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To: Honorable Armando Walle, Chair, House Committee on Appropriations, Articles VI, VII and VII

Honorable Members, Subcommittee on Articles VI, VII and VIII

February 27th, 2023

Sierra Club Comments on HB 1 on Texas Water Development Board: Flood Infrastructure, EDAP and Water Conservation

The Sierra Club has closely monitored and interacted with TWDB for over 50 years. We note that in just the last decade TWDB underwent a major reorganization, was tasked with implementing new water project funding mechanisms, and was assigned to oversee distribution of an unprecedented allocation of flood mitigation funds and a complex new flood planning process. In general, we believe the agency has performed remarkably well in carrying out its new and traditional duties.

However, **TWDB has not been given the level of staffing and resources commensurate with its increased workload and the greater complexity of its financial assistance programs. With the anticipated infusion of federal funding for water infrastructure projects coming to Texas over the next five years as a result of the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) – much of which will be administered by TWDB – the staff and resources of the agency are likely to be further strained without substantial additional appropriations and an increase in FTEs.**

Moreover, regional flood plans required by legislation enacted in 2019 will soon be completed and aggregated into a state flood plan by early 2024, providing a blueprint for flood mitigation projects around the state. The Legislature will have to make a large new allocation of flood project funding available in the coming biennium to initiate these projects.

All of this argues for a large-scale increase in appropriations to TWDB for the critical 2024/2025 biennium to meet the state financial assistance needs of local political subdivisions and make sure that enhanced funding programs are carried out efficiently, equitably, expeditiously, and based on accurate data. Texas is fortunate to have the anticipated revenue to meet this challenge.

With this context, **the Sierra Club supports the base budget contained in SB 1, as well as the exceptional item requests (EIRs), and the proposed changes in method of finance that the Texas Water Development Board has laid out in its 2024/2025 Legislative Appropriations Request.** Finally, we also mention three additional issues which we believe could be addressed through the budget.

We offer the following observations on *some* of the EIRs included in the TWDB LAR submitted last year.

Data Enhancement and Modernization and Shared Technology Services (EIRs #4 and 7)

SB 1 does not currently appear to include requests by TWDB for enhanced data enhancement and shared technology services. The foundation of appropriate decision-making about management of water resources and allocation of funding levels and programs to meet those management needs is a strong and well-integrated data base of accurate water and related information, one that is easily accessible and usable by professionals and the public alike. The Sierra Club strongly supports TWDB's exceptional item requests that have been made in pursuit of ensuring such a database. For example, we believe completion of the TexMesonet and development of and support for a statewide evapotranspiration (ET) dataset – which will be advanced by EIR #4 – is critical to Texans (including agricultural producers and the general public) to have the information necessary to make water use decisions in a time of climate change and highly variable rainfall events. The funding requested in EIR #4 also will expand monitoring of groundwater resources, including springs, which will enhance our knowledge of the effects of groundwater use and transfers on aquifer levels and add to our understanding of groundwater-surface water connections.

Debt Service and Match (EIR #6)

We strongly support the TWDB's request for funding from the General Revenue Fund to pay debt service on bonds used to support the Economically Distressed Areas Program (EDAP) and match funds to support the Clean Water SRF and the Drinking Water SRF programs. ***It appears that SB 1 does include additional funding to allow TWDB to issue the additional \$100 million in bonds approved by voters for EDAP. However, SB 1 does not appear to support the matching funds needed to make available some \$2.7 billion that could be made available to the State of Texas through the revolving loan funds.***

Sierra Club has supported the EDAP program since its creation in 1989 because of its importance in meeting the water and wastewater needs of many socially vulnerable communities around the state. Although we realize that the demand for EDAP funds for water and wastewater is greater than funds available, we are hopeful that the Legislature will expand the program to include projects to address drainage and stormwater retention needs and will provide additional funding to make that expansion possible.

We also urge the Legislature to provide direction to TWDB either through statute or the appropriations bill or both to give higher priority to and facilitate the use of Clean Water and Drinking Water SRFs for nature-based, nonstructural projects where feasible, to stretch available dollars as much as possible while creatively meeting needs.

Flood Package (EIR #5)

The Sierra Club endorses the TWDB request for \$375 million in new project funding for the Flood Infrastructure Program (FIF) and staff resources in support of the program. While SB 1 does not include this request, the Legislature has indicated that the supplemental bill will include money for flood infrastructure. The requested funds are basically a continuation of the commitment made by the Legislature in the creation of the FIF to increase state resources to help meet the extensive flood mitigation needs of Texas communities. With completion of the first round of regional and state flood plans, allocation of funds to advance projects in the plans will be essential. As regarding the SRFs, we encourage prioritization and facilitation of nature-based, nonstructural flood mitigation projects in the distribution of these funds.

Rural Community Assistance (EIR #3)

We believe that the requested funding for meeting rural water needs is essential to making sure that all Texas communities benefit from TWDB financial assistance programs, and we especially endorse the \$15 million cash deposit to the Agricultural Water Conservation Fund. Agricultural water conservation strategies recommended in the latest state water (supply) plan account for over 15% by volume of the water required to meet Texas water needs by 2070. This goal cannot be reached without adequate state funding to foster those conservation strategies. ***SB 1 does not include this money.***

Additional Issues

In addition to our support for the EIRs from TWDB, the Sierra Club also continues to urge that the Texas Legislature allocate funds **of at least \$3 million a year** to the statewide public awareness program for water that was created by statute in 2007 but has never been funded.

Moreover, we believe special efforts are needed to assure that the TWDB does more to meet the statutory goals that at least 20% of the funding from SWIFT for water conservation and water reuse programs, and to improve outreach and access on the Economically Distressed Areas Program (EDAP). The Sierra Club believes that through the budget the TWDB could be directed to make improvements in these areas. The Sierra Club believes the legislature should direct TWDB to undertake a pro-active effort to achieve the statutory goal of not less than 20% of SWIFT funding for water conservation or reuse, by one or more of the following:

- *preparation of a TWDB guidance manual for political subdivisions with examples of conservation or reuse projects for which they could apply for SWIFT financial assistance and an enumeration of ways in which the recipient may meet financial obligations for repayment*
- *encouragement to political subdivisions applying for SWIFT for infrastructure projects to incorporate water conservation program components into the application as an adjunct to the infrastructure project, and development of TWDB guidance to facilitate that effort*
- *preparation of model water conservation programs (not just templates for conservation programs) for different categories of political subdivisions, based on size of population served, that would incorporate components eligible for SWIFT funding.*

Moreover, the Sierra Club is very supportive of continued investment in EDAP. Still, we believe the program has not been as effective as it could be. We recommend that as part of the budget process, the legislature should direct *TWDB to contract with a qualified entity to assess the effectiveness of past and current activities of the agency in meeting the water, wastewater, and flood mitigation efforts of disadvantaged communities in Texas and to recommend any changes in the design or implementation of the agency's programs that would enhance that effectiveness.*

Finally, we would note that HB 1 includes some specific funding allocations for specific projects in riders. In general the Sierra Club supports giving the TWDB the tools to fund worthy projects,

as opposed to naming specific projects and funding amounts in the budget. We do not have a position on the particular projects named in riders.