

AGENDA ITEM MEMO

BOARD MEETING DATE: October 5, 2022

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Ashley Harden, General Counsel
Jessica Peña, Deputy Executive Administrator

FROM: Mark Wyatt, Director, Program Administration & Reporting

SUBJECT: Drinking Water State Revolving Fund Set-Aside Contract

ACTION REQUESTED

Consider authorizing the Executive Administrator to execute the State Fiscal Year 2023 Drinking Water State Revolving Fund Set-Aside Contract between the Texas Water Development Board and the Texas Commission on Environmental Quality covering regular annual appropriations.

BACKGROUND

Each year, the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ) execute an inter-agency contract governing the use of certain Drinking Water State Revolving Fund (DWSRF) capitalization grant funds for set-aside activities. The contract covers the grant in the amount of \$54,911,000 from regular annual appropriations under the Consolidated Appropriations Act, 2022, Public Law 117-103. The agreement reflects the set-aside allocations included in the State Fiscal Year (SFY) 2023 Intended Use Plan (IUP) for General Activities, and set-aside activities that will be described in SFY 2023 Set-Aside Work Plans prepared by the TCEQ and submitted for approval to the United States Environmental Protection Agency (EPA).

KEY ISSUES

The contract will cover the TCEQ's use of DWSRF set-aside funds in SFY 2023 from the Federal Fiscal Year (FFY) 2022 capitalization grant funds provided under the regular annual appropriations as follows:

State Program Management Set Aside	\$5,491,100
Small Systems Technical Assistance Set Aside	\$1,098,220
Local Assistance and Other State Programs Set Aside	\$4,100,000
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Total TCEQ Set-Aside amount	\$10,689,320

The maximum allocation of grant funds for these set-asides is established in federal law. The state may use up to 10 percent of the grant for the State Program Management set-aside and up to two percent for the Small Systems Technical Assistance set-aside. Further, the state may use up to 15 percent of the grant for the Local Assistance and Other State Programs set-aside. The amount of \$4,100,000 to be used in SFY 2023 for this set-aside was negotiated between the TCEQ and the TWDB and is the same amount as SFY 2022.

RECOMMENDATION

The Executive Administrator recommends authorizing the execution of the attached contract with the TCEQ to administer the set-aside funds with the ability to make minor revisions that do not alter the underlying content.

Attachment: Draft Set-Aside Contract between the TWDB and the TCEQ