



From: Ken Kramer, Water Resources Chair, Lone Star Chapter of the Sierra Club  
[kramerkenw@gmail.com](mailto:kramerkenw@gmail.com) 512-626-4204 (cell – phone or text)

To: The Honorable Jane Nelson, Chair, Texas Senate Committee on Finance  
The Honorable Eddie Lucio, Jr., Vice-Chair  
Honorable Members

February 19, 2021

**Comments on Senate Bill 1 Proposed Appropriations for the Texas Water Development Board (TWDB) for FY2022/FY 2023**

In advance of your rescheduled hearing on proposed appropriations in SB 1 for the Article VI (Natural Resources) Agencies, please accept these comments from the Lone Star Chapter of the Sierra Club on the funding of the Texas Water Development Board (TWDB) for the FY 2022/FY 2023 biennium. As you know, TWDB is the principal water planning and financing agency for the State of Texas, and the Lone Star Chapter of the Sierra Club has been monitoring and interacting with the agency in its various iterations since the mid-1960s.

We have worked particularly closely with the TWDB staff and governing board since the agency reorganization in 2013. We believe that the agency is carrying out its increasingly challenging tasks efficiently within the funding levels provided by the Legislature. Therefore, **we strongly urge the 87<sup>th</sup> Texas Legislature at a minimum to adopt the LBB recommended appropriations for TWDB as proposed in the filed version of Senate Bill 1 and to avoid any cuts in that funding.**

However, we also believe that in the coming years, including – if possible – in the coming biennium, **TWDB will need additional appropriation levels in key areas to accomplish its mission effectively.** Priority areas in this regard are as follows:

## Debt Service for the Economically Distressed Areas Program (EDAP)

The 86<sup>th</sup> Texas Legislature proposed and the voters of Texas approved in 2019 a state constitutional amendment authorizing TWDB to issue additional general obligation bonds to continue EDAP, a critical 30-year old program for providing water and wastewater services in low-income and socially vulnerable areas of the state that lack a clean and dependable water supply and the financial resources to obtain those services on their own. The constitutional amendment approved in 2019 will allow this program to continue so long as the outstanding principal in bonds does not exceed \$200 million.

However, the authorized bonds can only be issued if the Legislature provides TWDB with legislative appropriations to service the debt on those bonds. TWDB has requested an exceptional item of approximately \$2.5 million in general revenue for debt service for EDAP in the coming biennium. That additional debt service money will allow the agency to issue an estimated \$30 million in general obligation bonds to provide new EDAP loans and grants to eligible communities with inadequate water or wastewater services. The Sierra Club wholeheartedly supports the exceptional item request for this critical program.

The pandemic and the harsh winter weather this month have dramatized the plight of socially vulnerable communities and residents, including those potentially eligible for EDAP assistance. Without additional debt service for new EDAP bond funding, this TWDB program to serve many of those communities will come to a grinding halt in a short period of time. Even some projects that have received TWDB funding for planning, design, and acquisition will not be able to get EDAP grants or loans to begin and complete construction. That would be a waste of taxpayer dollars already spent, but more importantly it would mean the clean water and wastewater treatment services to needy communities will be delayed or even halted all together. A relatively modest investment in new debt service will avoid that situation.

## Additional Funding for Water Conservation Activities, including Water Loss Control

TWDB has been given significant responsibilities to promote and achieve water conservation, which is a key water management strategy in the state water plan and the 16 regional water plans that feed into the state plan. Roughly one-third of

the state's future water demands are projected to come from water conservation by 2070, according to the 2017 state water plan and the regional plans now being aggregated into the 2022 water plan. While the majority of the effort to achieve that goal will come at the local level, TWDB is a critical resource agency to assist local communities in attaining that conservation target and is the primary agency tasked with reviewing local water conservation plans, annual implementation reports, and water loss audits conducted by retail water utilities.

The agency is also tasked with supporting the state [Water Conservation Advisory Council \(WCAC\)](#) in its monitoring of water conservation activities and its development of proposals to enhance water conservation. WCAC has released its [biennial report to the Legislature](#), which includes recommendations for funding needs to promote conservation, including proposed funds to assure the validity of water loss audits. The Sierra Club supports the funding proposals in the WCAC report, but we realize action to adopt those proposals may not be possible in the current biennium.

However, we do hope that the 87<sup>th</sup> Texas Legislature would consider funding for at least two additional FTEs for TWDB to carry out the water conservation responsibilities of the agency, especially agency programs to help water utilities reduce the tremendous levels of water loss being experienced in many municipal water distribution systems, as highlighted in the recent [Texas Water Conservation Scorecard](#) released by the [Texas Living Waters Project](#) (in which Sierra Club is a partner) last summer.

The Scorecard reports that one-third of the water utilities required to conduct annual water loss audits report a total water loss of almost 14% of the water pumped through their systems. This figure, of course, will be much worse this year as the result of the line breakages caused by the recent winter storm, but even in "normal" weather conditions our state's utilities have high levels of water loss. TWDB has programs to help utilities address water loss control challenges, but TWDB needs additional staffing so that those programs may have a greater impact and success.

#### Funding for Flood Planning and Flood Mitigation

The 86<sup>th</sup> Texas Legislature made great strides in addressing flood issues in Texas, including the establishment of a state and regional flood planning process that

mirrors in many respects the nationally recognized Texas state and regional water (supply) planning process and the commitment of significant funds from the Economic Stabilization Fund (“Rainy Day Fund”) to provide grants and loans for flood mitigation. The 87<sup>th</sup> Texas Legislature will need to appropriate additional funds for FY 2022/FY 2023 to carry out the flood planning process to produce the first regional plans and the first state plan by the required deadlines. SB 1 appears to provide those necessary appropriations for the planning process.

However, the Legislature should consider the allocation of additional money from the Rainy Day Fund for flood mitigation. The \$700+ million allocated to the new Flood Infrastructure Fund (FIF) by the 86<sup>th</sup> Legislature, while commendable, will not go far enough to meet the needs of communities facing flooding challenges, despite local commitments for funding for flood mitigation. TWDB’s call for initial applications for that \$700+ million resulted in requests for well over \$2 billion in flood mitigation funds, dramatically demonstrating the need.

Sierra Club strongly urges the 87<sup>th</sup> Texas Legislature to put more funding into FIF for flood mitigation, especially to encourage and support non-structural flood management projects. We recommend a relatively modest allocation of money from the Rainy Day Fund – perhaps in the range of \$200-\$250 million – to maintain the FIF program over the coming biennium. The next regular session of the Legislature in 2023 will then have to examine additional funding levels for flood mitigation and risk reduction projects as the preliminary versions of the regional flood plans become available in advance of the first state flood plan.

### Summary

In conclusion, the Sierra Club strongly recommends additional funding for TWDB as delineated above. If the state’s financial situation – due to the pandemic and other factors – does not provide the opportunity to provide that additional funding, then Sierra Club urges at the very least that the current funding levels for activities such as conservation and flood programs be maintained for the FY 2020/FY 2023 biennium and that EDAP be a high priority for the subsequent biennium.