



Texas Senate Finance Committee

September 5, 2024

**Written testimony for the record on behalf of The Texas Water Infrastructure Network on
Texas Water Fund: Senate Bill 28 and Senate Joint Resolution 75, 88th Legislature, Regular Session;**

Provided by Perry L. Fowler, Executive Director TXWIN

Chairman Huffman, Vice Chairman Hinojosa and fellow esteemed committee members, my name is Perry Fowler, and I am submitting this written testimony on behalf of the Texas Water Infrastructure Network (TXWIN) where I serve as Executive Director. I am submitting this testimony on Senate Bill 28 and Senate Joint Resolution 75, 88th Legislature, Regular Session.

We would like to share selected results of our most recent 2024 Texas Water Capital Needs Survey (TWCNS) which provides us with a complete picture of Texas' near-term water infrastructure needs and related trends. This is a timely topic as we start preparing for the next legislative session and we appreciate the ability to share some of our survey findings to help provide some additional context on issues driving the need for investment in our water infrastructure.

This is the 4th survey conducted by TXWIN with the assistance of Dr. Todd Votteler. The survey has evolved significantly over time since our initial 2020 survey to capture more key data points relevant to water infrastructure investment needs. We received a record breaking number of responses this year and did a much deeper dive into data based on population demographics to assess infrastructure needs and drivers, economic development data, and funding and procurement trends. Our partners with the major Texas water associations were crucial to the collection of data for this survey and they are greatly appreciated.

While the survey does not identify a topline figure for total capital investment needs, we can surmise that these figures over the next 10 and 20 year periods range are well in excess of current state and federal projections. Some noteworthy cumulative responses included:

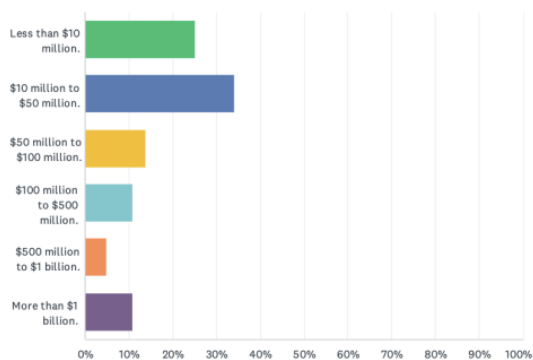
- In terms of areas of greatest need ranked by respondents, water treatment represented the greatest infrastructure needs (26.8%) followed closely by water main replacement or repair (23.6%), developing new water supplies (23.3%), and wastewater treatment (15 %).
- Aging infrastructure was identified as the most significant investment driver in Texas at 55.2%, followed by demands associated with population growth at 21.1 % and regulatory compliance 12.1%.
- Flood control, developing new or alternative water supply facilities, wastewater conveyance or rehabilitation, and Climate Change represented the least significant drivers of capital investment needs, however it should be noted that this likely due to the fact that most of the responses came from small utilities.
- 23.5% of respondents indicated that 25-50%, of their water mains needed repair or replacement and 15.6 % indicated 50-75% of their water mains were also in need of repair or replacement.

We have population specific data (attached) showing the types and range of needs across populations including drivers for investment and here is a 10 & 20 year snapshot of needs identified by respondents. We also have data on what is driving the need for investment.

While the survey does not identify a topline figure for total capital investment needs, we can surmise based on data collected that these figures over the next 10- and 20-year periods range are much higher than current state and federal projections.

Q14 What are your estimated capital construction funding needs over the next 20-year period?

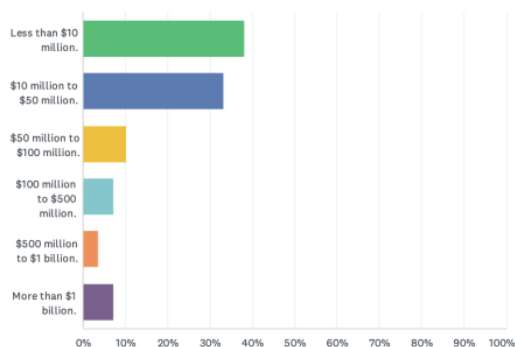
Answered: 246 Skipped: 3



ANSWER CHOICES	RESPONSES	
Less than \$10 million.	25.20%	62
\$10 million to \$50 million.	34.15%	84
\$50 million to \$100 million.	13.82%	34
\$100 million to \$500 million.	10.98%	27
\$500 million to \$1 billion.	4.88%	12
More than \$1 billion.	10.98%	27
TOTAL		246

Q13 What are your estimated capital construction funding needs over the next 10-year period?

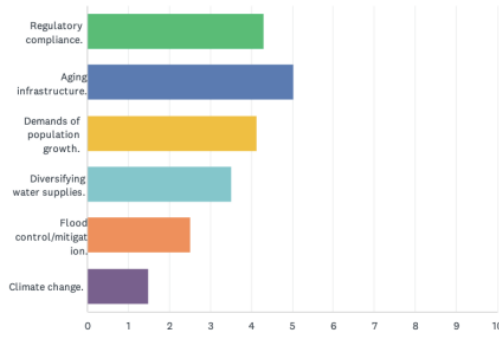
Answered: 246 Skipped: 3



ANSWER CHOICES	RESPONSES	
Less than \$10 million.	38.21%	94
\$10 million to \$50 million.	33.33%	82
\$50 million to \$100 million.	10.16%	25
\$100 million to \$500 million.	7.32%	18
\$500 million to \$1 billion.	3.66%	9
More than \$1 billion.	7.32%	18
TOTAL		246

Q8 Please rank the greatest drivers for your future infrastructure and capital projects? (1 to 6, with 1 representing your highest Priority)

Answered: 232 Skipped: 17

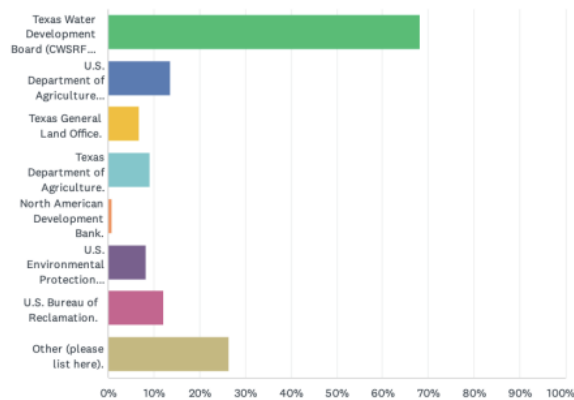


	1	2	3	4	5	6	TOTAL	SCORE
Regulatory compliance.	12.07% 28	38.36% 89	29.31% 68	9.48% 22	9.05% 21	1.72% 4	232	4.30
Aging infrastructure.	55.17% 128	15.52% 36	13.79% 32	10.78% 25	2.16% 5	2.59% 6	232	5.03
Demands of population growth.	21.12% 49	20.26% 47	27.59% 64	18.10% 42	8.19% 19	4.74% 11	232	4.14
Diversifying water supplies.	7.33% 17	15.52% 36	17.67% 41	43.97% 102	12.50% 29	3.02% 7	232	3.52
Flood control/mitigation.	2.59% 6	8.19% 19	9.05% 21	11.64% 27	54.74% 127	13.79% 32	232	2.51
Climate change.	1.72% 4	2.16% 5	2.59% 6	6.03% 14	13.36% 31	74.14% 172	232	1.50

With reference to SB 28 & SJR 75 we would like to share the following findings from our 2024 Texas Water Capital Needs Survey. The Texas Water Development Board (TWDB) was the top government entity that water utilities had either applied or intended to apply to for financial assistance in the current year. TWDB is also the provider of choice of the majority of respondents.

Q21 Has your utility applied for funding from any of the following state or federal agencies in the last year, or do you plan to do so in the coming year? (Please select all that apply.)

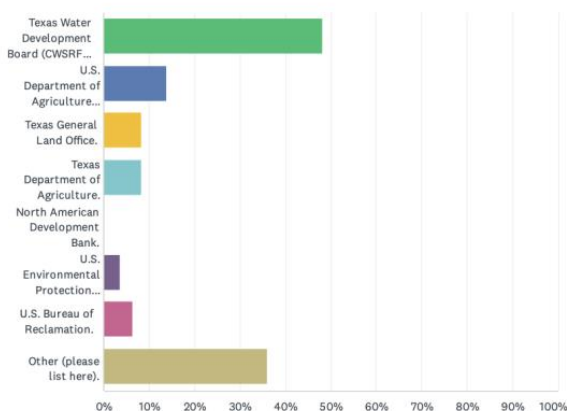
Answered: 132 Skipped: 117



ANSWER CHOICES	RESPONSES
Texas Water Development Board (CWSRF, DWSRF, DFUND, EDAP, FIF, LSLR, Participation, SWIFT, etc.).	68.18% 90
U.S. Department of Agriculture (including the Rural Development or Natural Resources Conservation Service).	13.64% 18
Texas General Land Office.	6.82% 9
Texas Department of Agriculture.	9.09% 12
North American Development Bank.	0.76% 1
U.S. Environmental Protection Agency (WIFIA, Emerging Contaminants, other).	8.33% 11
U.S. Bureau of Reclamation.	12.12% 16
Other (please list here).	26.52% 35
Total Respondents: 132	

Q22 Has your utility received funding from any of the following state or federal agencies in the past 5-year period? (Please select all that apply.)

Answered: 108 Skipped: 141

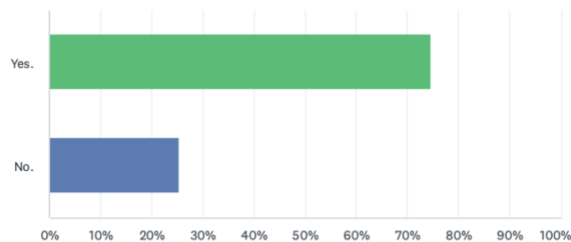


ANSWER CHOICES	RESPONSES	
Texas Water Development Board (CWSRF, DWSRF, DFUND, EDAP, FIF, LSLR, Participation, SWIFT, etc.).	48.15%	52
U.S. Department of Agriculture (including the Rural Development or Natural Resources Conservation Service).	13.89%	15
Texas General Land Office.	8.33%	9
Texas Department of Agriculture.	8.33%	9
North American Development Bank.	0.00%	0
U.S. Environmental Protection Agency (WIFIA, Emerging Contaminants, other).	3.70%	4
U.S. Bureau of Reclamation.	6.48%	7
Other (please list here).	36.11%	39
Total Respondents: 108		

75% of respondents indicated they were interested in pursuing funding from the new Texas Water Fund, or the new Texas Water Supply Funds passed by voters in Proposition 6 once these programs become available. So demand is and will be great for these new funds.

Q26 Are you interested in pursuing funding from the new Texas Water Fund, or the new Texas Water Supply Funds passed by voters in Proposition 6 once these programs become available?

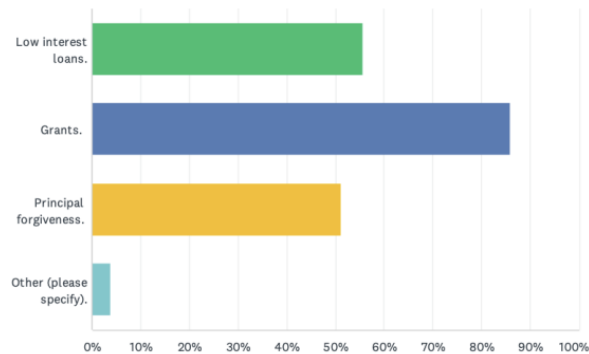
Answered: 233 Skipped: 16



ANSWER CHOICES	RESPONSES	
Yes.	74.68%	174
No.	25.32%	59
TOTAL		233

Q27 If you answered “Yes” to question 26, what type of financial assistance would you prefer? (Please select all that apply.)

Answered: 178 Skipped: 71

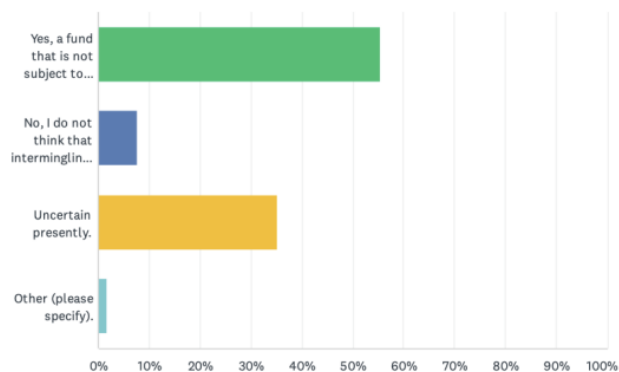


ANSWER CHOICES	RESPONSES	
Low interest loans.	55.62%	99
Grants.	85.96%	153
Principal forgiveness.	51.12%	91
Other (please specify).	3.93%	7
Total Respondents: 178		

56% of respondents indicated that they would prefer a “state only” fund, such as the Rural Water Assistance Fund, SWIFT etc., to avoid additional cumbersome federal requirements. We have some additional data that outlines the types of funding desired, grants vs. loans etc.

Q28 Do you support using funding from the Texas Water Fund as a “state only” fund, such as the Rural Water Assistance Fund, SWIFT etc., to avoid additional federal requirements such as American Iron & Steel (AIS), BABAA or NEPA (federal environmental reviews)?

Answered: 236 Skipped: 13



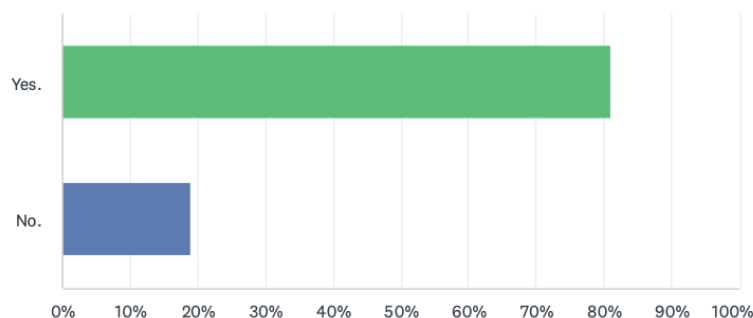
ANSWER CHOICES	RESPONSES	
Yes, a fund that is not subject to Federal requirements is our preference.	55.51%	131
No, I do not think that intermingling State and Federal funding presents a significant cost increase or regulatory burden.	7.63%	18
Uncertain presently.	35.17%	83
Other (please specify).	1.69%	4
TOTAL		236

An important footnote - if current federal funding trends continue the capacity of EPA SRF programs administered by the TWDB will be greatly diminished after this year due to congressional earmarks and cuts in funding. This phenomenon is presently staved off somewhat with the current infusion of IJA funds, but this program will fall off the cliff in coming years unless these trends are reversed. **This is a disturbing trend that highlights the fact that we cannot depend on DC to solve Texas' water needs.**

Finally, 82% of respondents indicated that they support the State dedicating a portion of annual tax revenues or fees similar to the way highways are funded in Texas to ensure a consistent reliable revenue stream to assist with funding future water infrastructure projects and 70% of respondents indicated that the Texas Legislature has not allocated sufficient resources and attention to address water policy and facilitate investment in Texas water infrastructure and water supplies.

Q29 Do you support the State dedicating a portion of annual tax revenues or fees similar to the way highways are funded in Texas to ensure a consistent reliable revenue stream to assist with funding future water infrastructure projects?

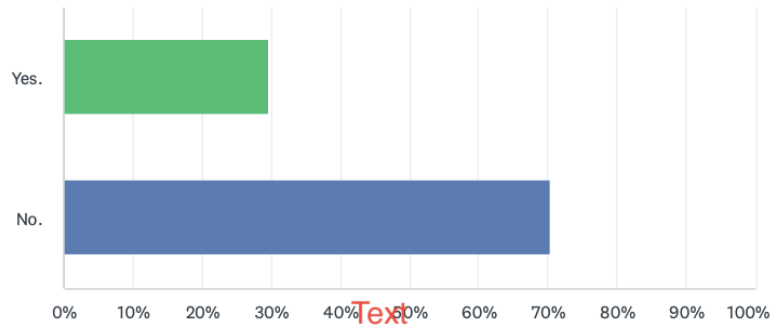
Answered: 238 Skipped: 11



ANSWER CHOICES	RESPONSES	
Yes.	81.09%	193
No.	18.91%	45
TOTAL		238

Q48 Do you think the Texas Legislature has allocated sufficient resources and attention to address water policy and facilitate investment in Texas water infrastructure and water supplies?

Answered: 237 Skipped: 12



ANSWER CHOICES	RESPONSES	
Yes.	29.54%	70
No.	70.46%	167
TOTAL		237

We are hopeful that the data collected in the 2024 Texas Water Capital Needs survey will assist we contemplate how to build on the progress accomplished in SB 28.

Full results from our survey are publicly available and if you or your staff would like access to the full data set or would like to discuss specific aspects of the data collected, we are happy to share it with you. Please contact Perry L. Fowler at plf@txwin.org or (512)810-3969 for more information.

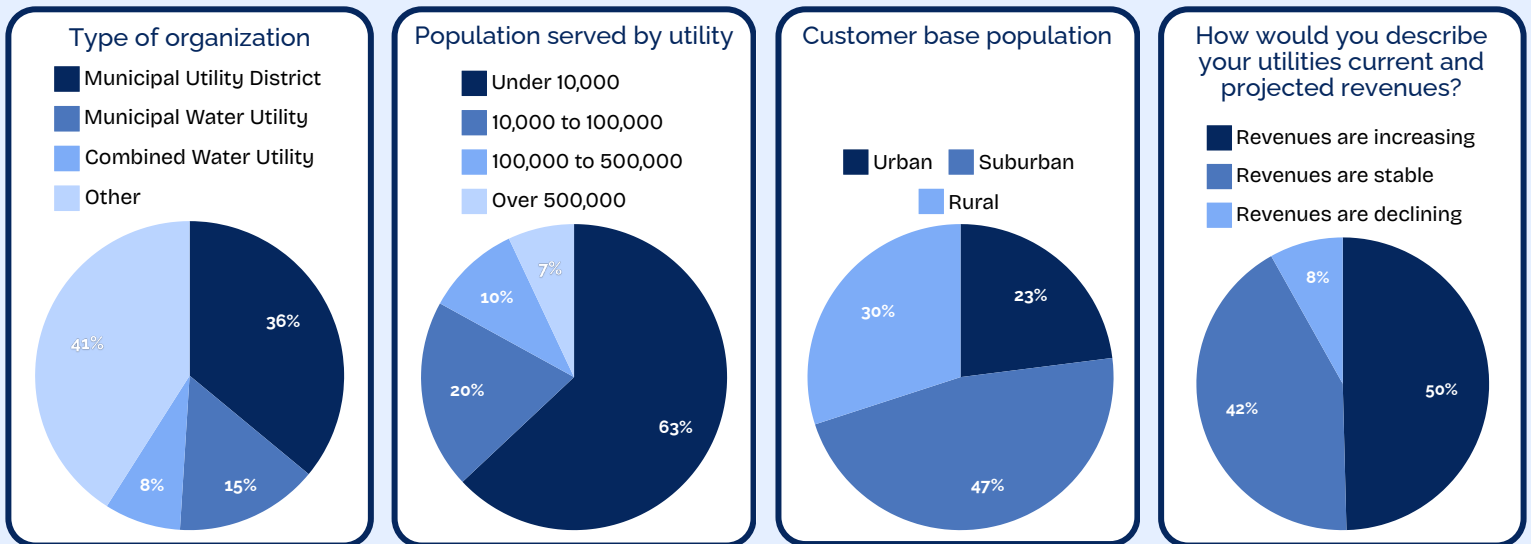
TEXAS WATER CAPITAL NEEDS SURVEY

Identifies Keys Trends and Demonstrates Demand for Water Infrastructure Investment

The **2024 Texas Water Capital Needs Survey** underscores the critical importance of addressing aging infrastructure as the primary driver for investment in Texas water systems. With significant capital needs estimated over the next decade and beyond, it is evident that sustained investment is essential to meet the growing demands of population growth and ensure regulatory compliance.

This year's survey received a record number of respondents with **246 water districts** sharing information about their water needs. A plurality of responses came from municipal water districts with 5,000 customers or less and have stable or growing customer bases.

SURVEY DEMOGRAPHICS



TOP WATER INFRASTRUCTURE NEEDS

- 1 Water treatment
- 2 Water main rehabilitation, repair, or replacement
- 3 New or alternative water supplies

The greatest **driver of future infrastructure projects** was identified as being the **need to replace aging infrastructure**.

Revenue and project finance

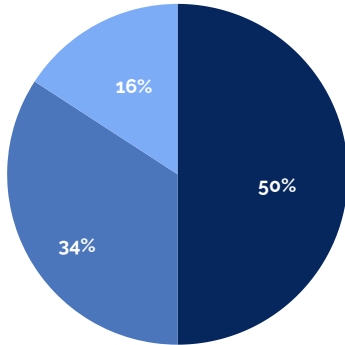
- **92%** reported that their current or projected revenues were stable or increasing.
- **76%** had increased their budgets for construction costs due either to inflationary or supply chain issues.
- **63%** had delayed projects.
- **75%** are interested in pursuing funding from the new Texas Water Fund or the new Texas Water Supply Funds.

70% of water districts DO NOT think the Texas Legislature has allocated sufficient resources and attention to address water policy and facilitate investment in Texas water infrastructure and water supplies.

September 5, 2024

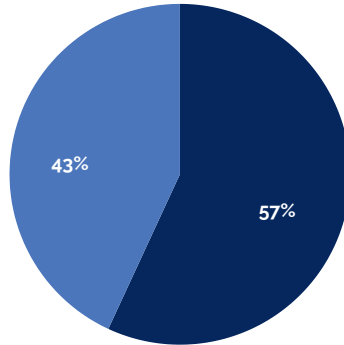
How do you fund your capital programs?

- Both debt and revenue
- Water user fees & revenues
- Financed through debt

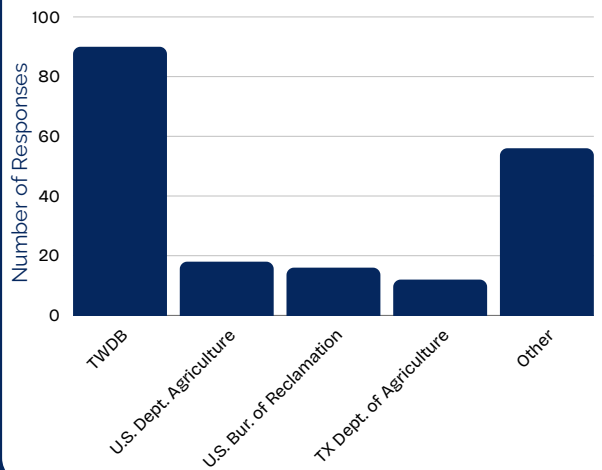


Are your water rates sufficient to fund current and future capital programs?

- Yes
- No

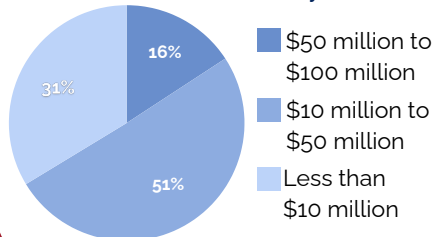


To which state and federal agencies have you applied to or plan to apply to for funding?



WATER DISTRICTS WITH 5 THOUSAND TO 10 THOUSAND CUSTOMERS

Estimated capital construction costs over next 10 years



Top water infrastructure needs

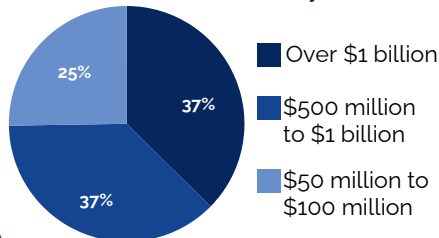
- 1 Water treatment
- 2 Wastewater treatment
- 3 Water main rehabilitation

Top drivers of future projects

- 1 Aging infrastructure
- 2 Regulatory compliance
- 3 Population growth

WATER DISTRICTS WITH 250 THOUSAND TO 500 THOUSAND CUSTOMERS

Estimated capital construction costs over next 10 years



Top water infrastructure needs

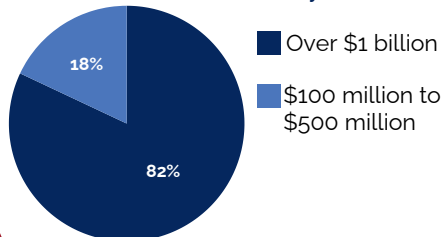
- 1 New or alternative water supplies
- 2 Water treatment
- 3 Wastewater treatment

Top drivers of future projects

- 1 Population growth
- 2 Diversifying water supplies
- 3 Regulatory compliance

WATER DISTRICTS WITH OVER 1 MILLION CUSTOMERS

Estimated capital construction costs over next 10 years



Top water infrastructure needs

- 1 New or alternative water supplies
- 2 Water treatment
- 3 Wastewater treatment

Top drivers of future projects

- 1 Population growth
- 2 Aging infrastructure
- 3 Regulatory compliance

55% of these water districts indicated an **economic development project in their area was turned away, hindered, or altogether halted due to an inability to meet water supply needs** or are concerned about future projects being turned away due to water supply needs.

2024 TWCNS Population Specific Capital Needs, Drivers & Estimated Needs

1,000 or Less Population

Top 5 drivers by areas of need

1. Water Treatment
2. New or alternative water supplies
3. Water main rehab or replacement
4. New Water storage
5. Wastewater treatment

Top 5 drivers of infrastructure investment.

1. Aging infrastructure
2. Regulatory compliance
3. Population growth
4. Supply diversification
5. Flood Control

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 84% less than \$10M
- 13% 10-50M
- 6% 100-500M

20- Year Investment Needs

- 65% less than \$10M
- 29% \$10-50M
- 3% \$100-\$500M
- 3% \$500M-\$1B

1,000 to 5,000 Population

Top 5 drivers by areas of need

1. Water treatment
2. Water main rehab or replacement
3. Wastewater treatment
4. New or alternative water supplies
5. New water storage

Top 5 drivers of infrastructure investment

1. Aging infrastructure
2. Regulatory compliance
3. Population growth
4. Supply diversification
5. Flood Control

5,000 to 10,000 Population

Top 5 areas of need

1. Water treatment
2. Wastewater treatment
3. Water rehab and replacement
4. New or alternative water supplies
5. New Storage

Top 5 drivers of infrastructure investment

1. Aging infrastructure
2. Reg comp
3. Population growth`
4. supply diverse
5. Flood control

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 32% less than 10M
- 48% 10-50M
- 15% 50-100M

20-Year Investment Needs

- 52% 10-50
- 13% 50-100M
- 7% 100-500M

10,000-25,000 Population

Top 5 areas of need

1. Wastewater treatment
2. New or alternative water supplies
3. Water treatment
4. Water rehab and replacement
5. New Storage

Top 5 drivers of infrastructure investment

1. Aging infrastructure
2. Reg comp
3. Population growth`
4. supply diverse
5. Flood control

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 26% less than 10M
- 39% 10-50M
- 19% 50-100M
- 6% 100-500M
- 3% 500M-1B

20-Year Investment Needs

- 10% >10
- 35% 10-50
- 26% 50-100M
- 16% 100-500M
- 3% 500M-1B
- 6% \$1B+

25,000 -50,000 population

Top 5 areas of need

1. Water Treatment
2. New or alternative water supplies
3. water main rehab replaces
4. Wastewater Treatment
5. new Storage

Top 5 drivers of infrastructure

1. Aging infrastructure
2. investment flood control
3. supply diverse Climate change
4. Regulatory compliance
5. Population growth

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 36% 10-50
- 21% 50-100m
- 36% 100-500m

20-Year Investment Needs

- 21% 10-50
- 21% 50-100M
- 36% 100-500 M
- 15% 500-1B

50,000-100,000 population

Top 5 areas of need

- New or alternative water supplies
- Water Treatment
- water main rehab replace
- Wastewater Treatment
- new Storage

Top 5 drivers of infrastructure

- Aging infrastructure
- Population growth`
- Supply diversification
- Regulatory compliance
- Flood Control

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 17 less than 10
- 17% 10-50M
- 29% \$100 million to \$500 million
- 29% \$50 million to \$100 million

20-Year Investment Needs

- 17 less than 10
- 17% 10-50M
- 29% \$100 million to \$500 million.
- 29% \$500 million to \$1 billion

100,000-250 population

Top 5 areas of need

1. New or alternative water supplies
2. Water main rehab replacement
3. Water Treatment
4. Wastewater Treatment
5. New storage

Top 5 drivers of infrastructure

1. Aging infrastructure
2. Population growth
3. Regulatory compliance
4. Supply diversity
5. Flood control

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 55% less than \$10M
- 41% \$10-50M
- 1% \$1B plus

20-Year Investment Needs

- 38% less than 10M
- 22% 10-50M
- 17% 50-100M
- 1% 500M to \$1B
- 1% \$1B plus

250-500,000 population

Top 5 areas of need

1. New or alternative water supplies
2. Water Treatment
3. Wastewater Treatment
4. New storage
5. Water main rehab replacement

Top 5 drivers of infrastructure

1. Water supply diversification
2. Population growth
3. Aging infrastructure
4. Regulatory compliance
5. Climate Change

Estimated Capital Needs 10 & 20 Year Intervals

10-Year Investment Needs

- 25% \$50 million to \$100 million
- 38% \$500 million to \$1 billion.
- 38% More than \$1 billion.

20-Year Investment Needs

- 12.5% \$50 million to \$100 million
- 12.5% \$100 million to \$500 million
- 75% More than \$1 billion.

500,000- 1,000,000

Top 5 areas of need

1. Water Treatment
2. Wastewater Treatment
3. New or alternative water supplies
4. Water main rehab replacement
5. New storage

Top 5 drivers of infrastructure

1. Aging infrastructure
2. Population growth
3. Regulatory compliance
4. Supply diversity
5. Flood control

10-Year Investment Needs

- 40% \$50-100 million
- 20% \$100-500 million
- 40% \$1 billion +

20-Year Investment Needs

- 40% \$100-500 million
- 60% \$1 billion plus

1,000,000 plus population

Top 5 areas of need

1. Water Treatment
2. Wastewater Treatment
3. New or alternative water supplies
4. Water main rehab replacement
5. New storage

Top 5 drivers of infrastructure

1. Aging infrastructure
2. Population growth
3. Regulatory compliance
4. Supply diversity
5. Flood control

10-Year Investment Needs

- 16% \$100 to 500 million
- 74% \$1 billion plus

20-Year Investment Needs

- 16% \$100 to 500 million
- 74% \$1 billion plus

Washington is eroding Texas' investment in water infrastructure

Federal funding meant for the Lone Star State is being diverted to other states



A crew works on upgrading pipes and valves at a North Alamo Water Supply Corporation water plant in Donna, Texas, on Thursday, July 18, 2024. Congressional spending and cuts to vital state-run federally assisted programs are threatening to further diminish our ability to invest in our water future, writes Perry L. Fowler. (Eddie Gaspar / AP)

Texans are becoming more acutely aware that water and our water infrastructure are critical for our health and safety — and our economic prosperity. Population growth coupled with aging infrastructure, persistent

drought conditions and failed international treaties have recently garnered more attention and continue to underscore the importance of water in our everyday lives.

In the last several years, negative water headlines have become all too common with high-profile aging water infrastructure failures, boil-water notices and recently released statewide water-loss figures approaching almost 88 billion gallons of water annually. Texas communities that have experienced significant infrastructure failures have felt this firsthand, leaving businesses and schools shuttered, placing public health at risk and disrupting our daily lives.

However, congressional spending and cuts to vital state-run federally assisted programs are threatening to further diminish our ability to invest in our water future.

Over the last decade, Texas has made significant progress to address our water needs with the creation of the enormously successful [SWIFT](#) program and the recently approved [Texas Water Fund](#), which are administered by the world-class [Texas Water Development Board](#). These funding mechanisms were created with strong bipartisan support and approved by Texas voters with the goal of making critically needed water infrastructure projects viable and more affordable.

Unfortunately, the cost of both water and water projects continues to increase making the role of the state to provide financial assistance for water more crucial than ever. Historically, two of the most effective programs have been our state-run and operated [Clean Water State Revolving Funds](#), often referred to as the SRFs. These state-federal partnerships offer fiscally responsible low-interest loans to build infrastructure that provides safe drinking water and wastewater services to households across our state.

The projects funded by the SRFs reflect local priorities and projects that are thoroughly evaluated and ranked before receiving funding. The SRFs make projects financially viable in communities large and small, which means more affordable water bills for families and small businesses already struggling with historic inflation. The “revolving” nature of these funds coupled with significant leveraging can increase the impact of federal dollars substantially, and demand for these programs far exceeds their capacity.

[Despite increased funding promised under the Infrastructure Investment and Jobs Act of 2021, federal funds have been in decline.](#) Congressionally directed spending, also known as earmarks, are being drawn from already critically underfunded federal SRF accounts rather than seeking alternative means of funding.

Even more concerning is that federal funding meant for Texas is being diverted to other states. Over the last three years, West Virginia has gained more than \$150 million while Texas has lost more than \$100 million. With Texas’ population approximately 17 times greater than that of West Virginia, something is seriously wrong here.

The House of Representatives last week passed HR 8998, the Department of the Interior, Environment, and Related Agencies Appropriations Act for 2025. Not only does this legislation in its current form slash SRF funding but it also allocates approximately half of SRF dollars to earmarks of which Texas receives only a pittance.

Unfortunately, what is politically expedient to keep the wheels from falling off in Congress does not translate into good policy or dependable funding to address Texas’ critical water infrastructure needs.

[According to a bipartisan group of lawmakers](#) and the [Council of Infrastructure Financing Authorities](#), which represents state SRF authorities,

[current earmark spending is threatening to cut off funding for projects across the nation](#), and [no other state stands to lose more funding than Texas](#).

Recently, Texas Sens. John Cornyn and Ted Cruz have weighed in on water issues related to the water deficit Mexico owes Texas in violation of international treaties, which is greatly needed and appreciated. Now, more than ever, we need our senators to turn their eyes to saving the SRF programs by [fully funding the SRFs](#) and restoring the integrity of these programs and our ability to leverage limited federal funds effectively.

Perry L. Fowler is the executive director of the Texas Water Infrastructure Network, a nonprofit trade association.

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