



MEETING MATERIALS

October 7, 2015

San Jacinto River Authority

Region H Water Planning Group
10:00 AM Wednesday
October 7, 2015
San Jacinto River Authority Office
1577 Dam Site Rd, Conroe, Texas 77304

AGENDA

1. Introductions.
2. Review and approve minutes of July 1, 2015 meeting.
3. **Receive public comments on specific issues related to agenda items 4 through 9.** (Public comments limited to 3 minutes per speaker)
4. Receive update from Consultant Team regarding the schedule and milestones for the development of the 2016 Region H Regional Water Plan.
5. Receive presentation from Consultant Team regarding comments to the Initially Prepared Plan and discuss potential revisions for the development of the Final 2016 Region H Regional Water Plan.
6. Receive presentation from Consultant Team regarding distribution of and collection of responses to the Implementation and Infrastructure Financing Surveys.
7. Receive presentation from Consultant Team regarding Texas Water Development Board Socioeconomic Impact Analysis of Not Meeting Water Needs for the 2016 Region H Regional Water Plan.
8. Receive report regarding recent and upcoming activities related to communications and outreach efforts on behalf of the Region H Planning Group.
9. Agency communications and general information.
10. **Receive public comments.** (Public comments limited to 3 minutes per speaker)
11. Next Meeting: November 4, 2015.
12. Adjourn

Persons with disabilities who plan to attend this meeting and would like to request auxiliary aids or services are requested to contact Jodi Chaney at (936) 588-3111 at least three business days prior to the meeting so that appropriate arrangements can be made.

Agenda Item 2

Review and approve minutes of July 1, 2015 meeting.

MINUTES

**Region H Water Planning Group
July 1, 2015
San Jacinto River Authority Office
1577 Dam Site Rd, Conroe, Texas 77304**

PUBLIC HEARING ON INITIALLY PREPARED PLAN

AGENDA

MEMBERS PRESENT: Gene Fisseler, Jace A. Houston, William Teer, John Howard, Art Henson, David Bailey, Ron Neighbors, Pudge Willcox, Mark Evans, Glenn Lord, Carl Masterson, Robert Bruner, Kathy Turner Jones, John Bartos, Jun Chang, David Collinsworth

DESIGNATED ALTERNATES: Mike Turco for Marvin Marcel, Jim Sims for Kevin Ward, Mike O'Connell for Bob Hebert

MEMBERS ABSENT: James Morrison, Jimmie Schindewolf, Robert Istre, James Comin, John Blount

NON-VOTING MEMBERS PRESENT: Sarah Backhouse for Lann Bookout

CALL TO ORDER

The meeting was called to order at 10:05 a.m.

1. WELCOME

Mr. Evans welcomed everyone to the final public hearing on the Initially Prepared Plan.

2. RECEIVE PRESENTATION ON 2016 INITIALLY PREPARED PLAN FOR REGION H

Mr. Jason Afinowicz gave an overview of the processes related to the preparation of the 2016 Initially Prepared Plan ("IPP") for Region H. He explained that Texas is comprised of sixteen regions which are based on natural and political boundaries. He went on to explain the different aspects of the planning process stating that the different regions are comprised of volunteer planning groups of diverse interests which analyze data related to water demand versus water supply. The group identifies needs and strategies to obtain more water, selects and recommends Water Management Strategies, which then comprise the Initially Prepared Plan. He explained the process for public review and comment, and eventually, the recommendation for the final plan. Mr. Afinowicz went into detail in regards to the Region H 2016 Initially Prepared Plan stating that population growth is the key driver for the overall demand for the region, with municipal areas having the largest amount of growth. He went on to explain that in order to address these needs, the 2016 IPP currently recommends 70 Water Management Strategies (WMS), with a total of 705 projects included in the plan. Mr. Afinowicz briefly explained the categories of the projects including conservation projects, conveyance projects, groundwater development projects, groundwater reduction plans, reuse projects, surface water projects, treatment projects, and other project recommendations such as the Brazos Saltwater Barrier.

He briefly explained that the plan also includes recommendations regarding unique stream segments, reservoir sites, as well as administrative, legislative, and funding recommendations. Mr. Afinowicz stated that the Initially Prepared Plan can be found on the Region H Website and that the public comment period will end at 5:00 P.M on September 1, 2015.

3. RECEIVE PUBLIC COMMENT ON 2016 INITIALLY PREPARED PLAN FOR REGION H

Mr. Evans opened the public hearing at 10:20 a.m. There were no comments during the public hearing. Mr. Evans announced that Region H received a resolution from Gause Independent School District and Milam County regarding the Little River Off-Channel Reservoir and that these will be entered into the record as public comments. Mr. Evans then closed the public hearing at 10:21 a.m.

**REGION H PUBLIC MEETING
AGENDA**

CALL TO ORDER

The meeting was called to order at 10:22 a.m.

4. INTRODUCTIONS

Mr. Evans stated that introductions were done at the beginning of the Public Hearing.

5. REVIEW AND APPROVE MINUTES OF APRIL 8, 2015 MEETING

Mr. Henson made a motion to approve the minutes of April 8, 2015. The motion was seconded by Jun Chang and carried unanimously.

6. RECEIVE PUBLIC COMMENTS ON SPECIFIC ISSUES RELATED TO AGENDA ITEMS 7 THROUGH 14

Scott Galloway from the Texas Water Development Board's Houston Office announced the implementation of their new marketing and outreach team.

7. RECEIVE PRESENTATION ON AND DISCUSS PROPOSAL TO AMEND THE 2011 REGION H REGIONAL WATER PLAN RELATED TO DEVELOPMENT OF PROPOSED SURFACE WATER TRANSMISSION INFRASTRUCTURE BY THE CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Mr. Afinowicz explained that this amendment pertains to the previous 2011 Plan. He stated that the draft package was submitted to the Board and received confirmation that it will be treated as a minor amendment. Mr. Afinowicz explained that this proposal strictly relates to a change in the cost that is associated with a strategy.

8. CONSIDER ACTION TO AMEND THE 2011 REGION H REGIONAL WATER PLAN RELATED TO DEVELOPMENT OF PROPOSED SURFACE WATER TRANSMISSION

Jun Chang made a motion to amend the 2011 Region H Regional Water Plan related to the development of proposed Surface Water Transmission. The motion was seconded by Jim Sims and carried unanimously.

9. RECEIVE PRESENTATION FROM AVERITT AND ASSOCIATES REGARDING YEAR TWO OF THE GOLDWATER STUDY ON WATER CONSERVATION IN REGION H

Senator Averitt, with Averitt and Associates, gave a brief update on the two-year study of water conservation within Region H. He explained that Montgomery County has made a considerable amount of progress towards water conservation and the county is currently on pace through 2023. Senator Averitt went on to explain the project objectives and how the utilities are utilized to track data. He introduced Steven Cortez who explained the quantifiable savings for this project through a water tracking tool that is being utilized. Mr. Cortez briefly explained the actual savings due to water conservation and the outcome with projected new growth through 2043.

10. RECEIVE UPDATE FROM CONSULTANT TEAM REGARDING THE SCHEDULE AND MILESTONES FOR THE DEVELOPMENT OF THE 2016 REGION H REGIONAL WATER PLAN

Mr. Afinowicz gave a brief overview of the schedule for the 2016 Region H Regional Water Plan, explaining the process related to the 60-day public comment period, the 90-day agency comment period, and the 120-day comment period for the Texas Water Development Board. Mr. Afinowicz briefly explained that based on uniform standards, a project sponsor request must be submitted in writing.

11. RECEIVE PRESENTATION FROM CONSULTANT TEAM REGARDING THE SUBMITTAL OF ELECTRONIC COMPONENTS OF THE 2016 INITIALLY PREPARED PLAN TO THE TEXAS WATER DEVELOPMENT BOARD

Mr. Afinowicz explained that electronic data was due on July 1, 2015, and that Region H has completed all data entry. Mr. Afinowicz stated that GIS data must also be included in the database.

12. CONSIDER AUTHORIZING THE SAN JACINTO RIVER AUTHORITY TO REQUEST STATEMENTS OF QUALIFICATIONS TO PREPARE THE 2021 REGION H REGIONAL WATER PLAN ON BEHALF OF THE REGION H WATER PLANNING GROUP

Mr. Jace Houston briefly explained the process of procuring new consultants for the 2021 planning cycle, as required by the Texas Water Development Board. Ron Neighbors made a motion to authorize the San Jacinto River Authority to request Statements of Qualifications (SOQ) to prepare the 2021 Region H Regional Water Plan on behalf of the Region H Water Planning Group. The motion was seconded by Carl Masterson and carried unanimously.

13. RECEIVE REPORT REGARDING RECENT AND UPCOMING ACTIVITIES RELATED TO COMMUNICATIONS AND OUTREACH EFFORTS ON BEHALF OF THE REGION H PLANNING GROUP

Mr. Afinowicz explained the upcoming presentation scheduled for July 8, 2015, at the Harris-Galveston Subsidence District related to Region H and general regional planning activities.

14. AGENCY COMMUNICATIONS AND GENERAL INFORMATION

Ms. Backhouse with the Texas Water Development Board briefly stated that SWIFT applications will be presented at the July 23, 2015, Texas Water Development Board Meeting. Ms. Backhouse also stated that on July 23, 2015, a public hearing is scheduled related to Interregional Conflicts and that public comments will be accepted until August 4, 2015. Ms. Backhouse explained that the Texas Water Development Board has completed their review of the Region H Initially Prepared Plan.

Mr. Houston explained that the submittal of the 2021 grant application has been approved and that the planning grant contract has been received and will be executed this month.

15. RECEIVE PUBLIC COMMENTS

Ms. Jill Savory relayed her opinion regarding the funding of projects through TWDB. She went on to say that she gave a presentation to the Harris-Galveston and Fort Bend Subsidence Districts in response to the USGS groundwater report. Ms. Savory stated that she challenges the need for such aggressive maneuvers to fund this many projects.

16. NEXT MEETING

Mr. Evans announced that the next regular meeting will be held on October 7, 2015.

17. ADJOURN

Without objection, the meeting was adjourned at 11:06 a.m.

Agenda Item 4

Receive update from Consultant Team regarding the schedule and milestones for the development of the 2016 Region H Regional Water Plan.

Agenda Item 4 2016 RWP Schedule

Date	Scheduled Events/Tasks
03/11/2015	RWPG Meeting: Review Chapters 5, 6, 8, 9, 10, and 11
04/01/2015	Public Hearing: Receive comments on Fifth Cycle Scope of Work.
04/08/2015	RWPG Meeting: Review / Approve Initially Prepared Plan
05/01/2015	DUE DATE: Initially Prepared Plan to TWDB
<i>PUBLIC PROCESS</i>	
07/01/2015	RWPG Meeting: Conclude public hearings on IPP
10/07/2015	RWPG Meeting: Discuss comments to IPP
11/04/2015	RWPG Meeting: Review / Approve Final Plan
12/01/2015	DUE DATE: Final Adopted Plan to TWDB

Agenda Item 5

Receive presentation from Consultant Team regarding comments to the Initially Prepared Plan and discuss potential revisions for the development of the Final 2016 Region H Regional Water Plan.

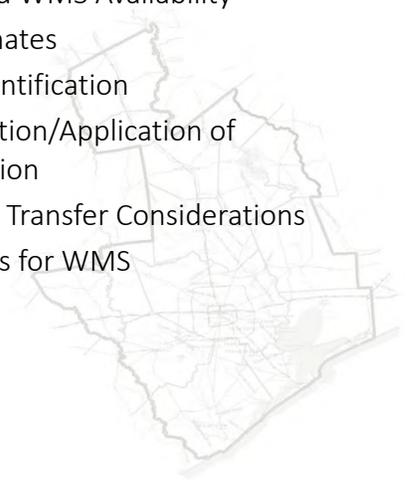
Agenda Item 5 IPP Comments

- Texas Water Development Board

- Level 1 Comments: 15
- Level 2 Comments: 0

- Topics

- Supply and WMS Availability
- Cost Estimates
- WMS Quantification
- Consideration/Application of Conservation
- Interbasin Transfer Considerations
- Water Loss for WMS



Agenda Item 5 IPP Comments

- Supply and WMS Availability

- List of Water Rights
 - Major and minor rights constituting surface water supplies.
- Local Supplies
 - Tabulation of local supply firm yield.
- Run-of-River
 - Firm yield determination for municipal supplies.

- Cost Estimates

- Industrial conservation and River Plantation MUD GRP
 - No known costs for projects.
- Land cost for Allens Creek and Dow Reservoir
 - Costs for reservoir footprints already invested.



Agenda Item 5 IPP Comments

- **WMS Quantification**
 - Received by all regions
 - Available information varies across projects
 - Adding additional text to Project Evaluation sections
 - Environment
 - Flows
 - Agriculture
 - **Consideration/Application of Conservation**
 - Some WUGs
 - Steam electric
 - Mining
 - Some named WUGs
 - Conservation considered for all
 - Indicate in documentation
 - Not recommended in some cases
 - No known strategy
 - Limited opportunity based on Goldwater and water loss analyses
- 

Agenda Item 5 IPP Comments

- **Interbasin Transfer Considerations**
 - Consideration of Provisions in TWC 11.085
 - Add information from TWC
 - Source and receiving basin needs
 - Highest practicable level of conservation
 - Summarize requirements
 - **Water Loss for WMS**
 - Plan required to indicate level of water loss associated with projects
 - Add language explaining approach
 - Water loss captured in current water use
 - Assume future project water loss is equal to current water loss
 - Conservation assumption – new projects to have lower water loss
- 

Agenda Item 5 IPP Comments

■ Texas Parks and Wildlife

- Quantitative Impacts
 - Assesses key impacts
 - Improvements over 2011 RWP
- Freshwater Inflows
 - WMS evaluation included inflow analysis where appropriate
- DFC Focus on SW/GW Interaction
 - Preferred over subsidence-focused analysis
 - Will require additional study by GMAs
- Unique Stream Segments
 - TPWD supports further consideration of potential segments
- Impacts of Invasive Species
 - Critical issue for analysis in future plans
 - Currently proposed WMS do not involve invasive species issues
- Recommendations Regarding Guidelines for WMS Evaluation
 - TPWD offers assistance but recognizes that analyses are WMS-specific

Agenda Item 5 IPP Comments

■ Public Comments

- Public Hearings
 - 8 Comments
- Mail
 - 7 Comments
- E-Mail
 - 5 Comments
 - 233 Supporting Letters

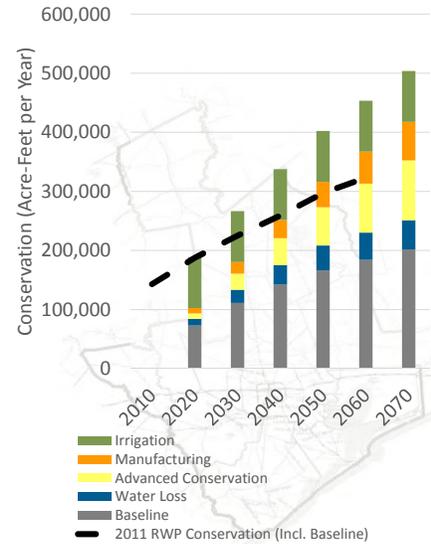
■ Topics

- Conservation
 - 7 Comments (233 Supporting Letters)
- Drought Management
 - 3 Comments (212 Supporting Letters)
- Environmental Flows
 - 8 Comments (233 Supporting Letters)
- Little River Off-Channel Reservoir
 - 7 Comments (212 Supporting Letters)
- Surplus Strategies
 - 3 Comments (233 Supporting Letters)
- Other/General

Agenda Item 5 IPP Comments

Conservation

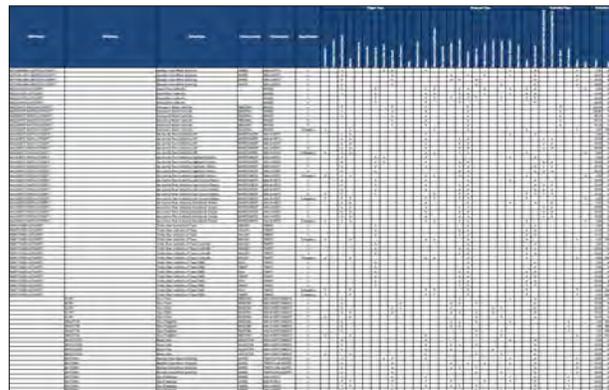
- Increased level of conservation in IPP
 - Industrial
 - Water loss
- Lack of specific actions by WUGs for implementing conservation
 - Outdoor water use
- Request additional information related to SWIFT funding for conservation
- Behavioral efficiency software
- Chapter 8 Recommendations:
 - Expand TWDB's outreach to municipal water utilities on the availability of financial assistance through SWIFT/SWIRFT for water conservation projects and encourage TWDB to facilitate applications from those utilities for this type of funding.
 - Encourage TWDB to use all of its financial assistance programs pro-actively to curb water loss by retail and wholesale public water utilities.



Agenda Item 5 IPP Comments

Drought Management

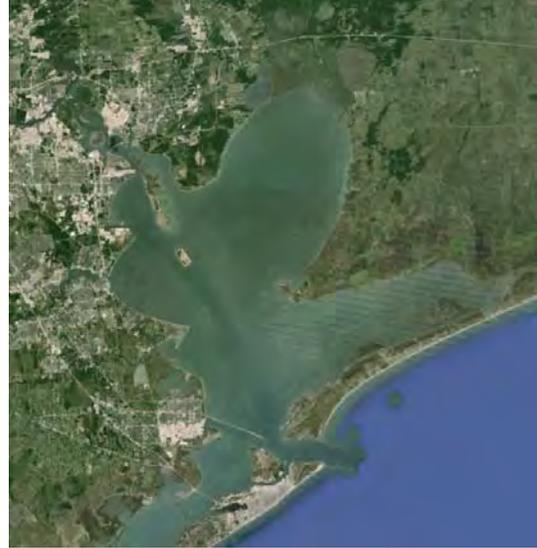
- New drought preparations chapter and support of drought management by WUGs
- IPP does not include drought management as a strategy for meetings needs



Agenda Item 5 IPP Comments

■ Environmental Flows

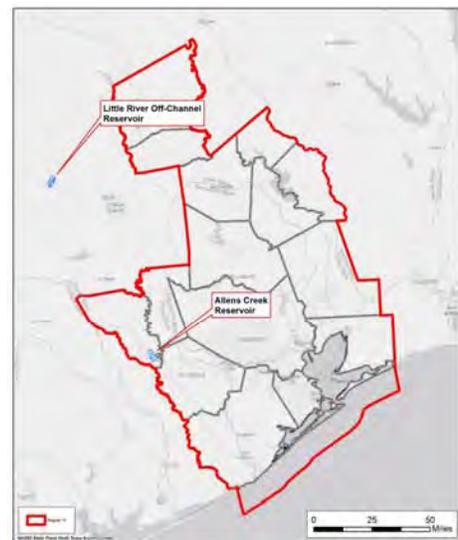
- Importance of Galveston Bay estuary to Region H
- Call to protect environmental flows by assigning them as a demand
- Plan currently addresses SB3 standards as required in planning process



Agenda Item 5 IPP Comments

■ Little River Off-Channel Reservoir

- Recommended WMS for Region G
- URS in Region H IPP
 - Alternative WMS in 2011
- Concern for potential impacts:
 - Land, resources, and species
 - National Historic Trail (El Camino Real)
 - One historic cemetery
 - Transportation impacts
 - County tax base
 - Requesting detailed design information



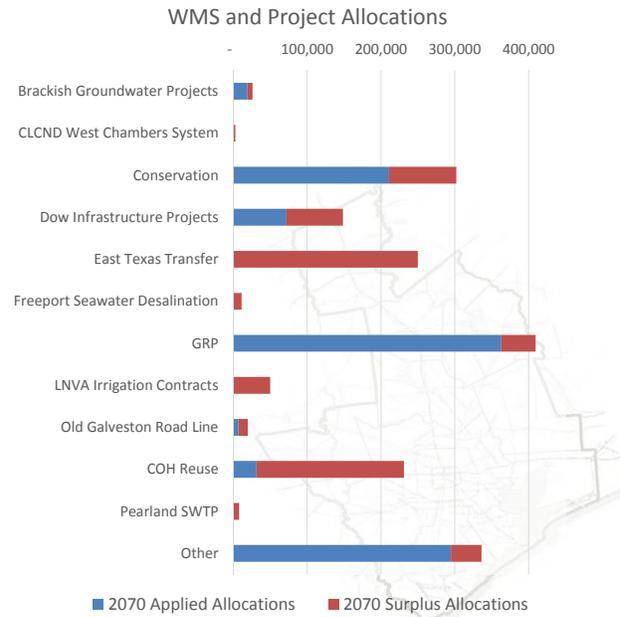
Recommended Unique
Reservoir Sites



Texas

Agenda Item 5 IPP Comments

- Surplus Strategies
 - Application of WMS and projects in excess of identified need
 - Number of sources
 - Infrastructure
 - Contracts
 - Conservation
 - Project requests by sponsors
 - Reviewed by WMS committee



Agenda Item 5 IPP Comments

- From here...
 - Take input from RWPG
 - Incorporate into RWP
 - Prepare responses to comments
 - Adopt Final Regional Water Plan at November meeting
 - Submit Final Regional Water Plan



Agenda Item 6

Receive presentation from Consultant Team regarding distribution of and collection of responses to the Implementation and Infrastructure Financing Surveys.

Agenda Item 6 Implementation and Financing Surveys

- Implementation Survey
 - Outline prepared by TWDB
 - Distributed by RWPG
 - 270 recipients
 - ≈ 10 responses



REGION H
Water Planning Group

Implementation Survey for
Projects in the 2011 Region H
Regional Water Plan

In order to complete the 2016 Regional Water Plans, the Texas Water Development Board has requested information from potential project sponsors regarding implementation of projects included in the 2011 Region H Regional Water Plans. You have received this survey because you are identified as a project sponsor in the 2011 Region H Regional Water Plan. Please follow the directions below and return for inclusion in the plan.

Directions

- Find your projects on the "Implementation Survey Tab." For convenience, the list may be filtered by name.
- Review the information in the gray cells related to your project.
- For each of your projects, enter the data requested in the white cells to the right.
- Columns denoted with an "*" allow data entry through a dropdown menu.
- Once you have completed entry for your projects, return the form to info@regionhwater.org or click the button below.
- The Region H Planning Group will compile all survey responses into a complete dataset for the Region H Plan.

[Click to e-mail completed form to Region H Planning Group.](#)

Project Description	Infrastructure Type*	At what level of Implementation is the project?*	If not implemented, why?*	Initial Volume of Water Provided (Acre-Feet per Year)	Funds Expended to Date (\$)	Project Cost (\$) (should include development and construction costs)	Year the Project is Online?*	Is this a phased project?*	(Phased) Ultimate Volume (acft/yr)	(Phased) Ultimate Project Cost (\$)	Year project reaches maximum capacity?*	What is the project funding source(s)?*	Included in the 2016 Plan?*

Agenda Item 6 Implementation and Financing Surveys

- Financing Survey
 - Forms prepared by TWDB
 - Distributed by RWPG
 - 275 recipients
 - ≈ 15 responses

Water Management Strategy-Project Name:		Project Total Capital Cost:	
1) Planning, Design, Permitting & Acquisition Funding	Amount: \$	Year Needed:	
2) Construction Funding	Amount: \$	Year Needed:	
Total Anticipated State Funding Assistance	\$		
3) Percent State Participation in Owning Excess Capacity		State Ownership:	

Agenda Item 7

Receive presentation from Consultant Team regarding
Texas Water Development Board Socioeconomic Impact
Analysis of Not Meeting Water Needs for the 2016 Region H
Regional Water Plan.

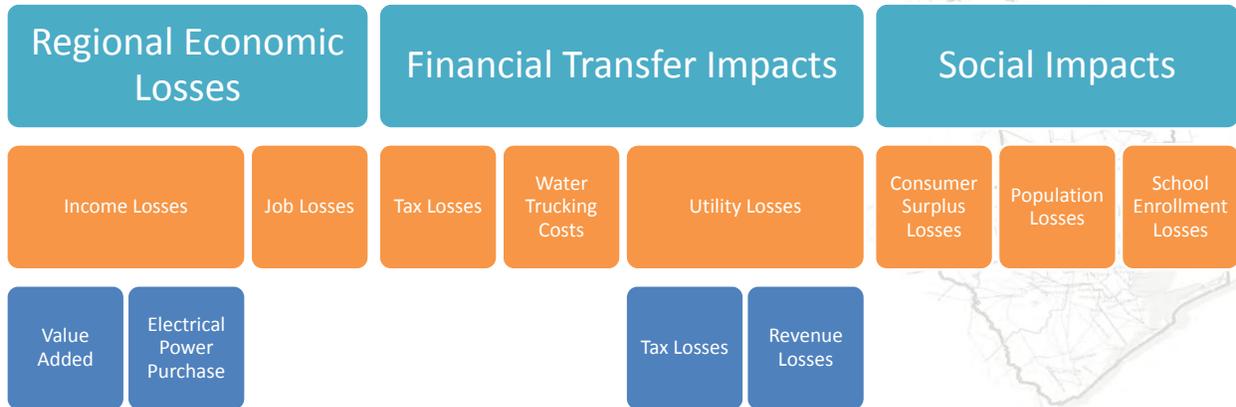
Agenda Item 7 Socioeconomic Impacts of Unmet Needs

- Performed by TWDB
 - Based on Region H needs (shortages)
 - IMPLAN: Impact for Planning Analysis
- Single drought year



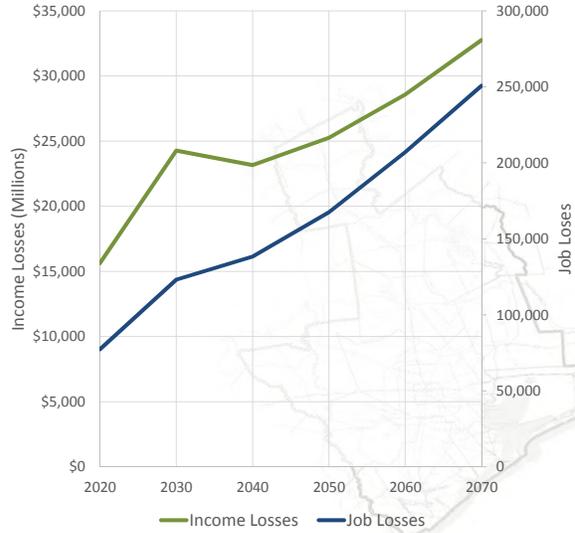
Agenda Item 7 Socioeconomic Impacts of Unmet Needs

Socioeconomic Impacts



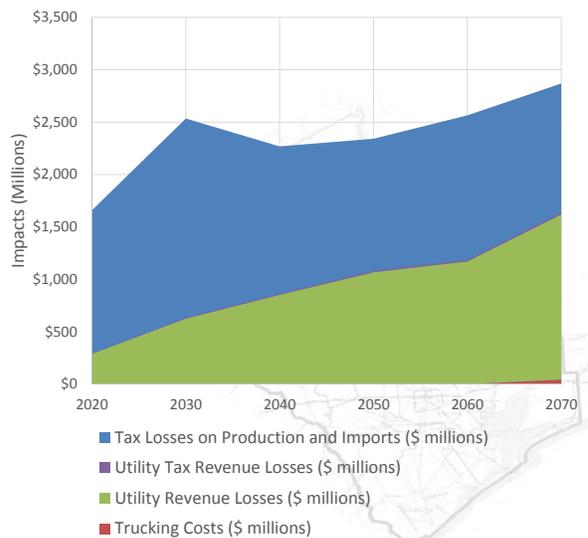
Agenda Item 7 Socioeconomic Impacts of Unmet Needs

- **Regional Economic Losses**
 - Income Losses – Value Added Losses
 - Value of total input, less the value of intermediate inputs
 - Income Losses – Electric Power Purchase Costs
 - Cost to purchase electrical power from alternative sources
 - Job Losses
 - Due to economic impacts for most sectors



Agenda Item 7 Socioeconomic Impacts of Unmet Needs

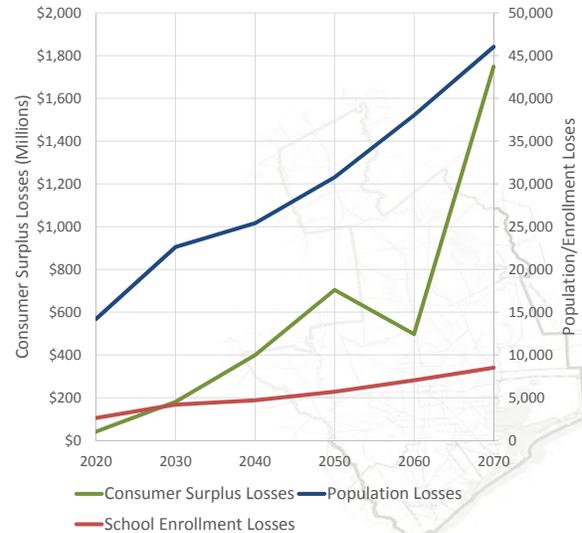
- **Financial Transfer Impacts**
 - Tax Losses on Production and Imports
 - Water Trucking Costs
 - Utility Revenue Losses
 - Utility Tax Losses



Agenda Item 7 Socioeconomic Impacts of Unmet Needs

■ Social Impacts

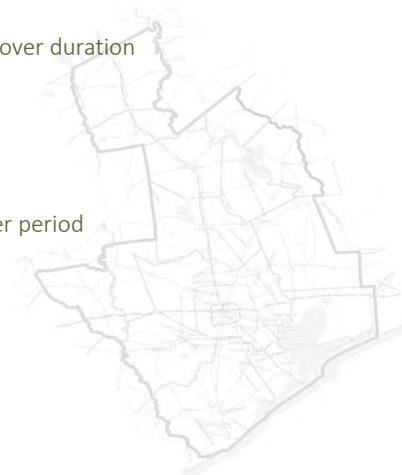
- Consumer Surplus Losses of Municipal Water Users
- Population and School Enrollment Losses



Agenda Item 7 Socioeconomic Impacts of Unmet Needs

■ Things to Keep in Mind

- Impacts are one-year losses
 - Repeat for each drought year
 - It is assumed that impacts of cumulative drought years would increase over duration
- Impacts may be caused by various forces
 - Climatic drought
 - Demand-driven drought
- Compare to costs of RWP
 - Not intended to be a direct cost-benefit analysis: does not discount over period
 - Do not include costs of all infrastructure
- Not accounted for
 - Cross-regional impacts
 - Cost of recovery (rebuilding livestock herds, etc.)
 - Impacts to recreation
 - Negative publicity impacts



**Socioeconomic Impacts of Projected Water Shortages
for the Region H Regional Water Planning Area**

Prepared in Support of the 2016 Region H Regional Water Plan



Dr. John R. Ellis
Water Use Projections & Planning Division
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Texas Water Development Board

August, 2015

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Executive Summary

Evaluating the social and economic impacts of not meeting identified water needs is a required part of the regional water planning process. The Texas Water Development Board (TWDB) estimates those impacts for regional water planning groups, and summarizes the impacts in the state water plan. The analysis presented is for the Region H Regional Water Planning Group.

Based on projected water demands and existing water supplies, the Region H planning group identified water needs (potential shortages) that would occur within its region under a repeat of the drought of record for six water use categories. The TWDB then estimated the socioeconomic impacts of those needs—if they are not met—for each water use category and as an aggregate for the region.

The analysis was performed using an economic modeling software package, IMPLAN (Impact for Planning Analysis), as well as other economic analysis techniques, and represents a snapshot of socioeconomic impacts that may occur during a single year during a drought of record within each of the planning decades. For each water use category, the evaluation focused on estimating income losses and job losses. The income losses represent an approximation of gross domestic product (GDP) that would be foregone if water needs are not met.

The analysis also provides estimates of financial transfer impacts, which include tax losses (state, local, and utility tax collections); water trucking costs; and utility revenue losses. In addition, social impacts were estimated, encompassing lost consumer surplus (a welfare economics measure of consumer wellbeing); as well as population and school enrollment losses.

It is estimated that not meeting the identified water needs in Region H would result in an annually combined lost income impact of approximately \$16 billion in 2020, increasing to \$33 billion in 2070 (Table ES-1). In 2020, the region would lose approximately 77,000 jobs, and by 2070 job losses would increase to approximately 251,000.

All impact estimates are in year 2013 dollars and were calculated using a variety of data sources and tools including the use of a region-specific IMPLAN model, data from the TWDB annual water use estimates, the U.S. Census Bureau, Texas Agricultural Statistics Service, and Texas Municipal League.

Table ES-1: Region H Socioeconomic Impact Summary

Regional Economic Impacts	2020	2030	2040	2050	2060	2070
Income losses (\$ millions)*	\$15,621	\$24,269	\$23,166	\$25,256	\$28,584	\$32,756
Job losses	77,323	123,154	138,291	167,556	207,138	250,686
Financial Transfer Impacts	2020	2030	2040	2050	2060	2070
Tax losses on production and imports (\$ millions)*	\$1,660	\$2,535	\$2,269	\$2,343	\$2,565	\$2,868
Water trucking costs (\$ millions)*	\$0	\$0	\$1	\$1	\$1	\$43
Utility revenue losses (\$ millions)*	\$289	\$627	\$851	\$1,067	\$1,170	\$1,576
Utility tax revenue losses (\$ millions)*	\$4	\$9	\$13	\$15	\$15	\$20
Social Impacts	2020	2030	2040	2050	2060	2070
Consumer surplus losses (\$ millions)*	\$41	\$180	\$399	\$704	\$497	\$1,748
Population losses	14,197	22,611	25,390	30,763	38,031	46,026
School enrollment losses	2,626	4,183	4,697	5,691	7,036	8,515

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

1 Introduction

Water shortages during a repeat of the drought of record would likely curtail or eliminate certain economic activity in businesses and industries that rely heavily on water. Insufficient water supplies could not only have an immediate and real impact on existing businesses and industry, but they could also adversely and chronically affect economic development in Texas. From a social perspective, water supply reliability is critical as well. Shortages could disrupt activity in homes, schools and government and could adversely affect public health and safety. For these reasons, it is important to evaluate and understand how water supply shortages during drought could impact communities throughout the state.

Administrative rules (31 Texas Administrative Code §357.33 (c)) require that regional water planning groups evaluate the social and economic impacts of not meeting water needs as part of the regional water planning process, and rules direct the TWDB staff to provide technical assistance upon request. Staff of the TWDB's Water Use, Projections, & Planning Division designed and conducted this analysis in support of the Region H Regional Water Planning Group.

This document summarizes the results of the analysis and discusses the methodology used to generate the results. Section 1 summarizes the water needs calculation performed by the TWDB based on the regional water planning group's data. Section 2 describes the methodology for the impact assessment and discusses approaches and assumptions specific to each water use category (i.e., irrigation, livestock, municipal, manufacturing, mining and steam-electric power). Section 3 presents the results for each water use category with results summarized for the region as a whole. Appendix A presents details on the socioeconomic impacts by county.

1.1 Identified Regional Water Needs (Potential Shortages)

As part of the regional water planning process, the TWDB adopted water demand projections for each water user group (WUG) with input from the planning groups. WUGs are composed of cities, utilities, combined rural areas (designated as county-other), and the county-wide water use of irrigation, livestock, manufacturing, mining and steam-electric power. The demands are then compared to the existing water supplies of each WUG to determine potential shortages, or needs, by decade. Existing water supplies are legally and physically accessible for immediate use in the event of drought. Projected water demands and existing supplies are compared to identify either a surplus or a need for each WUG.

Table 1-1 summarizes the region's identified water needs in the event of a repeat of the drought of record. Demand management, such as conservation, or the development of new infrastructure to increase supplies are water management strategies that may be recommended by the planning group to meet those needs. This analysis assumes that no strategies are implemented, and that the identified needs correspond to future water shortages. Note that projected water needs generally increase over time, primarily due to anticipated population and economic growth. To provide a general sense of proportion, total projected needs as an overall percentage of total demand by water use category are presented in aggregate in Table 1-1. Projected needs for individual water user groups within the aggregate vary greatly, and may reach 100% for a given WUG and water use category. Detailed water needs by WUG and county appear in Chapter 4 of the 2016 Region H Regional Water Plan.

Table 1-1 Regional Water Needs Summary by Water Use Category

Water Use Category		2020	2030	2040	2050	2060	2070
Irrigation	Water Needs (acre-feet per year)	108,121	107,656	110,704	113,170	115,336	117,339
	% of the category's total water demand	31%	31%	32%	33%	33%	34%
Livestock	Water Needs (acre-feet per year)	2,397	2,664	2,919	3,065	3,248	3,418
	% of the category's total water demand	18%	20%	22%	23%	24%	26%
Manufacturing	Water Needs (acre-feet per year)	88,084	122,722	150,674	186,714	199,735	212,904
	% of the category's total water demand	12%	15%	18%	21%	22%	23%
Mining	Water Needs (acre-feet per year)	4,817	5,619	5,114	5,160	5,388	5,746
	% of the category's total water demand	31%	35%	33%	35%	39%	42%
Municipal	Water Needs (acre-feet per year)	141,908	310,606	420,866	523,604	635,865	760,957
	% of the category's total water demand	11%	23%	28%	32%	36%	40%
Steam-electric power	Water Needs (acre-feet per year)	1,707	5,325	9,115	14,707	24,383	61,400
	% of the category's total water demand	2%	4%	6%	9%	12%	26%
Total water needs		347,034	554,592	699,392	846,420	983,955	1,161,764

2 Economic Impact Assessment Methodology Summary

This portion of the report provides a summary of the methodology used to estimate the potential economic impacts of future water shortages. The general approach employed in the analysis was to obtain estimates for income and job losses on the smallest geographic level that the available data would support, tie those values to their accompanying historic water use estimate (volume), and thereby determine a maximum impact per acre-foot of shortage for each of the socioeconomic measures. The calculations of economic impacts were based on the overall composition of the economy using many underlying economic “sectors.” Sectors in this analysis refer to one or more of the 440 specific production sectors of the economy designated within IMPLAN (Impact for Planning Analysis), the economic impact modeling software used for this assessment. Economic impacts within this report are estimated for approximately 310 of those sectors, with the focus on the more water intense production

sectors. The economic impacts for a single water use category consist of an aggregation of impacts to multiple related economic sectors.

2.1 Impact Assessment Measures

A required component of the regional and state water plans is to estimate the potential economic impacts of shortages due to a drought of record. Consistent with previous water plans, several key variables were estimated and are described in Table 2-1.

Table 2-1 Socioeconomic Impact Analysis Measures

Regional Economic Impacts	Description
Income losses - value added	The value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry, sector, or group of sectors within a year. For a shortage, value added is a measure of the income losses to the region, county, or WUG and includes the direct, indirect and induced monetary impacts on the region.
Income losses - electrical power purchase costs	Proxy for income loss in the form of additional costs of power as a result of impacts of water shortages.
Job losses	Number of part-time and full-time jobs lost due to the shortage.
Financial Transfer Impacts	Description
Tax losses on production and imports	Sales and excise taxes (not collected due to the shortage), customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments less subsidies.
Water trucking costs	Estimate for shipping potable water.
Utility revenue losses	Foregone utility income due to not selling as much water.
Utility tax revenue losses	Foregone miscellaneous gross receipts tax collections.
Social Impacts	Description
Consumer surplus losses	A welfare measure of the lost value to consumers accompanying less water use.
Population losses	Population losses accompanying job losses.
School enrollment losses	School enrollment losses (K-12) accompanying job losses.

2.1.1 Regional Economic Impacts

Two key measures were included within the regional economic impacts classification: income losses and job losses. Income losses presented consist of the sum of value added losses and additional purchase costs of electrical power. Job losses are also presented as a primary economic impact measure.

Income Losses - Value Added Losses

Value added is the value of total output less the value of the intermediate inputs also used in production of the final product. Value added is similar to Gross Domestic Product (GDP), a familiar measure of the productivity of an economy. The loss of value added due to water shortages was estimated by input-output analysis using the IMPLAN software package, and includes the direct, indirect, and induced monetary impacts on the region.

Income Losses - Electric Power Purchase Costs

The electrical power grid and market within the state is a complex interconnected system. The industry response to water shortages, and the resulting impact on the region, are not easily modeled using traditional input/output impact analysis and the IMPLAN model. Adverse impacts on the region will occur, and were represented in this analysis by the additional costs associated with power purchases from other generating plants within the region or state. Consequently, the analysis employed additional power purchase costs as a proxy for the value added impacts for that water use category, and these are included as a portion of the overall income impact for completeness.

For the purpose of this analysis, it was assumed that power companies with insufficient water will be forced to purchase power on the electrical market at a projected higher rate of 5.60 cents per kilowatt hour. This rate is based upon the average day-ahead market purchase price of electricity in Texas from the recent drought period in 2011.

Job Losses

The number of jobs lost due to the economic impact was estimated using IMPLAN output associated with the water use categories noted in Table 1-1. Because of the difficulty in predicting outcomes and a lack of relevant data, job loss estimates were not calculated for the steam-electric power production or for certain municipal water use categories.

2.1.2 Financial Transfer Impacts

Several of the impact measures estimated within the analysis are presented as supplemental information, providing additional detail concerning potential impacts on a sub-portion of the economy or government. Measures included in this category include lost tax collections (on production and imports), trucking costs for imported water, declines in utility revenues, and declines in utility tax revenue collected by the state. Many of these measures are not solely adverse, with some having both positive and negative impacts. For example, cities and residents would suffer if forced to pay large costs for trucking in potable water. Trucking firms, conversely, would benefit from the transaction. Additional detail for each of these measures follows.

Tax Losses on Production and Imports

Reduced production of goods and services accompanying water shortages adversely impacts the collection of taxes by state and local government. The regional IMPLAN model was used to estimate reduced tax collections associated with the reduced output in the economy.

Water Trucking Costs

In instances where water shortages for a municipal water user group were estimated to be 80 percent or more of water demands, it was assumed that water would be trucked in to support basic consumption and sanitation needs. For water shortages of 80 percent or greater, a fixed cost of \$20,000 per acre-foot of water was calculated and presented as an economic cost. This water trucking cost was applied for both the residential and non-residential portions of municipal water needs and only impacted a small number of WUGs statewide.

Utility Revenue Losses

Lost utility income was calculated as the price of water service multiplied by the quantity of water not sold during a drought shortage. Such estimates resulted from city-specific pricing data for both water and wastewater. These water rates were applied to the potential water shortage to determine estimates of lost utility revenue as water providers sold less water during the drought due to restricted supplies.

Utility Tax Losses

Foregone utility tax losses included estimates of uncollected miscellaneous gross receipts taxes. Reduced water sales reduce the amount of utility tax that would be collected by the State of Texas for water and wastewater service sales.

2.1.3 Social Impacts

Consumer Surplus Losses of Municipal Water Users

Consumer surplus loss is a measure of impact to the wellbeing of municipal water users when their water use is restricted. Consumer surplus is the difference between how much a consumer is willing and able to pay for the commodity (i.e., water) and how much they actually have to pay. The difference is a benefit to the consumer's wellbeing since they do not have to pay as much for the commodity as they would be willing to pay. However, consumer's access to that water may be limited, and the associated consumer surplus loss is an estimate of the equivalent monetary value of the negative impact to the consumer's wellbeing, for example, associated with a diminished quality of their landscape (i.e., outdoor use). Lost consumer surplus estimates for reduced outdoor and indoor use, as well as residential and commercial/institutional demands, were included in this analysis. Consumer surplus is an attempt to measure effects on wellbeing by monetizing those effects; therefore, these values should not be added to the other monetary impacts estimated in the analysis.

Lost consumer surplus estimates varied widely by location and type. For a 50 percent shortage, the estimated statewide consumer surplus values ranged from \$55 to \$2,500 per household (residential use), and from \$270 to \$17,400 per firm (non-residential).

Population and School Enrollment Losses

Population losses due to water shortages, as well as the related loss of school enrollment, were based upon the job loss estimates and upon a recent study of job layoffs and the resulting adjustment of the labor market, including the change in population.¹ The study utilized Bureau of Labor Statistics data regarding layoffs between 1996 and 2013, as well as Internal Revenue Service data regarding migration, to model an estimate of the change in the population as the result of a job layoff event. Layoffs impact both out-migration, as well as in-migration into an area, both of which can negatively affect the population of an area. In addition, the study found that a majority of those who did move following a layoff moved to another labor market rather than an adjacent county. Based on this study, a simplified ratio of job and net population losses was calculated for the state as a whole: for every 100 jobs lost, 18 people were assumed to move out of the area. School enrollment losses were estimated as a proportion of the population lost.

2.2 Analysis Context

The context of the economic impact analysis involves situations where there are physical shortages of surface or groundwater due to drought of record conditions. Anticipated shortages may be nonexistent in earlier decades of the planning horizon, yet population growth or greater industrial, agricultural or other sector demands in later decades may result in greater overall demand, exceeding the existing supplies. Estimated socioeconomic impacts measure what would happen if water user groups experience water shortages for a period of one year. Actual socioeconomic impacts would likely become larger as drought of record conditions persist for periods greater than a single year.

2.2.1 IMPLAN Model and Data

Input-Output analysis using the IMPLAN (Impact for Planning Analysis) software package was the primary means of estimating value added, jobs, and taxes. This analysis employed county and regional level models to determine key impacts. IMPLAN is an economic impact model, originally developed by the U.S. Forestry Service in the 1970's to model economic activity at varying geographic levels. The model is currently maintained by the Minnesota IMPLAN Group (MIG Inc.) which collects and sells county and state specific data and software. The year 2011 version of IMPLAN, employing data for all 254 Texas counties, was used to provide estimates of value added, jobs, and taxes on production for the economic sectors associated with the water user groups examined in the study. IMPLAN uses 440 sector-specific Industry Codes, and those that rely on water as a primary input were assigned to their relevant planning water user categories (manufacturing, mining, etc.). Estimates of value added for a water use category were obtained by summing value added estimates across the relevant IMPLAN sectors

¹ Foote, Andrew, Grosz, Michel, Stevens, Ann. "Locate Your Nearest Exit: Mass Layoffs and Local Labor Market Response." University of California, Davis. April 2015. <http://paa2015.princeton.edu/uploads/150194>

associated with that water use category. Similar calculations were performed for the job and tax losses on production and import impact estimates.

Note that the value added estimates, as well as the job and tax estimates from IMPLAN, include three components:

- *Direct effects* representing the initial change in the industry analyzed;
- *Indirect effects* that are changes in inter-industry transactions as supplying industries respond to reduced demands from the directly affected industries; and,
- *Induced effects* that reflect changes in local spending that result from reduced household income among employees in the directly and indirectly affected industry sectors.

2.2.2 Elasticity of Economic Impacts

The economic impact of a water need is based on the relative size of the water need to the water demand for each water user group (Figure 2-1). Smaller water shortages, for example, less than 5 percent, were anticipated to result in no initial negative economic impact because water users are assumed to have a certain amount of flexibility in dealing with small shortages. As a water shortage deepens, however, such flexibility lessens and results in actual and increasing economic losses, eventually reaching a representative maximum impact estimate per unit volume of water. To account for such ability to adjust, an elasticity adjustment function was used in estimating impacts for several of the measures. Figure 2-1 illustrates the general relationship for the adjustment functions. Negative impacts are assumed to begin accruing when the shortage percentage reaches the lower bound b1 (10 percent in Figure 2-1), with impacts then increasing linearly up to the 100 percent impact level (per unit volume) once the upper bound for adjustment reaches the b2 level shortage (50 percent in Figure 2-1 example).

Initially, the combined total value of the three value added components (direct, indirect, and induced) was calculated and then converted into a per acre-foot economic value based on historical TWDB water use estimates within each particular water use category. As an example, if the total, annual value added for livestock in the region was \$2 million and the reported annual volume of water used in that industry was 10,000 acre-feet, the estimated economic value per acre-foot of water shortage would be \$200 per acre-foot. Negative economic impacts of shortages were then estimated using this value as the maximum impact estimate (\$200 per acre-foot in the example) applied to the anticipated shortage volume in acre-feet and adjusted by the economic impact elasticity function. This adjustment varied with the severity as percentage of water demand of the anticipated shortage. If one employed the sample elasticity function shown in Figure 2-1, a 30% shortage in the water use category would imply an economic impact estimate of 50% of the original \$200 per acre-foot impact value (i.e., \$100 per acre-foot).

Such adjustments were not required in estimating consumer surplus, nor for the estimates of utility revenue losses or utility tax losses. Estimates of lost consumer surplus relied on city-specific demand curves with the specific lost consumer surplus estimate calculated based on the relative percentage of the city's water shortage. Estimated changes in population as well as changes in school enrollment were indirectly related to the elasticity of job losses.

Assumed values for the bounds b1 and b2 varied with water use category under examination and are presented in Table 2-2.

Figure 2-1 Example Economic Impact Elasticity Function (as applied to a single water user’s shortage)

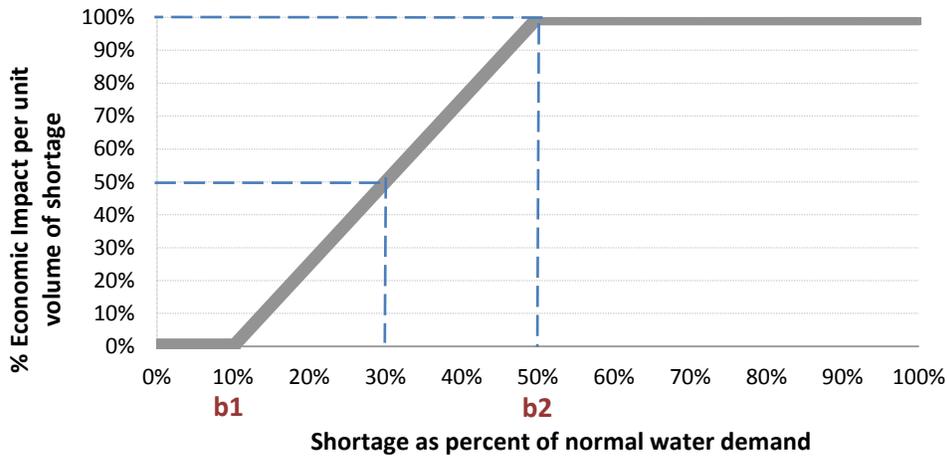


Table 2-2 Economic Impact Elasticity Function Lower and Upper Bounds

Water use category	Lower Bound (b1)	Upper Bound (b2)
Irrigation	5%	50%
Livestock	5%	10%
Manufacturing	10%	50%
Mining	10%	50%
Municipal (non-residential water intensive)	50%	80%
Steam-electric power	20%	70%

2.3 Analysis Assumptions and Limitations

Modeling of complex systems requires making assumptions and accepting limitations. This is particularly true when attempting to estimate a wide variety of economic impacts over a large geographic area and into future decades. Some of the key assumptions and limitations of the methodology include:

1. The foundation for estimating socioeconomic impacts of water shortages resulting from a drought are the water needs (potential shortages) that were identified as part of the regional water planning process. These needs have some uncertainty associated with them, but serve as a reasonable basis for evaluating potential economic impacts of a drought of record event.

2. All estimated socioeconomic impacts are snapshot estimates of impacts for years in which water needs were identified (i.e., 2020, 2030, 2040, 2050, 2060, and 2070). The estimates are independent and distinct “what if” scenarios for each particular year, and water shortages are assumed to be temporary events resulting from severe drought conditions. The evaluation assumed that no recommended water management strategies are implemented. In other words, growth occurs, future shocks are imposed on an economy at 10-year intervals, and the resulting impacts are estimated. Note that the estimates presented were not cumulative (i.e., summing up expected impacts from today up to the decade noted), but were simply an estimate of the magnitude of annual socioeconomic impacts should a drought of record occur in each particular decade based on anticipated supplies and demands for that same decade.
3. Input-output models such as IMPLAN rely on a static profile of the structure of the economy as it appears today. This presumes that the relative contributions of all sectors of the economy would remain the same, regardless of changes in technology, supplies of limited resources, and other structural changes to the economy that may occur into the future. This was a significant assumption and simplification considering the 50-year time period examined in this analysis. To presume an alternative future economic makeup, however, would entail positing many other major assumptions that would very likely generate as much or more error.
4. This analysis is not a cost-benefit analysis. That approach to evaluating the economic feasibility of a specific policy or project employs discounting future benefits and costs to their present value dollars using some assumed discount rate. The methodology employed in this effort to estimate the economic impacts of future water shortages did not use any discounting procedures to weigh future costs differently through time.
5. Monetary figures are reported in constant year 2013 dollars.
6. Impacts are annual estimates. The estimated economic model does not reflect the full extent of impacts that might occur as a result of persistent water shortages occurring over an extended duration. The drought of record in most regions of Texas lasted several years.
7. Value added estimates are the primary estimate of the economic impacts within this report. One may be tempted to add consumer surplus impacts to obtain an estimate of total adverse economic impacts to the region, but the consumer surplus measure represents the change to the wellbeing of households (and other water users), not an actual change in the flow of dollars through the economy. The two categories (value added and consumer surplus) are both valid impacts but should not be summed.
8. The value added, jobs, and taxes on production and import impacts include the direct, indirect and induced effects described in Section 2.2.1. Population and school enrollment losses also indirectly include such effects as they are based on the associated losses in employment. The remaining measures (consumer surplus, utility revenue, utility taxes, additional electrical power purchase costs, and potable water trucking costs), however, do not include any induced or indirect effects.

9. The majority of impacts estimated in this analysis may be considered smaller than those that might occur under drought of record conditions. Input-output models such as IMPLAN only capture “backward linkages” on suppliers (including households that supply labor to directly affected industries). While this is a common limitation in these types of economic impact modeling efforts, it is important to note that “forward linkages” on the industries that use the outputs of the directly affected industries can also be very important. A good example is impacts on livestock operators. Livestock producers tend to suffer substantially during droughts, not because there is not enough water for their stock, but because reductions in available pasture and higher prices for purchased hay have significant economic effects on their operations. Food processors could be in a similar situation if they cannot get the grains or other inputs that they need. These effects are not captured in IMPLAN, which is one reason why the impact estimates are likely conservative.
10. The methodology did not capture “spillover” effects between regions – or the secondary impacts that occur outside of the region where the water shortage is projected to occur.
11. The model did not reflect dynamic economic responses to water shortages as they might occur, nor does the model reflect economic impacts associated with a recovery from a drought of record including:
 - a. The likely significant economic rebound to the landscaping industry immediately following a drought;
 - b. The cost and years to rebuild liquidated livestock herds (a major capital item in that industry);
 - c. Direct impacts on recreational sectors (i.e., stranded docks and reduced tourism); or,
 - d. Impacts of negative publicity on Texas’ ability to attract population and business in the event that it was not able to provide adequate water supplies for the existing economy.
12. Estimates for job losses and the associated population and school enrollment changes may exceed what would actually occur. In practice, firms may be hesitant to lay off employees, even in difficult economic times. Estimates of population and school enrollment changes are based on regional evaluations and therefore do not accurately reflect what might occur on a statewide basis.
13. The results must be interpreted carefully. It is the general and relative magnitudes of impacts as well as the changes of these impacts over time that should be the focus rather than the absolute numbers. Analyses of this type are much better at predicting relative percent differences brought about by a shock to a complex system (i.e., a water shortage) than the precise size of an impact. To illustrate, assuming that the estimated economic impacts of a drought of record on the manufacturing and mining water user categories are \$2.0 and \$1.0 million, respectively, one should be more confident that the economic impacts on manufacturing are twice as large as those on mining and that these impacts will likely be in the millions of dollars. But one should have less confidence that the actual total economic impact experienced would be \$3.0 million.

3 Analysis Results

This section presents a breakdown of the results of the regional analysis for Region H. Projected economic impacts for six water use categories (irrigation, livestock, municipal, manufacturing, mining, and steam-electric power) are also reported by decade.

3.1 Overview of the Regional Economy

Table 3-1 presents the 2011 economic baseline as represented by the IMPLAN model and adjusted to 2013 dollars for Region H. In year 2011, Region H generated about \$406 billion in gross state product associated with 3.4 million jobs based on the 2011 IMPLAN data. These values represent an approximation of the current regional economy for a reference point.

Table 3-1 Region H Economy

Income(\$ millions)*	Jobs	Taxes on production and imports (\$ millions)*
\$406,313	3,405,497	\$30,812

**Year 2013 dollars based on 2011 IMPLAN model value added estimates for the region.*

The remainder of Section 3 presents estimates of potential economic impacts for each water use category that could reasonably be expected in the event of water shortages associated with a drought of record and if no recommended water management strategies were implemented.

3.2 Impacts for Irrigation Water Shortages

Five of the 15 counties in the region are projected to experience water shortages in the irrigated agriculture water use category for one or more decades within the planning horizon. Estimated impacts to this water use category appear in Table 3-2. Note that tax collection impacts were not estimated for this water use category. IMPLAN data indicates a negative tax impact (i.e., increased tax collections) for the associated production sectors, primarily due to past subsidies from the federal government. Two factors led to excluding any reported tax impacts: 1) Federal support (subsidies) has lessened greatly since the year 2011 IMPLAN data was collected, and 2) It was not considered realistic to report increasing tax revenue collections for a drought of record.

Table 3-2 Impacts of Water Shortages on Irrigation in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income losses (\$ millions)*	\$19	\$18	\$19	\$20	\$20	\$21
Job losses	384	381	395	408	419	431

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

3.3 Impacts for Livestock

Seven of the 15 counties in the region are projected to experience water shortages in the livestock water use category for one or more decades within the planning horizon. Estimated impacts to this water use category appear in Table 3-3. Note that tax impacts are not reported for this water use category for similar reasons that apply to the irrigation water use category described above.

Table 3-3 Impacts of Water Shortages on Livestock in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income losses (\$ millions)*	\$52	\$58	\$64	\$67	\$71	\$76
Jobs losses	2,526	2,804	3,080	3,245	3,439	3,652

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

3.4 Impacts for Municipal Water Shortages

Twelve of the 15 counties in the region are projected to experience water shortages in the municipal water use category for one or more decades within the planning horizon. Impact estimates were made for the two subtypes of use within municipal use: residential, and non-residential. The latter includes commercial and institutional users. Consumer surplus measures were made for both residential and non-residential demands. In addition, available data for the non-residential, water-intensive portion of municipal demand allowed use of IMPLAN and TWDB Water Use Survey data to estimate income loss, jobs, and taxes. Trucking cost estimates, calculated for shortages exceeding 80 percent, assumed a fixed cost of \$20,000 per acre-foot to transport water for municipal use. The estimated impacts to this water use category appear in Table 3-4.

Table 3-4 Impacts of Water Shortages on Municipal Water Users in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income losses¹ (\$ millions)*	\$110	\$416	\$2,096	\$3,794	\$5,951	\$8,143
Job losses¹	1,753	6,594	33,265	60,205	94,448	129,226
Tax losses on production and imports¹ (\$ millions)*	\$8	\$32	\$160	\$289	\$454	\$621
Trucking costs (\$ millions)*	\$0	\$0	\$1	\$1	\$1	\$43
Utility revenue losses (\$ millions)*	\$289	\$627	\$851	\$1,067	\$1,170	\$1,576
Utility tax revenue losses (\$ millions)*	\$4	\$9	\$13	\$15	\$15	\$20

¹ Estimates apply to the water-intensive portion of non-residential municipal water use.

* Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.

3.5 Impacts of Manufacturing Water Shortages

Manufacturing water shortages in the region are projected to occur in 11 of the 15 counties in the region for at least one decade of the planning horizon. Estimated impacts to this water use category appear in Table 3-5.

Table 3-5 Impacts of Water Shortages on Manufacturing in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income losses (\$ millions)*	\$2,373	\$4,385	\$5,968	\$7,999	\$9,467	\$11,050
Job losses	12,429	24,261	32,511	42,504	49,625	57,338
Tax losses on production and Imports (\$ millions)*	\$163	\$290	\$402	\$545	\$655	\$774

* Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.

3.6 Impacts of Mining Water Shortages

Mining water shortages in the region are projected to occur in 12 of the 15 counties in the region for at least one decade of the planning horizon. Estimated impacts to this water use type appear in Table 3-6.

Table 3-6 Impacts of Water Shortages on Mining in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income losses (\$ millions)*	\$13,061	\$19,385	\$14,981	\$13,250	\$12,801	\$12,970
Job losses	60,232	89,113	69,041	61,194	59,206	60,040
Tax losses on production and Imports (\$ millions)*	\$1,488	\$2,213	\$1,707	\$1,507	\$1,455	\$1,473

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

3.7 Impacts of Steam-Electric Power Water Shortages

Steam-electric water shortages in the region are projected to occur in 4 of the 15 counties in the region for at least one decade of the planning horizon. Estimated impacts to this water use category appear in Table 3-7.

Note that estimated economic impacts to steam-electric water users:

- Are reflected as an income loss proxy in the form of the estimated additional purchasing costs for power from the electrical grid that could not be generated due to a shortage;
- Do not include estimates of impacts on jobs. Because of the unique conditions of power generators during drought conditions and lack of relevant data, it was assumed that the industry would retain, perhaps relocating or repurposing, their existing staff in order to manage their ongoing operations through a severe drought.
- Does not presume a decline in tax collections. Associated tax collections, in fact, would likely increase under drought conditions since, historically, the demand for electricity increases during times of drought, thereby increasing taxes collected on the additional sales of power.

Table 3-7 Impacts of Water Shortages on Steam-Electric Power in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Income Losses (\$ millions)*	\$6	\$7	\$37	\$127	\$272	\$497

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

3.8 Regional Social Impacts

Projected changes in population, based upon several factors (household size, population, and job loss estimates), as well as the accompanying change in school enrollment, were also estimated and are summarized in Table 3-8.

Table 3-8 Region-wide Social Impacts of Water Shortages in Region

Impact Measures	2020	2030	2040	2050	2060	2070
Consumer surplus losses (\$ millions)*	\$41	\$180	\$399	\$704	\$497	\$1,748
Population losses	14,197	22,611	25,390	30,763	38,031	46,026
School enrollment losses	2,626	4,183	4,697	5,691	7,036	8,515

** Year 2013 dollars, rounded. Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000.*

Appendix A - County Level Summary of Estimated Economic Impacts for Region H

County level summary of estimated economic impacts of not meeting identified water needs by water use category and decade (in 2013 dollars, rounded). Values presented only for counties with projected economic impacts for at least one decade.

* *Entries denoted by a dash (-) indicate no economic impact. Entries denoted by a zero (\$0) indicate income losses less than \$500,000*

County	Water Use Category	Income losses (Million \$)*						Job losses					
		2020	2030	2040	2050	2060	2070	2020	2030	2040	2050	2060	2070
AUSTIN	MANUFACTURING	\$ -	\$ -	\$ 0	\$ 2	\$ 7	\$ 14	-	-	5	30	94	193
AUSTIN	MINING	\$ -	\$ 2,656	\$ 1,789	\$ 566	\$ -	\$ -	-	12,115	8,160	2,580	-	-
AUSTIN	MUNICIPAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	-	-	-	-	-	10
AUSTIN Total		\$ -	\$ 2,656	\$ 1,789	\$ 568	\$ 7	\$ 14	-	12,115	8,165	2,609	94	203
BRAZORIA	IRRIGATION	\$ 15	\$ 15	\$ 15	\$ 15	\$ 16	\$ 16	311	316	319	322	326	329
BRAZORIA	LIVESTOCK	\$ 6	\$ 8	\$ 10	\$ 12	\$ 14	\$ 16	278	396	482	574	673	766
BRAZORIA	MANUFACTURING	\$ 1,835	\$ 2,882	\$ 4,143	\$ 5,535	\$ 7,034	\$ 8,619	8,273	12,995	18,683	24,959	31,719	38,867
BRAZORIA	MINING	\$ 396	\$ 525	\$ 639	\$ 765	\$ 898	\$ 1,059	1,940	2,569	3,129	3,745	4,398	5,185
BRAZORIA	MUNICIPAL	\$ -	\$ -	\$ -	\$ 89	\$ 270	\$ 522	-	-	-	1,417	4,286	8,287
BRAZORIA Total		\$ 2,251	\$ 3,430	\$ 4,807	\$ 6,416	\$ 8,231	\$ 10,232	10,803	16,275	22,613	31,017	41,402	53,435
CHAMBERS	LIVESTOCK	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 2	-	-	-	-	39	103
CHAMBERS	MUNICIPAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	-	-	-	-	-	20
CHAMBERS Total		\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 3	-	-	-	-	39	123
FORT BEND	IRRIGATION	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 3	26	19	30	39	47	55
FORT BEND	LIVESTOCK	\$ 8	\$ 7	\$ 8	\$ 10	\$ 11	\$ 11	376	324	408	468	515	559
FORT BEND	MANUFACTURING	\$ 340	\$ 1,145	\$ 1,272	\$ 1,358	\$ 1,298	\$ 1,237	2,435	8,193	9,106	9,717	9,292	8,854
FORT BEND	MINING	\$ 2	\$ 4	\$ 4	\$ 4	\$ 3	\$ 2	10	18	20	17	14	8
FORT BEND	MUNICIPAL	\$ 1	\$ 33	\$ 435	\$ 931	\$ 1,452	\$ 2,056	9	527	6,906	14,777	23,046	32,623
FORT BEND Total		\$ 352	\$ 1,189	\$ 1,721	\$ 2,304	\$ 2,766	\$ 3,308	2,855	9,081	16,470	25,019	32,914	42,099

County	Water Use Category	Income losses (Million \$)*						Job losses					
		2020	2030	2040	2050	2060	2070	2020	2030	2040	2050	2060	2070
GALVESTON	IRRIGATION	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	24	24	24	24	24	24
GALVESTON	LIVESTOCK	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	235	234	235	236	236	237
GALVESTON	MINING	\$ 67	\$ 71	\$ 79	\$ 86	\$ 92	\$ 99	370	395	437	474	509	546
GALVESTON	MUNICIPAL	\$ 54	\$ 65	\$ 71	\$ 77	\$ 82	\$ 88	860	1,035	1,124	1,215	1,309	1,399
GALVESTON Total		\$ 127	\$ 143	\$ 156	\$ 168	\$ 181	\$ 193	1,489	1,688	1,820	1,949	2,077	2,206
HARRIS	LIVESTOCK	\$ 22	\$ 26	\$ 28	\$ 28	\$ 29	\$ 29	1,048	1,261	1,366	1,378	1,387	1,398
HARRIS	MANUFACTURING	\$ -	\$ -	\$ -	\$ 370	\$ 247	\$ 139	-	-	-	1,553	1,036	583
HARRIS	MINING	\$ 12,360	\$ 12,200	\$ 11,673	\$ 11,589	\$ 11,529	\$ 11,489	56,788	56,050	53,632	53,245	52,968	52,783
HARRIS	MUNICIPAL	\$ 40	\$ 212	\$ 912	\$ 1,155	\$ 1,390	\$ 1,633	629	3,366	14,473	18,329	22,063	25,909
HARRIS	STEAM-ELECTRIC POWER	\$ -	\$ -	\$ 30	\$ 118	\$ 262	\$ 465	-	-	-	-	-	-
HARRIS Total		\$ 12,422	\$ 12,438	\$ 12,643	\$ 13,260	\$ 13,456	\$ 13,754	58,465	60,677	69,471	74,504	77,454	80,673
LEON	MANUFACTURING	\$ -	\$ 0	\$ 4	\$ 11	\$ 20	\$ 31	-	0	49	126	219	338
LEON Total		\$ -	\$ 0	\$ 4	\$ 11	\$ 20	\$ 31	-	0	49	126	219	338
LIBERTY	IRRIGATION	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	23	23	23	23	23	23
LIBERTY	LIVESTOCK	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	457	457	457	457	457	457
LIBERTY	MANUFACTURING	\$ 4	\$ 20	\$ 44	\$ 71	\$ 97	\$ 122	24	120	266	425	580	733
LIBERTY	MINING	\$ 132	\$ 157	\$ 143	\$ 172	\$ 210	\$ 252	626	748	680	818	1,001	1,202
LIBERTY Total		\$ 146	\$ 188	\$ 198	\$ 253	\$ 318	\$ 386	1,130	1,347	1,426	1,722	2,061	2,415
MADISON	MINING	\$ -	\$ 3,687	\$ 585	\$ -	\$ -	\$ -	-	16,819	2,666	-	-	-
MADISON	STEAM-ELECTRIC POWER	\$ 6	\$ 7	\$ 8	\$ 9	\$ 11	\$ 13	-	-	-	-	-	-
MADISON Total		\$ 6	\$ 3,694	\$ 592	\$ 9	\$ 11	\$ 13	-	16,819	2,666	-	-	-
MONTGOMERY	LIVESTOCK	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	132	132	132	132	132	132
MONTGOMERY	MANUFACTURING	\$ 194	\$ 338	\$ 502	\$ 647	\$ 756	\$ 873	1,698	2,953	4,385	5,650	6,598	7,627
MONTGOMERY	MINING	\$ 36	\$ 16	\$ -	\$ -	\$ -	\$ -	184	85	-	-	-	-
MONTGOMERY	MUNICIPAL	\$ 16	\$ 105	\$ 678	\$ 1,542	\$ 2,756	\$ 3,842	255	1,666	10,762	24,467	43,744	60,977

County	Water Use Category	Income losses (Million \$)*						Job losses					
		2020	2030	2040	2050	2060	2070	2020	2030	2040	2050	2060	2070
MONTGOMERY	STEAM-ELECTRIC POWER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	-	-	-	-	-	-
MONTGOMERY Total		\$ 249	\$ 462	\$ 1,183	\$ 2,192	\$ 3,515	\$ 4,738	2,269	4,837	15,280	30,249	50,474	68,736
SAN JACINTO	MINING	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	-	-	2	2	2	2
SAN JACINTO Total		\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	-	-	2	2	2	2
TRINITY	MINING	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	314	314	314	314	314	314
TRINITY Total		\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	314	314	314	314	314	314
WALLER	MANUFACTURING	\$ -	\$ -	\$ 2	\$ 5	\$ 9	\$ 15	-	-	16	43	86	143
WALLER Total		\$ -	\$ -	\$ 2	\$ 5	\$ 9	\$ 15	-	-	16	43	86	143
Grand Total		\$ 15,621	\$ 24,269	\$ 23,166	\$ 25,256	\$ 28,584	\$ 32,756	77,323	123,154	138,291	167,556	207,138	250,686

Agenda Item 8

Receive report regarding recent and upcoming activities related to communications and outreach efforts on behalf of the Region H Planning Group.

Agenda Item 8 Community Outreach

- Texas Municipal League
Region 14
August 22
- H-GAC Clean Waters Initiative
Regional Water Conservation
September 15
- Water Efficiency Network
September 25
- Texas Association of Environmental Professionals
Environmental Challenges and Innovations Conference
October 6
- Texas City Management Association
Region 6
October 16



Houston-Galveston Area Council



Agenda Item 9

Agency communications and general information.

Texas Water Development Board

P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator *KP*

FROM: Les Trobman, General Counsel *LT*
Jeff Walker, DEA, Water Supply & Infrastructure *JW*
Amanda Lavin, Asst. DEA, Water Supply & Infrastructure *ALL*
Tom Entsminger, Program Administration & Reporting, WSI *TE*

DATE: August 20, 2015

SUBJECT: Timeline for Second Round of SWIFT Funding

RECOMMENDATION

Briefing and discussion regarding the Executive Administrator's recommended timeline for solicitation of the second round of funding for the State Water Implementation Fund for Texas (SWIFT) financial assistance program.

BACKGROUND

The first round of SWIFT funding is well underway and is expected to be completed in December 2015. As per statute, the Board prioritized water management strategy projects that were included in the state water plan. The projects funded in the first round were included in the 2012 State Water Plan. Interest is high on the timing of when the next round of funding will be offered.

The first step in adoption of the 2017 State Water Plan is the completion, adoption, and Board approval of the 2016 Regional Water Plans. The 2016 Initially Prepared Regional Water Plans were received May 1, 2015 and the final plans, adopted by the Regional Planning Groups, are due by December 1, 2015. The proposed timeline for the next round of funding utilizes projects which are in the 2016 Regional Water Plans to be included in the 2017 State Water Plan. The proposed timeline is similar to the inaugural round which provides consistency to Texas Water Development Board (TWDB) clients.

Pursuant to 31 Texas Administrative Code (TAC) §363.1303 and §363.1304, the Executive Administrator (EA) is required to provide a prioritization of abridged applications to the Board for approval, as well as the amount of funds requested. The Board is required to identify the amount of funds available for applications by category, establish the structure of financing, the terms of any subsidy, and consider applications according to the prioritization criteria outlined in

Our Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

Board Members

Bech Bruun, Chairman | Carlos Rubinstein, Member | Kathleen Jackson, Member

Kevin Patteson, Executive Administrator

31 TAC §363.1304. Complete applications are required to be submitted no later than 30 days after the date of the Board meeting at which the applicant’s project receives priority for funding. These requirements are reflected in the proposed timeline.

Proposed SWIFT timeline for the second round of funding

12/01/2015	Abridged application period begins for second round funding
02/05/2016	Abridged applications due
Spring 2016 <i>(estimated 04/07/2016)</i>	Board considers prioritization of abridged applications Board identifies amount of funds available by category; establishes the structure of financing, and the subsidy terms Invitations extended to submit applications for financial assistance
05/07/2016	Entities submit complete applications (30 days from prioritization)
Summer 2016 <i>(estimated late July/early August)</i>	Board considers and approves applications Board authorizes TWDB bond sale
Fall 2016	TWDB bond sale
Winter 2016	TWDB bond closing Borrowers loan closings

RECOMENDATION

The Executive Administrator recommends proceeding with the next round of SWIFT funding based on the 2017 State Water Plan and the included timeline for prioritization, consideration, and commitments.

