



SWIFT Funding for Conservation and Reuse Projects

***Capital Area Chapter TAWWA – Alternative Water
Supplies Seminar***

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Overview:

- Setting the Stage
- HB 4 Overview
- Proposition 6 Passage
- TWDB Rulemaking
- Conservation and Reuse Projects within the SWIFT



***Setting the Stage for the
SWIFT***

Historical Perspective – Water Funding

- 2012 State Water Plan projects that Texas needs to generate additional 9 million acft of additional water supplies by 2060.
- Cost to fund water management strategies identified in the State Water Plan: **\$53 billion**.
- SWP estimates that municipal water providers will need **\$27 billion** in state financial assistance to implement their water management strategies.

Historical Perspective – Water Funding

- Historically, political support for water funding initiatives has been a challenge.
- Reasons:
 - Budget shortfalls
 - Political climate
 - No one paying attention



2013 – The Perfect (Dust) Storm

- Texas in the midst of a long-running, historic drought
- Budget surplus announced
- Key leadership at the Capitol committed to water-related initiatives





House Bill 4 Overview

HB 4 (Ritter) – State Water Implementation Fund

- Bill established the State Water Implementation Fund for Texas (SWIFT)
- Also established a SWIFT Advisory Committee comprised of appointees by the Governor, Lt. Governor, and Speaker of the House to submit recommendations regarding distributions of the SWIFT
- Contains special provisions relating to administration and distribution of the fund

HB 4 – Administration of Fund

- Of money disbursed from SWIFT for each 5-year planning cycle:
 - 10% must be used to support rural political subdivisions or agricultural water conservation
 - 20% must be used to support projects designed for water conservation or reuse

HB 4 – Prioritization of Projects

- Requires each Regional Water Planning Group to prioritize projects in RWPs using the following criteria:
 - Decade of project need
 - Feasibility of project, including water availability
 - Viability of project
 - Sustainability, considering life of the project
 - Cost-effectiveness; unit cost of water
- Requires RWPGs to consider both short-term and long-term needs

HB 4 – Prioritization of Projects, cont'd

- TWDB to establish point system for prioritizing projects that:
 - Serve large population
 - Provide assistance to diverse urban and rural populations
 - Provide regionalized supplies; or
 - Meet a high percentage of water supply; also consider
 - Impact water conservation and water loss; and
 - The priority given to the project by regional water planning group
- TWDB to adopt rules regarding use of fund and criteria.

HB 4 – Texas Water Development Board Composition

- Completely overhauled composition of TWDB – going from 6 part-time to 3 full-time board members.
- Prohibits current board members from serving in the future.
- Removed current Executive Administrator and provides for appointment of new EA.

WHERE WOULD THE MONEY COME FROM?

- HB 11 (Ritter) – Appropriated \$2 billion from Economic Stabilization Fund for deposit into SWIFT (Killed in House on point of order).
- HB 1025/ SJR 1 (Williams) – Proposed a constitutional amendment to create the SWIFT.
- **Proposition 6**: Proposal presented to voters for approval on Nov. 5, 2013 -- to appropriate \$2 billion from the Rainy Day Fund to infuse the SWIFT.



Implementation of House Bill 4

Changes at the Texas Water Development Board

- Three New Board Members:
 - Carlos Rubenstein, former TCEQ Commissioner
 - Bech Bruun, former government relations manager for the Brazos River Authority
 - Kathleen Jackson, former board member of Lower Neches Valley Authority
- New Executive Administrator: Kevin Patteson

Passage of Proposition 6

- Overwhelming voter approval – 73% of vote
- Bipartisan support and backing from business, environmental and other interests
- Infused SWIFT with real dollars so that funding can begin



SWIFT Advisory Committee

- Co-chaired by Sen. Troy Fraser and Rep. Allan Ritter
- Members:
 - Rep. Drew Darby
 - Sen. Kevin Eltife
 - Rep. Eddie Lucio III
 - Martin Hubert, Deputy Comptroller

Uniform Standards for Prioritization of Regional Water Plan Projects

- HB 4 Stakeholder Committee comprised of regional water planning group chairs and designees
- Uniform Standards identify five weighted criteria:

Criteria	Weight
Decade of Need	40%
Project Feasibility	10%
Project Viability	25%
Project Sustainability	15%
Project Cost Effectiveness	10%

Rulemaking by TWDB

- June 26, 2014 – TWDB approved for proposal draft rules to govern distribution of funds under SWIFT/SWIRFT
- Establish TWDB prioritization criteria for:
 - Population served
 - Projects serving diverse urban/rural population
 - Projects providing regionalization
 - Meeting a high percentage of water supply needs

Rulemaking by TWDB, Cont'd

- Other prioritization criteria:
 - Other funding contributions
 - Ability to repay
 - Addressing an emergency need
 - Project readiness to proceed
 - *Demonstrated water conservation success*
 - Regional priority ranking
- Also prescribe use of funds by TWDB

Rulemaking by TWDB, cont'd

- Draft Rules do not outline a protocol for initial earmarking of conservation and reuse projects.
- Instead, provide that after release of funds, TWDB quantify what portion of project funds qualify as conservation and reuse funding.
- TWDB accepted public comments on Draft Rules until September 1, 2014.
- Rule finalized by December 2014.



***SWIFT Funding for Conservation
and Reuse Projects***

Funding for Reuse Projects from the SWIFT

- Placing Reuse Projects in the RWP and SWP
 - Identifying projects for possible financial assistance.
 - Capital intensive projects
 - Projects with defined timeline and quantifiable savings
 - *Making sure your projects are in the appropriate Regional Water Plan.*
 - Consider future conservation and reuse projects; possible identification as itemized projects in the Regional Water Plan.

Funding for Reuse Projects from the SWIFT, cont'd

- Project selection in light of prioritization criteria:
 - Conservation success
 - Percentage of water supply need to be met by project
 - Addressing an emergency need
 - Other

What's Coming Up

- Finalization of TWDB Rules
- RWPG Identification of recommended water management strategies for 2016 Regional Water Plans
- Possible measures next session impacting conservation and reuse projects

Questions???

