

Section 1

**Water Development Board  
Summary of Recommendations - House**

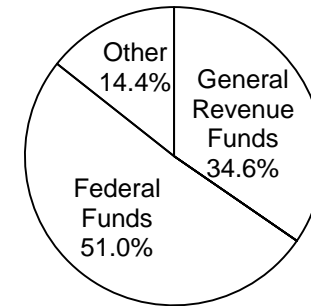
Page VI-60

Melanie Callahan, Executive Administrator

Tina Beck, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$37,743,422	\$37,743,422	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$37,743,422</i>	<i>\$37,743,422</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$100,607,988	\$55,668,500	(\$44,939,488)	(44.7%)
Other	\$21,682,964	\$15,665,112	(\$6,017,852)	(27.8%)
<b>All Funds</b>	<b>\$160,034,374</b>	<b>\$109,077,034</b>	<b>(\$50,957,340)</b>	<b>(31.8%)</b>

RECOMMENDED FUNDING  
BY METHOD OF FINANCING



	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	295.0	295.0	0.0	0.0%

The bill pattern for this agency (2014-15 Recommended) represents an estimated 5.4% of the agency's estimated total available funds for the 2014-15 biennium. Funds outside the treasury total \$1.9 billion for the 2014-15 biennium, and include the Texas Water Development Fund II, and the Clean/Drinking Water State Revolving Funds.

**Section 1  
Water Development Board**

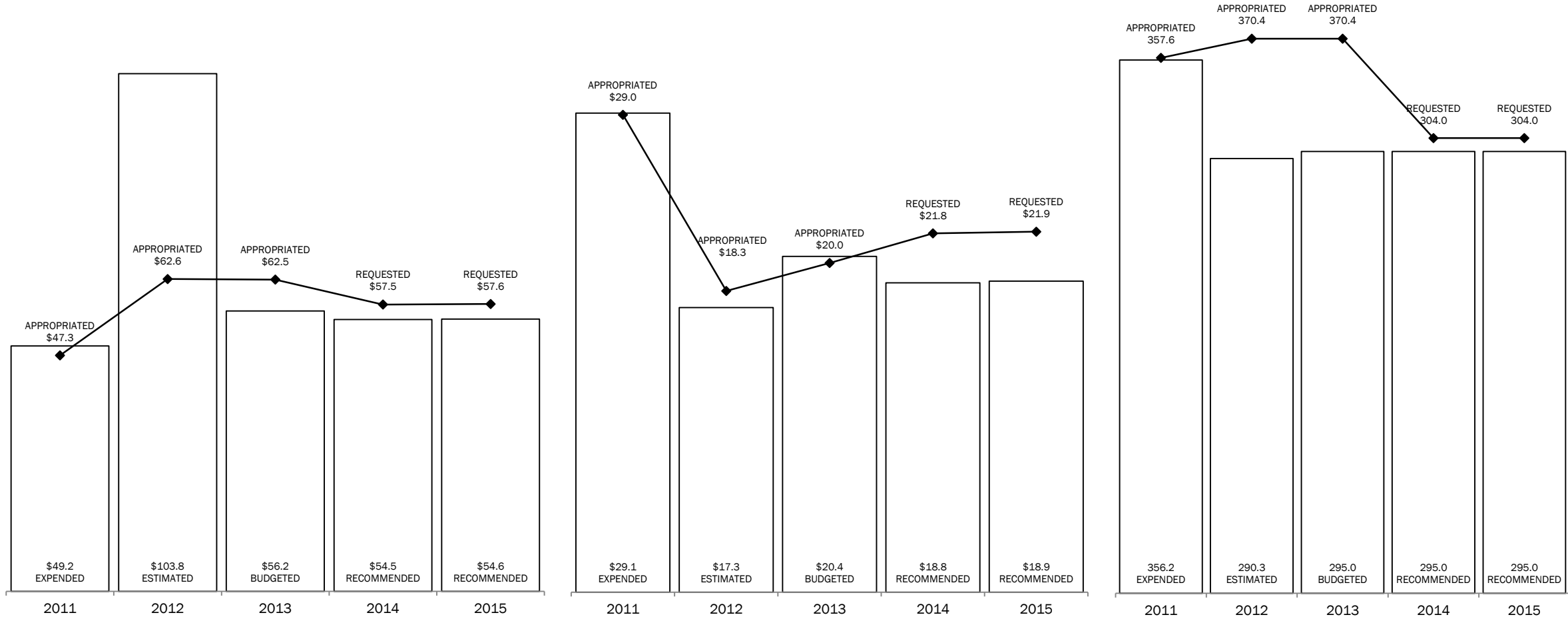
2014-2015 BIENNIUM  
IN MILLIONS

TOTAL= \$109.1 MILLION

**ALL FUNDS**

**GENERAL REVENUE AND  
GENERAL REVENUE-DEDICATED FUNDS**

**FULL-TIME-EQUIVALENT POSITIONS**



Note: Expenditures in fiscal year 2012 exceed appropriated amounts, primarily for the receipt of \$36.8 million in additional pass-through federal funding for local flood mitigation projects. See FTE highlights for an explanation of the reduction in the FTE cap.

Section 2

**Water Development Board**  
**Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					<p><b>Summary:</b> Recommendations include an All Funds decrease of \$51.0 million, or 31.8 percent, which includes no biennial change in the level of General Revenue Appropriations (\$37.4 million). The most significant components of the funding change includes: 1) a decrease of \$44.9 million in federal funds, primarily in one-time pass-through flood mitigation grants from the Federal Emergency Management Agency (FEMA) to Harris, Jefferson, and Galveston counties, as well as the cities of Arlington and Mansfield (\$42.7 million); and 2) a decrease of \$6.0 million in Other Funds, primarily for decreases from the Water Assistance Fund No. 480 for completed efforts to assist regional planning groups with the 2012 State Water Plan, completed contracts for Groundwater Availability Modeling, and completed analysis of freshwater inflows to bays and estuaries (\$4.1 million).</p>
ENVIRONMENTAL IMPACT INFORMATION A.1.1	\$2,175,798	\$1,442,090	(\$733,708)	(33.7%)	<p>Recommendations include a requested decrease in All Funds of \$0.7 million, primarily in Appropriated Receipts, Interagency Contracts, and the Water Assistance Fund No. 480 (a total decrease of \$0.6 million from Other Funds). The reduction reflects one-time projects completed in 2012-13 for analysis of freshwater inflows to bays and estuaries that are not anticipated in the 2014-15 biennium.</p> <p>Also included is a decrease in General Revenue reallocated to other strategies in the baseline request (\$32,084) and a decrease in federal funds for completed research grants (\$72,192).</p>
WATER RESOURCES DATA A.1.2	\$5,793,067	\$5,552,428	(\$240,639)	(4.2%)	<p>Recommendations include an All Funds decrease of \$0.2 million, primarily in Appropriated Receipts (Other Funds) for one-time projects completed in 2012-13 for analysis of instream flows that are not anticipated in the 2014-15 biennium.</p>
AUTO INFO COLLECT., MAINT. & DISSEM A.1.3	\$4,849,873	\$4,597,780	(\$252,093)	(5.2%)	<p>Recommendations include an All Funds decrease of \$0.3 million, primarily in Appropriated Receipts (Other Funds) for completed data collection, programming, and support service projects in 2012-13 that are not anticipated in the 2014-15 biennium.</p>

Section 2

**Water Development Board**  
**Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
TECHNICAL ASSISTANCE & MODELING A.2.1	\$5,763,358	\$3,893,418	(\$1,869,940)	(32.4%)	Recommendations include an All Funds decrease of \$1.9 million, primarily in the Water Assistance Fund No. 480 (Other Funds) for completed contracts for Groundwater Availability Modeling that are not anticipated in the 2014-15 biennium.
WATER RESOURCES PLANNING A.2.2	\$15,011,168	\$12,526,503	(\$2,484,665)	(16.6%)	Recommendations include an All Funds decrease of \$2.5 million, primarily for a decrease in one-time balances from the Water Assistance Fund No. 480 (\$2.0 million, Other Funds) and Appropriated Receipts (\$0.7 million, Other Funds) for assistance to regional planning groups for completion of the 2012 State Water Plan. These amounts were offset by an increase of \$0.2 million in General Revenue reallocated from other strategies to address ongoing efforts in 2014-15.
WATER CONSERVATION EDUCATION & ASST A.3.1	\$2,797,806	\$2,761,696	(\$36,110)	(1.3%)	
PERFORM COMM ASSIST RELATED TO NFIP A.4.1	\$87,033,591	\$44,321,250	(\$42,712,341)	(49.1%)	Recommendations include an All Funds decrease of \$42.7 million, primarily in one-time pass-through federal funds from the Federal Emergency Management Agency (FEMA) in flood mitigation grants to Harris, Jefferson and Galveston counties, as well as the cities of Arlington and Mansfield.
<b>Total, Goal A, WATER RESOURCE PLANNING</b>	<b>\$123,424,661</b>	<b>\$75,095,165</b>	<b>(\$48,329,496)</b>	<b>(39.2%)</b>	
STATE & FEDERAL FIN ASSIST PROGRAM B.1.1	\$19,839,646	\$18,383,212	(\$1,456,434)	(7.3%)	Recommendations include an All Funds decrease of \$1.5 million, primarily for a decrease of \$1.7 million in federal funds due to the end of the ARRA-funded grants for the clean/drinking water state revolving fund programs. This amount was offset by an increase of \$0.5 million in General Revenue reallocated from other strategies in the agency's baseline request.
ECONOMICALLY DISTRESSED AREAS B.1.2	\$1,625,115	\$1,226,952	(\$398,163)	(24.5%)	Recommendations include an All Funds decrease of \$0.4 million, primarily for a decrease of \$0.3 million in General Revenue funds the agency reallocated to other strategies in the baseline request.
<b>Total, Goal B, WATER PROJECT FINANCING</b>	<b>\$21,464,761</b>	<b>\$19,610,164</b>	<b>(\$1,854,597)</b>	<b>(8.6%)</b>	

Section 2

**Water Development Board**  
**Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION C.1.1	\$6,535,833	\$6,344,384	(\$191,449)	(2.9%)	Recommendations include an All Funds decrease of \$0.2 million, which includes decreases in General Revenue (\$0.4 million) and federal funds (\$0.3 million) to reflect the end of ARRA-funded grants for clean/drinking water programs. This amount was offset by an increase of \$0.4 million in expected Appropriated Receipts from the Texas Water Resources Finance Authority (TWRFA) the agency reallocated from other strategies in the baseline request.
INFORMATION RESOURCES C.1.2	\$7,371,427	\$6,801,849	(\$569,578)	(7.7%)	Recommendations include an All Funds decrease of \$0.6 million, primarily for a \$0.5 million decrease in one-time Appropriated Receipts (Other Funds) to develop a comprehensive loan, grant, and contract information management system.
OTHER SUPPORT SERVICES C.1.3	\$1,237,692	\$1,225,472	(\$12,220)	(1.0%)	
<b>Total, Goal C, INDIRECT ADMINISTRATION</b>	<b>\$15,144,952</b>	<b>\$14,371,705</b>	<b>(\$773,247)</b>	<b>(5.1%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$160,034,374</b>	<b>\$109,077,034</b>	<b>(\$50,957,340)</b>	<b>(31.8%)</b>	

## Section 3

### Water Development Board Selected Fiscal and Policy Issues

#### 1. Funds Outside the Treasury

WDB administers three funds outside the appropriations process: the DFund; the Clean Water State Revolving Fund; and, the Drinking Water State Revolving Fund. The estimated grand total of agency funds outside the 2014-15 bill pattern is \$1.9 billion; and the amount in the agency's bill pattern represents 5.4 percent of WDB's estimated total available funds for the biennium. If appropriations for Debt Service Payments – Non-Self Supporting G.O. Water Bonds, are included in the calculation, the combined appropriations for the two bill patterns represent 14.6 percent of WDB's estimated total available funds for the biennium. See Estimated Total of All Agency Funds Outside the GAA Bill Pattern.

The DFund is constitutionally dedicated by Article III, Section 49-c(c), and only the debt service for the non-self supporting programs under the DFund appear in the appropriations bill. These appropriations are in the Debt Service Payments - Non-Self Supporting G.O. Water Bonds bill pattern, and funding for 2014-15 includes \$105.5 million in General Revenue to pay debt service requirements for existing bond debt. The Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are self-supporting bond programs and Section 15.603(a) of the Water Code provides that they are not subject to the appropriations process.

**Estimated Total of All Agency Funds Outside the GAA Bill Pattern  
Texas Water Development Board**

<b>ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2014-15 GAA BILL PATTERN</b>	<b>\$</b>	<b>1,903,572,702</b>
-----------------------------------------------------------------------------------	-----------	----------------------

**Texas Water Development Fund II**

Estimated Beginning Balance in FY 2012	\$	94,332,699
Estimated Revenues FY 2012	\$	485,984,538
Estimated Revenues FY 2013	\$	259,799,692
<b>FY 2012-13 Total</b>	<b>\$</b>	<b>840,116,929</b>
Estimated Beginning Balance in FY 2014	\$	376,984,258
Estimated Revenues FY 2014	\$	82,572,675
Estimated Revenues FY 2015	\$	83,341,096
<b>FY 2014-15 Total</b>	<b>\$</b>	<b>542,898,029</b>

**Constitutional or Statutory Creation and Use of Funds:**

Texas Water Development Fund (Dfund I) was originally adopted in 1957 (Article 3, section 49-c, Texas Constitution) to provide loans for water supply, water quality enhancement (sewer), flood control and state participation projects. The Texas Water Development Fund II (Dfund II) was adopted in 1997 by Article 3, section 49-d-8 of the Texas Constitution. Dfund II modernized the flow of funds and maximized the use of remaining bond authorizations.

**Method of Calculation and Revenue Assumptions:**

Although EDAP, WIF and State Participation are part of Dfund II, the debt service for these is included in the GAA, so they are not included in the figures for Dfund II. Revenues for 2012 includes actual and estimated loan repayments, interest and prepayments for FY12. Beginning balances for FY12 are from the FY11 AFR. Estimated revenues for FY13 - 15 are from cash flow projections based on projected interest, scheduled and estimated repayments of loans.

**Clean Water State Revolving Fund**

Estimated Beginning Balance in FY 2012	\$	446,628,628
Estimated Revenues FY 2012	\$	428,574,226
Estimated Revenues FY 2013	\$	178,762,633
<b>FY 2012-13 Total</b>	<b>\$</b>	<b>1,053,965,487</b>
Estimated Beginning Balance in FY 2014	\$	378,122,116
Estimated Revenues FY 2014	\$	185,443,771
Estimated Revenues FY 2015	\$	192,640,746
<b>FY 2014-15 Total</b>	<b>\$</b>	<b>756,206,633</b>

**Estimated Total of All Agency Funds Outside the GAA Bill Pattern  
Texas Water Development Board**

**Constitutional or Statutory Creation and Use of Funds:**

The State Revolving Fund (CWSRF) was created in 1987 under Section 15.601, Texas Water Code. The CWSRF is held separately from other funds of the TWDB and outside the State Treasury to provide financial assistance to political subdivisions for construction of wastewater treatment works. The CWSRF consists of money derived from federal grants, bond proceeds, loan principal and interest payments, and investment earnings. The CWSRF shall be maintained in perpetuity for providing financial assistance in accordance with the federal act. All payments of principal and interest and all proceeds from the sale, refunding or prepayment of bonds of political subdivisions acquired in carrying out the purposes of the CWSRF shall be deposited in the CWSRF.

**Method of Calculation and Revenue Assumptions:**

Beginning balances for FY12 from the FY11 AFR. Estimated revenues for FY13 - 15 from cash flow projections based on schedules and estimated repayments of loans. Revenues defined to include grant awards, fee income, loan repayments and interest as projected for FY13 - 15.

**Drinking Water State Revolving Fund**

Estimated Beginning Balance in FY 2012	\$	187,208,402
Estimated Revenues FY 2012	\$	160,000,625
Estimated Revenues FY 2013	\$	123,326,812
<b>FY 2012-13 Total</b>	<b>\$</b>	<b>470,535,839</b>
Estimated Beginning Balance in FY 2014	\$	343,575,246
Estimated Revenues FY 2014	\$	127,692,156
Estimated Revenues FY 2015	\$	133,200,638
<b>FY 2014-15 Total</b>	<b>\$</b>	<b>604,468,040</b>

**Constitutional or Statutory Creation and Use of Funds:**

The Drinking Water State Revolving Fund (DWSRF) was established in 1997 under Section 15.6041, Texas Water Code. The DWSRF was created to provide financial assistance to political subdivisions for community water systems and for nonprofit non-community water systems; persons other than political subdivisions for community water systems or nonprofit noncommunity water systems; and persons, including political subdivisions, for service to disadvantaged communities; and for other purposes authorized by the federal Safe Drinking Water Act. The DWSRF consists of monies derived from federal grants, loan principal and interest payments and investment earnings. The DWSRF shall be maintained in perpetuity for providing financial assistance in accordance with the federal act. All payments of principal and interest and all proceeds from the sale, refunding or prepayment of bonds of political subdivisions acquired in carrying out the purposes of the DWSRF shall be deposited in the DWSRF.

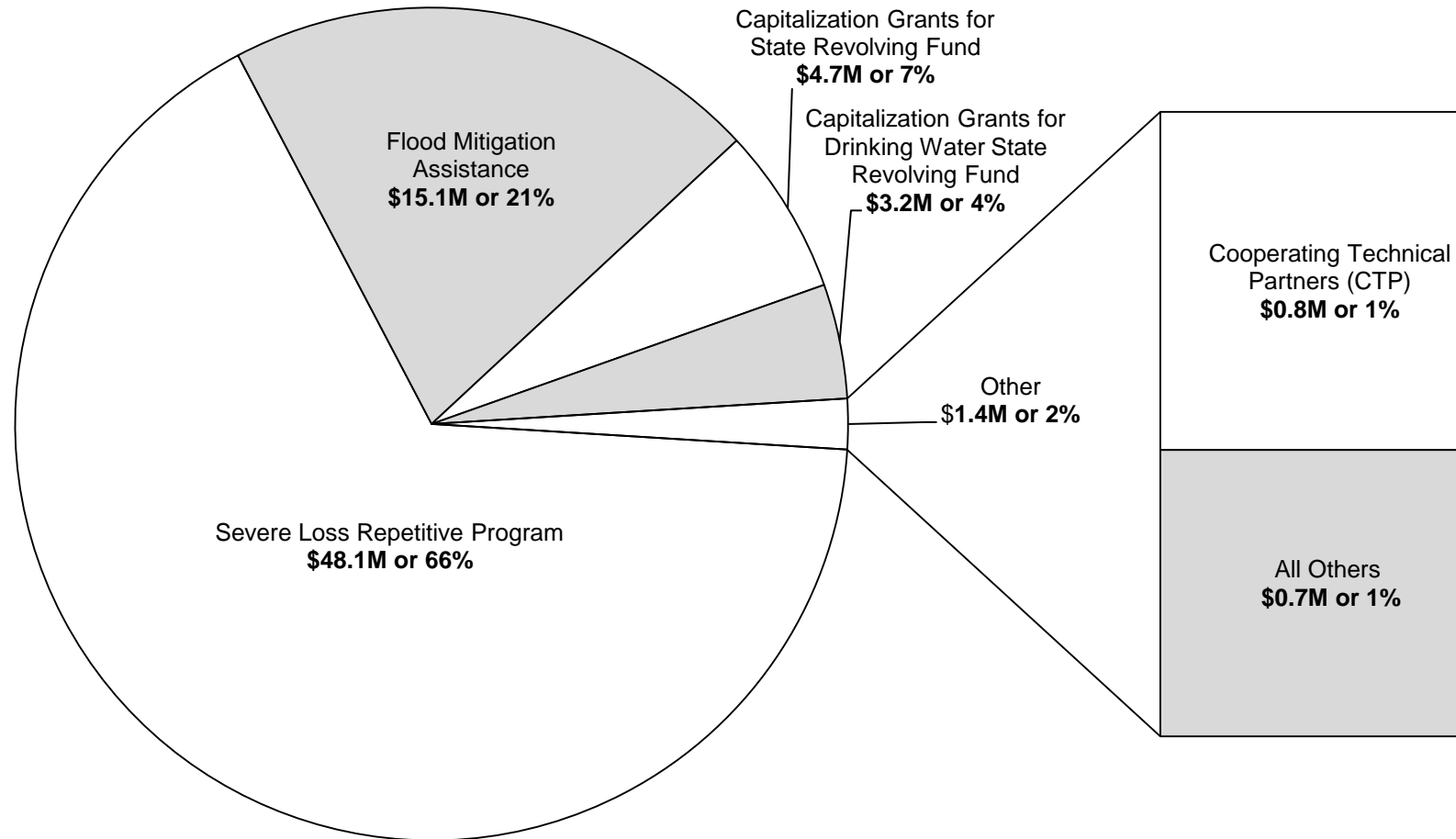
**Method of Calculation and Revenue Assumptions:**

Beginning balances for FY11 from the FY11 AFR. Estimated revenues for FY13 - 15 from cash flow projections based on schedules and estimated repayments of loans. Revenues defined to include grant awards, fee income, loan repayments and interest as projected for FY13 - 15.



Section 3

**Water Development Board**  
*Summary of Federal Funds (Estimated 2012)*  
**TOTAL = \$72.5M**



Notes: 1) Amounts shown may sum greater/less than actual total due to rounding.

2) Amounts include \$42.7 million in one-time pass-through funds from the Federal Emergency Management Agency (FEMA) in flood mitigation grants to Harris, Jefferson and Galveston counties, as well as the cities of Arlington and Mansfield.

**Section 3**

**Water Development Board  
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	357.6	370.4	370.4	295.0	295.0
Actual/Budgeted	356.2	290.3	295.0	NA	NA
<b>Schedule of Exempt Positions (Cap)</b>					
Executive Administrator	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000

WDB reported a lapse of 75.4 FTEs in FTEs appropriated compared to 2013 FTEs budgeted, primarily due to reductions in force made to align with available funding levels. The lapse is 20.3 percent of the 370.4 FTEs appropriated for the 2012-13 biennium.

	2012-13 Appropriated	2013 Budgeted	Reduced FTE
Environmental Impact	9.5	5	(4.5)
Water Resources Data	25.0	23	(2.0)
Automated Information	26.2	23.3	(2.9)
Technical Assistance and Modeling	31.0	18	(13.0)
Water Resources Planning	38.2	35	(3.2)
Water Conservation	14.5	12	(2.5)
National Flood Insurance Program	18.5	10.8	(7.7)
Financial Assistance Programs	125.0	105.1	(19.9)
Economically Distressed Areas	16.8	7	(9.8)
Central Administration	43.5	37.5	(6.0)
Information Resources	17.5	13.2	(4.3)
Other Support Services	4.7	5.1	0.4
<b>Total</b>	<b>370.4</b>	<b>295.0</b>	<b>(75.4)</b>

**Section 4**

**Texas Water Development Board (TWDB)  
Performance Review and Policy Report Highlights**

<b>Reports &amp; Recommendations</b>	<b>Report Page</b>	<b>Savings/ (Cost)</b>	<b>Gain/ (Loss)</b>	<b>Fund Type</b>	<b>Included in Introduced Bill</b>	<b>Action Required During Session</b>
<b>Enhance State Participation In Municipal Water Conservation</b>	320					
1. Increase appropriations by \$6 million in Strategy A.3.1, Water Conservation Education & Assistance, for the Water IQ program. Funding would support state-wide media spots, stakeholder research, educational materials, literature and public events.		\$ (6,015,000)		GR		Increase Appropriations
2. Increase appropriations by \$0.7 million in Strategy A.2.2, Water Resources Planning. Include a rider to direct the use of these funds for developing tools to consolidate current reporting requirements, as well as quantify the savings achieved from implemented water conservation projects. 4.75 FTE positions would be added.		\$ (733,888)		GR		Increase Appropriations Adopt Rider
3. Increase appropriations by \$3.7 million in Strategy A.2.2, Water Resources Planning, and include a rider to direct the use of these funds for research and development grants for water conservation, reuse and recycling. Four FTE positions would be added.		\$ (3,650,000)		GR		Increase Appropriations Adopt Rider

## Section 5

### Water Development Board Rider Highlights

2. **Capital Budget.** Rider modified to include recommended funding levels.
3. **Transfer Authorized.** Rider modified to include recommended funding levels.
5. **Appropriation: Water Assistance Fund.** Rider modified to include recommended funding levels.
7. **Appropriation: Agricultural Water Conservation Fund.** Rider modified to include recommended funding levels. There is no outstanding debt in this program, so all of the \$0.9 million recommended each fiscal year is for grant programs.
8. **Coordination with the Texas Department of Agriculture, Office of Rural Affairs.** Rider modified to reflect the transfer of administration of the Colonias Program Fund from the Texas Department of Rural Affairs to the Texas Department of Agriculture pursuant to the passage of Senate Bill 2 by the Eighty-second Legislature, First Called Session.
10. **Use of Texas Water Resources Finance Authority (TWFRF) Funds.** Rider modified to include recommended funding levels.
22. **(former) Playa Lakes Study.** Rider deleted designating a maximum funding level of \$69,000 each fiscal year of the 2012-13 biennium for a Playa Lakes study. WDB reports it did expend provided resources for this purpose in 2012-13. The agency plans to continue to conduct necessary studies for this purpose within existing funding levels.

**Section 6**

**Water Development Board  
Items not Included in Recommendations - House**

**In Agency Priority Order**

1. Portfolio Protection

Funding to provide ongoing monitoring of the bond and loan portfolios in response to fluctuating financial market conditions, including 5 FTEs. WDB reports a historic level of prepayments is driving a need for additional staff to address regulatory compliance requirements.

2. Alternative Water Supplies

Funding to assist utilities in considering and adopting non-conventional water management strategies such as water reuse, desalinization, and aquifer storage and recovery.

- a. Funding for aquifer data collection, brackish aquifer modeling, and the preparation of technical briefings and public workshops. (\$650,000, including 4 FTEs.)
- b. Grants for alternative water supply demonstration projects (\$3.0 million).

3. Regional Planning

Funding to restore appropriations for Regional Water Planning Grants (\$1.5 million) and Groundwater Availability Models (\$0.2 million) that the agency had to redirect to cover increased costs for the Data Center Consolidation contract during the 2012-13 biennium.

4. Salary Change for Executive Administrator

The Water Development Board is requesting that the salary for the Executive Administrator be increased from \$135,000 to \$192,600, the maximum salary of this exempt salary group (see Group 5, Art. IX, Sec. 3.05, 2012-13 GAA). The Board request is for authority only.

2014-15 Biennial Total	
GR & GR- Dedicated	All Funds
\$ 679,400	\$ 679,400
\$ 3,650,000	\$ 3,650,000
\$ 1,700,000	\$ 1,700,000
\$ -	\$ -
<b>\$ 6,029,400</b>	<b>\$ 6,029,400</b>

**Total, Items Not Included in the Recommendations**