

AGENDA ITEM MEMO

BOARD MEETING DATE: August 10, 2023

TO: Board Members

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

FROM: T. Clay Schultz, Director, Regional Water Project Development
Mireya Loewe, Assistant Director, Regional Water Project Development

SUBJECT: Hidalgo County Drainage District No. 1
General Appropriations Grant
Project No. 21770

ACTION REQUESTED

Consider authorizing the Executive Administrator to execute an amendment to the grant agreement with the Hidalgo County Drainage District No. 1, as amended, to include an additional \$500,000 grant pursuant to Rider No. 21 of the General Appropriations Act for the 2022-23 Biennium.

BACKGROUND

The existing outfall/drainage systems related to the Raymondville Drain Outfall System covers over 1,600 square miles of watershed, from Edinburg Lake in Hidalgo County to the Laguna Madre in Willacy County. These systems were designed primarily to convey agricultural runoff from a storm event statistically likely to occur every 9.5 years. Due to extraordinary urban growth in Hidalgo County, during major storm events, the capacity of the drainage systems in both Hidalgo County and Willacy County has been insufficient, causing flooding in the area.

The Raymondville Drain Project (Project) was authorized under Title IV, Section 401 of the Water Resources Development Act of 1986. The Project is being developed by Hidalgo County Drainage District No. 1 (District) under the regulations and guidelines of the U.S. Army Corps of Engineers – Galveston District (USACE). It will encompass a drainage channel system of approximately 60 miles. With this project, the District intends to provide an alternate drainage conveyance for Hidalgo County and an improved drainage

conveyance for northern Willacy County during major and/or regional storm events. Due to the size of the Project, as well as the estimated total construction cost (approximately \$418 million), the project has been divided into six major phases to be developed as funds become available.

The Project includes over 14 miles of new drainage channels, improvements to approximately 40 miles of existing channels, construction of a major detention lake (approximately 250 acres) south of Edinburg International Airport, and numerous weirs, bridges, and other flood control structures.

KEY ISSUES

Among its other duties and responsibilities, the TWDB has jurisdiction over various water assistance and financial programs and areas specifically assigned by law, Texas Water Code § 6.012(a)(2) and (4). The Legislature set aside funds for the Project and specifically directed the TWDB to provide those funds to the District for that purpose. Consequently, the TWDB may provide the funds from the General Revenue Fund without reference to the requirements of other TWDB programs. The conditions necessary to affect the financing are only those necessary to protect the interests of the TWDB, and document the transaction to the satisfaction of the Executive Administrator.

RECOMMENDATION

The Executive Administrator recommends authorization to execute an amendment to the grant agreement (G1000667) with the District, as amended, to include an additional \$500,000 grant pursuant to Rider No. 21 of the General Appropriations Act.

Attachments:

1. Proposed Resolution 23-
2. Resolution 21-100
3. Resolution 17-092
4. Resolution 19-081

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN
AMENDMENT TO THE HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
GENERAL APPROPRIATIONS GRANT IN AN AMOUNT NOT TO EXCEED \$500,000

(23 -)

WHEREAS, the General Appropriations Act, 87th Leg. R.S., Ch. 1053, Art. VI, 2021 (SB 1), appropriated to the Texas Water Development Board (the TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the Hidalgo County Drainage District No. 1 (District); and

WHEREAS, the funds are to be used to implement a flood control project authorized and designated by the U.S. Army Corps of Engineers; and

WHEREAS, at its August 17, 2017 meeting, the TWDB, by TWDB Resolution No. 17-092, made a commitment to provide financial assistance to the District in the amount of \$4,500,000 in grant funds for improvements and expansion of its existing drainage system, identified as Project No. 21770 (the Project); and

WHEREAS, on August 24, 2017, the TWDB and the District executed a grant agreement, TWDB Contract No. G1000667 providing a grant in the amount of \$4,500,000 from the General Revenue Fund as authorized by the 84th Legislature; and

WHEREAS, at its August 13, 2019 meeting, the TWDB, by TWDB Resolution No. 19-081, made a commitment to provide financial assistance to the District in the amount of \$2,000,000 in grant funds for the Project; and

WHEREAS, on August 28, 2019, the TWDB and the District executed Amendment No. 1 to Grant Agreement No. G1000667 to include an additional \$2,000,000 in appropriations from the General Revenue Fund as authorized by the 85th Legislature; and

WHEREAS, at its August 19, 2021 meeting, the TWDB, by TWDB Resolution No. 21-100, made a commitment to provide financial assistance to the District in the amount of \$500,000 in grant funds for the Project; and

WHEREAS, on August 25, 2021, the TWDB and the District executed Amendment No. 2 to Grant Agreement No. G1000667 to include an additional \$500,000 in appropriations from the General Revenue Fund as authorized by the 86th Legislature; and

WHEREAS, the District, by resolution dated July 25, 2023, has requested that the TWDB amend Grant Agreement No. G1000667, as amended, to include an additional \$500,000 in appropriations from the General Revenue Fund authorized by the 87th Legislature; and

WHEREAS, the TWDB hereby finds that the amendment to the Grant is reasonable and that the request is in the public interest and will serve a public purpose in accordance with Article VI of SB1 (2021); and

NOW THEREFORE, the TWDB resolves as follows:

The Executive Administrator is authorized to negotiate and execute an amendment to TWDB Contract No. G1000667 with the Hidalgo County Drainage District No. 1, as amended, to include an amount not to exceed \$500,000 in grant funds from the General Revenue Fund. This commitment will expire on August 31, 2023.

All other conditions in TWDB Contract No. G1000667, as amended, shall remain in full force and effect.

APPROVED and ordered of record this, the 10th day of August, 2023.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN
AMENDMENT TO THE HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
GENERAL APPROPRIATIONS GRANT IN AN AMOUNT NOT TO EXCEED \$500,000**

(21-100)

WHEREAS, the General Appropriations Act, 86th Leg. R.S., Ch. 1353, § 1, 2019 (HB 1), appropriated to the Texas Water Development Board (the TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the Hidalgo County Drainage District No. 1 (District); and

WHEREAS, the funds are to be used to implement a flood control project authorized and designated by the U.S. Army Corps of Engineers; and

WHEREAS, at its August 17, 2017 meeting, the TWDB, by TWDB Resolution No. 17-092, made a commitment to provide financial assistance to the District in the amount of \$4,500,000 in grant funds for improvements and expansion of its existing drainage system, identified as Project No. 21770 (the Project); and

WHEREAS, on August 24, 2017, the TWDB and the District executed a grant agreement, TWDB Contract No. G1000667 providing a grant in the amount of \$4,500,000 from the General Revenue Fund as authorized by the 84th Legislature; and

WHEREAS, at its August 13, 2019 meeting, the TWDB, by TWDB Resolution No. 19-081, made a commitment to provide financial assistance to the District in the amount of \$2,000,000 in grant funds for the Project; and

WHEREAS, on August 28, 2019, the TWDB and the District executed Amendment No. 1 to Grant Agreement No. G1000667 to include an additional \$2,000,000 in appropriations from the General Revenue Fund as authorized by the 85th Legislature; and

WHEREAS, the District, by resolution dated July 27, 2021, has requested that the TWDB amend Grant Agreement No. G1000667, as amended, to include an additional \$500,000 in appropriations from the General Revenue Fund authorized by the 86th Legislature; and

WHEREAS, the TWDB hereby finds that the amendment to the Grant is reasonable and that the request is in the public interest and will serve a public purpose in accordance with Section 1 of HB1 (2019); and

NOW THEREFORE, the TWDB resolves as follows:

The Executive Administrator is authorized to negotiate and execute an amendment to TWDB Contract No. G1000667 with the Hidalgo County Drainage District No. 1, as amended, to include an amount not to exceed \$500,000 in grant

funds from the General Revenue Fund. This commitment will expire on August 31, 2021.

All other conditions in TWDB Contract No. G1000667, as amended, shall remain in full force and effect.

APPROVED and ordered of record this, the 19th day of August, 2021.



TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup

Brooke T. Paup, Chairwoman

DATE SIGNED: 8/19/21

ATTEST:

Jeff Walker

Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN
AMENDMENT TO THE HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 GENERAL
APPROPRIATIONS GRANT IN AN AMOUNT NOT TO EXCEED \$2,000,000**

(19-081)

WHEREAS, the Legislature, through the General Appropriations Act, 84th Leg. R.S., ch. 1281, § 1, 2015, (HB 1) appropriated to the Texas Water Development Board (the TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the Hidalgo County Drainage District No. 1 (District); and

WHEREAS, the funds are to be used to implement a flood control project authorized and designated by the U.S. Army Corps of Engineers; and

WHEREAS, at its August 17, 2017 meeting, the TWDB, by TWDB Resolution No. 17-092, made a commitment to provide financial assistance to the District for financial assistance in the amount of 4,500,000 in grant funds for improvements and expansion of its existing drainage system, identified as Project No. 21770; and

WHEREAS, on August 24, 2017, the TWDB and the District executed a grant agreement, TWDB Contract No. G1000667 providing a grant in the amount of \$4,500,000 from the General Revenue Fund; and

WHEREAS, the Legislature, through the General Appropriations Act, 85th Leg. R.S., ch. 605, § 1, 2017, (SB 1) appropriated to the TWDB an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the District; and

WHEREAS, the District, by resolution, has requested that the TWDB amend the previous grant agreement, TWDB Contract No. G1000667, to include the additional \$2,000,000 in appropriations authorized by the 85th Legislature; and

WHEREAS, the TWDB hereby finds that the amendment to the grant is reasonable and that the request is in the public interest and will serve a public purpose in accordance with Section 1 of SB 1 (2017);

NOW, THEREFORE, the Texas Water Development Board resolves as follows:

The Executive Administrator is authorized to negotiate and execute an amendment to TWDB Contract No. G1000667 with the Hidalgo County Drainage District No. 1 to include an amount not to exceed \$2,000,000 in grant funds from the General Revenue Fund.

This commitment will expire on August 31, 2019.

APPROVED and ordered of record this the 13th day of August, 2019.



TEXAS WATER DEVELOPMENT BOARD

A handwritten signature in blue ink, appearing to be "P. Lake", is written over a horizontal line.

Peter M. Lake, Chairman

DATE SIGNED 8/15/19

ATTEST:

A handwritten signature in blue ink, appearing to be "Jeff Walker", is written over a horizontal line.

Jeff Walker, Executive Administrator

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
FROM GENERAL REVENUE THROUGH A GRANT
IN THE AMOUNT OF \$4,500,000

(17-092)

WHEREAS, the General Appropriations Act, 84th Leg. R.S., ch. 1281, § 1, 2015, (HB 1) appropriated to the Texas Water Development Board (the TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the Hidalgo County Drainage District No. 1 (District); and

WHEREAS, the funds are to be used to implement a flood control project authorized and designated by the U.S. Army Corps of Engineers; and

WHEREAS, the Hidalgo County Drainage District No. 1, located in Hidalgo County, Texas (the District), has filed an application for financial assistance in the amount of \$4,500,000 in grant funds for improvements and expansion of its existing drainage system, identified as Project No. 21770; and

WHEREAS, the proposed project is an authorized federal project with the U.S. Army Corps of Engineers, Galveston District, as the Project for Flood Control, Lower Rio Grande Basin, Texas, under Title IV, Section 401 of the Water Resources Development Act of 2007, has a regional impact, and includes components of regional storm water management and flood mitigation; and

WHEREAS, in accordance with its duties and responsibilities under Texas Water Code § 6.12, the Board has considered all matters required by law and, in particular, the instructions of the 84th Legislature; and

WHEREAS, the Board hereby finds that the project is eligible to receive funds in accordance with Section 1 of HB 1:

NOW THEREFORE, the Texas Water Development Board resolves as follows:

A commitment is made by the TWDB to Hidalgo County Drainage District No. 1 for financial assistance in the amount of \$4,500,000 in grant funds from the General Revenue Fund. This commitment will expire on August 31, 2017.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent upon the District's compliance with all applicable requirements contained in TWDB rules;
2. loan proceeds shall not be used by the District when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the District agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
3. prior to closing, the District and the Executive Administrator of the Board shall execute an agreement that sets forth the terms and uses of the grant funds; and
4. prior to closing, the District shall submit outlay reports with sufficient documentation on costs incurred in accordance with TWDB outlay report guidelines.

APPROVED and ordered of record this 17th day of August, 2017.

TEXAS WATER DEVELOPMENT BOARD



Bech K. Bruun, Chairman

DATE SIGNED: 8-17-17

ATTEST:



Jeff Walker
Executive Administrator