

**Meeting Notes**  
**HB4 Stakeholder Committee Meeting**  
**Wednesday, January 13, 2015 at 1 p.m.**  
**Stephen F. Austin Building, 1700 N. Congress Ave., Austin, TX Room 172**

**Participation**

**Number of Planning Group Chairs or Designees represented 13 of 16:**

A	C.E. Williams	E	Scott Reinert*	I	Kelley Holcomb	M	Sonny Hinojosa*
B	Curtis Campbell	F	DNP	J	Jonathan Letz	N	DNP
C	Jody Puckett	G	Wayne Wilson	K	John Burke & Jennifer Walker*	O	Aubrey Spear*
D	Linda Price	H	Mark Evans	L	Con Mims	P	DNP
* Designee    DNP – Did not participate in meeting							

**Facilitator:** Suzanne Schwartz, Center for Public Policy Dispute Resolution  
**TWDB Staff:** Sabrina Anderson, Sarah Backhouse, Micaela Bandel, Tomas Barnett, Lann Bookout, Temple McKinnon, David Meeseey, Matt Nelson, Connie Townsend

**Summary of substantive meeting decisions:**

The Stakeholders agreed for the 2016 RWPG prioritizations (due Dec. 1, 2015):

- not make any changes to the uniform standards (*adopted in November 2013, and approved by TWDB*) and to use these current uniform standards to complete the 2016 regional water plan prioritization;
- TWDB staff guidance is available for use, but was not formally adopted by the Stakeholders, for the 2016 prioritizations.

**Welcome, Meeting Goals, and Agenda**

Texas Water Development Board (TWDB) Chairman, Carlos Rubinstein, welcomed the HB4 Stakeholder Committee (Stakeholder), and discussed the importance of regional input from the regional water planning groups (RWPGs) and the prioritization process. TWDB Director Kathleen Jackson also welcomed the Stakeholders and mentioned the importance of identifying potential interregional conflicts and resolving inter-regional conflicts early in the planning process.

The SHC agreed to the goals, objectives and agenda.

The facilitator reviewed the SHC decision in 2013 to use a consensus process to make decisions (all members agreeing to support or live with a decision, acknowledging it is the best decision the group can make at the time), with a process to move to voting if supported by 75 percent of the members present. The SHC discussed whether to utilize another definition of consensus (such as 75% support for a decision) or a voting process in order to speed up the decision-

making process. Members noted concern both for speed of operation as well as for supporting a process to work with concerns of all members to reach agreement.

John Burke sought a vote on the following proposal, which was approved by 11 to 2:

- The SHC would use the consensus process (defined as all members present agreeing to a decision).
- Any SHC member present may call to end consensus on a specific item being discussed, and move to a voting process. The vote to end consensus must be agreed to by 75% of the SHC representatives present.
- If the voting process is initiated, the decision under consideration would require approval by 75% of the members present to pass.

### **Overview: HB4 Requirements; Development of Uniform Standards and TWDB Rules**

Suzanne Schwartz provided a brief overview of the HB4 requirements, the SHC's development of the uniform standards, the prioritization process, and TWDB rules for the State Water Implementation Fund for Texas (SWIFT). Members briefly discussed concerns that county-other water use groups (WUG) are being overlooked. Members also expressed concern that the RWPG prioritizations do not receive a significant weighting (maximum of 15%) in the TWDB SWIFT prioritization process, thus minimizing the ranking effort the RWPGs. The SHC discussed whether it wanted to comment on the relative weighting of the RWPG prioritizations, and added the issue to the "Parking Lot" for possible discussion later.

### **Agree on any modifications to the Uniform Standards and on guidance language**

Uniform Standards: Following the discussion noted below and after general consensus, Con Mims sought a vote on the following proposal:

The SHC not make any changes to the uniform standards<sup>1</sup> at this time and use the current uniform standards to complete the 2016 regional water plan prioritization.

There were no objections to voting, and the proposal was approved unanimously.

Prior to the decision, the SHC had reviewed a facilitator-compiled list of concerns that RWPGs had voiced (Attachment A). The SHC initially eliminated the following general issues from consideration, *with stated reasons noted in italics*:

- How to screen out implemented projects: *considered no longer relevant for 2016 prioritization.*
- Prioritization of projects without capital costs: *Matt Nelson asked if the SHC wanted to only prioritize projects with capital costs and explained that the TWDB staff is*

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<sup>1</sup> Adopted by the HB4 Stakeholder Committee in November 2013, and approved by the TWDB.

*developing the state water planning database to accommodate doing so. The SHC members voiced general support for only prioritizing projects with capital costs for the 2016 regional water plans.*

- Conservation being penalized.
- Insufficiencies of state database: *TWDB noted that improvements were being made to the database to better reflect projects and to ensure greater consistency in how all regional water planning groups enter data in the database.*

The SHC further narrowed the facilitator-compiled list of issues it wanted to discuss to the following (*with highlights of the discussion noted in italics*), but -- as noted above -- chose not to make changes at this time:

1. Phased projects: *Phased projects don't score as highly because of large upfront costs, but their decade of need is late.*
2. Interdependent/hierarchical projects: *Projects which depend on a larger, main project could potentially score higher than the main project. TWDB noted that changes to the TWDB database will allow planning groups to show these hierarchies and relationships, and to bundle interdependent projects more easily.*
3. County other: entities get no points for serving multiple small entities: *County-other projects sometimes show no decade of need, (because they have no need) which is 40% of the overall scoring. Region J noted most of its projects are "county other" but couldn't reflect a need. The SHC discussed allowing RWPGs to give points to projects that score low, but that the regions consider important for regional-specific reasons. TWDB staff noted the board would likely not accept a point system not used by all the regions. This issue may be caused by the RWP process itself, and TWDB staff may be able to provide RWP guidance to reduce the problem. Region J also expressed concern about how groundwater availability and need are depicted in the RWP process, noting that some areas of a county can have little groundwater yet not have a project recommended. TWDB staff suggested that needs can be reflected in some of these cases by limiting existing supplies to the amount that is actually connected to infrastructure in accordance with planning guidance. TWDB offered to discuss further with regional water planning consultants to assist them in developing plans.*
4. Project Viability - 3A&B: (percentage of WUG need satisfied by the project in decade coming online, in final decade of planning period). *Consistency in application of the standard was noted.*
5. Weighting (overall, and relating to feasibility – consider giving more weight to 2B than to 2C because of the difficulty in getting data on 2C). *Concerns were raised about the need to test any changes in the scoring with the planning data (either for 2B&C, or elsewhere in the standards if weighting is changed). The SHC discussed waiting to make changes*

*until after the 2016 regional water plan to see TWDB's implementation of the prioritization.*

Guidance: Following its decision not to modify the uniform standards for the 2016 RWP prioritization, the Stakeholders discussed the need to have guidance for interpreting the Uniform Standards. Some members supported adopting a guidance document – using the TWDB staff draft as a starting point – in order to assure uniformity. Other members expressed concern about the process for first developing a draft of guidance, and then coordinating it with their regions in a timely enough manner to make it worthwhile for the 2016 prioritization process. When a consensus did not emerge, Curtis Campbell sought a vote on the following proposal:

TWDB guidance is available for use, but not for formally adopted by the Stakeholders, for the 2016 prioritizations.

The SHC agreed to vote on the proposal, which passed 11-2.

Matt Nelson reminded the Stakeholders the final regional water plan prioritizations are due to the TWDB on December 1, 2015.

**Consider future focus and governance of HB4 Stakeholder Committee**

Suzanne Schwartz asked the Stakeholders if they wanted to discuss their future need to meet, and future governance. There was general agreement that the Stakeholders would discuss the governance issue at a later meeting.

The meeting was adjourned at around 5:15 p.m.

Parking lot item: The following item remains on the parking lot:

Whether to communicate with TWDB about the need to give RWPG prioritization greater weight in the SWIFT rankings.

## HB4 Prioritization: Potential Issues and Concerns

**To:** HB4 Stakeholder Committee members

**From:** Suzanne Schwartz, Center for Public Policy Dispute Resolution

**Date:** December 19, 2014

At its June 18, 2014 meeting (via web interface), the SHC determined that while statewide consistency might be desirable in applying the uniform standard, guidance was not needed for the September 1, 2014 prioritization submittals for the following reasons: a lack of time & resources; state-level prioritization doesn't directly compare between regions; and each RWPG can be internally consistent. SHC members agreed to revisit the need for change to the uniform standards or guidance for the 2016 prioritizations, which is a main focus of the January 13-14, 2014 meeting.

### Potential Issues/Concerns

This document highlights some issues and concerns expressed during and following the RWPG prioritization process regarding the Uniform Standards through:

- A. submittals made by RWPGs during their draft prioritization effort for the 2011 plans (completed June 1, 2014); and
- B. interviews with HB4 SHC members, and written responses to my request for submittal of issues and concerns.

This summary is provided as background for the HB4 SHC's efforts at its January 13-14, 2015 meeting. We can gauge at the meeting whether any of these items still are of concern to the group.

1. Need a mechanism to screen out projects already implemented.
2. Prioritization of projects/strategies that do not have any capital costs.
3. Accounting for phased projects.
4. Scoring not capturing relationships between or interdependencies/hierarchy of projects/strategies.
5. Standard 3B: Conservation WMS are penalized by receiving a rating of 0.
6. Entities in the County-other category don't get points for serving multiple WUGs.
7. State water planning database data not sufficiently portraying projects being scored.
8. Criteria don't allow enough variability to minimize ties.

In addition to the general issues noted above, **Attachment 1** to this memo provides more detailed comments grouped by the applicable Uniform Standard.

**Attachment 1:** Detailed Comments relating to Uniform Standards

ATTACHMENT 1  
 DETAILED COMMENTS RELATING TO UNIFORM STANDARDS

*The following are derived from RPWG submittals and discussions with RWPG representatives. Similar comments have been combined, and comments that appear to have been addressed are not included.*

Uniform Standards Overall Criteria Weighting	
Decade of Need	40%
Project Feasibility	10%
Project Viability	25%
Project Sustainability	15%
Project Cost Effectiveness	10%

**Issues related to relative weighting**

The following comments reflect concerns about weighting between different standards.

1. 5A (*cost effectiveness*) should be weighted more heavily than 1A (*decade in which project comes online*) as the application process will self-select projects immediately needed.
2. 3A (*% of need satisfied by project in decade project supply comes online*) might need a lower weight than 3B (*% of WUG’s needs satisfied by project in final decade of planning period*).
3. 2B (*whether sponsor holds necessary legal rights or contract*) should have more weight than 2D (*whether sponsor requested in writing that project be included in RWP*). 2B could be a more significant barrier to a project if not in place.
4. Give more weight to high technology water resource options. This enhances the ability for TWDB to fund cutting-edge projects that ratepayers could not otherwise afford.
5. Plans often list duplicate projects to meet needs. Give greater weight to a WMS with an executed contract than to a speculative WMS.

<b>1. Decade of Need for Project</b>	Total Weight: 40% <b>Max Score</b>
<b>A What is the decade the RWP shows the project comes online?</b>	<b>10</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li>1. <i>Concern about consistent application of standard - Projects coming online in a decade without identified shortages should get a zero.</i></li> <li>2. <i>Consider how this applies to conservation and reuse.</i></li> </ol>	
<b>B In what decade is initial funding needed?</b>	<b>10</b>
<p><i>Comment:</i></p> <p><i>Base score on percentage of total project costs needed in a given decade (e.g. capital projects might need funding well in advance of coming online.</i></p>	

ATTACHMENT A to DRAFT Facilitator's meeting notes

<b>2. Project Feasibility</b>	Total weight: 10% Max Score
<b>A What supporting data is available to show that the quantity of water needed is available?</b>	<b>5</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li><i>Biased against surface water because <u>models</u>, not <u>field tests</u>, confirm sufficient quantities of surface water. Revise to allow surface water sources to receive 5 if <u>models</u> suggest sufficient water.</i></li> <li><i>Use a pump test such as required for groundwater pumping permit to score a 5.</i></li> <li><i>Problems created when more than one sponsor wants to use the same water source for a project.</i></li> <li><i>Ranking process should consider whether WMSs collectively (as opposed to individually) overdraft MAGs.</i></li> </ol>	
<b>B If necessary, does the sponsor hold necessary legal rights, water rights and/or contracts to use the water that this project would require?</b>	<b>5</b>
<p><i>Comment: Disproportionally favors WMSs that do not require water rights.</i></p>	
<b>C What level of engineering and/or planning has been accomplished for this project</b>	<b>10</b>
<p><i>Comment: 2C is difficult to score without extensive data gathering.</i></p>	
<b>D Has the project sponsor requested (in writing for the 2016 Plan) that the project be included in the Regional Water Plan?</b>	<b>5</b>
<p><i>No comments</i></p>	

<b>3. Project Viability</b>	Total weight: 25% Max Score
<b>A In the decade the project supply comes online, what is the % of the WUG's (or WUGs') needs satisfied by this project?</b>	<b>10.0</b>
<b>B In the final decade of the planning period, what is the % of the WUG's (or WUGs') needs satisfied by this project?</b>	<b>10.0</b>
<p><i>Comment (for A&amp;B): Conservation WMS are penalized by receiving a rating of 0.</i></p>	
<b>C Is this project the only economically feasible source of new supply for the WUG, other than conservation?</b>	<b>5</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li><i>Disadvantages sponsors with several WMSs, even if one WMS is most economically feasible.</i></li> <li><i>When conservation was the only strategy, it was unclear why it was not given points.</i></li> </ol>	
<b>D Does the project serve multiple WUGs?</b>	<b>5</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li><i>Entities in the County-other category don't get points for serving multiple WUGs.</i></li> <li><i>Need more detailed breakdown to differentiate between how many WUGs are served.</i></li> </ol>	

ATTACHMENT A to DRAFT Facilitator’s meeting notes

<b>4. Project Sustainability</b>	Total weight: 15% <b>Max Score</b>
<b>A Over what period of time is this project expected to provide water (regardless of the planning period)?</b>	<b>10</b>
<i>No comments</i>	
<b>B Does the volume of water supplied by the project change over the regional water planning period?</b>	<b>5</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li>1. <i>Penalizes reservoir projects with small decreases in supply from natural sedimentation.</i></li> <li>2. <i>Use “drought restrictions” as indicator for decreased supplies rather than “drought management,” since drought management actually extends water supply.</i></li> </ol>	

<b>5. Project Cost Effectiveness</b>	Total weight: 10% <b>Max Score</b>
<b>A 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?</b>	<b>5</b>
<p><i>Comments:</i></p> <ol style="list-style-type: none"> <li>1. <i>Include ongoing expenses like O&amp;M.</i></li> <li>2. <i>Median costs are skewed lower for a region whose major water supply component is in another region.</i></li> <li>3. <i>Projects served by regional water projects should have same unit cost of water, but that doesn’t seem to be what is happening.</i></li> <li>4. <i>Harms innovative projects, which should be encouraged but are more expensive.</i></li> </ol>	