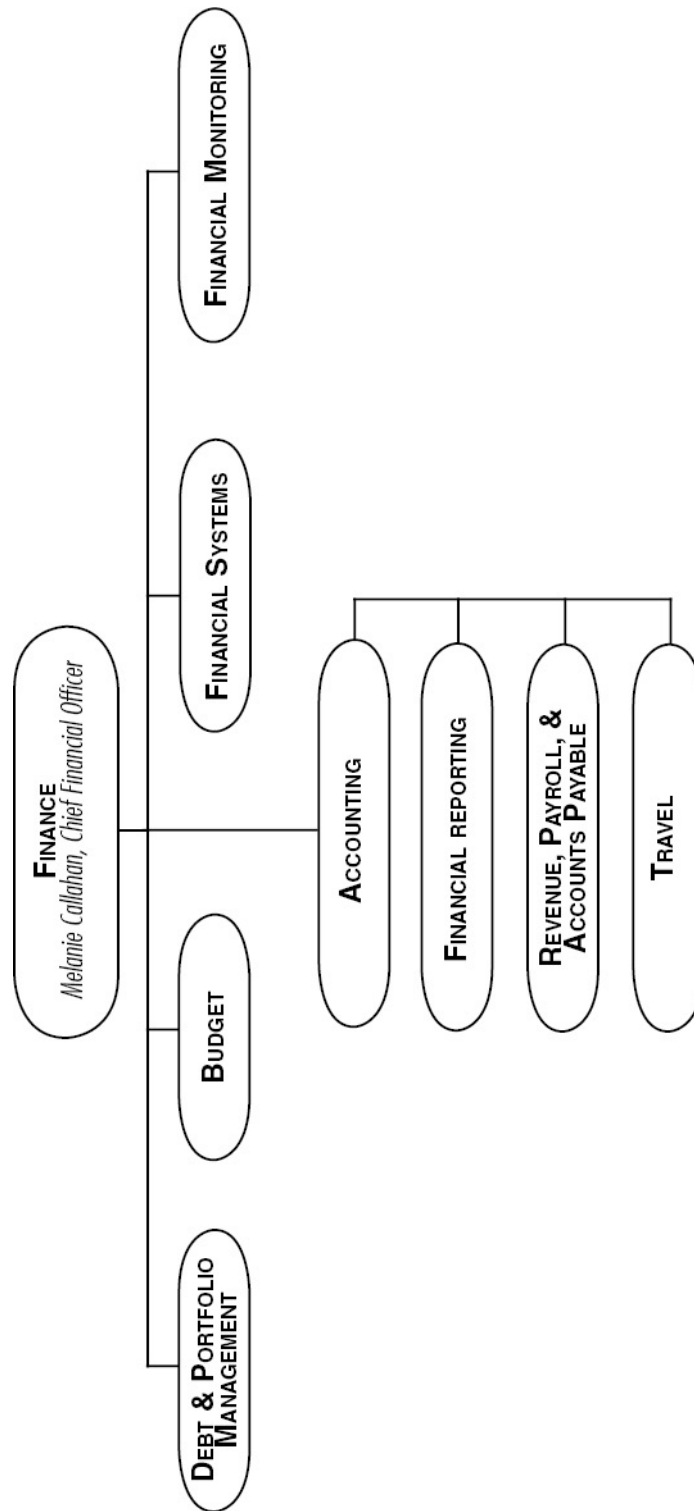
All internal programs of the TWDB are supported by the accounting and budget functions.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Finance function is administered through the Chief Financial Officer and leadership of the five primary divisions of Finance. Weekly meetings are held by the leadership to discuss actions needed regarding initiatives, and notes from these meetings are available to all Finance staff.

Functions are carried out in accordance with guidance from state and federal oversight agencies and generally accepted accounting practices for governmental entities.

Following is the Finance organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Finance	
General Revenue	\$ 44,597
Agricultural Water Conservation Fund	23,265
Federal Funds	1,394,406
Appropriated Receipts	<u>406,658</u>
Total	\$2,668,927

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

No other state entity issues debt and provides loans for water and wastewater infrastructure. Although single audit desk reviews are not uncommon, no other entity performs the specific monitoring of TWDB financial assistance recipients. Most agencies have staff that provides similar accounting and budget functions, although few deal with bond and loan accounting to the extent the TWDB does.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Finance coordinates and provides other areas of the agency with information, statistics, and analysis for the federal Clean Water and Drinking Water programs. The area also works with federal grantors, including the U.S. Environmental Protection Agency, U.S. Department of Commerce, U.S. Department of Interior, and the U.S. Department of Homeland Security. All required coordination and reporting to oversight agencies, including the Bond Review Board, the Comptroller, and the Legislative Budget Board, is performed. Finally, political subdivisions across the state receive financial assistance from the TWDB.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;

- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

FY 2008 expenditures: \$276,267

Number of contracts: 8

Finance contracts are for services related to debt service, investments, and audit and loan-closing services. Accountability is ensured by documenting the needs, selection process, and required deliverables. All invoices are reviewed by staff, and contract administration staff reviews invoices to ensure that submissions are proper and correspond to contract requirements. In addition, many of these contracts require the reporting of performance to the Bond Review Board.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Additional constitutional general obligation debt issuance authority is needed to ensure the TWDB's ability to provide funds to eligible borrowers.

The elimination or streamlining of state debt authorization would be helpful to ensure the TWDB can enter the financial markets in a timely manner.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

None

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- **why the regulation is needed;**
 - **the scope of, and procedures for, inspections or audits of regulated entities;**
 - **follow-up activities conducted when non-compliance is identified;**
 - **sanctions available to the agency to ensure compliance; and**
 - **procedures for handling consumer/public complaints against regulated entities.**

Not applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable

Operations & Administration

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Operations and Administration
Location/Division	1700 North Congress Avenue Stephen F. Austin Building, 5 th Floor Austin, Texas 78701
Contact Name	Lisa Glenn, Deputy Executive Administrator
Actual Expenditures, FY 2008	\$5,803,394
Number of FTEs as of August 31, 2008	57.26

B. What is the objective of this program or function? Describe the major activities performed under this program.

This Operations and Administration area is responsible for performing customer service in the following areas: Human Resources; Communications, Strategic Planning, and Records Management; Information Technology; and Support Services and Contract Administration.

Human Resources Division

- Administers a comprehensive human resources program
- Advises supervisors and managers in personnel matters to promote greater staff productivity and ensure a work environment free of discrimination
- Serves as an advisor to senior management and other key management and supervisory staff on personnel policies and procedures relating to all aspects of employee relations
- Maintains a position classification system used to evaluate jobs in accordance with the State Classification Plan
- Ensures that jobs are classified according to the compensation provisions of the State Classification Salary Schedule
- Provides a recruitment program that locates, selects, and retains employees from diverse backgrounds in compliance with various Equal Employment Opportunity laws, regulations, and guidelines; prepares Equal Employment Opportunity data; and reports employment data to state and federal entities
- Establishes a comprehensive training program designed to increase employee motivation and productivity
- Administers employee benefits such as group insurance, retirement, deferred compensation, Employee Assistance Program, and TexFlex
- Processes employee complaints and grievances according to the established policies;
- Maintains the highest level of confidentiality and security as it relates to employee personnel records and transactions

- Establishes, maintains, and retains personnel files and other employment records according to state law
- Counsels and assists employees on problems or issues related to the workplace and advises employees about the Employee Assistance Program as needed
- Develops, posts, and advertises job vacancy announcements
- Establishes and coordinates recruitment activities with appropriate recruitment sources
- Screens job applications for minimum qualifications and makes referrals to the selecting authority for interviews
- Checks employment references and notifies interviewed candidates regarding final hire decisions
- Monitors the performance appraisal system, including notifying supervisors of evaluation due dates, filing copies of evaluations in employees' personnel files, and reporting overdue evaluations to appropriate management staff
- Counsels separating employees regarding their retirement benefits and insurance coverage (COBRA) and conducts exit interviews with the Human Resources Division
- Reports work-related injuries or illnesses to the State Office of Risk Management
- Ensures compliance with all leave provisions for state employees in accordance with the Fair Labor Standards Act

Communications, Strategic Planning, and Records Management Division

The objective of this division is to provide communications, records management, Web administration, publication production support, and other services to agency staff and customers. The primary responsibilities are specified below:

- Informs stakeholders of agency activities and actions of the Board
- Answers inquiries from the public and the media
- Distributes press releases
- Answers questions from the media
- Processes public information requests

Records Management

- Ensures that the agency maintains records in an efficient and cost-effective manner
- Provides support and training to all areas of the agency in managing records
- Oversees destruction of records that have met their retention
- Provides routing and tracking of incoming mail for portions of the agency
- Maintains water project files for the agency

Web Administration

- Administers the TWDB's Internet and Intranet, ensuring the public effective and quick access to latest TWDB information.

Publications and Graphics Support

- Provides editorial, design, and production assistance on water resources materials for the agency, including these projects:
 - Numbered scientific reports based on agency data collection
 - Conservation brochures and materials
 - State water plan
 - Various legislatively mandated reports
 - Administrative reports

- National Flood Insurance Program workbooks and brochures
- Program information sheets
- Other agency materials as needed (for example, letterhead, business cards)
- Posts materials on the agency Web site and serves as the backup department for managing the site.

Information Technology Division

The objective of the Information Technology Division is to provide security and infrastructure, Help Desk assistance, application services, database administration, project management, and systems analysis support to the agency staff and customers. The primary responsibilities for each section are specified below:

Security and Infrastructure

- Provides intrusion protection services
- Provides security awareness training
- Maintains and supports network
- Coordinates and consolidates for Department of Information Resources data center
- Provides field office connectivity

Application Services

- Performs software development activities to support agency needs relating to collecting and disseminating water information
- Writes and debugs code for legacy applications developed in Microsoft ASP and Microsoft Access
- Develops new Web applications using the latest technologies to enhance applications and security

Database Administration

- Provides support to administer databases to support software development for creating, securing, and modifying data and generating reports

Help Desk

- Provides Information Technology assistance to the agency
- Provides new workstation setup
- Assists staff in troubleshooting application errors
- Provides BlackBerry support
- Establishes user accounts
- Installs software
- Provides field office support
- Sets up video projector and laptops for Board meetings and other agency meetings

Project Management

- Tracks project activities, scope, schedule, and budget and maintains documentation

Systems Analysis

- Generates requirements and test plans
- Provides assistance with development, design, documentation, maintenance, evaluation, and support of agency applications.

Support Services and Contract Administration:

The objective of the Support Services and Contract Administration Division is to provide staff support, purchasing, contracting, and other services to agency staff and customers. The primary responsibilities for each section are specified below:

Support Services

- Provides facility management (building maintenance and associated repairs, space management, lease management)
- Provides staff support (telecommunications, fleet management, mail services, supplies)
- Provides other duties (fraud prevention coordination, annual inventory, safety management, cost-savings initiatives)

Contracting and Purchasing

- Develops and administers contracts
- Procures goods and services
- Coordinates contract payment
- Coordinates outlay processing

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Human Resources

The Human Resources Division maintains a weekly status report that provides updates to activities and projects performed by the division. This weekly report details specific information related to the following:

- Number of employees (YTD)
- FTE cap
- Management-to-staff ratio
- Number of new hires
- Number of separations
- Employee turnover rate
- Current job posting status report
- Internship program
- Contractor/Temporary employee report
- Recruitment events
- Special leave and benefits issues (Family and Medical Leave Act, military, sick leave pool, and extended sick leave)
- Workers' compensation report
- Human Resources reports and status updates
- Human Resources special projects

This comprehensive reporting tool provides management with a weekly summary that assesses the performance of the Human Resources Division. Highlights of this performance of the last year include the following:

- Managed 104 active position in 2008; hired 85 positions
- Reduced turnaround times for job posting review by 75 percent, allowing a shorter time from selection to offer
- Implemented new Human Resources policies and procedures with annual review and revision
- Completed certification—three out of five Human Resources staff members have successfully completed the HRCI - PHR Certification exam. The remaining staff members are scheduled to attend the preparatory course in the Fall 2009.
- Completed second year of successful partnering with the Mickey Leland Internship Program
- Developed a comprehensive recruitment program to include career fair attendance/sponsorship, successful advertisement program, and brand development.
- Implemented a comprehensive wellness program with an agency designated wellness coordinator
- Trained mediator—one Human Resources staff member is now a trained mediator and has successfully mediated several issues
- Completed a successful series of management training, designed to address deficiencies in hiring, performance appraisal, and disciplinary actions
- Developed additional training on new hire, on-boarding, and leave issues for both managers and staff

Communications, Strategic Planning, and Records Management

This division strives to answer media requests effectively by providing responses on the same day requests are received and uses an online Communications Tracking System to keep track of all media requests made and responses given. In addition, the Communications staff has managed to maintain positive coverage in the press on water-related issues.

Records Management

Project documentation is easily accessible, available to the staff and public, and the Records Retention Schedule is up to date and available.

Web Administration

The agency's Web site hits have increased in traffic due to higher demand for online browsing of agency data and information. Although Web site traffic has increased, Web Administration has received very few complaints. Additionally, to promote a higher level of efficiency on the Web site, Web Administration has several projects underway, with the biggest project dubbed the "Web Revitalization." These projects include the following:

- Implementation of an improved search engine, enabling users to locate hard-to-find documents quickly
- Content provider management and policies
- Reduction of broken links and orphaned files
- Enhanced support to the agency with more accurate and updated contents

- Implementation of accessibility policy and requirements set forth in Texas Accessibility Code, Sections 206 and 213, World Wide Web Consortium's Web Content Accessibility Guidelines 2.0, and Section 508 of American Disabilities Act

Publications and Graphics Support

The best indication of the effectiveness of the Publications and Graphics Support group is the number of projects produced in the year-and-a-half this office has existed, which include the following initiatives:

- Water conservation
- Legislative reporting
- Public information
- Water planning
- Water use
- Water research

Staff members use the state bidding process for selecting low-bid printers and measures performance by producing materials on time and on (or under) budget.

Information Technology

Security and Infrastructure

The network is very stable; outages are very rare. The last network outage was over a year ago and it was due to an electrical problem on the fourth floor of the Stephen F. Austin building. The network was back up within an hour.

The agency servers have not had an infection or intrusion since July 2004. Desktops have only experienced sporadic malware incidents. This information is reported monthly to the Department of Information Resources Security Incident Reporting System.

Application Services and Database Administration

Development has created a three-tier application framework on top of Microsoft .NET 3.5 Framework. The framework consists of common libraries used in new Web applications being developed to provide users with a consistent look and feel among the TWDB Web applications and to provide methods for accessibility, authentication, authorization, and roles to be used by individual Web applications. Applications developed on the TWDB framework use the Application Program Management System security framework libraries to perform user authentication and authorization. The TWDB framework is continuously being enhanced to improve the process for developing new Web applications that collect and disseminate water information for other departments, agencies, and the general public.

Below is a list of Web applications that have been developed using the TWDB application framework since September 2007.

Solution Name	Application Name
TWDB.GWM	Groundwater Monitoring
TWDB.LTS	Legislative Tracking System
TWDB.IUP	Intended Use Plan
TWDB.MRP	Major Rivers Program
TWDB.PMA	Performance Measures Application
TWDB.WCS	Water Conservation Survey
TWDB.WIQ	Water IQ

TWDB.WLA	Water Loss Audit
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Help Desk

Meetings with business areas have indicated overall satisfaction with the Help Desk and the level of service received. During the second quarter of calendar year 2009, 968 tickets were opened and 949 tickets were closed.

Project Management and Systems Analysis

The project management function within the Information Technology Division is a relatively new program area, created during FY 2008. The project management function provides project management structure, project scheduling, project scope monitoring, and project documentation centralization. These functions are considered management controls to enhance Information Technology project effectiveness and efficiency and are exercised for appropriate agency projects.

Support Services and Contract Administration

Summary of key statistics for FY 08:

- Number of new contracts executed: 94.
- Total dollar amount of executed contracts: \$29,501,029.
- Number of purchase orders processed: 1469.
- Total dollar amount of purchase orders: \$7,459,824
- Number of outlays processed: 333
- Total dollar amount of processed outlays: \$146,832,340
- Number of contract payments: 608
- Total dollar amount of contract payments: \$37,992,074

The division is composed of 15 FTE's at the present time and has eliminated three FTE positions over the past years by using existing staff to perform the work once performed by these FTE's. These efficiencies provided the agency an extensive cost savings without affecting customer support. Additionally, the staff is constantly praised for providing excellent customer service and response, which is a reflection of the division's effectiveness. Lastly, Contract Administration has created a contract tracking database that tracks certain measures. This data is used for various agency reports and for tracking contract status. The information is reported to the Board members and TWDB management staff on a monthly basis and has been very well received by all parties. In total, Contracting and Purchasing staff members have processed more than 2,500 individual work assignments/transactions during FY 2009

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.
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The Human Resources Division has continued to maintain its original intent to serve as the agency in the following ways:

- An organization characterized by flexibility, creativity, and timely responsiveness to the numerous and diverse needs of employees and managers seeking an array of consultative and support services
- An effective and efficient organization to both external and internal customers that provides practical, reliable advice and services to all employees and managers
- A dynamic, responsive organization with the internal capability to address emerging needs and issues

- An integral part of the strategic planning process at all levels of the TWDB, with the ability to understand and bring value to the missions of our customers
- A supported, highly valued, and respected partner with senior leadership in accomplishing the TWDB's mission
- Employees who demonstrate these professional qualities, competencies, and attitudes through
 - An ability to clearly articulate the role and value of human resources in meeting the needs of our customers
 - A commitment to work together as a team, through both our internal and external partnerships
 - An ability and desire to redefine and simplify business strategies, structures, and processes to improve organizational efficiency and competitiveness
 - An eagerness to acquire and apply professional/technical knowledge, skills, and experience to accomplish results and serve customers better
 - An ability to generate innovative solutions, explore non-traditional ideas, and apply best practices to positively impact our mission and key initiatives
 - An ability to respond to customers needs in a manner that generates significant customer satisfaction

In accomplishing this mission, the Human Resources Division has strived to

- Ensure that employees of the TWDB receive the best possible combination of employee benefits, especially in the area of medical care
- Ensure the salaries paid to TWDB employees are both attractive and competitive in the job market
- Provide TWDB employees opportunities for professional development through effective training programs
- Maintain accurate and complete personnel records
- Be responsive to questions and concerns of employees regarding all aspects of their employee/employer relationship
- Provide well-qualified applicant pools representing a broad cross section of the community from which the TWDB may assemble a high quality and diverse workforce
- Ensure compliance with all internal and external human resource rules and regulations under which the TWDB is required to operate
- Use electronic technology to make services more responsive and accessible to TWDB employees

Communications, Strategic Planning, and Records Management

The original intent of the Communications Division has not changed. However, the division has been enhanced with the addition of a Publications and Graphics Support section. Due to increased awareness of water by the public, the agency recognized the need for expanded resources in the Communications Division to disseminate information to the public.

Records Management

Historically, the Records Management section, known as "the File Room," is a central repository for agency files. The File Room is responsible for processing mail received for many divisions of the agency. During the upcoming fiscal year, staff members will be implementing an electronic filing application that can be used throughout the agency to enhance file management activities.

Web Administration

The original intent of Web services was to facilitate access to agency data and information. The intent has not changed, except in volume, scope, and complexity.

Publications and Graphics Support

The Publications and Graphics Support section was formed in February 2008. Before that time, the three staff members were scattered throughout the agency. By moving the staff into one office, they have been able to better serve the entire agency and coordinate their efforts more efficiently and economically. The formation of the office marked the first time the agency could offer consolidated editorial, design, and print services.

Information Technology

The original intent of the Information Technology Division has not changed substantially; however, the division has been affected by the implementation of new legislation and enhanced its operations as follows:

Security and Infrastructure

Important history relates to House Bill 1516 and House Bill 3112 and the agency's data center services contract, which was executed with the Department of Information Resources in May 1, 2007.

Application Services and Database Administration

The Information Technology Division is moving from a decentralized development methodology to a more centralized approach that utilizes a Web application framework. The division is in the process of developing new applications in Microsoft ASP.NET 3.5 and rewriting legacy Microsoft ASP and Microsoft Access applications using the TWDB framework. Development has moved from a process in which the programmer does the analysis, requirements, coding, testing, and deployment to having systems analysts performing the analysis, and gathering requirements and documentation.

Help Desk

The Help Desk has added video streaming, BlackBerry devices, and remote telecommuting and has also created network/e-mail accounts over the last few years.

Project Management and Systems Analysis

The project management function within the Information Technology Division is a new program area created during FY 2008. This program area was established to better manage, track, and report on various Information Technology projects and activities at the TWDB, as well as assist agency staff with project activities. The systems analysis function, although existing previous to FY 2008, was considerably enhanced during FY 2008 by adding new FTE's and establishing a new support configuration to better respond to the agency's internal customers.

Support Services and Contract Administration

From 1986 through 1992, the agency received most of the staff services functions through an interagency contract with the Texas Water Commission. The agency was paying in excess of \$186,000 annually to the Texas Water Commission for mailroom services, facility assistance, receiving, and warehouse and storage management instead of hiring TWDB staff to do this work. This contract was terminated in 1993 by the current Division Director who in turn hired two FTE's to perform these functions. The end result was a savings of \$80,000 annually for the TWDB. Additionally, in 2007 the agency consolidated all contracting and purchasing functions into one centralized section. This centralization provided the agency with much better control over these functions, better reporting capabilities, and better customer service/support. The current organizational structure of this division also provides effective controls in purchasing and

contracting. The budget, purchasing/contracting, and actual payment processes all fall in separate areas in the agency. This structure helps reduce the opportunity for fraudulent activities and theft.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Human Resources

The Human Resources Division serves every current and prospective employee of the TWDB. As a service-oriented division, Human Resources must respond and be accountable to the Board, the Executive Administrator, the management team, Legal Services, Internal Audit, and staff. The Human Resources Division must keep apprised of the latest laws, regulations, requirements, statutes, and rules regarding the various aspects of employment and employment law. Furthermore, the Human Resources Division serves as the representative for the agency at fairs, seminars, and conventions and typically is the first point of contact for prospective job applicants.

Communications, Strategic Planning, and Records Management

The Communications Division affects all TWDB stakeholders as well as the general public. The division is responsible for getting relevant information in front of interested parties through the media. There are no qualifications or eligibility requirements for person or entities affected by this division.

Records Management

Ultimately, this section's work provides guidance and support to the entire agency. Historically, the group has worked closest with Project Finance and Construction Assistance staff in housing and routing their files. Staff members also work closely with Internal Audit and Legal Services staff in responding to audit, litigation, and open records requests.

80 percent Project Finance and Construction Assistance
10 percent Legal Services
10 percent Internal Audit

Web Administration

This function affects agency customers, stakeholders, and employees using an Internet browser to access the TWDB information. There is no qualification or eligibility requirement.

Publications and Graphics Support

This program affects the entire agency. All print and editorial projects are funneled through this office. Staff members also help support several state-mandated functions of the agency.

Information Technology

The Information Technology Division affects all the TWDB staff as follows:

Security and Infrastructure

These areas affect all agency employees, including field offices, and visitors, with respect to network connectivity and the ability to access data on servers and the Internet. Information security affects all agency employees and visitors, desktops/notebooks, servers, and network infrastructure equipment. Agency employees must abide by the agency's information security policies.

Application Services and Database Administration

These functions affect Information Technology customers using the applications and databases, which are primarily internal agency staff. However, at times, the functions affect external customers, such as the general public, individuals, and organizations who receive agency services or are considered agency stakeholders who submit requests for information and/or assistance.

Help Desk

The Help Desk services the entire agency including remote offices. Currently, there are three FTE's providing Help Desk services. These staff members must have broad technical skills with the ability to troubleshoot any hardware- or software-related incident.

Project Management and Systems Analysis

Both of these functions affect Information Technology customers, who are primarily internal agency staff. However, at times, the functions affect external customers, such as the general public, individuals, and organizations who receive agency services or are considered agency stakeholders who submit requests for information and/or assistance. The two functions assist the TWDB staff with technology support to aid them in carrying out their daily activities.

Support Services and Contract Administration

The Support Services and Contract Administration staff members provide various services to all agency staff as well as many stakeholders. All division staff must be customer service oriented and familiar with state and federal rules and regulations. Appropriate certifications have been obtained by certain contracting and purchasing staff to support the roles they provide to the agency.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Human Resources; Communications, Strategic Planning, and Records Management; Information Technology; and Support Services and Contract Administration serve under the direction of the Deputy Executive Administrator for Operations and Administration.

Human Resources

The Human Resources Director works with the Deputy of Operations and Administration, executive management, and legal staff to ensure effective implementation of Human Resources policies and practices for the agency.

Communications, Strategic Planning, and Records Management

The Director of the Communications Division works with staff in carrying out the primary functions for processing open records requests, media requests, and news clips service distribution, and planning and distributing in-house publications. The Director works with the Deputy of Operations and Administration, executive management, and legal staff to ensure effective implementation of policies and procedures for each of these primary functions.

Web Administration

Major changes in format or content on the agency Web site go through the leadership for review and approval before the changes go into effect; otherwise, minor changes or some general content can be reviewed by the Web Administrator or assigned to content providers before they go into effect.

Publications and Graphics Support

The Director of Communications oversees this office. Agency staff request Publications assistance, and the Publications Team Lead confers with the Director to prioritize projects.

Information Technology

The Information Technology Division is within Operations and Administration. The Division Director oversees and manages daily operations of this division and reports directly to the Deputy Executive Administrator of Operations and Administration. All division policies and procedures are reviewed and approved by the Deputy Executive Administrator of Operations and Administration and the executive management team prior to adoption and implementation. All staff members are housed at the agency's main headquarters.

Security and Infrastructure

Network infrastructure and security is monitored through a series of tools allowing the Information Technology staff to monitor the traffic, isolate bottlenecks, troubleshoot network connectivity issues, and provide means to improve network performances.

Application Services and Database Administration

The development management function is administered by the Team Lead under the direction of the Information Technology Division Director.

Help Desk

Calls and emails received are entered into c.Support—the TWDB incident tracking tool. Once the incident has been resolved, the time worked on the incident is entered and the ticket is closed. Some calls may be assigned to other groups in the Information Technology department through c.Support. This resource manages the incident to resolution and closes the ticket in c.Support.

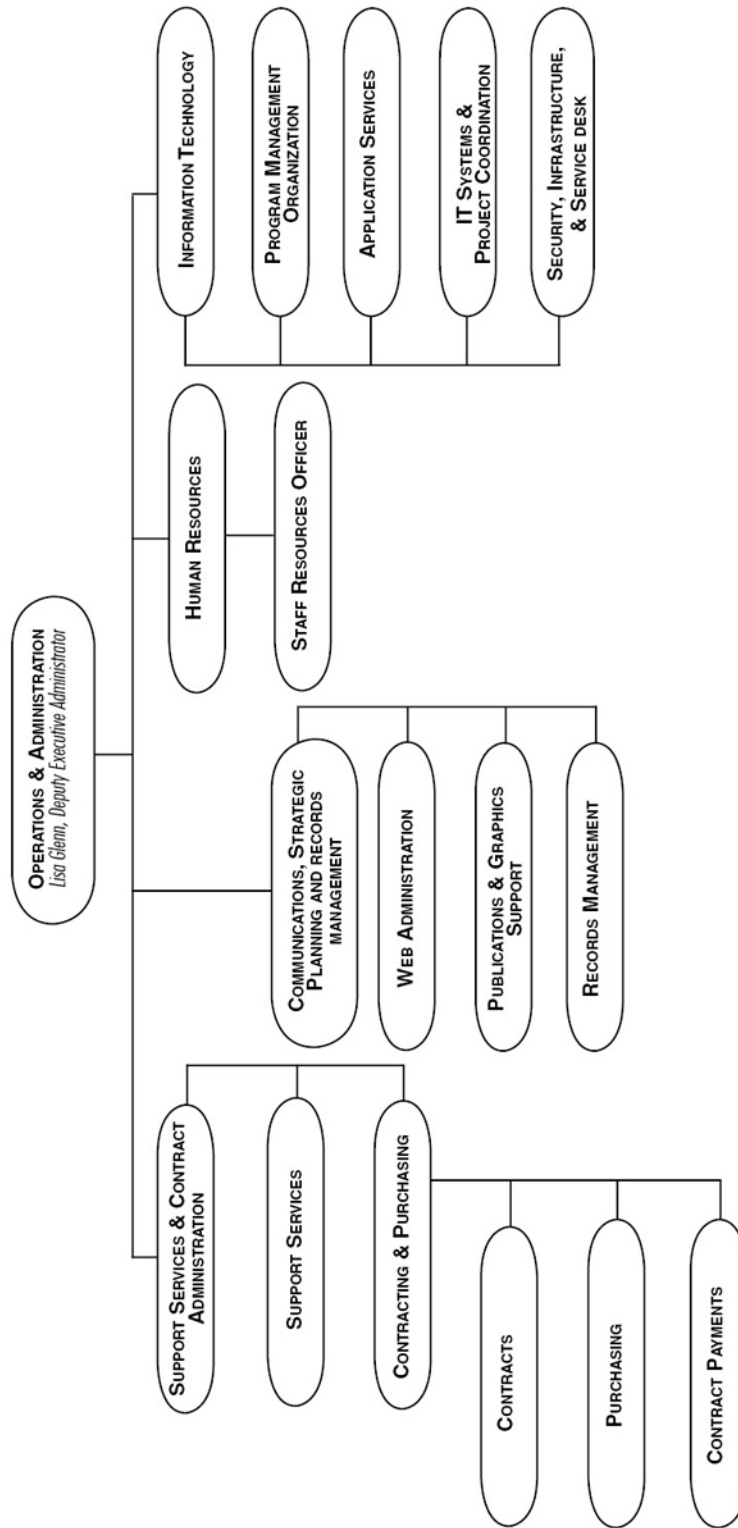
Project Management and Systems Analysis

Both the project management and system analysis functions are administered by the Information Technology Division Director. Each of the functions is “clustered” into their own functional areas and is configured to support different business areas of the TWDB.

Support Services and Contract Administration

The Support Services and Contract Administration Division is within Operations and Administration. The Division Director oversees and manages daily operations of this division and reports directly to the Deputy Executive Administrator of Operations and Administration. All division policies and procedures are reviewed and approved by the Deputy Executive Administrator of Operations and Administration and the executive management team prior to adoption and implementation. All Support and Contract Administration staff is housed at the agency's main headquarters.

Following is the Operations and Administration organization chart:



G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Operations and Administration	
General Revenue	\$3,582,834
Agricultural Water Conservation Fund	11,062
Federal Funds	1,648,806
Appropriated Receipts	556,576
Interagency Contract	<u>4,116</u>
Total	\$5,803,394

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Human Resources

The Human Resources function must be performed by all state agencies in some capacity. The TWDB has determined that an internal program best suits its business needs as opposed to outsourcing these duties and responsibilities. The Human Resources function is centralized at the TWDB, and there is no redundant function elsewhere in the agency.

Communications, Strategic Planning, and Records Management

This division serves as the main point of contact for the agency, which is standard for all government entities. As with other water agencies and associations, staff members provide news and information and serve as a resource to the public. This is not duplicated. However, the agency’s mission is to provide education and assistance to the public. Therefore, there are many other areas of the agency that provide this function on a topical basis.

Records Management

By law, each state agency is required to have one records management program, which cannot be duplicated either internally or externally.

Web Administration

Externally—most state agencies have a Web Administration group that maintains their agency’s Web site. Web sites differ in their content management system, programming language, color and design schemes, navigation, file system infrastructure, and Web authoring tools. However, most Web sites have the same goal of providing access to vital information (such as documents, publications, agendas, and minutes); forms (such as application, surveys, and feedback); policies; accessibility (as in accessibility coordinator); and data storage.

Internally—there are assigned content providers contributing content on the Web site, both on the public site and Intranet to reduce the overhead on Web Administration. Content providers, however, cannot create templates, create new Web sites without prior authorization from Web Administration and

leadership, and they do not have the ability to repair or clean up the Web site or Web pages. They can post and edit contents, delete old pages or files (with prior authorization), and be part of the Web team.

Publications and Graphics Support

The Publications section functions are not duplicated internally or externally.

Information Technology

The Information Technology function must be performed by all state agencies in some capacity. The TWDB has determined that an internal program best suits its business needs as opposed to outsourcing these duties and responsibilities.

Security and Infrastructure

There are no internal or external programs that provide similar services.

Application Services and Database Administration

The section known as the Texas Natural Resources Information System, or TNRIS, has staff members who develop their Web site, which is specific to providing a centralized information system incorporating Texas natural resources data in GIS.

Help Desk

The Help Desk is the only internal program providing this function. Externally, similar functions are provided by Department of Information Resources and Team For Texas staff.

Team for Texas (IBM) is used for data restores and all server functions. If a data restore is requested, the Help Desk contacts IBM with all of the information needed for a restore. A Remedy ticket is entered at the Department of Information Resources by either IBM or the Help Desk. Once the incident/request is completed and the customer is satisfied, the Help Desk notifies IBM to close the ticket.

Project Management and Systems Analysis

There are various business areas of the agency, other than Information Technology, that have staff members who perform project management and systems analysis activities; however, staff members in these areas who perform these functions generally do not have these duties as a primary focus of their job duties and responsibilities.

For example, within the Finance and Water Resources Planning and Information areas, some staff have project management and systems analysis responsibilities relative to those areas of expertise; however, these duties are not the primary responsibilities of those positions.

TNRIS has staff members who perform project management and systems analysis functions from an Information Technology perspective to various degrees; however, these functions focus on and are in direct support of the mandated mission of TNRIS and involve providing a centralized information system incorporating Texas natural resources data in GIS.

Support Services and Contract Administration

Internal—Within the TWDB, there is no other division or section that performs the same functions or services as the Support Services and Contract Administration staff members do. All state agencies have staff members that provide similar or same services/functions for their agency staff and stakeholders. These functions are necessary in order for each agency to operate.

External—As mentioned above, all state agencies have similar in-house administrative staff. These employees support the agency and its programs. These functions are not performed by any external parties at any state agency.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Human Resources

There is coordination of training with internal divisions to avoid duplication of services. The Human Resources Division coordinates with external agencies such as the Equal Employment Opportunity Commission, State Auditor's Office, Attorney General's Office, Texas Workforce Commission, Employees Retirement System, and the State Office of Risk Management as needed to ensure mandated training, legal claims, unemployment claims, worker's compensation claims, employee benefits information, and other personnel matters are appropriately handled or resolved.

Communications, Strategic Planning, and Records Management

This division works closely with internal stakeholders as well as external stakeholders, including other water agencies.

Records Management

By law, each state agency is required to have one records management program, which cannot be duplicated either internally or externally.

Web Administration

Externally—There is none.

Internally—Web Administration will be implementing content provider guidelines that will eliminate overlap or duplication of effort between content providers and Web administrators.

Publications

Not applicable

Information Technology Division

Security and Infrastructure:

Not applicable

Application Services and Database Administration

As mentioned in Item H above, the development performed elsewhere is generally not viewed as redundant but more supplemental to activities performed in Information Technology, largely due to the different types of focus, concentration of services, and levels of services.

Help Desk

When the Help Desk receives an e-mail sent to “Help Desk” or takes a phone call from a business customer, the person who takes the email or call follows through the resolution unless another Information Technology resource has been assigned to address the incident.

Project Management and Systems Analysis

As mentioned in Item H above, the project management and systems analysis activities performed elsewhere are generally not viewed as redundant but more supplemental to activities performed in Information Technology, largely due to the different types of focus, concentration of the services, and levels of services.

Support Services and Contract Administration

- All fleet functions are consolidated to improve efficiency and to ensure all data is accurately reported.
- All safety efforts are performed by Support Services staff. This ensures consistency in this area.
- All building-related issues are coordinated by the Support Services staff. No other staff is allowed to do this type of work.
- Contracting services are coordinated internally to eliminate duplication of effort and to ensure compliance with state and federal statutes.
- Contract payment review is solely performed in this division. This helps eliminate duplication of effort and ensures consistency.
- Only the agency purchaser is allowed to procure goods and services. No other TWDB staff is allowed to procure except in case of absolute emergency (such as roadway incident).
- All outlays are reviewed within the division. The division does rely on Construction Assistance staff to certify the outlay, but all reviews are performed by outlay staff.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Communications, Strategic Planning, and Records Management Division

The division works collaboratively with media relations and public information professionals at other city, county, state, and federal agencies as needed for media communication topics of mutual concern. No specific function requires us to work with a local, regional, or federal unit of government.

Records Management

The Records Management Section submits regular reporting to the Texas State Library and Archives Commission to fulfill Texas Government Code, section 411, as well as 13 Texas Administrative Code, section 6.1. Since the agency works directly with local governments, staff members also work under regulations set forth in Texas Local Government Code, section 201-203.

Because some projects receive funding directly from the U.S. Environmental Protection Agency, there are requirements on record keeping and reporting for those projects.

Web Administration

There are some external links to and from various entities' Web sites. For example, TWDB's Web site contains links to the Texas Online and the Fraud and Waste (through the State Auditor's Office) Web sites.

Save Texas Water (www.savetexaswater.org) is an external Web site separate from the TWDB function but hosted on the TWDB Web server. The content on this Web site is maintained by the staff in the Conservation Division in Water Science and Conservation for the Water Conservation Advisory Council.

Publications and Graphics Support

Staff members provide copies of all our materials to the State Library and also work with state printers on the Council of Competitive Government list.

Information Technology Division

Security and Infrastructure: Not applicable

Application Services and Database Administration: Not applicable

Help Desk: Not applicable

Project Management and Systems Analysis

The project management program area serves in a management capacity for the Texas Water Information System Expansion project, also known as the TxWISE project. Additionally, staff from the systems analysis program area is involved in support roles on the project.

This project, which involves consolidating data from various agency data systems into one application, is in part funded with federal funds from the U.S. Environmental Protection Agency (EPA). In addition to the federal funding, the TWDB uses an EPA national consultant from Northbridge for the developing and deploying this new data management information system. Also, as the EPA consultant has deployed systems of this type in other states, project management staff members network with government staff in other states such as California, Arizona, New Mexico, and Louisiana to share information.

Support Services and Contract Administration

The Support Service staff members work daily with the Texas Facilities Commission on building issues, maintenance, facility improvements and other related functions. The TWDB has a very good working relationship with this agency.

The Contract Administration staff works closely with the Comptroller's office and other state/federal agencies, as well as local entities on various contracting and purchasing issues. Again, the TWDB appears to have good working relationships with these parties.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

FY 2008 expenditures: \$1,444,563

Number of contracts: 21

Operations and Administration contracted services are primarily for Information Technology services, but other operational contracts for Human Resources services are executed. The primary contract in Operations and Administration is an interagency contract with the Department of Information Resources for data center consolidation. Other services require the documentation of scope of work, budget, timeline, reporting requirements, and project deliverables. In addition to review by program staff, contract administration staff members review invoices to ensure that submissions are proper and correspond to contract requirements.

Security and Infrastructure

The Department of Information Resources data center services contract was executed on May 1, 2007. Data center services expenditures in FY 08: \$1,212,494.40

This is a single, legislatively mandated contract between the TWDB and the Department of Information Resources to have a selected service, now known as IBM Team for Texas (IBM), manage the agency's data center.

The general purpose of this contract is to consolidate 27 state agency data centers into two state data centers managed by a single contract. For the TWDB, this means IBM now manages our data center to include servers, network storage, systems administration, and disaster recovery of agency data. The TWDB is currently scheduled to transform our data center to the state data centers (Austin and San Angelo) by December 2009.

The methods used to ensure accountability for funding and performance include a monthly invoice, validation of invoices, and continual monitoring of servers, backups, and IBM's ticketing system known as Remedy, which is used to track changes, incidents, and solution requests.

Service provided by IBM continues to degrade and is hampering the ability of the TWDB to work efficiently. Some examples include:

IBM continues to provide insufficient backup of TWDB systems. Not all systems are being backed up nor being addressed appropriately. The TWDB received a backup audit from IBM on 8/25/2008; we met with IBM and the Department of Information Resources on 11/12/08 to identify issues, and change requests were submitted; however, not all changes have been completed.

There continues to be a lack of movement by IBM regarding establishing a site-to-site encrypted tunnel between the TWDB and the state data centers, which has caused a delay in the network connectivity of the TWDB and, in turn, is delaying TWDB's transformation.

IBM has not successfully completed the TNRIS backup and restoration of approximately six terabytes of special geographic information systems data. This request is older than 26 weeks and has prevented TNRIS from loading additional data from portable hard drives, thereby putting this data at risk of being lost. This same request would have taken the TWDB a maximum of two weeks to complete.

Application Services and Database Administration

Two contractors are employed to augment the development staff. One contractor is providing programming services for infrastructure financial reports, report interface projects, and Water Use Survey applications. The other contractor is developing the security framework modules and Application Program Management System that will be used by Water Information Integration & Dissemination applications such as the Water Use Survey. The Application Program Management System provides user authentication and a single point

of access to TWDB’s Web applications. The development of this system is in response to the security vulnerabilities identified in Texas Administrative Code 202 and is part of the Information Resources Deployment Review Corrective Action Plan response.

Help Desk: Not applicable

Project Management and Systems Analysis

TxWISE Project Information

- Amount of expenditures for FY 2008 (state expenditures) – \$10,895.67
- Number of contracts (state expenditures) – One
- Short summary of purpose of contract – Developing and implementing the state portion of a comprehensive management information system for agency loan, grant, and contract funding assistance programs. Contract obtains the services and expertise of an EPA national consultant who has performed these activities in other states.
- Consultant performance is monitored by the Information Technology project manager using weekly and monthly status reporting from the consultant, weekly status meetings with the project team, and semi-weekly meetings with the steering committee. Funding is monitored by the TWDB Contracts and Purchasing staff and the Information Technology project manager through the invoice review and approval process.
- No current contracting problems exist.

Support Services and Contract Administration

Below is a summary of the FY 08 contracts and purchases:

Category	Number Processed	Value
New Contracts Executed	94	\$29,501,029.68
Total Purchase Orders	1,469	\$7,459,824.66
Federal Outlays	333	\$146,832,340.68
Contract Payments	608	\$37,992,074.30

All of these contracts and purchases were performed in accordance with state and federal rules and regulations and are subject to both state and federal audit.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Publications and Graphics Support

Although this section’s primary task is to edit, design, and print major agency publications, they also assist agency staff with a multitude of small projects. These projects do not fit neatly into categories, but they include the following:

- Scanning and posting historical agency reports on our Web site

- Producing over-sized maps, posters, and other materials
- Providing graphic support
- Producing event-announcement post cards
- Copying, collating, and binding in-house reports
- Providing logos and photos for presentations

We also assist our Web Administrator daily in managing the 105,000 files on our Web site.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not applicable

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2005 – 2009, or earlier significant Attorney General opinions, that affect your agency’s operations.

**Texas Water Development Board
Exhibit 13: Statutes/Attorney General Opinions**

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Texas Constitution, Article III, §§ 49-c, 49-d, 49-d-1, 49-d-2, 49-d-3, 49-d-4, 49-d-5, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 49-d-10, 50-d	Provides for creation of the TWDB; authorizes issuance of state general obligation bonds for water, water quality enhancement, flood control, economically distressed areas, and agricultural water conservation; provides the authority to operate a program for bond insurance.
Water Code Chapter 6	Provides for general powers, duties, and responsibilities of the TWDB; composition, appointment, and eligibility of the TWDB Board; administrative provisions for the TWDB; and appointment and general powers of Executive Administrator.
Water Code §11.1271 and §11.1272	Provides for the TWDB and the Texas Commission on Environmental Quality to identify quantified target goals for water conservation, develop model water conservation programs, and by joint rule identify quantified target goals for drought contingency plans.
Water Code §11.153 and §11.155	Provides for the TWDB participation in pilot aquifer storage studies and use of the TWDB funding for studies
Water Code §12.051	Provides for authority of TWDB to conduct study concerning the feasibility of federal projects to construct, enlarge, or extend a dam, lake, reservoir or other water storage or flood control work; to hold a public hearing; and issue an order regarding the federal project.
Water Code Chapter 15 (Subchapter A)	Provides general provisions relating to Water Assistance funding.

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Water Code Chapter 15 (Subchapters B, C, E and F)	Provides authority for financial assistance from Water Assistance Fund and accounts established under this fund as follows: establishment and management of Water Assistance Fund (Subchapter B); loans and grants from Water Loan Assistance Fund (Subchapter C); state purchase of facilities under Storage Acquisition Program (Subchapter E); and Research and Planning Program including research grants, regional facility planning grants, EDAP facility planning grants, and regional planning grants (Subchapter F).
Water Code Chapter 15 (Subchapter D)	Authorizes the TWDB to implement constitutional authority for Water Bond Insurance Program.
Water Code Chapter 15 (Subchapter J); 33 United States Code §§ 1251 et seq. (Federal Water Pollution Control Act); 42 U.S.C.A. §§ 300f - 300j-26	Provides for creation of and funding from State Water Pollution Control Revolving Fund (known as Clean Water State Revolving Fund) and the Safe Drinking Water State Revolving Fund (known as Drinking Water State Revolving Fund).
Water Code Chapter 15 (Subchapter K)	Provides for creation and administration of Texas Water Bank to facilitate water transactions.
Water Code Chapter 15 (Subchapter L)	Provides for creation of Plumbing Loan Fund to provide loans through political subdivisions to individuals for connections to water or sewer systems or to provide indoor plumbing facilities and fixtures.
Water Code Chapter 15 (Subchapter M)	Establishes the hydrographic survey program and requests the TWDB to perform a hydrographic survey upon request from a political subdivision or state or federal agency. Establishes account to be used only to pay the costs of surveys, insurance for watercraft, and capital equipment.
Water Code Chapter 15 (Subchapter N)	Establishes the aquatic vegetation management fund to be used for grants to Texas Parks and Wildlife or political subdivisions for state aquatic vegetation management.
Water Code Chapter 15 (Subchapter O)	Provides for creation of disadvantaged rural community water and wastewater financial assistance, which provides grants or loans to political subdivisions or water supply corporations for water and wastewater projects supplying service to rural and disadvantaged rural communities.
Water Code Chapter 15 (Subchapter P)	Provides for the creation of the Colonia Self-Help Program to reimburse a political subdivision or nonprofit organization for eligible expenses incurred in a self-help project that results in the provision of adequate water or wastewater services to a colonia.

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Water Code Chapter 15 (Subchapter Q)	Provides for the creation of the Rural Water Assistance Fund for projects that serve outside of metropolitan statistical areas or economically distressed areas.
Water Code Chapter 16 (Subchapter B)	Requires the TWDB to conduct studies, investigations, and surveys; make the information available; and provide technical assistance and services to promote water planning and water conservation efforts.
Water Code §16.021 and §16.023	Provides for Executive Administrator to establish the Texas Natural Resources Information System (TNRIS) to serve Texas agencies and citizens as a centralized clearinghouse and referral center for natural resource data, census data, data related to emergency management, and other socioeconomic data. Creates the Texas Geographic Information Council to provide strategic planning and coordination in the acquisition and use of geo-spatial data and related technologies.
Water Code Chapter 16 (Subchapter C)	Provides for the TWDB adoption of state water plan and coordination and approval of regional and local water planning; provides for drought response planning and implementation.
Water Code §16.058 and §11.1491	Provides for the TWDB and Texas Parks and Wildlife Department to jointly establish and maintain a bay and estuary data collection and analytical studies program for determination of freshwater inflow needs, use of money for bay and estuary studies.
Water Code Chapter 16 (Subchapter D)	Designates the TWDB as the agency to cooperate with the U.S. Army Corps of Engineers and Bureau of Reclamation for planning water resources projects; allows the TWDB to be named local sponsor of federal projects; provides authority to execute agreements with the U.S. Environmental Protection Agency pertaining to programs providing for federal grants, loans, or other assistance for water supply projects, treatment works, or flood control measures.
Water Code Chapter 16 (Subchapters E and F)	Provides implementing legislation for the TWDB constitutional authority to purchase and sell interests in regional water and wastewater projects, including flood retention structures (State Participation Program).
Water Code §16.233	Provides Executive Administrator with authority to confer with federal and state agencies and political subdivisions, and execute cooperative agreements.
Water Code Chapter 16 (Subchapter H)	Provides that the TWDB may make navigation improvements within the Cypress Creek drainage basin.

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Water Code Chapter 16 (Subchapter I); Texas Civil Statute Article 8280-13; National Flood Insurance Reform Act of 1994, 42 U.S.C.A, Chapter 50, Subchapter III, §§4001 – 4107	Established the TWDB as the state agency to administer the National Flood Insurance Program in Texas.
Water Code Chapter 16 (Subchapter J) ; Chapter 17 (Subchapter K); §15.407	Provides the statutory authority for implementing the constitutionally authorized Economically Distressed Areas Program (EDAP)
Water Code Chapter 16 (Subchapter K)	Provides that the Executive Administrator will develop a statewide water conservation public awareness program.
Annual Federal Appropriations Act	Provides federal funds through the Colonia Wastewater Treatment Assistance Program with condition that the agency comply with certain federal statutes, i.e., 42 U.S.C.A. §§4321, et seq., National Environmental Policy Act; Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 40 C.F.R. Part 31.
Water Code Chapter 17 (Subchapters A-G, L)	Provides statutory authority for implementing constitutionally authorized financing of water, water quality enhancement and flood control projects; provides for sale of bonds and disposition of proceeds for such programs and for the EDAP program.
Water Code Chapter 17 (Subchapter I)	Provides authority for the TWDB to issue and use revenue Bonds.
Water Code Chapter 17 (Subchapter J)	Provides statutory authority for constitutionally authorized Agricultural Water Conservation Bond Program.
Water Code Chapter 17 (Subchapter M)	Provides authority for the TWDB to require training for an operating entity of a political subdivision that applies for financial assistance from the EDAP program.
Water Code Chapter 20 and §§15.1071, 17.072, and 17.0871	Provides for the TWDB Board members to serve on the Board of Texas Water Resources Finance Authority (TWRFA and for various interactions with the TWDB, including TWRFA's purchase of the TWDB's political subdivision bonds.
Water Code §26.035	Provides for the TWDB to execute agreements with the U.S. Environmental Protection Agency or other federal agencies that administer programs providing cooperation and financial assistance in the form of loans and grants for water quality control activities and to accept federal funds for such purposes.
Water Code §26.043	Authorizes the TWDB to purchase bonds issued by entities

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
	that have entered "The State of Texas Water Pollution Control Compact" to provide funds for water quality enhancement pursuant to the Federal Water Pollution Control Act.
Water Code §26.403	Provides for the TWDB Executive Administrator to be a member of Texas Groundwater Protection Committee.
Water Code §§35.004, 35.007, 35.012, 35.013, and 35.018	Provides for the TWDB responsibility for identifying and studying priority groundwater management areas, with cooperation and assistance from the Texas Commission on Environmental Quality, and for education in such areas and filing reports.
Water Code §§36.105, 36.1071-.1073	Provides for the TWDB, upon receipt of notice from the Texas Commission on Environmental Quality, to designate a groundwater management area for a proposed district, certify groundwater management plans, and provide technical assistance.
Water Code §36.108 and §36.109	Provides authority for the TWDB or Executive Administrator to participate in the joint planning management area process and collection of information.
Water Code §36.120	Provides for sharing of information between groundwater conservation districts and the TWDB.
Water Code §36.159-.161	The TWDB may provide funds to groundwater conservation districts for data collection, management Plans, and regional water plans from Water Assistance Fund.
Water Code Chapter 36 (Subchapter L)	Provides for the TWDB to use the Water Assistance Fund for loans to newly confirmed groundwater conservation districts for creation and initial operations.
Water Code §36.302	The TWDB provides technical assistance to state auditor for review of groundwater conservation districts.
Water Code §54.037	Provides that the TWDB rules may specify mode and manner for condemnation of any type of property to be acquired by regional plan implementation agencies if not otherwise prescribed by law.
Water Code §58.186	Requires the TWDB to furnish irrigation districts with topographic maps and data concerning district projects.
Water Code §59.005	Prohibits regional districts from providing matching funds for TWDB financial assistance through a guarantee of anyone who has a financial interest in the district or will receive direct financial benefit from a project.
Water Code §64.011	Requires the TWDB Executive Administrator to prepare

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
	cost-benefit analysis for importation of water into an area of the Ogallala Water Import Authority, estimate the quantities of water available and required for import, and evaluate impacts in counties within the authority if water is imported.
Agriculture Code §50D.021 (SB 1016, 2009)	Provides that the Board shall appoint a representative of the TWDB to the Texas Bioenergy Council.
Government Code §1233.051 and §1233.151	Names the TWDB Executive Administrator to College Opportunity Act committee; authorizes the TWDB to designate all or part of general obligation bonds as college savings bonds.
Government Code §776.002 (HB 865, 2009)	Provides that the TWDB is a member agency of the Texas Invasive Species Coordinating Committee.
Government Code §2060.002 (SB 2169, 2009)	Provides that the TWDB is a member of the Work Group on Smart Growth Policy.
HB 2275 (2009)	Provides that the TWDB Executive Administrator appoints (1) a TWDB staff member and (2) three members who are county officials or employees responsible for regulating subdivisions under Subchapter C, Chapter 232, Local Government Code, to the task force required to develop uniform standards for subdivisions in the unincorporated areas of counties near the international border and in economically distressed counties; the TWDB provides administrative support and meeting space for the task force; authorizes the TWDB, on behalf of the task force, to accept gifts and grants from individuals, private or public organizations, or federal or local funds to support the task force.
HB 3861 (2009)	Provides discretion to the TWDB, (a) in making any statutory finding under Water Code §16.135(1) necessary to complete financing of a project, the TWDB may take into account any revenue reasonably expected to be received from: (1) a political subdivision not currently under contract with the authority to participate in paying the costs of the site acquisition stage of the project; or (2) a political subdivision not currently under contract to purchase a portion of the water to be supplied by the project. (b) The TWDB is not required to identify a political subdivision from which revenue is reasonably expected to be received as provided by Subsection (a) of this section at the time the TWDB makes a finding described by that subsection.
Attorney General Opinions	

Statutes	
Citation/Title	Authority/Impact on Agency (e.g., Provides authority to license and regulate nursing home administrators@)
Attorney General Opinion No.	Impact on Agency
GA-0411	<p>Resolved conflicts between two versions of section 16.341 of the Water Code, pertaining to water supply and sewer services in economically distressed areas, and section 17.923 of the same code, which concerned financial assistance to economically distressed counties for water supply and sewer services. The two statutes were amended twice during the 79th Legislature, first by Senate Bill 425 on May 25, 2005, and subsequently by House Bill 467 on May 27, 2005.</p> <p>The Attorney General concluded that the legislature eliminated section 17.923, finding that although House Bill 467 did not repeal subsection (3), which was adopted by Senate Bill 425 and which would not take effect until September 1, 2005, the bill repealed the introductory clause: “To be eligible for financial assistance under this subchapter, a county...” The Attorney General opined that without this sentence fragment, subsection (3) as adopted by Senate Bill 425 has no meaning.</p> <p>The impact to the agency was the enlargement of the class of counties eligible for financial assistance under Water Code Chapter 17 to counties “located... within 100 miles of an international border and contain[ing] the majority of the area of a municipality with a population of more than 250,000”</p>

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Texas Water Development Board Exhibit 14: 81st Legislative Session Chart		
Legislation Enacted – 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions
HB 865	Swinford	Relating to the establishment of the Texas Invasive Species Coordinating Committee.

HB 2275	Raymond	Relating to creating a task force to develop uniform standards for subdivisions in the unincorporated areas of counties near the international border and in economically distressed counties.
HB 2374	Guillen	Relating to financial assistance by the TWDB for the connection of residences in economically distressed areas to public water supply and sanitary sewer systems.
HB 3861	Hopson	Relating to financing by the TWDB of the proposed Lake Columbia reservoir project.
HB 4110	Martinez-Fischer	Relating to the purchase, donation, and sale of promotional items by the TWDB.
SB 1371	Lucio, Jr.	Relating to the Colonia Self-Help Program.
SB 2312	Averitt	Relating to eligibility for funds from the water infrastructure fund from the TWDB.
SB 2314	Averitt	Relating to the adoption of rules by the TWDB regarding supplemental funding resulting from federal economic recovery legislation.
Legislation Not Passed – 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HJR 128/ SJR 50	Ritter/ Averitt	Proposing a constitutional amendment providing for the issuance of additional general obligation bonds by the TWDB.
HB 2134/ SB 2315	Rios Ybarra/ Averitt	Relating to the frequency of water audits by certain retail public utilities.
HB 2536/ SB 1288	Creighton/ West	Relating to the floodplain management account.
HB 3527/ SB 2283	Callegari/ Lucio	Relating to the use of the State Participation account of the Water Development Fund.
HB 3542/ SB 2284	Lucio III/ Lucio, Jr.	Relating to the issuance of grants by the TWDB for water and wastewater system improvements in economically distressed areas.

IX. Policy Issues

Bond Authorization

A. Brief Description of Issue

The TWDB is in need of additional constitutional general obligation bond authority in order to provide financing through the Development Fund, State Participation Program, Water Infrastructure Fund, and Rural Water Assistance Fund and to match future federal Clean Water and Drinking Water State Revolving Fund grants.

B. Discussion

Since 1957, the TWDB has been authorized to issue up to \$4.23 billion in general obligation Development Fund bonds under Article 3, Section 49, of the Texas Constitution. Of the \$4.23 billion authorized, \$2.784 billion has been issued, which leaves \$1.446 billion in authority remaining to be issued. The 81st Legislature authorized \$698,415,000 to be issued for non-self-supporting bond programs in FY 2010–11. This would leave less than \$750 million in authority for self-supporting bonds programs and match for federal grants.

This bond authority may be used for one or more accounts of the Water Development Fund II. Debt issued under the state water plan relies upon that authority for the State Participation and Water Infrastructure Fund.

The TWDB's general obligation bond authority is considered self supporting, unless specifically designated as non-self supporting by the legislature and is not expected to create a General Revenue draw. For this reason, these amounts are not included in the constitutional debt limit calculation.

Due to current economic conditions and the downgrading of municipal insurers, many entities that would normally access the municipal market are unable to do so. Therefore, the TWDB has seen an increased demand for financing through its programs. Due to current and projected demand for the programs that use the constitutional authority, the remaining authority may be fully exhausted by the end of FY 2011.

C. Possible Solutions and Impact

A solution to this issue would be to amend the Texas Constitution to provide additional constitutional authority.

The TWDB is recommending an evergreen authority of \$6 billion, which would potentially provide ongoing water funding. The TWDB would be allowed to issue bonds as necessary for one or more accounts of the Development Fund, without additional constitutional amendments as long as the amount outstanding at any time does not exceed \$6 billion.

Additional authority requires legislative action and voter approval of the constitutional amendment. Additional authority for the Development Fund would not be included or calculated against the constitutional debt limit as it is considered self supporting, unless the legislature chooses to designate a portion of the authority for non-self-supporting bonds.

Stakeholders include all applicants eligible for financial assistance under current funding programs, including regional water authorities, districts, cities, counties, water supply corporations, and other political subdivisions.

Utilization of the Bond Authorization to go out as Grant (90/10)

A. Brief Description of Issue

Current statute requires that no more than 90 percent of Economically Distressed Areas Program (EDAP) funds can be in the form of grants. The remaining 10 percent of financing must be in loans specifically from EDAP. To expand the program, the TWDB proposes 1) removing the statutory limitation that no greater than 90 percent of EDAP funds be used for grants, and 2) allowing for any loan requirements to be met through loan programs other than EDAP.

B. Discussion

EDAP was created in 1989 to provide financing for water and wastewater projects in economically distressed areas. Financial assistance is in the form of a grant or a grant/loan combination. Current statute requires that no more than 90 percent of the total principal amount of issued and unissued bonds under the EDAP authority may be provided as grant assistance. Thus, the remaining 10 percent of EDAP funds is required to be in the form of loan assistance. The constitutional authority at Article III, Section 49-d-7(b), contains no such limitation.

EDAP includes a requirement that a grant-to-loan calculation be applied to each project. If an applicant is determined to be capable of incurring a loan component, the loan must be from within EDAP. EDAP also includes a requirement that for a project to receive greater than 50 percent of its funds in a grant, a health and safety nuisance finding from the Texas Department of State Health Services must exist. For projects that do not receive a nuisance finding, the 50 percent loan required must be from within EDAP.

The recommendation would allow 100 percent of the total principal amount of issued and unissued EDAP bond authority to be provided as grants. Any loans required of a project through the TWDB's grant-to-loan calculation, or the 50 percent required for projects without nuisance findings, would be provided through other TWDB loan programs. Proposed changes would not eliminate any required loan component but would allow for the loan to be funded from other sources rather than EDAP. This change would allow additional grant funds to be available from the EDAP bond authorization and expand the total program funding by using other existing programs for the loan components. Loans used in the calculation, regardless of the program, would still be required to meet EDAP eligibility requirements for all the facilities to be constructed.

C. Possible Solutions and Impact

A solution to this issue would be to remove the statutory limitation, specifically in Chapter 17, Subchapter K, specifically Section 17.933(c) and (d). TWDB rule changes will also be necessary.

Making these changes will have a fiscal impact. Using 100 percent of the constitutional EDAP bond authority for grants will increase the amount of General Revenue required for this non-self-supporting program. Removing the requirement that loan financing for an EDAP project must come from EDAP will result in reducing the principal and interest repayments that have been used to offset the amount of General Revenue requested for this non-supporting program. An increase in General Revenue to support EDAP bond issuance will be necessary.

Stakeholders include advocates for state benefits to colonia residents and political subdivisions eligible to receive funding under the program.

Benefits

The proposed changes to EDAP funding would provide numerous benefits to the state:

- Maximizes the amount of grant assistance from EDAP bond proceeds and expands the total EDAP funding.
- Provides a potential increase in the amount of assistance provided for the same total financing cost because of loans from other lower interest rate programs. Applicants will be able to borrow more funds without increasing the amount of the repayment obligation. EDAP loans generally have higher interest rates based on costs of funds associated with EDAP bond sales. Loans would be from other self-supporting TWDB financial assistance programs and, therefore, at no additional cost to the state.
- Reduces the costs to applicants that do not have nuisance determinations through loans from lower interest rate programs.
- Reduces or eliminates the restrictions on EDAP bond sales imposed by the Tax Increase Prevention and Reconciliation Act of 2005 because of the availability of loans from programs.
- Eliminates the potential for leaving bond authorization unused if the entire loan requirement is ultimately unmet.
- Reduces administrative cost of the EDAP loan portfolio with multiple small loans, which for water supply corporations require taxable loans and bonds.

Executive Salary

A. Brief Description of Issue – Executive Salary

The current annual salary of the TWDB's Executive Administrator is capped at \$135,000 and the agency is currently categorized as a Group 5 agency. The active involvement and professional familiarity with the complexity of the TWDB's public financing programs provides the members of the governing Board with the judgment necessary to assess the specialized professional skills necessary and appropriate for the Executive Administrator position and the salary necessary to attract and retain qualified individuals. The Board needs to be provided the ability to set the Executive Administrator's annual salary as appropriate within the Group 5 range based on the Board members' judgment and business expertise.

B. Discussion

The TWDB Executive Administrator is responsible for managing financial programs that provide over \$554 million annually in grant and loan funding to political subdivisions of the state for water-related projects; managing a portfolio of political subdivision bonds, loans, and securities of over \$4 billion; developing a state water plan to manage the water resources of the state; and developing sound science and sophisticated data distribution and reporting systems. As a result, the TWDB must rely on a highly skilled professional staff of engineers, finance analysts, geoscientists, geologists, geographic information systems specialists, hydrologists, surface water and groundwater modelers, and attorneys.

Allowing the Board to set the Executive Administrator's salary within the Group 5 salary range will provide them the ability to retain the current Executive Administrator and give them more flexibility in recruiting future executive and senior level management.

C. Possible Solutions and Impact

A solution to this problem would be to allow the agency's governing Board to set the Executive Administrator's salary within the Group 5 range. Another option would be to add the TWDB to the list of agencies and exempt positions in Subsection (c) of Section 3.05 of the appropriations to allow the governing Board of the TWDB to submit a salary increase request to the Legislative Budget Board and the Governor's office. Fiscal impact to the TWDB would be nominal and could be funded from existing appropriations.

Data Center Services

A. Brief Description of Issue – Data Center Services

As mandated by legislation (HB 1516 of the 79th Legislative Session), the Texas Water Development Board (TWDB) entered into an interagency contract with the Department of Information Resources (DIR) to have a selected service provider, now known as IBM Team for Texas (IBM), to manage our data center to include servers, network storage, systems administration and disaster recovery of agency data. However, IBM's insufficient service is critically affecting the TWDB's essential functions.

B. Discussion

The data that the TWDB maintains is critical and essential to the future management of water in Texas. The Texas Natural Resources Information System (TNRIS) Division, part of the TWDB, also maintains important geographic information systems (GIS) data used by state, local, and federal emergency management decision makers in emergency response situations. IBM's poor performance in maintaining the agency's servers to date has resulted in major concerns about their ability to manage TWDB's mission-critical data and support the creation of vital new GIS-based data for other essential state, local, and federal services. It is also evident through past performance and currently mandated procedures that the TWDB and its customers will receive reduced services in the future compared to what the TWDB was able to deliver prior to the contract.

IBM performance deficiencies range from their inability to perform back-ups of agency defined critical servers to their inability to provide timely solutions for various problems. The information below provides an overview of some of the problems that the TWDB has had with IBM's performance.

IBM continues to provide insufficient back-up of TWDB systems. At this time, IBM has not been able to successfully back-up all TWDB servers without a failure occurring over a two-week period, and several of the servers are not getting backed-up at all. In November of 2008, the TWDB met with IBM and the DIR to discuss our concerns and develop a plan for addressing those concerns. As a result of that meeting, IBM developed a plan to first focus on ensuring that the critical servers were being backed-up and then on to the noncritical servers. To date, four of the TWDB's noncritical servers have not been added to the back-up schedule and, currently, are not getting backed-up at all. Another additional problem related to this request was that the request ticket in IBM's system was closed even though it had not yet been completed, and another request ticket had to be entered to ensure that the problem is addressed.

For the TWDB to connect to the state data centers, the TWDB had to make an unanticipated purchase of approximately \$210,000 of network connectivity equipment. IBM, however, has not yet purchased the required equipment necessary to provide for network connectivity on their end. This is needed in order for IBM to establish a site-to-site encrypted tunnel between the TWDB and the state data centers. This delay is, in turn, causing further delay in the physical movement of TWDB's servers to the state data center.

To date, IBM has not successfully completed the TNRIS division back-up and restoration of approximately six terabytes of special GIS data. This request is older than 26 weeks. This same request would have taken TWDB a maximum of two weeks to complete.

The TITAN production server that houses our GroupWise e-mail archive and the HalFile electronic records

management system was down for one week in July 2009. The server had to be rebuilt because they could not restore the server due to the lack of availability of good tape back-up.

The TNRIS LANDROVAL production server that houses our Geospatial Emergency Management Support System application, Hydrologic Information System, Confluence (collaboration application), and JIRA (ticketing system for TNRIS end users) was down for one week in August of 2009.

Not all servers are being proactively monitored by IBM. The TWDB has identified server outages, servers running out of disk space, antivirus definitions being out of date, etc. Even though these concerns have been reported to IBM, TWDB has seen no improvement in the monitoring of our servers.

Another major problem is IBM's change request process. It is a time-intensive process and often IBM may take up to two weeks to address a simple request. For example, in June 2009, we requested to upgrade our Novell Identity Manager, a free upgrade under the Novell maintenance agreement; however, we are still awaiting approval from IBM.

Recently, DIR granted the TWDB an exemption for our TNRIS development servers. The TWDB was pleased to receive this exemption; however, it continues to have major concerns that IBM is not positioned to maintain TNRIS test and production servers due to the complex nature of maintaining and managing GIS data. Additionally, no process has been defined on how large GIS files can quickly be uploaded/downloaded in emergency response situations, as is the case for hurricanes and floods.

The amount of staff time required to monitor performance and manage the contract has been extensive. Staff efforts include daily monitoring of back-up jobs, responding to DIR inquiries, planning for transformation, monitoring operational status, validating the completion of work requests, ensuring that the physical inventory of TWDB equipment in IBM's system is correct, and completing deep dive analysis for transformation.

C. Possible Solutions and Impact

To solve these significant issues, the TWDB needs to be exempt from this mandate, and resources and operational authority returned to TWDB. This will allow TWDB to ensure that vital and critical water-related data essential to the future management of water in the Texas is secure, backed-up appropriately, and recoverable. This will also ensure that TNRIS can continue to provide emergency response data services to federal entities during emergency situations. In lieu of this, TWDB requests an increased consistent focus from IBM on back-ups and other outstanding issues.

Management-to-Staff Ratio

A. Brief Description of Issue

Texas Government Code, Section 651.004, management-to-staff ratios, requires that state agencies achieve a management-to-staff ratio of one manager for each 11 staff members. Because of the specialized nature of TWDB programs, the ratio requirement has resulted in a disproportionate allocation of staff and managers in areas.

B. Discussion

The management-to-staff requirement has limited the TWDB's ability to establish solid management structures within the program areas. The limitation of requiring one manager for each 11 staff prevents the TWDB from having smaller workgroups focusing on their respective specialized areas. Furthermore, it is not possible to maintain parity across the agency in terms of a 1:11 ratio. Instead, some managers may have twice this ratio, while others may have a staff of only four or five. The TWDB has a varied and diverse group of professionals working in highly specialized fields. It is not feasible to have a manager oversee areas that are not within their scope of work or professional discipline simply to maintain parity. This has resulted in the disproportionate allocation of staff to their respective managers. The TWDB is not a large enough agency to develop a structure that completely accommodates the management-to-staff ratio requirement without some disparity among management. This disproportionate staff allocation places a greater burden on some managers in regard to staff development. In some cases, the volume of work effort created by increased staff responsibility has limited managers' ability to complete programmatic initiatives because they have had to dedicate extensive time and effort to staff related matters.

C. Possible Solutions and Impact

A solution to this problem is to enact legislation that would no longer require agencies to adhere to a management-to-staff ratio. This would greatly benefit the TWDB by allowing management to structure the organization based on specific programmatic initiatives. Because of the relatively small size of the TWDB, managers not only perform their respective oversight duties but may also have to engage in specific projects and initiatives. The term "working manager" best describes almost all TWDB managers in both directing staff's work effort and engaging in specific projects. There would be no significant cost impact to the TWDB as a result of changing this requirement.

Adequacy of Judicial Remedies

A. Brief Description of Issue

Judicial remedies for the TWDB to enforce specific covenants and obligations in bonds and other securities, including loan and grant agreements, executed or issued by financial assistance applicants to obtain financial assistance from the TWDB may be extended or more clearly defined in statute. These remedies will help protect the TWDB's investment of state funds.

B. Discussion

The TWDB administers a number of financial assistance programs, including water supply, water quality enhancement, flood control, and economically distressed areas projects. Financial assistance applicants include river authorities and other districts created under Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, such as municipal utility districts, freshwater supply districts, water control and improvement districts, and special utility districts; municipalities; nonprofit water supply and sewer service corporations created under Chapter 67, Water Code; certain counties; and, in the case of the Drinking Water State Revolving Fund under Section 15.6041, Water Code, private entities that own or operate public water systems. Whether the financial assistance is provided through the TWDB's purchase of bonds or securities or through a loan or a grant, specific covenants and provisions typically are included to ensure the proper expenditure of public monies and timely repayment of principal and interest on loans.

Statutory Remedy for Default Does Not Apply to All Financial Assistance Programs and Debt Instruments

In the event of a default in payment of the principal of or interest on bonds purchased by the TWDB or any other default as defined in the proceedings or indentures authorizing the issuance of the bonds, Section 17.180, Water Code, authorizes the Attorney General to institute judicial proceedings "by mandamus or other legal remedies" as appropriate to compel a defaulting "political subdivision or its officers, agents, and employees to cure the default by performing those duties which they are legally obligated to perform." Proceedings are to be filed in a district court in Travis County.

The remedy for default in Section 17.180, Water Code, is provided only for bonds purchased through the TWDB's Development Fund programs and EDAP under Subchapters D, E, F, G, K, and L, Chapter 17, Texas Water Code, and the Water Infrastructure Fund (Subchapter Q, Chapter 15, Water Code). Section 17.180 does not apply to financial assistance made available from the Water Loan Assistance Fund under Subchapter C, Chapter 15, Texas Water Code; the Storage Acquisition Fund under Subchapter E, Chapter 15, Water Code; the Clean Water and Drinking Water state revolving funds under Subchapter J, Chapter 15, Water Code; the Rural Community Water and Wastewater loan fund under Subchapter O, Chapter 15, Water Code; the Colonia Self-Help account under Subchapter P, Chapter 15, Water Code; or the Rural Water Assistance Fund under Subchapter R, Chapter 15 Water Code. The Agriculture Water Conservation Bond Program includes a default remedy at Section 17.9022(b), Water Code, that is similar to Section 17.180. Furthermore, Sections 17.180 and 17.9022(b) do not appear to apply to securities other than bonds or to loan and grant agreements.

Remedies May Be Limited by Debt Instruments

Although the Attorney General is authorized by Sections 17.180 and 17.9022(b) to institute proceedings to compel a borrower to perform their duties under the bond proceedings and indentures, it is possible that a court could limit the available remedies to those listed in the bond documents. Typical bond documents do not provide for specific injunctive relief to compel a borrower to perform specific covenants. Rather, the bond documents typically provide for acceleration of payment of the bonds in the event of default, which is defined as violation of any of the covenants.

If the bond is secured by a lien on real property, the bond documents may also provide for foreclosure under the Deed of Trust. The TWDB typically takes a security interest in the facilities, permits, real estate, and customer service accounts of nonprofit water supply and sewer service corporations. This security interest, in the form of a lien, serves the purpose of preventing another creditor from taking possession of the facilities and real estate in the event of foreclosure, thus better ensuring payment of principal and interest on the TWDB's loans.

In the event of default, the TWDB typically has no interest in accelerating the debt or foreclosing on the property of a debtor as a remedy. However, the courts are likely to view these remedies as appropriate and will be reluctant to entertain a petition for mandamus or injunction in the event of default by a nonprofit water supply or sewer service corporation because those remedies are not provided in the debt instruments.

C. Possible Solutions and Impact

The legislature would need to enact statutory authority in the Texas Water Code to provide for judicial remedies in the event of default under Chapter 15 financial assistance programs similar to the authority provided for Chapter 17 programs, Section 17.180, Water Code.

Under both Chapters 15 and 17, Water Code, the TWDB would also need statutory authority to enforce specific terms and requirements of bonds and other securities, as well as loan and grant agreements, in addition to any remedies provided in the debt instruments and loan documents. Specified judicial remedies will need to be declared as in the public interest and venue established in Travis County.

The statutory changes would provide the TWDB with a more complete array of judicial remedies to protect the agency's investment of public monies.

Interested persons will include "political subdivisions" as defined at Sections 15.001(6), 16.001(7), and 17.001(6), Water Code.

Water Conservation

A. Brief Description of Issue

The 2007 State Water Plan indicates that water conservation is projected to provide more than 20 percent of the new supplies Texas needs by 2060. In many cases, conserving water is the most cost-effective way a water user can acquire additional water. Even though water conservation will not satisfy all future state water needs, it is an important strategy for providing water for a rapidly growing state. However, to encourage statewide water conservation, the agency needs to implement a more robust statewide public awareness campaign.

B. Discussion

Some water conservation activities are specific requirements in statute, including water conservation strategies in regional and state water plans, municipal water conservation plans, utility water loss audits, and a statewide public awareness program. Many TWDB activities in support of conservation efforts are a result of voluntary requests for information and assistance from the public, water suppliers, and various water user groups. When local water supplies are limited or there is a drought, interest in water conservation increases. Water conservation is often used first, often in conjunction with other water sources, as a water management strategy in meeting any identified needs in the regional and state water planning process. However, there are significant perception obstacles to implementing water conservation activities:

- Public—Water is always available, so why should I have to conserve if I can afford to use it as I wish?
- Utilities—If we promote conservation, our water sales revenue will decrease, so won't we have to raise rates?
- Public and utilities—If we implement a minimal amount of conservation is that sufficient to meet any requirements?

C. Possible Solutions and Impact

Potential improvements would be funding to

- conduct a viable multi-media statewide water conservation public awareness program that can offer Web site presence and materials and access to a network of groups and communities dedicated to educating Texans about water conservation;
- develop an education program with sufficient resources to provide classroom programs and other materials in quantities sufficient for distribution throughout the fiscal year;
- implement water conservation activities identified as a water management strategy in the regional water plans and state water plan;
- create a matching grants program to local utilities for water conservation programs; and
- support research and development regarding water conservation best management practices and other innovative water conservation resources.

Desired Future Conditions

A. Brief Description of Issue

In 2005 the legislature passed House Bill 1763, which required groundwater conservation districts within groundwater management areas to establish desired future conditions for their relevant aquifers. There is concern among a variety of stakeholders that the process of determining desired future conditions may not take into consideration the physical effects of implementing the conditions adopted nor provide adequate analysis and notice to all affected users of the related groundwater resources when they are harmed by new pumping restrictions that result from the process.

B. Discussion

These desired future conditions are used by the TWDB to calculate managed available groundwater numbers. The agency then provides these numbers to regional water planning groups and groundwater conservation districts. If received in time for the regional water planning process, planning groups are required to use managed available groundwater numbers in their regional water plans. Groundwater conservation districts are required to include the desired future conditions and managed available groundwater numbers in their groundwater management plans and, to the extent possible, for permitting groundwater use. Before the passage of House Bill 1763, groundwater conservation districts were required to have “managed available groundwater numbers” that did not disallow the implementation of the regional water plans. With the passage of House Bill 1763, regional water planning groups are now required to use the numbers based on desired future conditions determined by the groundwater conservation districts—regardless of whether or not the numbers disallow implementation of the previous water plan.

Although it is still early in the implementation of House Bill 1763 (groundwater conservation districts are required to adopt desired future conditions by September 1, 2010; districts in only 4 of the 16 groundwater management areas have submitted desired future conditions as of August 2009), there are concerns that this process will result in much lower groundwater availability numbers, thus affecting the ability of cities and industries to meet future demands for water. In addition, there are concerns that groundwater conservation districts are not considering all of the possibilities in their deliberations and that stakeholders are not aware of the desired future condition process and what the process may mean for their groundwater resources.

C. Possible Solutions and Impact

One possible way to address these concerns is to (1) require groundwater conservation districts to consider, as part of their deliberations on desired future conditions, the total amount of drainable groundwater and the maximum amount of groundwater that can be pumped sustainably and (2) require districts to notify each groundwater permit holder, each named water user group that uses groundwater in the regional water planning process, each river authority, each regional water planning group, and each house and senate representative in the groundwater management area (a) when a vote will be taken to adopt any desired future condition and (b) what that desired future condition means to current users, permit holders, and the future use of the resource. In this manner, groundwater conservation districts will consider a fuller range of possibilities of desired future conditions, consider the effect these conditions will have on current and future groundwater use, and ensure that stakeholders and regional water planning groups are part of the process. A statutory change would be needed to implement these considerations.

Environmental Flows

A. Brief Description of Issue

State statute defines environmental flows as "a schedule of flow quantities that reflects seasonal and yearly fluctuations that typically would vary geographically, by specific location in a watershed, and that are shown to support a sound ecological environment and to maintain the productivity, extent, and persistence of key aquatic habitats in and along the affected water bodies." The scope of the environmental flows legislation enacted in 2007 is such that additional funding and support is needed in future biennia.

B. Discussion

As far back as the 1970s, the TWDB, along with the Texas Parks and Wildlife Department and the Texas Commission on Environmental Quality, has grappled with how to adequately define, determine, and ultimately apply environmental flows for rivers, bays, and estuaries in water planning and water rights permitting. Accurate environmental flow numbers allow the state to plan for the use of its surface water resources while protecting the state's commercial, recreational, and environmental resources.

Critical reviews of the data, models, and methods used to develop the state's bays and estuaries flow recommendations, the desire to provide accelerated instream flow recommendations, delays and lack of uniformity in implementing permitting standards for environmental flows, and a desire for expanded stakeholder input in developing flow recommendations led to the passage of Senate Bill 3 in 2007. The Senate Bill 3 environmental flows process aims to provide environmental flow recommendations for nearly the entire state by approximately the summer of 2013; however, the Senate Bill 3 process is limited to the best science available. Results will, therefore, be subject to fairly large uncertainties. In addition, due to the accelerated schedule, it is not yet clear whether flow recommendations will be made for more than a few locations in each major river basin. To address uncertainties, adaptive management based on revisiting recommendations in the future (at least on a 10-year interval) has been incorporated into the Senate Bill 3 process.

C. Possible Solutions and Impact

The TWDB recommends that the legislature continue to support this process. Additional funding will be required in subsequent biennia to finish the Senate Bill 3 environmental flows process. Continued funding will also be required for the state agencies to continue to conduct and refine the scientific studies needed to support the Senate Bill 3 process.

Interbasin Transfer

A. Brief Description of Issue

Interbasin transfers of surface water—moving surface water from one river basin into another river basin—have been an important, efficient, and effective means of meeting the diverse water supply needs of an ever-increasing population in Texas. According to the Texas Commission on Environmental Quality, there have been approximately 193 interbasin transfer permits issued either for existing or planned water supply projects. These interbasin transfers are, or will be, used to meet a wide variety of water demands, including municipal, manufacturing, steam-electric power generation, and irrigated agriculture. Statutory restrictions, however, have impeded these transfers.

B. Discussion

The importance of interbasin transfers across the state is illustrated by the transfer of water from Lake Meredith in the Canadian River Basin to 11 cities in the Canadian, Brazos, and Colorado river basins on the High Plains of Texas. Since the original delivery of water from Lake Meredith on April 1, 1968, by the Canadian River Municipal Water Authority, this project has served as a source of water for Amarillo, Brownfield, Borger, Lamesa, Levelland, Lubbock, O'Donnell, Pampa, Plainview, Slaton, and Tahoka. Without this project, local groundwater supplies from the Ogallala Aquifer, in many cases already severely depleted, would not have been able to meet the increasing municipal and manufacturing demands of the region.

In 1997, the legislature, as part of Senate Bill 1, expanded the requirements for obtaining a permit for an interbasin transfer and also required that any interbasin transfer become the most junior water right in the basin. Since these provisions were added to the Water Code, there has been a significant drop in the amount of interbasin transfer authorizations issued. According to Texas Commission on Environmental Quality data, only three interbasin transfer permits have been granted. Furthermore, the difficulty in moving surface water has increased pressure to move groundwater, which does not have similar restrictions.

C. Possible Solutions and Impact

Eliminating unreasonable restrictions on the voluntary transfer of surface water from one basin to another could provide more certainty in the permitting process, which would encourage water providers to implement water management strategies recommended in their regional water plans that involve interbasin transfers of water. Over 20 wholesale water providers have projects in the 2007 State Water Plan that will require interbasin transfer authorizations.

Reservoir Site Designation and Acquisition

A. Brief Description of Issue

Texas has 196 major reservoirs, a major reservoir being defined as an impoundment that currently has at least 5,000 acre-feet of storage capacity at its normal operating level. Of the 196 major reservoirs, 175 have a water supply function. The major reservoirs of the state vary in size from 5,200 acre-feet conservation storage capacity for the Upper Nueces Lake to 4,472,900 acre-feet for the Toledo Bend Reservoir, which includes both the Louisiana and Texas portions of the reservoir. Making the best use of existing reservoirs, controlling watershed erosion to maintain their holding capacity, and identifying viable sites for new reservoirs are key to effective long-term water supply management and planning in Texas.

B. Discussion

The following discussion of “Reservoir State Designation and Acquisition” in Volume I of the 2007 State Water Plan provides a good framework for this policy issue:

“Reservoir construction in Texas was most prolific before 1970. By 1950, Texas had constructed approximately 60 major reservoirs (5,000 acre-feet or greater of conservation storage capacity). Between 1950 and 1980, the number grew to a total of 179, but the pace of construction began to slow in the 1970s and continued the downward trend through the remainder of the 20th century. The reduced number of potentially high-quality reservoir sites, environmental issues or concerns, and increasing costs of reservoir development all contributed to the slow down. Texas currently has 196 major reservoirs. Ten reservoirs that were able to hold more than 5,000 acre-feet of water at conservation pool elevation upon initial impoundment are now no longer able to due to sedimentation and are currently classified as minor reservoirs.

“Over time, Texas’ state water plans have reflected this slowdown in reservoir development. The 1984 State Water Plan identified 65 major reservoir sites and allocated water from 44 of the new reservoirs to meet needs through 2030. The 1990 State Water Plan included 20 new reservoirs. In contrast, the 1997 and 2002 State Water Plans each recommended only eight major reservoirs to meet needs for additional water supplies through 2050. Major reservoir projects absolutely must remain a strong and viable tool in our water development toolbox if the state is to meet its future water supply needs. Recognizing this, planning groups have recommended 14 new major reservoirs as water management strategies in their 2006 Regional Water Plans to meet future water supply needs.

“A number of factors will determine whether or not the major reservoirs recommended in the 2006 Regional Water Plans will actually be developed. One of the primary factors involves the reservoir site itself and the manner in which the state addresses issues associated with preserving the viability of the reservoir site for future reservoir construction purposes.

“Certain governmental actions, such as developing public utility infrastructure or actions by federal, state, or local governments to protect natural ecosystems located within the reservoir footprint can significantly impact the viability of a site for future construction of a proposed reservoir. The proposed Waters Bluff Reservoir on the main stem of the Sabine River was prevented in 1986 by the establishment of a private conservation easement. In addition, the proposed Lake Fastrill, which is included in the 2006 Region C Water Plan and the 2007 State Water Plan as a recommended water management strategy to meet the future

water supply needs of the city of Dallas, is a current and significant case in point. Land located within the reservoir's footprint is also included within the recently designated Neches River National Wildlife Refuge. If the designation of the Neches River National Wildlife Refuge by the U.S. Fish and Wildlife Service prevails in any legal challenges, it would effectively preclude future use of the site for the proposed Lake Fastrill.

"Lack of action by the state legislature in protecting reservoir sites has been cited as a problem in precluding federal actions that would otherwise be considered as circumventing the state's primacy over water in the state.

"Also, it should be noted that between the time a reservoir site is selected and construction is initiated, the value of land and improvements escalate due to market forces and that protecting reservoir sites from commercial development and inordinate price increases will require new legal and public policy approaches.

"Texas Water Code, Chapter 15, Subchapter E, contains provisions for a Storage Acquisition Program to be administered by the TWDB. These provisions, enacted into law primarily by the 67th Texas Legislature (1981) and 69th Texas Legislature (1985), established a Storage Acquisition Fund and authorized the TWDB to use the fund for certain projects including the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of any existing or proposed water storage project.

"Texas Water Code, Chapter 16, Subchapter E, contains provisions authorizing the TWDB to use the State Participation Program to encourage optimum regional development of projects, including the design, acquisition, lease, construction, reconstruction, development, or enlargement in whole or part of reservoirs and other projects.

"A recent example of the TWDB's use of state participation authorization for this purpose was its approval in 2004 of \$10 million in financial assistance to the Angelina and Neches River Authority to develop an environmental impact survey and to purchase most of the land in fee simple necessary to build Lake Columbia in Cherokee County.

"Prior to using the Storage Acquisition Fund (Texas Water Code, Chapter 15) and State Participation Program (Texas Water Code, Chapter 16), the TWDB is required by statute to determine that the state can reasonably expect to recover its investment in the project."

C. Possible Solutions and Impact

The legislature should provide a mechanism to acquire legislatively designated sites unique for the construction of reservoirs.

The legislature should designate all remaining viable reservoir sites of unique value for protection under Texas Water Code, Section 16.051(g), that are identified by the TWDB and planning groups in the 2006 Regional Water Plans and the 2007 State Water Plan. The legislature should also designate any other feasible sites needed beyond the 50-year regional and state water planning horizon identified by the TWDB-funded research currently in progress. The legislature should designate all river or stream segments of unique ecological value recommended in the 2006 Regional Water Plans and the 2007 State Water Plan for protection under Texas Water Code, Section 16.051(f). In addition, the legislature should provide a mechanism to acquire viable reservoir sites and associated mitigation areas. These sites could be used to

develop additional surface water supplies to meet the future water supply needs identified in the 2006 Regional Water Plans and those that will occur beyond the 50-year planning horizon.

Senate Bill 3, Article 4, 80th Legislature, partially implemented this recommendation by designating an additional 19 sites as unique for the construction of a reservoir. However, there is a sunset date of 2015 for that designation if a project sponsor has not taken affirmative action to expend funds necessary for permitting or constructing a reservoir on the site. Senate Bill 3 also designated 16 stream segments as ecologically unique. However, none of the designated stream segments of unique ecological value were considered by the regional plans as potential mitigation areas for reservoir construction. Finally, no separate action has been taken by the legislature to acquire reservoir and mitigation sites, although state water plan funding can be used by applicants to fund such costs.

The benefits include the following:

- Ensures unique reservoir sites would be acquired and available for developing reservoirs to meet future water supply needs for the state
- Provides certainty to project sponsors that they would be able to construct recommended reservoirs for future water supplies
- Reduces cost of land acquisition for future sites before property costs escalate due to market forces
- Provides additional protection from federal actions that could prohibit the development of reservoirs
- Allows the state to lease sites prior to reservoir construction to existing land owners or others for existing land use activities or for wildlife and other environmental recreation
- Allows for generation of income for the state (leases) until state investment is repaid by a reservoir project sponsor
- Extends legislative designation of sites past 2015 for those sites acquired with participating project sponsors
- Demonstrates the state's commitment to provide sufficient water supply for the citizens of Texas and to ensure public health, safety, and welfare and to further economic development

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

Texas Water Development Board Exhibit 15: Contacts		
INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)		
Group or Association Name Contact Person	Address	Telephone E-mail Address
Brownsville Public Utilities Board John S. Bruciak, CEO and General Manager	1425 Robinhood Street P.O. Box 3270 Brownsville, TX 78523-3270	800-869-2922 956-982-6261 JBruciak@brownsville-pub.com
Dallas Water Utilities Jo Puckett, Director, P.E.	1500 Marilla, 4AN Street Dallas, TX 75201	214- 670-3146 jo.puckett@dallascityhall.com
Dow Chemical Company Cy Parks	2301 N. Brazosport Blvd. Freeport, TX 77541	979-238-2438 CBParks@dow.com
El Paso Water Utilities – Public Service Board Edmund Archuleta, President/CEO	1154 Hawkins Blvd. P.O. Box 511 El Paso, TX 79961-0001	915-594-5699 earchuleta@epwu.org
Greater Texoma Utility Authority Jerry Chapman, General Manager	5100 Airport Drive Denison, TX 75020	903-786-4433 jerryc@gtua.org
Harlingen-Cameron Counties Irrigation District No. 1 Wayne Halbert, General Manager	P.O. Box 148 Harlingen, TX 78551	956-423-7015 Waynehalbert@hidcc1.org
Houston, City of Public Works and Engineering Susan Bandy	P.O. Box 1562 Houston, TX	713-837-0282 Susan.bandy@cityofhouston.net
Laguna Madre Water District Gavino Sotello, General Manager	105 Port Road Port Isabel, TX 78578	956-943-2626 gsotelo@lmwd.org
Lower Colorado River Authority (LCRA)	3700 Lake Austin Blvd. Austin, Texas 78703	(512) 473-3200 1-800-776-5272
North Cameron Regional Water Supply Corporation Charles Browning, President	420 South Doolittle Edinburg, TX 78539	956-606-7557 nawsc1a@netzero.net
San Antonio Water System Robert R. Puente, President, CEO	2800 U.S. Hwy 281 North P.O. Box 2449 San Antonio, TX 78298-2449	210-233-3667 sbutler@saw.org
Sierra Club, Lone Star Chapter Ken Kramer, Director	P.O. Box 1931 Austin, TX 78767	512-476-6962 kenwkramer@aol.com

South Texas Water Authority Carola Serrato, Executive Director	111 W Sage Road Kingsville, TX 78363 P.O. Box 1701 Kingsville, TX 78364-1701	361-592-9323 cserrato@stwa.org
Tarrant Regional Water District Jim Oliver, General Manager	800 East Northside Drive P.O. Box 4508 Fort Worth, TX 76102	817-335-2491 j.oliver@trwd.com
Texas Alliance of Groundwater Districts Jim Conkwright, President	PO Box 152169 Austin, TX 78715-2169	512-590-1422 tagdexec@texasgroundwater.org
Texas Colorado River Floodplain Coalition	P.O. Box 90893 Austin, TX 78709-0893	800-776-5272 (LCRA) tcrfc-info@tcrfc.org
Texas Water Conservation Association Leroy Goodson, General Manager	221 East 9 th St, Suite 206 Austin, TX 78701	512-472-7216 robbins@twca.org
Upper Trinity Regional Water District Thomas Taylor, Executive Director	900 N. Kealy Lewisville, TX 75067	972-219-1228
Water Conservation Advisory Council C.E. Williams, Presiding Officer	Panhandle Groundwater Conservation District P.O. Box 637 White Deer, TX 79097	806-883-2501 cew@pgcd.us

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency)		
Group or Association Name Contact Person	Address	Telephone E-mail Address
Alliance for Water Efficiency Mary Ann Dickinson, Executive Director	P.O. Box 804127 Chicago, IL 60680	773-360-5100 866-730-2493 maryann@a4we.org
American Membrane Technology Association Ian C. Watson, Executive Director	2409 SE Dixie Hwy. Stuart, FL 34996	772-463-0820 iwatson@amtaorg.com
American Rainwater Catchment Systems Association Ramiro Ortiz, Central Region Representative	919 Congress Ave., Ste. 460 Austin, TX 78701	972-527-8283 Ramiro.ortiz@arcsa.org
Association of State Floodplain Managers/Variou Larry Larson, Executive Director	2809 Fish Hatchery Rd., Suite 204 Madison, WI 53713	(608) 274-0123 asfpm@floods.com
Border Environment Cooperation Commission Daniel Chacon, General Manager	P.O. Box 221648 El Paso, TX 79913	956-546-1655
Council of Infrastructure Financing Authorities (CIFA) Rick Farrell, Executive Director	316 Pennsylvania Avenue SE, Suite 404 Washington, DC 20003	202-547-7886 rfarrell@madisonassoc.com
EPA Region VI, HQ Water Quality Protection Division Miguel Flores, Director	Region 6 1445 Ross Avenue, Suite 1200 Dallas, TX 75202-2733	214-665-7101
Hart Research Institute for Gulf of Mexico Studies Texas A&M University-Corpus Christi Dr. Paul Montagna	6300 Ocean Drive, Unit 5869 Corpus Christi, TX 78412-5869 750 Channelview Drive Port Aransas, TX 78373	361- 825-2040 512-475-7813 paul.montagna@tamucc.edu
International Boundary & Water Commission C.W. (Bill) Ruth, Commissioner	4171 N. Mesa Street, Suite C-100 El Paso, TX 79902-1441	915-832-4703 800-262-8857
Interstate Council on Water Policy Peter Evans, Executive Director	51 Monroe Street, Suite PE-08A Rockville, Maryland 20850	703-243-7383 703-622-6660 phe@riverswork.com
Municipal Advisory Council of Texas Laura Slaughter , Executive Director	600 W. 8th Street P.O. Box 2177 Austin, TX 78768-2177	512- 476-6947 512-476-6948 x 205
National Oceanic and Atmospheric Administration (NOAA)		817-831-3289 x219 Greg.Shelton@noaa.gov

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Michael Fallon		469- 487-7028 Michael.p.fallon@usace.army.mil
Ray Russo		469- 487-7054 Ray.s.russo@usace.army.mil
U.S. Army Corps of Engineers Galveston District Office	2000 Fort Point Road Galveston, TX 77550	409-766-3018 Arthur.j.janecka@usace.army.mil
Art Janecka, Deputy District Engineer	CE SWG-PA PO Box 1229 Galveston, TX 77551	
U.S. Bureau of Reclamation Michael Connor, Commissioner	1849 C Street NW Washington DC 20240-0001	202-513-0501
U.S. Bureau of Reclamation Oklahoma-Texas Area Office Mark Trevino, Area Manager	5316 Hwy 290 West, Suite 510 Austin TX 78735-8931	512-899-4150 mtrevino@gp.usbr.gov
USDA/Natural Resources Conservation Service Don Gohmert, State Conservationist	101 South Main Temple, TX 76501	254 742-9800 Don.gohmert@tx.usda.gov
USDA Rural Development Paco Valentin, State Director	101 South Main Street, Suite 102 Temple, TX 76501	254-742-9710 Paco.valentin@tx.usda.gov
U.S. Geological Survey Bob Joseph, Director	8027 Exchange Drive Austin, TX 78754	512-927-3502 mjoseph@usgs.gov
Valley Interfaith Eduardo Anaya	114-A North Texas Avenue Mercedes, TX 78570	956-565-6316
Watreuse Association Foundation Wade Miller, Executive Director	1199 North Fairfax Street, Suite 410 Alexandria, VA 22314	703 548-0880
Western States Water Council Tony Willardson, Executive Director	942 East North Union Avenue, Suite A-201 Midvale, UT 84047-1764	801- 561-5300
CAPCOG Sean Moran, Regional Planning Director	6800 Burleson Road Building 310, Suite 165 Austin, TX 78744	512 916-6030 smoran@capcog.org
Columbia Regional Geospatial Service Center PR Blackwell, Director	106 South Pecan Street Nacogdoches, TX 75961	936-468-6100 prblackwell@sfasu.edu
Texas Association of Counties Bruce Barr, County GIS Analyst	1210 San Antonio Austin, TX 78701	512-478-8753 bruceb@county.org
USDA Farm Service Agency-Aerial Photography Field Office Geoff Gabbott, Chief Contracting Officer	2222 West 2300 South Salt Lake City, Utah 84119	801-844-2910 801-844-2922 kent.williams@slc.usda.gov
USDA – Natural Resources Conservation Service Dennis Williamson, State Soil Scientist	101 South Main Street Temple, TX 76501-7682	254-742-9830 Dennis.Williamson@tx.usda.gov

LIAISONS AT OTHER STATE AGENCIES (with which your agency maintains an ongoing relationship)		
Group or Association Name Contact Person	Address	Telephone E-mail Address
Texas House of Representatives Joe Straus, Speaker Shelly Botkin		512-463-1100
Texas Senate Lt. Governor Dewhurst's Office Carmen Cernosek, Senior Policy Analyst	State Capitol GE.17 Austin, TX 78701	512-463-4744 Carmen.cernosek@ltgov.state.tx.us
Office of the Governor Budget Planning & Policy Terry Zrubek, Agency Liaison	1100 San Jacinto Austin, TX 78701	512-463-1778 512-474-3547 Terry.zrubek@governor.state.tx.us
Office of the Attorney General Tom Bohl Jonathan Freels Thomas Edwards	300 W. 15 th Street Austin, Texas 78701	512-475-2929 Thomas.griess@oag.state.tx.us
Bond Review Board Robert C. Kline, Executive Director	P.O. Box 13292 Austin, Texas 78711-3292	512-463-1741 kline@brb.state.tx.us
Bureau of Economic Geology, Jackson School of Geosciences Dr. Scott Tinker, Director	J. J. Pickle Research Campus, Bldg. 130 10100 Burnet Rd. Austin, Texas 78758-4445	512-471-8241 Scott.tinker@beg.utexas.edu
Texas Comptroller of Public Accounts Luis Moreno, Appropriation Control Officer Laurel Mulkey, Financial Reporting Analyst Ron Pigott	111 E 17th St, Rm 901 Austin, TX 78774	512-463-5970 luis.moreno@cpa.state.tx.us 512-463-4584 laurel.mulkey@cpa.state.tx.us 512-463-5038 Ron.pigott@cpa.state.tx.us
Texas Department of Information Resources Brian Rawson, Executive Director	300 West 15th St., Suite 1300 Austin, TX 78701	512-463-9909 brian.rawson@dir.state.tx.us
Texas Department of Rural Affairs	1700 N. Congress Ave	512 936-6701

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Charlie Stone, Executive Director	Austin, TX 78701	charlie.stone@tdra.state.tx.us
Texas Facilities Commission Peter Maass Mike Lacy	1711 San Jacinto Austin, Texas 78701	512-463-9454 Peter.Maass@tfc.state.tx.us 512-463-3367 Michael.lacy@tfc.state.tx.us
Office of the Governor Budget Planning & Policy Terry Zrubek, Agency Liaison	1100 San Jacinto Austin, Texas 78701	512-463-1778 terry.zrubek@governor.state.tx.us
Legislative Budget Board Aaron Hendricksen, Agency Analyst	1501 North Congress Austin, Texas 78701	512-463-2177 Aaron.Henricksen@lbb.state.tx.us
Office of the Secretary of State Yvette Gonzalez, Border Affairs, Director of Colonia Initiative	1019 Brazos, Austin, TX 78701	512- 463-8948 Fax: 512-463-5678 ygonzalez@sos.state.tx.us
State Auditor's Office Michelle Feller, Senior Auditor	1501 North Congress Austin, Texas 78701-1428	512-936-9563 800-892-8348 mfeller@sao.state.tx.us
State Auditor's Office Jim Timberlake, Project Manager	1501 North Congress Austin, Texas 78701	512-936-9672 jtimberlake@sao.state.tx.us
Texas Commission on Environmental Quality Scott Swanson, Activity Coordination	P.O. Box 13087 MC-160 Austin, TX 78711-3087	512-239-0703 sswanson@tceq.state.tx.us
Texas Commission on Environmental Quality Dakus Geeslin, Lead for Coordination with Texas Instream Flow Program	12100 Park 35 Circle Bldg F MC-160 Austin, TX 78753	512-239-0058 PGeeslin@tceq.state.tx.us
Texas Commission on Environmental Quality Cary Betz, Chair of Texas Groundwater Protection Committee	MC154 TCEQ P. O. Box 13087 Austin, TX 78711-3087	512-239-4506 cbetz@tceq.state.tx.us
Texas Commission on Environmental Quality, Drinking Water Protection Program Sean Ables	P.O. Box 13087 MC 155 Austin, Texas 78711-3087	512-239-1758 sables@tceq.state.tx.us
Texas Department of Agriculture The Honorable Todd Staples, Commissioner Drew DeBerry, Deputy Commissioner	1700 N. Congress Ave. 11 th Floor Austin, TX 78701	512-463-7476 Drew.deberry@texasagriculture.gov
Texas Education Agency Activity coordination Irene Pickhardt	1701 N. Congress Avenue Austin, TX 78701-1494	512- 463-9581 irene.pickhardt @tea.state.tx.us
Texas Parks and Wildlife Department	4200 Smith School Road	512-389-4800

Cindy Loeffler, Chief Water Resources Branch	Austin, TX 78744 3000 South IH 35, Suite 320 Austin, TX 78704	cindy.loeffler@tpwd.state.tx.us
Texas Parks and Wildlife Department, Lead for coordination with Texas Instream Flow Program Kevin Mayes	P.O. Box 1685 San Marcos, TX 78667	512-754-6844 ext. 225 Kevin.Mayes@tpwd.state.tx.us
Texas State Soil and Water Conservation Board Rex Isom, Executive Director	P.O. Box 658 Temple, TX 76503-0658	254-773-2250 risom@tsswcb.state.tx.us
Texas Water Resources Institute B.L. Harris, Acting Director	1500 Research Parkway, Suite 240 2118 TAMU College Station, TX 77843-2118	979-845-1851 Bl-harris@tamu.edu
Texas Commission on Environmental Quality Carlos Rubenstein, Commissioner	12100 Park Circle, Bldg. F Austin, TX 78753	512 239-1000
Texas Historical Commission, Archeology Division Dr. James E. Bruseth, Director	P.O. Box 12276 Austin, TX 78711-2276	512- 463-5863 jim.bruseth@thc.state.tx.us
Texas Commission on Environmental Quality Mark R. Vickery, Executive Director	P.O. Box 13087 MC109 Austin, Texas 78711-3087	512-239-5105 512-239-3900 mvickery@tceq.state.tx.us
Texas Parks & Wildlife Department Carter Smith, Executive Director	4200 Smith School Road Austin, TX 78744-3291	512- 389-4804 carter.smith@tpwd.state.tx.us
Texas Department of Transportation Armadeo Saenz, Executive Director	Dewitt C. Greer State Highway Bldg. 125 E. 11th Street Austin, TX 78701-2483	512- 463-8585
Lower Colorado River Authority Thomas G. Mason, General Manager	P.O. Box 220 (H-300) 3700 Lake Austin Blvd., Austin, TX 78703	512- 463-3200
Upper Colorado River Authority Raymond Buck, General Manager	125 Lehmann Drive, Suite 100 Kerrville, TX 78028-5908	830-896-5445
Lavaca-Navidad River Authority Patrick Brzozowski, President	P.O. Box 429 Edna, TX 77957	361- 782-5229 pbrzozowski@lnra.org
Palo Duro River Authority Orval Allen	1203 N.E. 4 th Dumas, TX 79029	806- 935-5939
Brazos River Authority Phillip Ford, General Manager	4400 Cobbs Drive P.O. Box 7555 Waco, TX 76714-7555	254 761-3101 pford@brazos.org
Trinity River Authority Warren Brewer, Regional Manager	P.O. Box 60 Arlington, TX 76004-0060	817- 467-4343
Red River Authority Curtis Campbell, General Manager	Hamilton Building, Ste. 520	817- 723-0855 rwp@rra.dst.tx.us

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	900 8th Street Wichita Falls, TX 76301-6894	
Central Colorado River Authority of Texas Lynn Cardinas, General Manger	P.O. Box 964 Coleman, TX 76834-0964	325- 625-4398
Sabine River Authority Jerry Clark, General Manager	P.O. Box 579 Orange, TX 77631-0579	409-746-3200 jclark@sra.dst.tx.us
San Antonio River Authority Suzanne Scott, General Manager	100 E. Guenther St. P.O. Box 839980 San Antonio, TX 78283-9980	210- 227-1373
General Land Office Jerry Patterson, Commissioner	1700 N. Congress Avenue P.O. Box 12873 Austin, TX 78711-2873	512-463-5256 jerry.patterson@glo.state.tx.us
Edwards Aquifer Authority Velma Danielson, General Manager	1615 N. St. Mary's Street San Antonio, TX 78215-1415	210-222-9869
Texas Department of Public Safety Division of Emergency Management / Greg Pekar	PO Box 4087 Austin, Texas 78773-0220	512-424-2000 Gregory.Pekar@txdps.state.tx.us
Texas Department of Insurance/Various	P.O. Box 149104 Austin, TX 78714-9104	512-463-6169 PIO@tdi.state.tx.us
Texas General Land Office/Various	1700 N. Congress Ave. Suite 935 Austin, Texas 78701-1495	512-463-5001 800-998-4456 webmaster@glo.state.tx.us
Texas Parks and Wildlife Dept/Various	4200 Smith School Road, Austin, TX 78744	512-389-4800 800-792-1112
Texas Commission on Environmental Quality/Various	P.O. Box 13087 Austin, TX 78711-3087	512-239-1000 ac@tceq.state.tx.us
Health and Human Services/Various	Brown-Heatly Building 4900 N. Lamar Blvd. Austin, TX 78751-2316	512-424-6500 contact@hhsc.state.tx.us
Office of Rural Community Affairs/Various	Post Office Box 12877 Austin, Texas 78711	512-936-6701 800-544-2042 sseng@orca.state.tx.us
Texas Department of Transportation/Various	125 East 11th St., Austin, TX 78701	800-558-9368
Comptroller of Public Accounts – Council on Competitive Government, Dustin Lanier, Director	111 E. 17 th Street Austin, Texas 78711	512-463-7120 dustin.lanier@ccg.state.tx.us
Federal Emergency Management Agency/ Ross Richardson/Various	Region VI 800 North Loop 288 Denton, TX 76209	ross.richardson@dhs.gov
Texas Spatial Reference Center Dr. Gary Jeffress, RPLS, Director	6300 Ocean Drive, Corpus Christi, TX 78412-5868	361-825-2720 jeffress@tamucc.edu
Texas Geographic Information Council Bruce Barr, Chair	1210 San Antonio Austin, TX 78701	512-478-8753 bruceb@county.org

Texas State Library and Archive Commission Jan Ferrari	PO Box 12927 Austin, TX 78711	jferrari@tsl.state.tx.us
Texas Forest Service Curt Stripling, GIS Specialist	301 Tarrow, Suite 304 College Station, TX 77840	979-458-7332 cstripling@tfs.tamu.edu

XI. Additional Information

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

Texas Water Development Board Exhibit 16: Complaints Against the Agency C Fiscal Years 2007 and 2008		
	FY 2007	FY 2008
Number of complaints received	5	9
Number of complaints resolved	3	3
Number of complaints dropped/found to be without merit	2	4
Number of complaints pending from prior years	0	2*
Average time period for resolution of a complaint	33 days	4 days

* Complaints were EEOC charges and are in current litigation.

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases. See Exhibit 17 Example or [click here to link directly to the example](#).

Texas Water Development Board Exhibit 17: Purchases from HUBs				
FISCAL YEAR 2006				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	N/A	N/A	N/A	57.2%
Professional Services	\$438,704	\$0	0.0%	20.0%
Other Services	\$1,295,958	\$506,513	39.0%	33.0%
Commodities	\$981,919	\$255,474	26.0%	12.6%
TOTAL	\$2,716,582	\$761,987	28.0%	

FISCAL YEAR 2007				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	\$166	\$0	0.0%	57.2%
Professional Services	\$169,801	\$0	0.0%	20.0%
Other Services	\$3,416,719	\$723,458	21.1%	33.0%
Commodities	\$1,339,188	\$538,815	40.0%	12.6%
TOTAL	\$4,925,876	\$1,260,274	25.5%	
FISCAL YEAR 2008				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	\$500	\$0	0.0%	26.1%
Special Trade	\$551	\$0	0.0%	57.2%
Professional Services	\$579,013	\$0	0.0%	20.0%
Other Services	\$2,008,255	\$447,417	22.2%	33.0%
Commodities	\$1,037,810	\$262,004	25.2%	12.6%
TOTAL	\$3,626,131	\$709,422	19.5%	

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.15b)

The TWDB follows the guidelines established for the State Comptroller and diligently works to exceed minimum percentages in all HUB categories.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.14)

Yes.

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

	Response / Agency Contact
1. Do you have a HUB coordinator? (Texas Government Code, Sec. 2161.062; TAC Title 34, Part 1, rule 20.26)	Yes – Tina Newstrom (512-463-7825) or Angela Ash (512-463-7979)
2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Sec. 2161.066; TAC Title 34, Part 1, rule 20.27)	Yes – Tina Newstrom (512-463-7825)
3. Has your agency developed a mentor-protege program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Sec. 2161.065; TAC Title 34, Part 1, rule 20.28)	Yes – Tina Newstrom (512-463-7825)

F. Fill in the chart below detailing your agency’s Equal Employment Opportunity (EEO) statistics.³ See Exhibit 18 Example or [click here to link directly to the example.](#)

Texas Water Development Board Exhibit 18: Equal Employment Opportunity Statistics							
FISCAL YEAR 2006							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	24	1	6.6%	2	14.2%	10	37.3%
Professional	252	20	8.3%	42	13.4%	89	53.2%
Technical	1	0	12.4%	0	20.2%	0	53.8%
Administrative Support	0	0	11.2%	0	24.1%	0	64.7%
Service Maintenance	25	5	13.8%	6	40.7%	22	39.0%
Skilled Craft	0	0	6.0%	0	37.5%	0	4.8%

³ The Service/Maintenance category includes three distinct occupational categories: Service/Maintenance, Para-Professionals, and Protective Services. Protective Service Workers and Para-Professionals are no longer reported as separate groups. Please submit the combined Service/Maintenance category totals, if available.

FISCAL YEAR 2007							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	24	1	9.0%	2	23.7%	14	38.8%
Professional	249	16	11.7%	43	19.9%	89	54.5%
Technical	1	0	17.0%	0	27.0%	0	55.6%
Administrative Support	0	0	13.2%	0	31.9%	0	66.2%
Service/Maintenance	28	6	12.8%	7	44.8%	24	39.7%
Skilled Craft	0	0	5.1%	0	46.9%	0	5.1%
FISCAL YEAR 2008							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	26	1	9.0%	2	23.7%	12	38.8%
Professional	278	17	11.7%	47	19.9%	105	54.5%
Technical	1	0	17.0%	0	27.0%	0	55.6%
Administrative Support	0	0	13.2%	0	31.9%	0	66.2%
Service/Maintenance	36	5	12.8%	12	44.8%	31	39.7%
Skilled Craft	0	0	5.1%	0	46.9%	0	5.1%

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

It is the intent of the TWDB to provide equal employment opportunity for all persons regardless of race, color, age, gender, religion, national origin, disability, or veteran's status. Physical disability or condition is not considered a factor in employment unless the specific job so warrants.

Equal opportunity is provided for all persons in the areas of recruiting, hiring, transfers, promotions, training, compensation, benefits, layoffs, and terminations. Vacancies are filled in accordance with agency job descriptions, State Classification system guidelines, and legislative appropriations.

It is the TWDB policy to regularly inform employees about the complaint process available for handling complaints of discrimination or other problems related to equally employment opportunity. Any TWDB employee who has equal employment opportunity-related questions, problems, or complaints may communicate his/her concern to the immediate supervisor, any supervisor in the chain of command, any supervisor within the agency, the Deputy Executive Administrator for Operations and Administration, the

General Counsel, the Human Resources Director, or any member of the Human Resources or Legal Services staff. All complaints will be handled fairly and expeditiously. It is the TWDB's policy that no employee shall suffer reprisal for seeking resolution of a problem through this procedure.

In determining statistically under-represented Equal Employment Opportunity groups, the TWDB uses the Equal Employment Opportunity Commission's Rule of 80. Using this rule, an under-represented group is considered statistically significant when the percentage of representation within the agency's workforce is below 80 percent of that in the civilian workforce.

Using statistical data of the TWDB's workforce as of 8/31/08, it has been determined that the following categories are under-represented in comparison to the civilian workforce. The percentages listed represent the percentage increase that must be accomplished to bring the targeted groups within Equal Employment Opportunity Commission's Rule of 80.

Overall in the agency:

- African Americans are underutilized by 10.4 percent
- Hispanic Americans are underutilized by 1.9 percent
- Females are underutilized by 12.3 percent
- Other Americans are underutilized by 2.3 percent

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

The TWDB administers several federal- and state-funded loan and grant programs that provide financial assistance to communities for constructing water- and wastewater-related projects. Annually, these programs collectively fund several hundred million dollars of infrastructure throughout the state. With few exceptions, political subdivisions are the only entities eligible for funding under these programs. The Project Finance group is responsible for administering these programs and currently has nine water and wastewater financial assistance programs; two are federally funded and seven are funded by the state. These programs are listed below.

Federally Funded Programs

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund

State Funded Programs

- Development Fund
- Colonia Self Help Program
- Economically Distressed Areas Program
- Rural Water Assistance Fund State Participation
- Agricultural Water Conservation Program
- State water plan
 - Water Infrastructure Fund

The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) are capitalized with federal funds from the EPA. The CWSRF is also funded with state revenue bonds. Entities receiving federal assistance are required to comply with federal environmental and procurement requirements. The state funded programs are funded from revenue and general obligation bonds and funds appropriated by the legislature.

Federal Financial Assistance Programs

Clean Water State Revolving Fund (CWSRF)

Objective

The TWDB's CWSRF program is funded in part by federal grant money, with the state providing matching funds. The CWSRF provides loans at interest rates lower than the market to political subdivisions with the authority to own and operate a wastewater system. Although nonprofit water supply corporations are considered political subdivisions for various other TWDB programs, they are not eligible to receive assistance from the CWSRF.

CWSRF loans can be used for planning, designing, and constructing wastewater treatment facilities, wastewater recycling and reuse facilities, collection systems, stormwater pollution control, nonpoint source pollution control, and estuary management projects.

The CWSRF offers fixed and variable rate loans at subsidized interest rates. The maximum repayment period for a CWSRF loan is 30 years from the completion of project construction. A cost-recovery loan origination fee of 1.85 percent is imposed to cover administrative costs of managing a loan throughout its term. Applicants have the option to finance the origination fee in their loan or to pay it at closing. An additional interest rate subsidy is offered to those financing the origination fee.

Effectiveness

From June 16, 1988, through August 31, 2008, the TWDB had awarded \$5.2 billion in total commitments through the CWSRF, with closed loans accounting for approximately \$4.6 billion of this amount. In addition, the program had approximately \$443.3 million in outstanding loans as of August 31, 2008. Through FY 2008, the program had provided financial assistance to 319 entities that provided sewer service to a total of 12,058,583 individuals.

In 2006, The U.S. Environmental Protection Agency (EPA) selected the High Island Independent School District in Galveston County as the winner of the CWSRF Performance and Innovation in the SRF Creating Environmental Success (PISCES) Award. The 2006 PISCES Award recognizes CWSRF borrowers that achieved significant environmental and economic benefits with innovative and effective projects

The school district replaced inadequate septic systems with a low pressure septic tank pump system and a constructed wetlands treatment system, reducing point and nonpoint source pollution. The project used a \$250,000 CWSRF loan and federal and state grants. In addition, the land was donated by the Audubon Society and has been restored as a wildlife/bird watching area. The CWSRF loan helped the district capitalize on its only revenue source, school property taxes.

In 2007, the EPA selected the TWDB to receive its PISCES award for its remarkable support of water efficiency through water reuse for its long-term regional water planning process. In particular, the EPA praised an El Paso County reuse project and a City of Austin wastewater reclamation project, both of which were funded through the CWSRF program. The TWDB was also lauded for requiring all loan

recipients to have water conservation and drought contingency plans prior to funding.

In 2009, The EPA selected the City of Eagle Pass to receive two awards—the fourth annual PISCES award and the Drinking Water State Revolving Fund (DWSRF) Award for Sustainable Public Health Protection. Nominated by the TWDB, the City received the awards in recognition of projects that increase the sustainability of water and wastewater.

The Eagle Pass projects demonstrated 1) innovation in financing, 2) creative use of partnerships, and, 3) efficient use of water resources. The City has been able to establish financial integrity and affordability by coordinating state and federal grant and loan programs. With the help of these programs, Eagle Pass has achieved regional utility system improvements that meet the water quality and health standards of the Clean Water Act and the Safe Drinking Water Act. Using the CWSRF, the City replaced two aging interceptor lines and several high-maintenance lift stations with two gravity-flow interceptors sized to extend service to colonia areas located in the county as well as accommodate the City's population. A water reuse system was also constructed to save water to be used in municipal irrigation. In addition, the project used the CWSRF to construct sewage collection systems in under-served colonia communities, which are outlying residential areas often built without adequate water and sewage facilities.

The City used the DWSRF to construct a new 19 million-gallon-per-day water treatment plant, three new major water transmission lines, and three new elevated storage tanks. Eagle Pass also used the funds to purchase a failing water supply corporation. This project allowed the City to become a regional water provider serving about 97 percent of the residents of Maverick County. The purchase of the El Indio Water Supply Corporation enabled Eagle Pass to upgrade the quality and quantity of safe drinking water to minimum state standards for many of the colonia residents living in areas near the City. All City residents benefit from the new water treatment plant that incorporated ultra-filtration membrane technology, which allows the treatment of poor quality raw water from the Rio Grande to current drinking water standards.

History

In 1987, the TWDB added the CWSRF to its portfolio of financial assistance programs. Low-interest loans from the CWSRF were designed to finance costs associated with planning, designing, constructing, expanding, or improving wastewater treatment facilities, wastewater recycling and reuse facilities, collection systems, stormwater pollution control projects, and nonpoint source pollution control projects.

In FY 1998, the TWDB revised the CWSRF program by establishing an Intended Use Plan (IUP), which included a priority rating system and EPA compliance requirements. The priority system for allocating CWSRF funds involved rating and ranking projects into eight different categories. The categories include six population categories, a category for Rural Hardship Community Grant Fund Program projects, and one for nonpoint source/bays and estuaries projects. Prior to these changes, the IUP included all eligible entities across the state. Projects on the list were funded on a ready-to-proceed or first-come, first-served basis.

In FY 2004, the program was amended to offer up to \$30 million in loans for wastewater projects at an interest rate of 0 percent or 1 percent, for eligible entities that qualify as disadvantaged. Disadvantaged communities funding was limited to political subdivisions with a population equal to or less than 25,000, as listed in Categories A, B, and C of the Intended Use Plan.

The CWSRF program was amended again in FY 2007 to extend the maximum repayment period

for a CWSRF loan from 20 to 30 years from the completion of construction.

Entities Affected

Political subdivisions with the authority to own and operate a wastewater treatment facility are the entities eligible for financial assistance under the CWSRF. Interest rates vary according to the type of financing selected and are locked in at closing. Applicants have the following interest rate options available.

Tier III

This funding option offers an interest rate subsidy up to 1.95 percent below market interest rates, excluding the loan origination fee. These funds are available on a first-come, first-served basis. Applicants for these funds must comply with federal procurement and environmental review requirements.

Tier II

This funding option offers an interest rate subsidy of up to 0.95 percent below market interest rates, excluding the loan origination fee. These funds are made available to entities after the Tier III funds have been committed.

Short-term, Variable Rates (federal, state)

Variable rates are available during the construction period but must convert to a long-term, fixed rate loan within 90 days of the completion of project construction. The variable interest rates are generally about 2 percent below the above-described fixed rates or up to 2.95 percent below the market rate. Borrowers have the option to convert to long-term, fixed rate financing at any time prior to project completion.

Disadvantaged Communities

This funding option provides eligible entities with an interest rate of 0 percent or 1 percent. The TWDB can provide this funding option to:

- A political subdivision that meets the criteria for a disadvantaged community and has a population less than or equal to 25,000, or
- An area located outside the boundaries of a political subdivision that meets the criteria for a disadvantaged community and has a population less than or equal to 25,000. In these cases, the political subdivision must apply on behalf of the area located outside its boundaries. A disadvantaged community is defined as an area (where the project will provide service) that has an *adjusted* annual median household income that is no more than 75 percent of the state annual median household income; and
- If the service area is not charged for sewer services, has a household cost factor for water rates greater than or equal to 1 percent; or
- If the service area is charged for water and sewer services, has a combined household cost factor or water and sewer rates greater than or equal to 2 percent.

Coordination

Coordination efforts between the TWDB and the Texas Commission on Environmental Quality

- The Texas Commission on Environmental Quality administers the nonpoint source program and regulates and enforces water quality standards within the state. The TWDB provides funding for nonpoint source projects. The TWDB coordinates with the Texas Commission on Environmental Quality to ensure that best management practices are followed and that funding will be awarded to projects in a priority segment based on the Texas Commission on Environmental Quality's 303(d) Clean Water Act list of threatened and impaired water bodies (319 of the Clean Water Act).
- The TWDB obtains the latest water quality information and self-reporting data from the Texas Commission on Environmental Quality for use in assigning priority rankings for wastewater projects applying for CWSRF financing.
- The Texas Commission on Environmental Quality prepares an area-wide wastewater management plan identifying designated management agencies responsible for providing specified services within their assigned boundaries.
- The TWDB coordinates with the Texas Commission on Environmental Quality to verify consistency with area-wide wastewater management plans to ensure that funding is awarded to appropriate applicants.
- The Texas Commission on Environmental Quality establishes design criteria for wastewater systems, and develops procedures concerning the submission and review of proposed designs; the TWDB may offer proposed variances to design criteria for sewage systems to ensure consistency between agencies.
- To avoid duplication of workload and expedite review time, projects receiving funding from the TWDB are exempt from the Texas Commission on Environmental Quality review when the TWDB approves the plans and specification of the project. (Water Code 17.276(d))

Coordination efforts between the TWDB and the Texas Historical Commission

- The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.
- Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

Drinking Water State Revolving Fund (DWSRF)

Objective

The TWDB's Drinking Water State Revolving Fund (DWSRF) is funded in part by federal grant money, with the state providing matching funds. The DWSRF provides loans at interest rates lower than the market offers to finance projects for public drinking water systems that facilitate compliance with primary drinking water regulations or otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act. Projects must also be consistent with the current state water plan. Applicants may be political subdivisions of the state, nonprofit water supply corporations, privately-owned water systems, and state agencies.

Loans can be used for planning, designing, and constructing projects to upgrade or replace water supply infrastructure; correct exceedances of the Safe Drinking Water Act drinking water standards; consolidate water supplies; and purchase capacity in water systems. DWSRF loan proceeds can also be used to purchase land integral to the project. Under the Source Water Protection Program, an applicant may apply for a loan to purchase land or conservation easements if the purpose of the purchase is to protect the source water of a public water system from contamination and to ensure compliance with national primary drinking water regulations.

Effectiveness

As of August 31, 2008, the TWDB had awarded \$971 million in total commitments through the DWSRF, with closed loans accounting for approximately \$405.6 million of this amount. In addition, the program had approximately \$448 million in outstanding loans as of August 31, 2008. Through FY 2008, the program had provided financial assistance to 93 entities that provided drinking water service to 2,795,439 individuals.

In 2006, the Possum Kingdom Water Supply Corporation (Corporation), located in Palo Pinto and Stephens counties, was the recipient of the DWSRF Award for Sustainable Public Health Protection. The award recognizes borrowers and their supporters who achieve results that go beyond the typical project, showing exceptional creativity and dedication to public health protection. The Possum Kingdom area residents received their water from 60 small, non-compliant independent water systems. In 1992, the Corporation was created to consolidate the small systems into a single regional water distribution system. The Corporation received a \$4.7 million DWSRF loan in 1998, along with \$6.5 million in U.S. Department of Agriculture—Rural Development funds. A new water intake plant was constructed, and other improvements were made. Today, area residents receive safe, healthy drinking water. The Corporation has received a second DWSRF loan to expand the system further.

In 2009, The EPA selected the City of Eagle Pass to receive two awards—the fourth annual Performance and Innovation in the SRF Creating Environmental Success (PISCES) award and the DWSRF Award for Sustainable Public Health Protection. Nominated by the TWDB, the City received the awards in recognition of projects that increase the sustainability of water and wastewater.

The Eagle Pass projects demonstrated 1) innovation in financing, 2) creative use of partnerships, and, 3) efficient use of water resources. The City has been able to establish financial integrity and affordability by coordinating state and federal grant and loan programs. With the help of these programs, Eagle Pass has

achieved regional utility system improvements that meet the water quality and health standards of the Clean Water Act and the Safe Drinking Water Act.

The City used the DWSRF to construct a new 19 million-gallon-per-day water treatment plant, three new major water transmission lines, and three new elevated storage tanks. Eagle Pass also used the funds to purchase a failing water supply corporation. This project allowed the City to become a regional water provider serving about 97 percent of the residents of Maverick County. The purchase of the El Indio Water Supply Corporation enabled the City to upgrade the quality and quantity of safe drinking water to minimum state standards for many of the colonia residents living in areas near the City. All of the City residents benefit from the new water treatment plant that incorporated ultra-filtration membrane technology, which allows the treatment of poor quality raw water from the Rio Grande to current drinking water standards.

History

In 1997, DWSRF was established by state law, in accordance with the Safe Drinking Water Act amendments of 1996. The TWDB was given the authority to manage the loan fund and to make low-interest loans to water systems to bring them into compliance with the federal Safe Drinking Water Act rules. The Texas Commission on Environmental Quality was designated as the state primacy agency with the authority to enforce provisions of the Act.

At the program's inception, the TWDB was authorized to only fund projects proposed by political subdivisions of the state. Texas Senate Bill 1, effective September 1, 1997, allowed the TWDB to extend financial assistance to disadvantaged communities, eligible private applicants, and eligible nonprofit/non-community applicants.

Entities Affected

Applicants may be political subdivisions of the state, nonprofit water supply corporations, privately owned water systems, and state agencies. The DWSRF offers a net long-term fixed interest rate loans at subsidized interest rates.

A limited amount of funding is available each year to applicants that qualify as disadvantaged communities.

Coordination

Coordination efforts between the TWDB and the Texas Historical Commission

- The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.
- Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

Coordination efforts between the TWDB and the Texas Commission on Environmental Quality

- The TWDB has a contractual agreement with the Texas Commission on Environmental Quality under the DWSRF Set-Aside Agreement. The Texas Commission on Environmental Quality is the state primacy agency for providing activities such as rating and ranking projects for priority, state program management, small systems technical assistance, source water protection, and capacity development.

State Financial Assistance Programs

Development Fund

Objective

The Development Fund provides financing for acquiring, improving or constructing such water-related projects as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, and water treatment plants. It also finances the purchase of water rights. The Development Fund also provides financing for wastewater collection and treatment projects and flood control projects.

Loan applicants under the program must be a political subdivision of the state or a nonprofit water supply corporation. Political subdivisions include cities, counties, districts, and river authorities. Water supply projects must be consistent with the current state water plan.

The interest rate on a Development Fund loan varies depending on market conditions. The lending rate scales are set at the higher of either the Delphis Hanover Scale or at 0.35 percent above the TWDB's borrowing cost. The lending rates are intended to provide reasonable rates for customers while covering the TWDB's cost of funds and risk exposures.

Using the TWDB's pre-design funding option, an eligible applicant may receive a loan commitment based on preliminary engineering, environmental, economic, and social information. Funds for completing detailed planning, including environmental studies, are provided at closing. Funds for design, preparation of final plans and specifications, and construction are placed in escrow until needed. The interest rate is locked in at closing. The pre-design funding option is available for most water supply and treatment projects and wastewater projects. As with other TWDB loan programs, the applicant's ability to repay the loan is the major determining factor in the approval for using the pre-design funding option. If the pre-design funding option is not used, the applicant must develop plans and specifications and have them approved, obtain all necessary permits and open bids prior to closing the loan.

Effectiveness

As of August 31, 2008, the TWDB had committed \$1.9 billion, and closed loans accounted for \$1.4 billion. The program had approximately \$300 million in outstanding commitments as of August 31, 2008. Through FY 2008, the program provided financial assistance to 595 entities that provided service to a total of 7,152,251 individuals.

History

The Development Fund was created in 1957 to provide loans for water supply, water quality enhancement, and flood control. In November 1997, the Texas Constitution was amended to create the Texas Water Development Fund II to modernize the flow of funds and maximize the use of the remaining bond authorizations.

Entities Affected

Loan applicants under the program must be a political subdivision of the state or a nonprofit water supply corporation. Political subdivisions include cities, counties, water districts, and river authorities. Water supply projects must be consistent with the current state water plan.

Coordination

Coordination efforts between the TWDB and the Texas Historical Commission

The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.

Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

Colonia Self-Help Program

Objective

The Colonia Self-Help Program provides financial assistance to grass roots initiatives in economically distressed areas. Through the program, the TWDB provides grant assistance for the cost of getting adequate water and wastewater service to colonias where the local residents provide volunteer labor (sweat equity) to construct the facilities and/or donate equipment, materials, and supplies.

A colonia is an economically distressed area located within 50 miles of an international border in which the water supply or sewer services are inadequate to meet minimal needs of residential users because they do not meet minimum state standards; the financial resources are inadequate to provide services to meet those needs; there is an established residential subdivision within the area consisting of 11 or more dwellings located in close proximity to each other on June 1, 2005.

The Colonia Self-Help Program offers grants for 100 percent of the eligible expenses by reimbursing incurred expenses in a self-help project that results in providing adequate water or wastewater services to a colonia. Eligible expenses include those related to construction, facility planning, platting, surveying, engineering, equipment, and other costs specifically approved by the TWDB.

Effectiveness

As of August 31, 2009, the TWDB had awarded \$492 thousand in total commitments to twelve projects through the Colonia Self-Help Program. Eight of the projects have been completed and four are still under construction. The savings created through residential cash contributions and labor and local in-kind services (i.e., equipment, materials, engineering, and inspection) totaled more than \$605 thousand.

History

The Colonia Self-Help Program was created by the 77th Texas Legislature in 2001 as a provision to the TWDB's Sunset legislation, Senate Bill 312 by Senator Judith Zaffirini and Representative Warren Chisum. The program provides grant assistance to grass roots initiatives in economically distressed areas through nonprofit organizations. In exchange for grant assistance, resident volunteers provide labor (sweat equity) and/or donate equipment and materials/supplies to construct the water and/or sewer facilities at residences in colonias. Projects must be located in one of the 27 counties within 50 miles from the international border. The TWDB transferred initial seed money (approximately \$389,000 representing pending projects) for the program from the Economically Distressed Areas Program (facility planning funds). In 2001, the 77th Legislature in 2001 authorized the TWDB to award funding for self-help projects directly to nonprofit organizations. In 2006, the TWDB received documentation from the Rensselaerville Institute identifying approximately \$1.5 million in water and wastewater infrastructure needs in colonias. During the TWDB's strategic planning stakeholders' meeting in October 2005, stakeholders specifically emphasized the need for additional self-help project funding. Because of this demand, the TWDB submitted a special item appropriation request to the 80th Texas Legislature in 2005 requesting \$774,891 for FYs 2008–2009 for the Colonia Self-Help Program. During the 80th Legislative Session in 2007, Senator Judith Zaffirini secured an appropriation of \$600,000 for the program to fund grants over the FY 2008–2009 biennium.

To encourage more entities to submit applications for grants from the Colonia Self-Help Program, the

TWDB asked the 81st Texas Legislature to amend Section 15.954, Water Code, to allow a greater pool of sponsors to be eligible for the program and allow political subdivisions to act as sponsors. Senate Bill 1371 by Senator Eddie Lucio, Jr., and Representative Eddie Lucio was passed and became effective September 1, 2009. Senate Bill 1371 also removes the requirement that "colonia" consist of 11 or more dwellings and allows the TWDB to determine whether the project will be cost effective.

Entities Affected

The Colonia Self-Help Program is limited to projects in colonias in a county, any part of which is within 50 miles of the international border. Certain nonprofit organizations with tax exempt status under section 501(c)(3) of the Internal Revenue Service Code are eligible.

Coordination

Not applicable

Economically Distressed Areas Program (EDAP)

Objective

EDAP provides financial assistance for supplying water and wastewater services to economically distressed areas where water and wastewater facilities either do not exist or are currently inadequate to meet minimum state standards. The 71st Texas Legislature (1989) passed comprehensive legislation that established EDAP to be administered by the TWDB. The program provides financial assistance in the form of a grant or a combination grant/loan to provide water and wastewater services to economically distressed areas to meet the minimal needs of residents. The program includes measures to prevent future substandard development, the model subdivision rules. Subsequently, the 79th Texas Legislature (2005) passed legislation that changed the definition of an economically distressed area, essentially expanding the program statewide.

EDAP can fund planning, land acquisition, design, construction for new service, or improvements to water supply and wastewater collection and treatment works, including all necessary engineering work. The program will not fund ongoing operation and maintenance expenses. EDAP applicants are responsible for operating and maintaining their systems.

Effectiveness

As of August 31, 2008, the TWDB had awarded \$189.5 million in total commitments through EDAP, with closed loans and grants accounting for \$161.1 million of this amount. As of August 31, 2008, there remained \$14.8 million in outstanding commitments. Through FY 2008, the program provided financial assistance to 82 entities that provided drinking water and/or sewer service to a total of 443,215 individuals. The TWDB was appropriated \$43.3 million for debt service on EDAP bonds for the 2008–09 biennium. Of this amount, \$39.2 million was from General Revenue and the balance was from loan repayments in the program.

The 80th Legislature authorized the TWDB to issue up to \$37.5 million in general obligation bonds for EDAP projects identified in the 2007 State Water Plan. During the FY 2008–2009 biennium, the agency awarded \$16.9 million in total commitments for these projects.

For FY 2008, measures in the TWDB's Goal 2 Strategy were relevant to this question.

Output Measure 02-01-02.03 - KEY

Number of completed Economically Distressed Areas projects	
FY 2008 Performance	FY 2008 Target
70 (86.42%)	81

Output Measure 02-01-02.04

Number of construction contracts in progress for Economically Distressed Areas projects	
FY 2008 Performance	FY 2008 Target
37 (82.22%)	45

Explanatory Measure 02-01-02.01

Number of economically distressed areas (colonias) residents provided with a construction commitment	
FY 2008 Performance	FY 2008 Target
271,731 (102.50%)	265,107

Explanatory Measure 02-01-02.02

Number of economically distressed areas (colonias) residents for which adequate water supplies or wastewater services are available	
FY 2008 Performance	FY 2008 Target
226,435 (90.57%)	250,000

History

The TWDB, state leaders, legislators, and the citizens of Texas have been active in providing water and wastewater services to economically distressed areas of the state for nearly 20 years. In 1989, the 71st Legislature passed comprehensive legislation that established EDAP to be administered by the TWDB and to establish model subdivision rules for regulating future residential subdivisions. EDAP provides financial assistance in the form of a grant or a combination grant/loan to political subdivisions, including cities, counties, water districts, and nonprofit water supply corporations to provide water and wastewater to Texas residents without service or those with existing inadequate systems.

In 1989 and 1991, Texas voters supported constitutional amendments that provided a cumulative \$250 million in bonds for EDAP. Starting in 1992, the EPA became a significant partner in the efforts to assist economically distressed areas with their establishment of the Colonia Wastewater Treatment Assistance Program, a \$300 million program designed to fund wastewater, and later, water services in areas located within 100 kilometers of the Texas-Mexico border. This federal program provided much-needed additional program funds. Since that time, the success of the program and the recognition by state and local leaders of the need for increased services has created financial challenges in sustaining its viability and enabling it to expand to meet more Texans' needs. To address the challenges, in 1999 through Senate Bill 1421, 76th Legislature, Senator Eddie Lucio, Jr. introduced the first efforts to modify the program to assist more economically distressed residents by creating a comprehensive project area. This legislation facilitated projects getting underway as sponsors were previously hesitant to undertake projects that did not include all sections of the subdivision. In 2001, the 77th Legislature recognized the need to assist EDAP project owners with financial, managerial and technical assistance, and passed Senate Bill 649, authored by Senator Carlos Truan.

In January 2002, the TWDB recognized that EDAP needs far exceeded the amount of uncommitted EDAP funds. Former TWDB Chairman William Madden advised Governor Rick Perry that only \$67 million remained in the program, and would likely be exhausted within a few years. In 2003, the TWDB took action in managing the remaining funds by notifying applicants of funding limitations and placing a moratorium on new projects. The TWDB developed a strategy to manage the funds by prioritizing projects so that increases to existing projects were funded first, before allowing projects in the planning phase to move into design or construction.

During this time, both EDAP and Colonia Wastewater Treatment Assistance Program funding for program staff was declining, and TWDB staffing levels were reduced hindering the ability to administer the program. The construction industry was experiencing huge cost increases in cement, pipe, and other materials that resulted in projects stalling due to the lack of program funds. The North American Development Bank and other federal agencies were also experiencing budget reductions to their grant programs. The TWDB staff worked diligently with the applicants and other potential funding agencies to locate funds for project cost overruns and expedite their progress.

These challenges bolstered the efforts of the TWDB to support EDAP. Aging infrastructure, coupled with the drought and the state's growing population, increased the need for adequate water and wastewater services in economically distressed areas. Several TWDB Board members toured colonias and committed to action to ensure the future of EDAP, making it the TWDB's highest legislative priority.

Based on a request to the 77th Legislature in 2001, the TWDB's approved appropriation for FY 2002–2003 included debt service supporting issuance of \$65.7 million in bonds for EDAP. The TWDB issued \$23.98 million in EDAP bonds in 2002; however, Texas, like many other states in those years, encountered a budget crisis that resulted in interim reductions of the prior approval when the 78th Legislature met in January 2003. As a result, the TWDB was not allowed to issue the remaining \$41.72 million of those bonds during the FY 2002–2003 biennium.

In 2003, the TWDB's Legislative Appropriations Request for FY 2004–2005 included a request for authorization to resume issuing \$25 million in EDAP bonds per year and for \$20 million cash for EDAP funding. The 78th Legislature chose to only authorize \$25 million to be issued during FY 2004–2005.

In 2005, the TWDB requested authority to issue the final \$37 million in EDAP bonds and \$25 million in cash and administrative support to allow for completion of all projects. The 79th Legislature appropriated

debt service to support \$25 million in EDAP bonds. The final \$12 million in bonds from the original \$250 million remained unauthorized at this point. Also, during the 79th Legislative Session, House Bill 467, introduced by Representative Kevin Bailey, changed EDAP eligibility requirements and created a statewide program.

The TWDB continued the moratorium on new projects until additional funding was identified in order to ensure EDAP existing projects were completed, prioritizing those with federal Colonia Wastewater Treatment Assistance Program funds previously committed. Project delays, inflation, and staffing level reductions slowed the disbursement of both EDAP and federal funds. In 2006, the TWDB began implementing House Bill 467 by adopting new rules for the statewide program that focused on program changes meant to expedite projects. These rule changes also included a means to prioritize existing applications that had previously been in line for funding under the initial EDAP eligibility criteria. To adequately administer projects, the TWDB pursued and received an additional \$3.3 million in administrative funds from the EPA. The TWDB then lifted the moratorium on new EDAP applications.

During the 80th Legislative session in 2007, the TWDB furthered its efforts to secure future EDAP funding. The TWDB Executive Administrator Kevin Ward's testimony to the 80th Legislature at a late-session House Appropriations Committee Hearing emphasized the need for additional state funding to avoid the potential loss of millions of dollars in federal Colonia Wastewater Treatment Assistance funds. TWDB's FY 2008–09 Legislative Appropriations Request included three EDAP requests. The first two requests were for authorization to issue the remaining \$12 million in bonds from the original \$250 million and for the operating funds to administer the completion of existing projects and the anticipated new projects. The remaining EDAP request was for \$54 million in grant funding, along with operational funds, to address House Bill 467 passed by the 79th Legislature, which made EDAP a statewide program. In responding to these requests, the 80th Legislature passed Senate Joint Resolution 20, by Senator Eddie Lucio, Jr. and Representative Norma Chavez, that provided a \$250 million constitutional amendment for EDAP bonds, approved appropriation for debt service on the remaining \$12 million EDAP bonds, and funded administration related to the current EDAP program, House Bill 467, and the state water plan. Overall, the 80th Legislature provided additional EDAP funding of \$3 million in operations for the biennium with 24 FTEs and authorization for the issuance of \$99 million in EDAP bonds. Voters approved Proposition 16 in November 2007, and EDAP was now poised to move forward, with adequate staffing and program funding in place.

During the 81st Legislative session in 2009, changes were made to the Local Government Code, impacting the model subdivision rules. Prior to 2009, cities and counties had limited enforcement tools available to prevent substandard residential developments. Some critics believed many of these restrictions resulted in an undue hardship on the purchasers of the properties that the laws were meant to protect and resulted in further victimization, rather than simply preventing more victims of unscrupulous developers. Because of restrictions to providing only electricity or gas services to lots platted before 1989, individual lots were required to be re-platted before water or sewer services could be connected. The result was not only an undue financial burden to re-plate the entire tract of land, but also the limitation of the ability to systematically phase in water and sewer services to areas that need it most.⁴

Senate Bill 2253 by Senator Judith Zaffirini and Representative Ryan Guillen amended the Local Government Code to allow a utility or entity to connect utility services, including water and sewer services, to certain existing residences in a colonia without a certificate of compliance with plat requirements and to specify the criteria that must be met to qualify for utility service without the

⁴ SB 2253 Bill Analysis (Introduced) by Senate Research Center, April 21, 2009

certificate of compliance. Senate Bill 2253 specified that a person requesting service must be the owner or purchaser of the subdivided land and must provide certain documentation to the municipal authority responsible for approving plats. The bill does not prohibit a water or sewer utility from providing, in a county any part of which is within 50 miles of the Texas-Mexico border, utility connection or service to a residential dwelling that receives funding under a federal or state funding program designed to focus on the following: addresses inadequate water or wastewater facilities in colonias or residential lots located in such border counties; is an existing dwelling identified as eligible for the funding; complies with certain model subdivision rules when connected; and has been approved for improvements by the applicable local governmental body. However, the bill prohibits a utility from providing water services to homes that do not have adequate sewer services. The bill modifies a provision relating to plat approval by a county for land in a floodplain to ensure compliance with the National Flood Insurance Program and local regulations.

Entities Affected

Ultimately, the beneficiaries of the EDAP are the residents of subdivisions that receive water and wastewater services from the infrastructure financed through the TWDB. According to the TWDB's FY 2008 Performance Measure, more than 226,000 residents lived in economically distressed areas served with water and wastewater funded through EDAP (See Question C above, Explanatory Measure 02-01-02.02).

Political subdivisions, including cities, counties, water districts, and nonprofit water supply corporations are eligible to apply for EDAP grant and loan funds. Projects must be located in an economically distressed Area. An economically distressed area is an area in which

- the water supply or sewer services are inadequate to meet minimal needs of residential users;
- the financial resources are inadequate to provide water supply or sewer services to satisfy those needs; and
- was an established residential subdivision as of June 1, 2005.

In addition, the area to be served by the proposed project must have a median income that is not greater than 75 percent of the median state household income for the most recent year for which statistics are available.

EDAP includes measures to prevent future substandard development. The county where the project is located must adopt rules regulating subdivisions prior to applying for financial assistance. If the applicant is a city or if any part of the project is located within the extended territorial jurisdiction of a municipality, the city must also adopt model subdivision regulations.

Coordination

Texas Department of State Health Services

Upon request of the TWDB, the Texas Department of State Health Services investigates the severity of nuisance conditions in an economically disadvantaged area that has applied for EDAP funding. If the department has not made a finding that a nuisance condition relating to the inadequate water and wastewater services exists in the economically distressed area, the TWDB must limit the percentage of EDAP assistance available to the applicant in the form of a grant to no more than 50 percent of the project cost.

Texas Commission on Environmental Quality

The Texas Commission on Environmental Quality establishes design criteria for wastewater systems and develops procedures concerning the submission and review of proposed designs; the TWDB may offer proposed variances to design criteria for sewage systems to ensure consistency between the agencies. The TWDB consults with the Texas Commission on Environmental Quality to determine whether an innovative technology is appropriate for use on EDAP projects when such technology is proposed by applicants. The applicant must apply for and maintain a designation by the Texas Commission on Environmental Quality as an authorized agent for the regulation of on-site waste disposal facilities.

The Texas Commission on Environmental Quality prepares an area-wide wastewater management plan identifying designated management agencies responsible for providing specified services with their assigned boundaries.

To expedite completion of projects and avoid duplication of work, projects receiving funding from the TWDB are exempt from the Texas Commission on Environmental Quality review when the TWDB approves the plans and specifications.

Again, as mentioned in Question I, the Texas Commission on Environmental Quality jointly reimburses the Texas Department of State Health Services for nuisance surveys for EDAP applications.

Texas Department of Rural Affairs

The Texas Department of Rural Affairs provides matching grants to state and local governments, regional economic development districts, and public and private organization to construct water and wastewater facilities in economically distressed areas. The TWDB coordinates with the department on companion projects, such as partial financing for sewer lines to an industrial park or expanding a wastewater treatment plant through CWSRF assistance.

Texas Historical Commission

The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources, so the TWDB employs archeologists to assist applicants with determining impacts to historical and archeological resources.

Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

U.S. Department of Agriculture—Rural Development Division

The Rural Development Division provides grants and loans for construction projects in rural areas of the state. The agency has provided funding for a number of projects that did not meet the TWDB's EDAP eligibility requirements but still had low per capita income levels.

The TWDB closely coordinates with this federal program on engineering, financing, and environmental reviews of jointly funded projects and on payment processing procedures on EDAP projects.

North American Development Bank

The North American Development Bank may provide funding for components of projects that are not eligible for the TWDB's EDAP funding. The TWDB identifies projects that may qualify for the bank's funding and obtains input regarding financing opportunities. The North American Development Bank has become involved in joint financing of some EDAP Projects.

Border Environment Cooperation Commission

The Border Environment Cooperation Commission certifies projects for funding through the North American Development Bank. The Border Environment Cooperation Commission often relies on the TWDB's environmental review of prospective projects for the North American Development Bank, such as critically needed and often socially and environmentally complex water infrastructure projects.

The Border Environment Cooperation Commission evaluates the TWDB's priority list of EDAP projects to ensure that coordination commences promptly on projects that may need commission certification and funding from the North American Development Bank.

Rural Water Assistance Fund

Objective

The Rural Water Assistance Fund program is designed to assist small rural utilities in obtaining low-cost financing for water and wastewater projects. The TWDB offers tax exempt, attractive interest rate loans with short- and long-term finance options. Loans from the Rural Water Assistance Fund may be used to fund water-related capital construction projects including but not limited to line extensions, overhead storage, the purchase of well fields, and the purchase or lease of rights to produce groundwater. Water quality enhancement projects such as wastewater collection and treatment projects are also eligible projects, in addition to interim financing of construction projects. Costs of planning, designing, and constructing projects are all eligible for funding.

The Rural Water Assistance Fund may also be used to enable a rural utility to obtain water or wastewater service supplied by a larger utility or to finance the consolidation or regionalization of a neighboring utility. This flexible term finance program provides borrowers tax exempt loans with attractive interest rates, up to a 40-year maturity on loans (consistent with the useful life of the project), and quick turnaround time on loan applications. In addition, nonprofit water supply corporations are exempt from paying sales tax incurred on any project financed by the program. A rural utility may also enter into an agreement with a federal or state agency to submit a joint application for financial assistance.

Effectiveness

As of August 31, 2008, the TWDB had awarded \$127.3 million in total commitments from the Rural Water Assistance Fund, with closed loans accounting for \$83.5 million of this amount. The program had approximately \$21.4 million in outstanding commitments as of August 31, 2008. Through FY 2008, the program provided financial assistance to 34 entities that provided sewer service to a total of 209,334 individuals.

History

The Rural Water Assistance Fund (RWAFF) was created in 2001 by the 77th Texas Legislature to assist small rural utilities in obtaining low-cost financing for water and wastewater projects.

Entities Affected

Eligible borrowers are defined as rural political subdivisions, which include nonprofit water supply corporations, water districts, municipalities serving a population of up to 10,000, or that otherwise qualify for federal financing, counties in which no urban area has a population exceeding 50,000.

Coordination

Coordination efforts between the TWDB and the Texas Historical Commission

- The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.

- Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

State Participation Program

Objective

The State Participation Program enables the TWDB to assume a temporary ownership interest in a regional project when the local sponsors are unable to assume debt for the optimally sized facility. The TWDB may acquire ownership interest in the water rights or a co-ownership interest of the property and treatment works. The loan repayments that would have been required if the assistance had been from a loan are deferred. Ultimately, the cost of the funding is repaid to the TWDB based upon purchase payments, which allows the TWDB to recover its principal, interest costs, and issuance expenses but on a deferred timetable.

The legislature, recognizing the value in optimizing and “right sizing” systems, has appropriated funds to assist local governments in regional optimization projects. To offset some of the initial cost of processing these projects, the TWDB charges an administrative cost recovery fee of 0.77 percent. As the earlier projects repurchase the TWDB’s interest, there will be additional funds available for future projects.

The program is intended to allow for optimizing regional projects through limited state participation when the benefits can be documented and such development is unaffordable without state participation. The goal is to allow for the “right sizing” of projects in consideration of future growth. On new water supply projects, the TWDB can fund up to 80 percent of costs, provided the applicant will finance at least 20 percent of the total project cost from sources other than the State Participation Program and at least 20 percent of the total capacity of the proposed project will serve existing needs. On other State Participation projects the TWDB can fund up to 50 percent of costs, provided the applicant will finance at least 50 percent of the total project cost from sources other than the State Participation Program, and at least 50 percent of the total capacity of the proposed project will serve existing needs.

The benefits to the participant are threefold: 1) payments are deferred until the customer base grows into the added capacity facilitated, which will augment the applicant’s ability to make the payments to the TWDB; 2) the TWDB does not accrue interest on the deferred interest portion thereby reducing the overall carrying cost of the facility for the applicant; 3) optimizing regional projects reduces the necessity and added expense to local governments of building new structures or replacing undersized structures in the future. These funds are limited in availability both as to the total amount approved by the legislature each biennium and by limitations to participation in individual projects.

Effectiveness

As of August 31, 2008, the TWDB had awarded \$165.1 million in total commitments from the State Participation Program, with closed loans accounting for \$150.6 million of this amount. The program had approximately \$14.5 million in outstanding commitments as of August 31, 2008. Through FY 2008, the program provided financial assistance to 8 entities that provided service to a total of 2,454,891 individuals.

The 80th Legislature authorized the TWDB to issue up to \$276.1 million in general obligation bonds for State Participation projects identified in the 2007 State Water Plan. During the FY 2008–2009 biennium, the agency awarded \$48.5 million in total commitments for State Participation projects listed in the state water plan.

History

The 81st Texas Legislature passed House Bill 3861 which allows the TWDB to consider future, projected revenues from political subdivisions not currently under contract, or even identified, that might want to purchase a portion of the water supplied by the project when making the findings necessary to complete the project financing.

Entities Affected

Any political subdivision of the state and water supply corporations that may sponsor construction of a regional water or wastewater project can apply to the TWDB for participation in the project.

Coordination

Coordination efforts between the TWDB and the Texas Historical Commission

- The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.
- Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site, and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established

Agricultural Water Conservation Program

Objective

Under the Agricultural Water Conservation Loan and Grant Program, the TWDB can provide agricultural water conservation loans to political subdivisions and state agencies for their use either for improvements on their facilities or as loans to individuals. The TWDB also provides a linked deposit loan program for individuals to access the TWDB funds through participating local state depository banks and farm credit institutions. In addition, the TWDB may provide grants to state agencies and political subdivisions for agricultural water conservation programs, including demonstration projects, technology transfers and educational programs.

Grants may also be made to political subdivisions for agricultural water conservation projects for purchasing and installing on either public or private property metering devices to measure irrigation water use in order to quantify effects of different water conservation strategies. The Conservation Division within the office of Water Science and Conservation administers the Agricultural Water Conservation Grant Program. The Agricultural Water Conservation Loan Program provides loans to political subdivisions or individuals for either a conservation program or project.

A conservation program is defined as the following:

- An agricultural water conservation technical assistance program, including a program for an on-farm soil and water conservation plan developed jointly by a landowner, an operator, and a local soil and water conservation district as provided by Subchapter H, Ch.201, Agriculture Code
- A research, demonstration, technology transfer, or educational program relating to agricultural water use and conservation
- A precipitation enhancement program in an area of the state where the program, in the TWDB's judgment, would be most effective
- Other state agency or political subdivision-administered water conservation programs that provide loans to a person for a conservation project.
- A conservation project:
 - Improves the efficiency of water delivery to and application on existing irrigation systems
 - Prepares irrigated land for conversion to dry land conditions
 - Prepares dry land for more efficient use of natural precipitation
 - Purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation
 - Prepares and maintains land to be used for brush control activities in areas of the state where those activities, in the TWDB's judgment, would be most effective, including activities conducted under Ch.203, Agriculture Code

The costs of a conservation program or project eligible for financial assistance under Section 17.899, Texas Water Code, are the costs of the capital equipment, materials, labor, preparation, installation, or administration directly associated with implementing and completing the program or project.

The Agricultural Water Conservation Grant Program provides grants to state agencies and political subdivisions for agricultural water conservation programs. Grants may be made available for demonstrations, education, research, technical assistance, and technology transfer. Grants may also be made to political subdivisions for agricultural water conservation projects for purchasing and installing on

either public or private property metering devices to measure irrigation water use to quantify effects of different water conservation strategies.

The TWDB will consider the following when reviewing an agricultural water conservation grant application:

- The commitment of the entity to water conservation
- The benefits that will be gained by making the grant
- The degree to which the political subdivision has used other available resources to finance the use for which the application is being made
- The willingness and ability of the political subdivision to raise revenue
- A finding that the grant will supplement rather than replace money of the applicant
- A finding that the grant will serve the public interest
- A finding that the grant will assist in implementing a water conservation water management strategy identified in the most recent applicable approved regional water plan or state water plan
- The grant will further water conservation in the state

Effectiveness

As of August 31, 2009, the TWDB had \$66.7 million in total commitments for the Agricultural Water Conservation Loan Program.

History

The 78th Texas Legislature passed Senate Bill 1053, which expanded the Agricultural Conservation Program to provide three methods of assistance. The TWDB was allowed to provide agricultural water conservation loans to political subdivisions and state agencies for their use either for improvements on their facilities or loans to individuals. The TWDB was also allowed to provide a linked deposit loan program for individuals to access the TWDB funds through participating local state depository banks and farm institutions.

Entities Affected

Funds from this program provide grants to state agencies and political subdivisions for conservation programs and projects; loans to political subdivisions and individual farmers and ranchers for conservation programs or projects; and linked deposits to lending institutions for individuals to access the TWDB's financial assistance through loans for nonpoint source conservation projects.

Coordination

Not applicable

State Water Plan

Objective

In 2007, the 80th Texas Legislature appropriated more than \$762 million to implement water management strategies identified in the state water plan. These funds, which provide financial assistance for planning, designing, and constructing state water plan projects are available from the Water Infrastructure Fund, the State Participation Program and the Economically Distressed Areas Program (EDAP). The amount appropriated by the legislature is estimated to meet the water supply needs identified in the 2007 State Water Plan through 2020. Additional funds will be needed to meet the additional water supply needs through the 2060 planning horizon.

Effectiveness

Approximately \$762 was made available for planning and constructing projects, and \$46.6 was made available for debt service. Please refer to the sections covering EDAP, the State Participation Program, and the Water Infrastructure Fund regarding state water plan funding provided under these programs.

During the FY 2008–09 biennium, the TWDB awarded \$503.7 million in total commitments for these projects.

History

The 80th Texas Legislature appropriated more than \$762 million to implement water management strategies identified in the state water plan. The amount appropriated by the legislature is estimated to meet the water supply needs identified in the 2007 State Water Plan through 2020. Additional funds will be needed to meet the additional water supply needs through the 2060 planning horizon. During the 81st Legislative Session, the TWDB requested over \$1 billion to continue funding of the state water plan. However, total new funding secured was \$445 million for state water plan projects.

Entities Affected

To apply for state financial assistance, the applicant must be a political subdivision of the state. Political subdivisions include municipalities, counties, river authorities, special law districts, water improvement districts, water control and improvement districts, irrigation districts, and groundwater districts. Eligible applicants for the State Participation Program and EDAP also include water supply corporations.

Projects must be recommended water management strategies in the most recent TWDB-approved regional water plan or approved state water plan. Funds may not be used to maintain a system or to develop a retail distribution system.

Coordination

Coordination efforts between the TWDB and the Texas Historical Commission

The Texas Historical Commission assesses and protects archeological, architectural, and historical state landmark resources. Many TWDB-funded projects have the potential to affect these resources. The TWDB archeologists assist applicants with determining impacts to historical and archeological resources.

Federal and state antiquities laws require that all funded projects be evaluated for their potential impact to archeological features present on a project site and that all projects obtain clearance from the Texas Historical Commission. To facilitate this coordination, a memorandum of understanding between the TWDB and the Texas Historical Commission has been established.

Water Infrastructure Fund

Objective

The Water Infrastructure Fund provides a mix of funding options, including market loans, below-market loans, zero-interest loans, and grants for the construction of state water plan projects. Also, the Water Infrastructure Fund offers low-interest loans with deferral of principal and interest payments for up to 10 years or until construction begins for planning and design, permitting, and state and federal regulatory activities. In addition, grants and low- or zero-interest loans are available for rural projects outside metropolitan areas and for projects in economically distressed areas.

Effectiveness

As of August 31, 2008, the TWDB had awarded \$116.4 million in total commitments through the Water Infrastructure Fund, with closed loans accounting for approximately \$65 million of this amount. In addition, the program had approximately \$51.4 million in outstanding loans as of August 31, 2008. Through FY 2008, the program provided financial assistance to five entities that provided service to 2,795,439 individuals.

The 80th Legislature also authorized the TWDB to issue up to \$449.3 million in general obligation bonds for Water Infrastructure Fund state water plan projects. During the FY 2008–09 biennium, the TWDB awarded \$438.2 million in total commitments for these projects.

History

In 2001, the 77th Legislature created the Water Infrastructure Fund as part of Senate Bill 2 by Senator J.E. “Buster” Brown/Representative Ron Lewis. The fund may be used to pay for implementing water projects recommended through the state or regional water plans and is designed to fund current project needs and pre-construction environmental and engineering studies. Up to 10 years of payment deferral for principal and interest is available to conduct the pre-construction studies. All political subdivisions of the state and non-profit water supply corporations are eligible to apply for assistance from the Water Infrastructure Fund. No General Revenue funding was appropriated to the TWDB for the Water Infrastructure Fund between its creation in 2001 until 2007. Water Code, Section 15.974 specified how the fund may be used. An original statutory provision stated no more than 10 percent of the money distributed from the Water Infrastructure Fund each year may be used for grants or loans to economically distressed areas or for loans to pay for the costs associated with planning, designing, and permitting.

In 2005, the 79th Legislature passed Senate Bill 509 by Senator Ken Armbrister and Representative Charlie Geren, which repealed Water Code, Section 15.974(b), that restricted Water Infrastructure Fund grants or loans. The provision provided the TWDB with maximum flexibility in determining which water-related financial needs to address with appropriations from this particular fund, if given funding by the legislature.

In 2007, the 80th Texas Legislature appropriated in House Bill 1 debt service payments to the TWDB to provide reduced-interest loan rates and deferral of annual principal and interest payments for state water plan projects funded through the Water Infrastructure Fund. The legislature appropriated funding to enable issuance of \$812 million in bonds for water plan projects.

Entities Affected

To apply for state financial assistance, the applicant must be a political subdivision of the state. Political subdivisions include municipalities, counties, river authorities, special law districts, water improvement districts, water control and improvement districts, irrigation districts, and groundwater districts.

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XIII. Attachments

Submit the following supplemental data or documents with the hard copy of the Self-Evaluation Report. Label each attachment with its number (e.g., Attachment 1). As part of the electronic version, attach a list of items submitted, but do not attach the actual documents to the electronic submission.

Attachments Relating to Key Functions, Powers, and Duties	
1. A copy of the agency's enabling statute.	Tex. Const., art. 3, § 49-c, 49-d, 49-d-1 through 49-d-10
2. A copy of each annual report published by the agency from FY 2004–2008.	Not applicable
3. A copy of each internal or external newsletter published by the agency from FY 2007–2008.	<ul style="list-style-type: none"> • Copies of “Water for Texas” FY 2007–2008. • Copies of Executive Administrator online newsletters FY 2007–2008.
4. A list of publications and brochures describing the agency.	<p>Special Reports to the Texas Legislature:</p> <ul style="list-style-type: none"> • Legislative Priorities Report 81st Legislative Session (Attachment 4a) • Far West Texas Climate Change Conference - Study Findings and Conference Proceedings 81st Legislature • The Future of Desalination in Texas 2008 Biennial Report on Seawater Desalination 81st Legislature • A Report on Progress of Water Conservation in Texas Report to 81st Legislature • Annual Financial Report for the Fiscal Year Ended August 31, 2008 • Clean Water State Revolving Fund Annual Report • Drinking Water State Revolving Fund Annual Report • FY 2010–2011 Legislative Appropriations Request • Urban Growth and Barnett Shale Development in the Northern Trinity Aquifer • 2007 State Water Plan Volume I (Attachment 4b) • 2007 State Water Plan Volume II (Attachment 4c) • Rainwater Harvesting Potential and Guidelines for Texas 80th Legislature • An Assessment of Water Conservation in Texas 80th Legislature <p>Reports:</p>

<p><i>Continued from previous page:</i></p> <p>A list of publications and brochures describing the agency.</p>	<ul style="list-style-type: none"> • Report 373 - Groundwater Availability Model for the Edwards-Trinity (Plateau) and Pecos Valley Aquifers of Texas • Report 372 - Water Quality in the Carrizo-Wilcox Aquifer, 1990 - 2006 • Legislative Priorities Report for the 81st Legislative Session • Report 371 Changes in Water Levels in Texas 1990–2000 • Report 370 - Reservoir Site Protection Study • Report 369 - Texas Instream Flow Studies: Technical Overview • Report 367 - Water Loss Audit Manual for Texas Utilities • Report 368 - Groundwater Resource Evaluation and Availability Model of the Gulf Coast Aquifer in the Lower Rio Grande Valley of Texas • Groundwater Data System Directory • Reservoir Site Protection Study • Innovative Water Technologies Report 2006/2007 • A number of older reports are located on our Web site and can be found at: http://www.twdb.state.tx.us/publications/publications.asp <p>Booklets, Brochures, and Other Publications:</p> <ul style="list-style-type: none"> • Agricultural Water Conservation Irrigation Water Use Management Best Management Practices • Intermediate Floodplain Management Course • Water Conservation for Industries, Businesses, and Institutions • Floodplain Management Workbook • Groundwater 101 Workshop • TWDB Kids water conservation educational poster • Water Conserving Tips • Conserving Water Indoors • Conserving Water Outdoors • Living in a Floodplain – Risks, Planning, Recovery • Texas Coast and Shoreline – Builder’s Checklist • Crawl Spaces and Basements in a Floodplain • Quick Guide to Floodplain Management in Texas • Know Your Water coloring book • Agricultural Water Conservation Best Management Practices Overview
<p>5. A list of studies that the agency is required to do by legislation or riders.</p> <p><i>Continued from previous page.</i></p>	<ul style="list-style-type: none"> • Legislative Report: Biennial report including a statement and activities of the TWDB and recommendations for necessary and desirable legislation. • Annual Report: Complete and detailed written report accounting for all funds received and disbursed by the TWDB during the preceding year. • Colonias Report: Details projects funded by the TWDB that

A **list** of studies that the agency is required to do by legislation or riders.

serve colonias by providing water or wastewater services or other assistance. The report must include: (1) a description of any relevant projects; (2) the location of each project; (3) the number of colonia residents served by each project; (4) the exact amount spent or the anticipated amount to be spent on each colonia served by each project; (5) a statement of whether each project is completed and, if not, the expected completion date of the project; and (6) any other information, as determined appropriate by the secretary of state.

- **Water Conservation Advisory Council Report:** Report on progress made regarding water conservation in Texas.
- **Environmental Flows Advisory Committee Report:** Summary of (1) any hearings conducted by the advisory group; (2) any studies conducted by the advisory group; (3) any legislation proposed by the advisory group; (4) progress made in implementing Texas Water Code, Sections 11.02361 and 11.02362; and (5) any other findings and recommendations of the advisory group.
- **Water Bond Insurance Report:** Describes the financial impact of the bond insurance program during the immediately preceding biennium.
- **Digital Texas:** Describes the progress of each Texas Geographic Information Council member entity toward achieving system goals and implementing initiatives. Recommends additional initiatives to improve the state's geographic information system programs.
- **Conservation Supplement to the State Water Plan:** Joint report with Texas State Soil and Water Conservation Board on ways to improve or expand water conservation efforts. Issued as part of, or supplement to, the state water plan.
- **Texas State Water Plan:** Water Plan for the state of Texas based on a "bottom-up" consensus-driven approach to planning involving 16 regional water planning groups.
- **Biennial Report on Seawater Desalination:** Progress report on the implementation of seawater desalination activities in the state.
- **Activities and Recommendations of the Texas Groundwater Protection Committee:** Report to each legislature providing recommendations to improve groundwater protection for legislative consideration and describe the Groundwater Protection Committee activities for the previous biennium.
- **Joint Groundwater Monitoring and Contamination Report:** Annual report describing the current status of groundwater monitoring activities including Groundwater Protection Program descriptions and Groundwater Contamination Case descriptions.
- **Priority Groundwater Management Areas and**

Continued from previous page.

<p>A list of studies that the agency is required to do by legislation or riders.</p>	<p>Groundwater Conservation Districts: Provides updated information on the designation of priority groundwater management areas, the creation and status of new groundwater conservation districts, and implementation of groundwater management provisions.</p> <ul style="list-style-type: none"> • Region C Water Supply Study Commission Report: Report including (1) any studies completed by the study commission; (2) any legislation proposed by the study commission; (3) a recommendation as to whether Marvin Nichols should remain a designated reservoir site; and (4) other findings and recommendations of the study commission. • Task Force on Uniform County Subdivision Regulation: Create uniform standards for the regulation of the development of subdivisions in the unincorporated areas of counties near the international border and in economically distressed counties. • Clean Water State Revolving Fund Annual Report: Highlights the goals, accomplishments and improvements of the Clean Water State Revolving Fund over the time period of September 1–August 31. The report provides details on all projects funded during the time period and also provides a wealth of cumulative information on the fund. • Drinking Water State Revolving Fund Annual Report: Highlights the goals, accomplishments, and improvements of the Drinking Water State Revolving Fund over the time period of September 1–August 31. The report provides details on all projects funded during the time period and also provides a wealth of cumulative information on the fund. It is required on a biennial basis, but produced by Texas on an annual basis.
<p>6. A list of legislative or interagency studies relating to the agency that are being performed during the current interim.</p>	<ul style="list-style-type: none"> • Colonias Report • Water Conservation Advisory Council Report • Environmental Flows Advisory Committee Report • Digital Texas • Biennial Report on Seawater Desalination • Activities and Recommendations of the Texas Groundwater Protection Committee • Region C Water Supply Study Commission Report • Task Force on Uniform County Subdivision Regulation • And any legislative charges that may be applied.
<p>7. A list of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions.</p>	<p>None</p>

Attachments Relating to Policymaking Structure

8. Biographical information (e.g., education, employment, affiliations, and honors) or resumes of all policymaking body members.	Biographical information of the TWDB Board members
9. A copy of the agency's most recent rules.	TWDB's current rules as of June 30, 2009.

Attachments Relating to Funding

10. A copy of the agency's Legislative Appropriations Request for FY 2010–2011.	TWDB Legislative Appropriations Request for FY 2010–2011.
11. A copy of each annual financial report from FY 2006–2008.	11a. TWDB Annual Financial Report FY 2006 11b. TWDB Annual Financial Report FY 2007 11c. TWDB Annual Financial Report FY 2008 11d. CWSRF Annual Report FY 2006 11e. CWSRF Annual Report FY 2008 11f. DWSRF Annual Report FY 2006 11g. DWSRF Annual Report FY 2006
12. A copy of each operating budget from FY 2007–2009.	12a. TWDB Legislative Appropriations Request FY 2006–2007. 12b. TWDB Annual Operating Budget FY 2008. 12c. TWDB Legislative Appropriations Request FY 2008–2009.

Attachments Relating to Organization

13. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.	TWDB map including regional boundaries, headquarters location, and field office locations.
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Attachments Relating to Agency Performance Evaluation

14. A copy of each quarterly performance report completed by the agency in FY 2006–2008.	<ul style="list-style-type: none"> • Performance Measures Report for FY 2006 • Performance Measures Report for FY 2007 • Performance Measures Report for FY 2008
15. A copy of any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions.	Not applicable

16. A copy of the agency's current internal audit plan.	TWDB Audit Plan for FY 2009
17. A copy of the agency's current strategic plan.	TWDB Strategic Plan FY 2009–2013
18. A list of internal audit reports from FY 2005–2009 completed by or in progress at the agency.	<ul style="list-style-type: none"> • Budget & Financial Analysis Process Audit 2007 • Cash Inflows Audit 2006 • Conservation Division 2005 • Debt and Portfolio Management Audit 2008 • Financial Reporting Audit 2007 • Groundwater Resources Division Audit 2008 • Human Resources Audit 2006 • Information Resources Security Program 2005 • Inspection and Field Support Audit 2006 • Operational Funding from Federal Programs 2009 • OPFCA's Policy and Program/Project Development Divisions Audit 2005 • Portfolio Management Audit 2006 • Project Engineering and Review Division 2009 • Public Funds Investment Act Compliance Audit FY 2006 - 2007 • Purchasing Process Audit 2006 • Shared Services Audit 2007 • Systems/Databases/Applications Maintenance, Development, Stability, Security Audit 2009 • TWDB Long Distance, Cell Phone, and Calling Card Use Audit 2005
19. A list of State Auditor reports from FY 2005–2009 that relate to the agency or any of its functions.	<p>2007</p> <ul style="list-style-type: none"> • State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2006 • An Audit Report on Performance Measures at the Water Development Board • A Classification Compliance Review Report on the Water Development Board <p>2008</p> <ul style="list-style-type: none"> • State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 2007 • State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2007 <p>2009</p> <ul style="list-style-type: none"> • State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2008 • State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008 • An Audit Report on the Economically Distressed Areas Program at the Water Development Board
20. A copy of any customer	TWDB "Report on Customer Service" FY 2007–2008.

service surveys conducted by or for your agency in FY 2008.	
21. Rating Reports for the Texas Water Development Board	<ul style="list-style-type: none">• State of Texas General Obligation Water Financial Assistance Bonds• Texas Water Development Board State Revolving Fund Subordinate Lien Revenue Bonds

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