

Texas Water Development Board

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June 6, 2014

Mr. Jim Parks
North Texas Municipal Water District
P.O. Box 2408
Wylie, TX 75098

Re: Texas Water Development Board review of the draft prioritization of projects in the 2011 Region C Regional Water Plan

Dear Mr. Parks:

Texas Water Development Board staff has completed a review of the draft 2011 Region C project prioritization list submitted by June 1, 2014 on behalf of the Region C Regional Water Planning Group and found that the list of projects that were prioritized to be administratively complete.

- Attachment A contains comments that are specific to the Region C submission.
- Attachment B includes recommended guidance to help ensure uniform application of the standards. **Please note that Attachment B is subject to consideration by the Stakeholder Committee.**
- Attachment C provides answers to some general questions that were submitted by the regional water planning groups as part of this process.

As a reminder, the final project prioritizations must be submitted by September 1, 2014. If you have any questions, please do not hesitate to contact Connie Townsend at 512-463-8290.

Sincerely,



Kevin Patteson
Executive Administrator

Attachment A: Comments on the Draft Prioritization of the 2011 Region C Regional Water Plan

Attachment B: Recommended Guidance to Ensure Uniformity of Final Prioritization Submissions

Attachment C: Answers to General Questions Received from RWPGs/Stakeholder Committee Members by June 1, 2014

Our Mission : Board Members

To provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas : Carlos Rubinstein, Chairman | Bech Bruun, Member | Kathleen Jackson, Member
: Kevin Patteson, Executive Administrator

ATTACHMENT A

Comments on the Draft Prioritization of the 2011 Region C Regional Water Plan

- A. Please consider adjusting the prioritization scores in accordance with all the recommended guidance in Attachment B for the final prioritization submission. **Note that Attachment B is a draft document provided by TWDB that is subject to the HB4 Stakeholder Committee's discretion.** Attachment B is being provided to the HB4 Stakeholder Committee for their consideration and possible use.
- B. It appears that the assumptions/methodology used by the regional water planning group (RWPG) to score projects under uniform standard 3C were not applied consistently to all projects. The assumption for uniform standard 3C states that "all projects should receive a 'Yes' answer. However, Project C310 (Hickory Creek SUD, Additional Woodbine Aquifer – Existing wells) was scored as "No". Please apply assumptions/methodologies consistently to all projects for each uniform standard in the final prioritization submission.
- C. Please see guidance item number 1 in Attachment B of this comment letter.
- D. Please see guidance item number 8 in Attachment B of this comment letter.
- E. Please see guidance item number 9 in Attachment B of this comment letter.
- F. Please see guidance item number 12 in Attachment B of this comment letter.

Recommended Guidance to Ensure Uniformity of Final Prioritization Submissions

The following guidance is being offered to assist the Stakeholder Committee and RWPGs to achieve an acceptable degree of uniformity in the application of the uniform standards adopted by the stakeholder committee and approved by TWDB on December 5, 2013. This guidance was developed based on: a generic interpretation of the language of the uniform standards; the limits of the information contained within 2011 regional water plans; the time and resources available to the RWPGs; and with an acknowledgement of the flexible nature of the prioritization process moving forward. This guidance is strictly limited to recommending how the existing uniform standards should be applied within the confines of their existing scope as adopted by the Stakeholder Committee. **This guidance does not attempt to address any overall concerns about the uniform standards themselves or matters not currently taken into consideration by the uniform standards.**

This guidance is subject to the Stakeholder Committee’s discretion. Coordinate with your Stakeholder Committee representative before applying these guidelines.

RECOMMENDED GUIDANCE FOR APPLYING THE UNIFORM STANDARDS
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1. **GENERAL - Grouping Projects for Scoring**

Guidance: *(As indicated in previous guidance provided on October 9, 2013)*

Projects cannot be bundled if they are considered separate projects and are presented as such in the regional plans and will or can be implemented separately. For example, two groundwater well projects that would serve two different entities and are entirely separate physically shouldn’t be prioritized together. **The reason for this is that each project could be built independently and there would not be a single borrower to implement those two projects.** Moreover, with separate entities, the projects may receive different scoring under the criteria specified by House Bill (HB) 4 due to entity-specific circumstances (e.g., decade of need, availability of water rights, cost-effectiveness, taking into consideration the expected unit cost). In instances when it is appropriate to bundle projects for scoring, please leave all the associated project line items in place (with their shared prioritization scores) and clearly note in the final submission where this occurred and which projects were related to each other.

2. **GENERAL – Tie-breakers**

Background: There are likely to be some ties in scoring projects at the regional level.

Guidance: In order to ensure uniformity in applying the uniform standards across all 16 regions, RWPGs should not introduce new variability into the scoring of projects by developing regional tie-breaking criteria. Ties at the regional level may not remain after a state-level prioritization.

3. **GENERAL – SWIFT funding category “flags”**

Background: The Stakeholder Committee included flags in the Uniform Standards document to allow RWPGs to indicate potential funding categories.

Guidance: These labels will not affect funding opportunities or priorities of projects requesting funding from TWDB. TWDB will determine what categories of funding each

project will qualify for at the time that funding applications are submitted, regardless of these flags.

4. **Uniform Standard 1A** - *What is the decade the RWP shows the project comes online?*

Background: (The choices for response to standard 1A include only the planning decades 2010-2060.)

Guidance: All the regional water plans present water supply information in the common form of the 2010-2060 planning decades. The online date of a project is the earliest planning decade presented in the published regional water plan in which there is a water supply volume shown, regardless of the date of water needs of any participants. A project that has zero supply shown for the 2010 decade, for example, could not be considered online in 2010 since there is not a supply volume in the 2010 decade. (Note that the online date of a project cannot be changed from what is in the regional water plan without a formal regional water plan amendment.)

5. **Uniform Standard 1B** - *In what decade is initial funding needed?*

Background: There were questions about how to determine the score if there was no response to the Infrastructure Financing Survey or other information in the published plan regarding a date that initial funding will be needed. Several standards (including 1B, 2B and 2C) include a footnote indicated by a double asterisk that states: “** indicates that additional data may have to be collected by RWPG in order to score projects.”

Guidance: The footnote (**) suggests that not all the uniform standard scores would be based on water plan information obtained at a single, common point in time (e.g., from 2011). Data sources for this score should be limited as much as possible to the published plan and Infrastructure Financing Survey responses (data provided by TWDB). In the absence of information directly related to the 2011 regional water plans, the RWPG should seek other published information and, in the absence of published information, the RWPG should apply a reasonable and consistent assumption for all project types. In any case, the decade that funding is needed should never be later than the decade the project comes online.

6. **Uniform Standards (2A-C):**

2A - *What supporting data is available to show that the quantity of water needed is available?*

2B - *If necessary, does the sponsor hold necessary legal rights, water rights and/or contracts to use the water that this project would require?*

2C - *What level of engineering and/or planning has been accomplished for this project? (Points based on progress on scientific data collection, stage of studies and design)*

Background: There were questions about whether the scoring had to be based on conditions at the time of the plan (adoption) or current conditions. Several uniform standards (including 2B and 2C) include a footnote indicated by a double asterisk that states: “** indicates that additional data may have to be collected by RWPG in order to score projects.”

Guidance: The addition of a new project through an amendment, for example, will likely require scoring the additional project based on currently available information. Therefore, we recommend currently available information whenever possible. Because the regional project prioritizations are not considered part of the regional water plans, they may be updated by the RWPGs in the future (e.g., if the uniform standards are modified). The effort and frequency with which RWPGs acquire updated information and update their regional water plan prioritizations is for each RWPG to determine.

7. **Uniform Standard 2D** - *Has the project sponsor requested (in writing for the 2016 Plan) that the project be included in the Regional Water Plan?*

Background: There were questions about whether the parenthetical statement regarding requests in writing was relevant to prioritizations of the 2011 regional water plans.

Guidance: The parenthetical should be ignored when prioritizing the 2011 regional water plans.

8. **Uniform Standards (3A and B):**

3A - *In the decade the project supply comes online, what is the % of the WUG's (or WUGs') needs satisfied by this project?*

3B - *In the final decade of the planning period, what is the % of the WUG's (or WUGs') needs satisfied by this project?*

Background: The basis for obtaining points in these standards is meeting a percentage of identified water needs in the plans.

Guidance:

- If the entities served by a strategy in the plan have no needs in a decade of interest, that strategy would not be meeting any water needs and should therefore score zero points.
- County-wide water user groups are considered a single water user group for the purpose of applying this standard.

9. **Uniform Standard 3C** - *Is this project the only economically feasible source of new supply for the WUG, other than conservation?*

Guidance:

- Since this particular uniform standard developed by the stakeholder committee does not directly consider conservation for scoring under this criteria, conservation would always score zero points based on the language.
- For projects that are the only economically feasible strategy other than conservation *for at least one of the WUGs served by the project* (in the case of a project sponsored by a wholesale water supplier and that serves multiple WUGs) it should score five points.

10. **Uniform Standard 3D** - *Does the project serve multiple WUGs?*

Guidance:

- A wholesale water provider project will only score 5 points if the water plan data indicates that multiple water user groups rely on the project.
- County-wide water user groups are considered a single water user group for the purpose of applying this standard.
- Water user groups split by river basin and/or regional water planning area are considered a single water user for the purpose of applying this standard.

11. **Uniform Standard 4B** - *Does the volume of water supplied by the project change over the regional water planning period?*

Guidance: Standard applies only to the associated “regional water planning period” (i.e., 2010 to 2060)

12. **Uniform Standard 5A** - *What is the expected unit cost of water supplied by this project compared to the median unit cost of all other recommended strategies in the region's current RWP? (Project's Unit Cost divided by the median project's unit cost)*

Background: There were questions about a) whether strategies with zero unit costs should be included in the calculation, and b) which decade should be used as the basis for the calculation when determining the cost of the project relative to the median unit cost of all the recommended strategies.

Guidance:

- The unit cost of all projects, including those with zero capital costs, should be included in the calculation of the median unit costs of projects in a regional water plan.
- The unit cost should be calculated using the first decade online unit cost of the project of interest relative to the median of the first decade online unit costs of all recommended strategies.

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**Answers to General Questions Received from RWPGs/Stakeholder Committee Members
by June 1, 2014**

Below are questions and associated answers to some general questions related to the overall process, some of which had been previously addressed.

- 1. Q: When there is a data error in the 2012 plan, should the project be scored on erroneous information? Or is there a mechanism for dealing with these data errors other than going through a revision of the plan?**

A: The projects in each regional water plan must be scored based on the information in the associated, adopted regional water plan. If a RWPG decides that information in its regional water plan is incorrect it may need to amend its plan or to request publication of an errata in order to modify information that may change a project's prioritization.

- 2. Q: Does the project list [provided by TWDB based on the state water planning database] for prioritization include split WUGs?**

A: No – the project lists provided by TWDB for each region include whole entity sponsors. (Splitting WUGs would have created redundant sponsor-project line items.)

- 3. Q: Can projects be grouped across regions?**

A: As stated in response number three in the October 9, 2013 “Answers to Questions Received from the House Bill 4 Prioritization Stakeholder Committee Members” projects may be bundled to reflect project development and the associated borrowers. In this particular case, both regions could present the same score for the shared project if that project would be implemented simultaneously in both regions. An associated comment should be placed in the list submitted by the region to TWDB identifying that the project was bundled across regions.

- 4. Q: If a WMS serving the Region X plan has all of the associated capital costs presented in the Region Y plan, can Region X use the capital [associated unit costs] from the Region Y plan? Or use \$0 as their share of the cost as reflected in the plan?**

A: See previous answer. Capital costs should remain associated with the listed sponsor of the project and cannot be associated with a different entity for the purposes of prioritizations.

- 5. Q: Does DB12 [state water plan database] data have to be used?**

A: Data entered by RWPGs into the state water planning database was required to be based directly on the regional water plans. There should not be significant differences between the data in the regional water plan document and DB12. If there is a specific discrepancy, RWPGs should base their prioritization on the published regional water plan data but should clearly note in their submission to TWDB, in each case, where this occurred. Each occurrence may require follow-up by the RWPG to correct their data in DB12 and may also require issuing a RWPG-approved errata to their 2011 regional water plan.

- 6. Q: When calculating the percent of WUG needs met by a strategy, how is that reported? Some strategies meet needs for multiple WUGS, for example, irrigation in multiple counties. Since the spreadsheet has a supply available in each county, should they report the percent of needs met for irrigation in each county? The other way would be to add all the needs in counties where the WMS is recommended and calculate the percent of needs are met by the strategy.**

A: The stakeholder committee uniform standards explicitly state that for each project the percent needs met is to be based on an aggregated calculation: “based on the total needs of all WUGs receiving water from the project.”

- 7. Q: There are a large number of ties [between ranked projects] with no established way to break. Use volume? Unit cost?**

A: It is not surprising that there may be a few ties. RWPGs are not to introduce any new standards for the purpose of breaking ties within a single region. TWDB will review the draft prioritizations, including tie rankings.

- 8. Q: Is there a mechanism in the template to screen out projects which have already been implemented?**

A: After the RWPG confirms the information with project sponsors, projects that have already been fully implemented may be noted as such in the prioritization data submission and disregarded.

- 9. Q: How do we update prioritizations when a new project is amended into a regional water plan?**

A: Once the RWPG adopts an amendment, the RWPG should score any amended projects and submit that project prioritization score along with the adopted amendment materials to TWDB.

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