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To: Texas Legislative Budget Board
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Sierra Club's Comments on Texas Water Development Board Legislative Appropriation Request for 2028-29

The Lone Star Chapter of the Sierra Club is pleased to offer these brief comments on the proposed Legislative Appropriation Request 2028-29 (LAR) and exceptional item requests for the Texas Water Development Board (TWDB). As an organization, both our staff and volunteers have interacted frequently with the Board and staff of the TWDB in a variety of efforts, including the State Water Plan, State Flood Plan, and their funding mechanisms. We recognize the importance of the agency in assuring a sustainable water future for the state, as well as their important role in flood management, water awareness and securing water and wastewater infrastructure, including for economically distressed areas of the state. We are also pleased to see the launch of the Texas Water Awareness campaign, which should help ensure Texans use water wisely.

Recently, the TWDB approved the "skinny version" of the 2027 Texas Water Plan. That plan contains approximately 6,700 recommended water management strategies and 3,000 projects that would provide 2.7 million acre-feet per year in additional water supplies by 2030, and almost 7.6 million acre-feet per year in 2080. The estimated capital cost of implementing the 2027 plan is approximately $174 billion (in 2023 dollars), about double the cost of the previous plan.

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Last legislative session, we supported both SB 7 and Proposition 4. SB 7 and Proposition 4 requires the Texas Comptroller of Public Accounts each state fiscal year to deposit to the credit of the Texas Water Fund the first $1 billion of the net revenue derived from the imposition of the state sales and use tax that exceeds the first $46.5 billion of that revenue coming into the treasury in that state fiscal year.

We would note that the currently proposed LAR of the TWDB does not address the potential use of $1 billion dollars, but expect that it will be addressed during the session, especially when we have more information when Biennial Revenue Estimates are released. We hope there is an opportunity to provide -recommendations on that issue in the future.

Support for Base Budget

The Sierra Club is generally supportive of TWDB's base budget request. The TWDB is requesting a total of $426.5 million in all funds for FY 28-29 (which again does not include money from Proposition 4), a significant decline from the previous session, but, as mentioned, does not include up to $2 billion in additional funds. However, while we support the base budget, as we highlight further in our comments, part of the requested 3 percent cut is being made to the EDAP program, both in terms of GO-Bond debt service (from $72.3 million to $65.2 million) payments and in staff assistance (from $840,910 to $716,510). The base budget maintains 575.5 employees.

Exceptional Item Requests (EIRs)

TWDB is requesting an additional 64 staff and $74 million in all funds to support roughly 11 Exceptional Item Requests. While Sierra Club is not offering an opinion on all of these requests, we are fully supportive of the following requests from the agency:

EIR No. 1. Staff and technical assistance for Proposition 4 Implementation
Sierra Club supports EIR No 1, which would provide $6.5 million in FY 2028 and $6.1 million in FY 2029 and fund up to 50 new staff members to support the rapid growth experienced in its financial assistance portfolios and prepare for the implementation of Proposition 4.

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EIR No. 2. IT Modernization Initiative
TWDB requests approximately $15.7 million per year for IT upgrades needed to modernize critical systems, including systems designed to implement the Water Loss, Use, and Conservation system (LUC). The Sierra Club supports this initiative.

EIR No. 5. Flood Gage Network
TWDB requests an additional $2.6 million to enable installation at up to 18 new locations and ensure 22 additional sites are upgraded and operational, affecting a total of 40 watershed locations. In the light of the ongoing issues with extreme weather and flooding, Sierra Club supports continuing to expand our flood gauge network.

EIR No 6. Stratmap
The Sierra Club is supportive of the TWDB's EIR request for $10.5 million in funding to sustain and modernize the state's geospatial infrastructure, known as Stratmap. This funding is a critical infrastructure investment that will support the regular refresh of foundational geospatial datasets, including high-resolution elevation (lidar), aerial imagery, hydrography, address points, land parcels, and other essential data used daily by state and local governments. These datasets support emergency management, infrastructure planning, natural resource management, economic development, and public safety activities across Texas.

EIR No. 7. TexMesonet
The TWDB is requesting $800,000 in funding for resources needed to continue expansion of the TexMesonet and reservoir evaporation monitoring networks and enhance data quality assurance and quality control (QA/QC). Sierra Club supports this funding, which will support supplies, equipment, and components for evaporation buoys and weather stations, as well as contracted support from a university partner or other qualified vendor to strengthen QA/QC processes.

EIR No. 8. FMA Grant Administration
SIerra Club is supportive of the request from TWDB for approximately $2.5 million if TWDB requests funding to effectively administer the FEMA Flood Mitigation Assistance (FMA) Grant Program, as well as contractor support for technical assistance and grant administration services. This funding is needed to address increasing workload demands resulting from significant growth in federal and state funding (related to flood response) and to strengthen the TWDB's capacity to manage expanding grant awards serving eligible communities across Texas.

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Additional Requests

EDAP (Economically Distressed Areas Program)

We are disappointed by the proposed cuts to funding related to the EDAP program. EDAP remains one of the state's most important tools for helping historically disadvantaged communities address basic water and wastewater needs that they may not otherwise be able to afford. SB 7 provided some important changes that impacted the continuation of EDAP and provided needed flexibility. First, EDAP was specifically included as being a program under the Texas Water Fund, allowing flexibility in spending the Texas Water Fund money authorized by SB 7 and Proposition 4. Second, the amount that can be issued in bonds was increased from $25 million to $100 million per year. Finally, the amount of potential grant funding was increased from a maximum of 70 percent to 90 percent.

We would ask that TWDB should maintain EDAP funding levels from 2026-27. The Legislature will need to maintain adequate funds to pay for any interest on those bonds should they be issued. We would like TWDB to have maximum flexibility by providing debt service to allow for continued investments in the EDAP program, and the potential issuance of additional GO bonds.

Agricultural Water Conservation

The 2027 State Water Plan identified ag water conservation as an important part of meeting the state's future water needs, and Texas should continue investing in the programs needed to achieve those water savings.The proposed LAR would provide $1.5 million per year in agricultural water conservation funds, which is a decrease from the previous biennial budget, which provided over $7 million for the program. The Sierra Club would support an increase in this budget item to $3.5 million per year.

Need to Fund Science Behind Environmental Flows and Adaptive Management Process

SB 3 was enacted by the Texas Legislature in 2007. Among other provisions, SB 3 created a process for developing recommendations to TCEQ for the establishment of standards for environmental flows intended to protect some levels of instream flows and freshwater inflows to bays and estuaries in the major river basins of the state and their associated bay systems (for example, the Trinity and San Jacinto River Basins and Galveston Bay). Basin & Bay Expert

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Science Teams (BBESTs) and Basin & Bay Stakeholder Advisory Committees (BBASCs) were set up in each initial basin/bay area to develop those recommendations, under guidance from a state-level Science Advisory Committee and a state-level Environmental Flows Advisory Group.

Once those standards were adopted by TCEQ (as they were for the Sabine, Trinity-San Jacinto, Colorado, Guadalupe-San Antonio, and Brazos Basins during 2011-2014), the statute required these standards to be reviewed and potentially revised at least every ten years under the adaptive management phase of the process. However, this adaptive management has not occurred, in large measure because the Texas Legislature stopped providing specific funds for its implementation. We are requesting that the Legislature provide funding for implementation of this adaptive management for at least two basin and bay areas during the coming biennium.

SB 1397, from the 88th legislative session, set the stage for reactivating the adaptive management component of the environmental flows process established in SB 3, from the 80th legislative session, which is essential to achieving meaningful protection of the state's flow-dependent fish and wildlife resources. To ensure progress on adaptive management, the legislature should provide specific funding to support the work of bay- and- basin-specific expert science teams to make science-based recommendations to refine flow protection. Those recommendations would, in turn, inform recommendations by stakeholder committees and would be considered by the TCEQ. ***The Sierra Club is suggesting that a small investment each year could focus on two watershed/bay per year at a cost of $900,000 per year***.

The funds would be used for reimbursement for the time and travel and compensation for any services (such as review of standards adopted and studies completed) by the members of the Basin and Bay Expert Science Teams for two basin/bay areas and members of the Texas Environmental Flows Science Advisory Committee *and* to pay for and support one additional FTE at the TWDB to assist the Science Teams and the Science Advisory Committee.