

April 12, 2022

Ms. Jennifer Jones
Executive Director
Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711

Dear Ms. Jones:

On behalf of our Board members, executive administration, management, and staff, I am pleased to provide our response to the Texas Sunset Commission's staff report on the Texas Water Development Board (TWDB). Throughout the review, we have appreciated the professionalism of the review team and their willingness to learn about our work and find better ways to meet our mission of leading the state's efforts in ensuring a secure water future for Texas and its citizens.

The TWDB has a long history of planning for, and responding to, events that have impacted Texans—be it droughts or floods—as well as meeting our communities' ongoing needs for water-related infrastructure. Most recently, the agency took sweeping actions in the wake of Hurricane Harvey by adding emergency preparedness and urgent need funding options to the Clean Water and Drinking Water state revolving fund programs, and by conducting the first State Flood Assessment, which resulted in broad recommendations to the Texas Legislature on the needs for statewide flood planning and mitigation.

As noted in the Sunset staff report, the TWDB has experienced a significant increase in statutory and operational responsibilities in recent years due to the overwhelming success of the SWIFT program, an increase in funding through the state revolving fund programs, and the addition of new flood planning and financing programs. We are pleased that the report highlights and recognizes the challenges and opportunities that have accompanied this growth. We believe that our work in meeting the water needs of the state—and planning for and mitigating the devastating effects of flooding or drought—is central to the continued economic prosperity of the state of Texas, and we welcome feedback on how to best accomplish this important work.

Our Mission

Leading the state's efforts in ensuring a secure water future for Texas and its citizens

Board Members

Brooke T. Paup, Chairwoman | Kathleen Jackson, Board Member
Jeff Walker, Executive Administrator

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We agree with all key recommendations in the staff report regarding the TWDB; however, we do believe that some may require more resources for implementation than what the report has indicated. We are currently working to address those recommendations that do not require additional resources as well as identifying resources that may be requested in the agency's Legislative Appropriations Request for Fiscal Years 2024 and 2025. We are also in the process of evaluating statutory changes that may be requested by our governing Board in our biennial legislative priorities report. Please find our responses to each specific issue below.

Issue 1: TWDB's Inefficient Review Process Contributes to Project Delays and Increased Costs

The TWDB appreciates that the review team responded to the issue that was identified as an obstacle in our 2021 Sunset Self-Evaluation Report. For the past few years, we have been actively addressing workload and customer service challenges, which have largely been brought on by significant increases in demand for our financial assistance programs and the addition of the new Flood Infrastructure Fund program. As noted in the Sunset staff report, the TWDB experienced a four-fold increase in funds delivered from 2013 to 2020. This challenge has been exacerbated by economic conditions of the Covid-19 pandemic, including difficulties in hiring and retaining skilled staff.

We look forward to implementing the statutory changes and management action recommendations to address these challenges. Additional fiscal resources will be needed to fully address them.

Key Recommendations

- *Require TWDB to develop, collect, and analyze performance metrics and establish goals for evaluating its project review process.*

The TWDB agrees with this recommendation and has begun a process to develop, collect, and analyze performance metrics that will aid in establishing goals for evaluating our project review process. Once these goals are established, they will be published on our agency website.

- *Authorize TWDB to implement a risk-based approach to project review.*

The TWDB agrees with this recommendation, and we are evaluating recommendations to the 88th Texas Legislature regarding removal of statutory barriers to allow the agency to use a risk-based approach for project review, where appropriate. This approach could allow for a more effective review process.

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- *Direct TWDB to develop a plan to prioritize improving its project review process to eliminate inefficiencies and inconsistencies.*

The TWDB agrees with this recommendation and is prepared to develop and submit the plan to the Sunset Commission by December 31, 2022. The plan will include a number of efforts already in place and currently in progress, including the recent restructuring of our regional project development area, the creation of new key positions, and our work to implement a robust project management system. We believe that these efforts, along with potential statutory changes, will enhance the review process, help make our processes more efficient, and provide greater consistency for our customers.

We are also reevaluating our review process for projects involving alternative delivery methods; this will include clarifying an accompanying guidance document, which will be included in a rulemaking proposal by this fall.

Issue 2: A More Strategic, Comprehensive Evaluation of Programs and Outreach Efforts Would Benefit TWDB and Entities Eligible for Financial Assistance

Key Recommendations

- *Direct TWDB to collect and analyze information about its financial assistance applicants and outreach efforts to better inform and more effectively target agency activities.*

The TWDB agrees with this recommendation and looks forward to expanded collection and analysis of data to aid in evaluating the effectiveness of our programs. We are currently exploring ways to collect this data, including the use of the agency's Customer Service Survey along with other targeted methods.

- *Direct TWDB to develop a coordinated outreach plan to more efficiently promote agency programs, improve operations, and ensure its outreach efforts meet entities' needs and expectations.*

The TWDB agrees with this recommendation. As acknowledged in the staff report, outreach to our customers and stakeholders is considered a critical objective in meeting our mission and, in particular, a key responsibility of our Board members. We would like to note that while our current activities are thoughtfully planned and executed, we look forward to developing a plan that will benefit our stakeholders and promote more efficient agency activities.

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Issue 3: TWDB's Outdated Statute and Policies Should Be Updated to Eliminate an Unnecessary Advisory Committee and Reflect Some Standard Elements of Sunset Reviews.

The TWDB appreciates these recommendations and will be working to implement the recommendations that reflect standard elements of Sunset reviews.

Key Recommendations

- *Abolish the SWIFT Advisory Committee.*

The TWDB defers to the legislature on this recommendation. The TWDB has benefited from the committee's oversight since the inception of the SWIFT program in 2013 and is prepared to support the legislature in overseeing the SWIFT program and other agency functions through other mechanisms.

- *Amend TWDB's Sunset review date to 2035.*

The TWDB defers to the legislature on this recommendation.

- *Update the standard across-the-board requirement related to board member training.*

The TWDB agrees with this recommendation and will develop a training manual for each Board member to receive annually, including information about the scope of and limitations on the Board's rulemaking authority.

- *Abolish TWDB's reports on the Water Loan Assistance Program, Water Bond Insurance Program, and Storage Acquisition Fund, and continue all other reporting requirements.*

The TWDB agrees with this recommendation and supports abolishment of obsolete reporting requirements.

- *Direct TWDB to update its policy regarding the separation of duties of board members from those of staff.*

The TWDB agrees with this recommendation and will adopt an updated policy and any necessary guidance by December 31, 2022.

- *Direct TWDB to adopt a rule review plan.*

The TWDB agrees with this recommendation and will adopt and submit the plan to the Sunset Commission by December 31, 2022.

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Thank you for the opportunity to provide comments on the Sunset staff report. We look forward to continuing to work with the Sunset Commission and the legislature in implementing the recommendations so that the TWDB can continue its success in securing the state's water future for generations to come.

Sincerely,

Jeff Walker
Executive Administrator