



SIERRA CLUB

LONE STAR CHAPTER

To: Board Members, TWDB

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Comments to TWDB on Texas Water Fund and Texas - January 18, 2024

The Lone Star Chapter of the Sierra Club is the Texas-based chapter of the national Sierra Club with some 25,000 members and 100,000 supporters throughout the state, and local volunteer-based groups in eight regions. We have been an active participant in discussions about water supply, water quality and the need for resources for both people and the environment for decades and an active participant in TWDB and legislative matters. We are also one of the founding members of the Texas Living Waters Project (texaslivingwaters.org), a collaboration of conservation groups working to ensure that Texas has the water it needs for thriving communities and healthy fish and wildlife.

We work together to advance enduring water solutions that support people and wildlife across Texas by amplifying partners' collective strengths in education, outreach, science, and advocacy—in the face of climate change, rapid population growth, and economic development.

As an organization we were involved in the discussions around SB 28 and the related constitutional amendment (Proposition 6) and recognize the need for robust funding for state water supply and conservation needs.

Texas is set to invest **\$1 billion** in water infrastructure, as a result of [Senate Bill 28](#). These two funds create many opportunities to invest in securing Texas' water future.

The **Texas Water Fund** will be directed towards enhancing *existing Texas Water Development Board (TWDB) programs* like the Drinking Water and Clean Water State Revolving Funds (DWSRF and CWSRF), the Rural Water Assistance Fund, DFund, SWIFT, and others. The bill requires water infrastructure investments in rural communities and strategies that will help better utilize the water that we already have such as water loss mitigation and water

conservation projects. Investment in a statewide water awareness campaign will help Texans understand the value of water and promote a water conservation ethic in the state.

We appreciate and are supportive of the TWDB's timeline to receive input on the Texas Water Fund in TWDB board meetings, upcoming financial assistance workshops, and other means such as webinars, surveys and direct stakeholder engagement.

The Sierra Club understands that TWDB is likely to utilize the 2025 SRFs for the first round of funding of the \$750 million allocated, but believes some money should also be allocated to the RWAF and DFund. We understand the Board is under a directive to respond to voter and public support and get money moving relatively quickly, but we would urge the board to be careful with the public's money and assure that in addition to the SRFs, that some consideration is given to the use of these other funds.

As a collaboration which has had a strong emphasis on water conservation, the elimination of water loss and water reuse, we hope that the "up to \$750" million to be used through the Texas Water Fund will have an emphasis on **Shovel-Ready Projects for Water Loss and Water Conservation**.

We do have a concern that if applications to current funding programs are used to identify projects that will receive funding through the Texas Water Fund, that worthy rural projects, water loss mitigation, and water conservation projects may not be identified.

Potential Considerations

- To proactively identify Water Loss Mitigation projects candidates:
 - We suggest that TWDB utilize recent water loss audits to identify communities that are above the TWDBs threshold set for HB 3605 compliance and proactively reach out to them through the TA program.
 - Another approach is to utilize the most recent WLA data and perform a Frontier Analysis (like the one performed in Hidden Reservoirs) to identify low performing utilities.
 - Consider creating set-aside funds, more favorable financing opportunities, and prioritization points for water loss mitigation projects in existing programs, particularly programs with limited financial capacity.
- Water Conservation:
 - Utilize 5-year water conservation plans to identify water utilities with high GPCD, 5-10 year goals that are not progressive
 - Set aside a certain amount of funds for water conservation, including grants . As we have seen with SWIFT, utilities do not generally apply for funds to support water conservation programs. There is a concern that this particular part of the program could be undersubscribed.

We understand that this agenda item is just about the Texas Water Fund. We look forward to engaging robustly on the process around the New Water Supply for Texas Fund as well.

As an organization, the Sierra Club has expressed concern about the enumerated new water supply projects eligible for funding under the New Water Supply for Texas Fund. These projects could have numerous environmental, social and economic concerns associated with their development, and lack the proper regulatory framework to mitigate those concerns. For example, produced water can contain salts, metals, radioactive materials, and chemical additives that can be harmful to human health and the environment. Further, marine and seawater desalination projects can pose harms to the environment and people along the Texas Coast and will need to be carefully planned and constructed to ensure those harms are minimized.

Some Initial Recommendations:

- Can water reuse projects be considered new water?
- Water Bank Transactions
 - Increase funding for the Water Bank and Texas Water Trust.
 - Conduct a comprehensive study on non-use of water rights.
 - Fund studies on groundwater/surface water interaction to quantify the impact of groundwater withdrawals and water management on surface water rights.
 - Provide Groundwater Conservation Districts with the resources, including updated and improved groundwater availability models, to identify and manage for sustainable levels of groundwater pumping.
- Produced Water: Complete Phase 1 and subsequent Phase 2 pilot projects to study constituent characterization, perform risk and toxicology assessments, and assess how produced water projects could impact public health and the environment – as recommended by the Texas Produced Water Consortium.
- Wait for TCEQ to establish protective water quality standards before any funding is used for desalination and produced water projects.
- Prioritize new water supply projects that have demonstrated minimal environmental and health impacts.
- Prioritize water supply projects that have been identified through the state Regional Planning Process. Water supply projects that have not been vetted through that process and identified as a valid water supply project should not be approved for funding, except perhaps as a pilot demonstration project.

The Sierra Club is pleased to offer these brief comments on behalf of our organization, but also as part of a wider collaboration known as the Texas Living Waters Project.