

# COMMUNITY WORKSHOP REPORT

## Drinking Water and Wastewater Services for All Texans El Paso, Texas

On December 15, 2021, the leadership of Texas agencies, NGOs, and communities convened for a gathering with like-minded national organizations to have a solution-focused discussion about the challenges in funding water infrastructure for smaller and underserved communities in Texas. A key objective of the discussion was to identify pathways toward implementing scalable and sustainable solutions. Generous hospitality and support were provided by El Paso Water, Lyda Hill Philanthropies, and CoBank.

We further thank our panelists and presenters from the Texas Water Development Board (TWDB), International Boundary and Water Commission (IBWC), U.S. Environmental Protection Agency (EPA), the Cynthia and George Mitchell Foundation, U.S. Department of Agriculture (USDA), the Environmental Defense Fund, Government Services Group, Rural Community Assistance Partnership (RCAP), Texas Rural Water Association, Texas Water Trade, EJ Water Cooperative, Environmental Policy Innovation Center, and the Texas Water Foundation (TWF) for leading our conversations.

Set forth below are a brief summary of the discussions, solution pathways identified by the participants, and ideas for action-oriented collaborations resulting from these conversations.

### The Challenge of Providing Sustainable Drinking Water and Wastewater Services to All Texans

Texas faces significant short and long-term water management problems due to increasing population, scarce water supplies, and the ramifications of climate change. The state's population is rapidly increasing, with population estimates expected to grow from 29.7 million in 2020 to 51.5 million in 2070. Over the same period, Texas' water supply is expected to decrease by 18 percent with expected water shortages of 3.1-million-acre

feet. The impact of these challenges often falls heavily on smaller, minority and economically distressed communities, which often lack the capacity, debt service, or rate tolerance to pursue the necessary water management solutions alone.

These communities are more likely to have water quality compliance burdens, impacting public health and further increasing challenges to sustainable water resiliency. Resources, technical assistance, and data are available for local communities, but are not organized as actionable and accessible for local leaders. At the same time, these communities have challenges working with federal and state agencies where funding is not easily accessible or available in times of need.

This conversation is timely, as the unprecedented infusion of new Federal resources added to a history of strong funding initiatives in Texas presents a historic opportunity. But more support is needed to position rural and disadvantaged communities to successfully receive funding and deploy that funding effectively and sustainably.

The El Paso event was attended by leaders and experts from across the Texas and national water ecosystem. The theme of need and opportunity was strongly underscored by the Keynote Speakers and expert panelists. The Keynote messages established a strong context for the discussions:

- Commissioner **Maria Elena Giner**, IBWC, shared a compelling story for underserved communities reflected in extensive research. Her observations include focusing on the importance of right-sizing projects and making sure that community plans emphasize long-term operations and maintenance for sustainability.
- Chairwoman **Brooke Paup**, TWDB, observed that this event was the first invitation she had received to present specifically on disadvantaged community water

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needs. She described a strong commitment to underserved communities and to rebranding the Economically Distressed Areas Program (EDAP). After identifying a number of helpful TWDB resources to smaller communities, Chairwoman Paup proposed a follow-up discussion in Austin on underserved communities.

- CEO **Sarah Schlessinger**, TWF, sounded an energizing call to action to bring a new generation of innovation and talent to the water and wastewater workforce and to work with all relevant educational and other social institutions to achieve this objective.

The following recommendations are borne out of the conversations and presentations from the workshop.

There is a need to find closer linkages and build communities of interest. More effective coordination depends upon developing a shared nomenclature and more commonly accepted definitions of key terms like technical assistance, regionalization, shared services, affordability, sustainability, and right-sized community plans. This collaboration can take many forms, such as consolidated approaches to management and operations that can help realize needed economies of scale and other promising models to maximize scale and control costs in the provision of operating services, shared capacity, wholesale water, and other ideas.

Throughout the workshop, several of these collaborative models were discussed, such as the regional management and operations model in Florida, the Florida Governmental Utility Authority, and a regional co-op model in Illinois, EJ Water Cooperative. These approaches and systems of collaboration must all be integrated with other water management priorities, such as watershed planning focused on sustainable groundwater management and related green infrastructure initiatives.

There is a need to create, collect, and track examples of successful models. This process can help standardize economic and rate analysis, and pooling data and knowledge. Now is the time for the Texas Legislature to enhance support for disadvantaged communities, creating opportunities for greater collaboration on a policy and regional level. Innovative funding projects generate substantial economic development benefits and do not need to look like entitlement programs. Sustainability requires that all communities have “skin in the game”, but it is incumbent upon policy-makers to recognize committed communities and their local leadership with appropriate levels of

subsidization. It will be essential to document individual community success stories and local champions to highlight innovation.

One key recommendation is to create a Community of Practice for underserved communities. This Community of Practice would help build the knowledge base of accessible data and best practices, streamline the process of obtaining funding and create new funding models, and would also connect water infrastructure to other critical



## Recommendation 1 – Collaboration and Coordination

Texas is home to many experts and innovative organizations focusing on infrastructure and quality of life. The challenges of providing appropriate funding and governance for drinking water and wastewater services to underserved communities in Texas are significant priorities for leading public and private organizations. There are many positive efforts being made to address these issues, but the numerous organizations working in this field are still too siloed.



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economic development pillars for small communities, including broadband, power and general quality of life.

## **Recommendation 2 – Broadening Access to Financing and Funding Resources**

Organizations like the TWDB, TWF and regional Environmental Finance Centers are working to catalog the range of available funding sources to communities. However, due to limited human resources and debt service challenges, smaller communities are unlikely to meet all their financing needs with one funding source or financial instrument.

Many of these potential financing sources were discussed at the workshop, such as the TWDB programs, EPA, USDA, and RCAP. For example, the EPA State Revolving Loan Program is receiving significant enhancements for grant funding, technical assistance, and EPA administration to reach Justice 40 goals, which aims for 40 percent of new Federal funds supporting disadvantaged communities. USDA continues to offer resources and local funding to serve a significant number of small communities.

The federal, state, and regional sources of funds as well as private sector sources of grants and loans, can be blended to address community needs, if these sources can be effectively coordinated and implemented. Philanthropy resources can build bridges to support innovative approaches to fill gaps that may prevent initial community funding packages from being finalized. Philanthropy has great potential to find creative ways to mitigate risk and provide highly credible voices to raise the profile of these underserved communities' issues with policymakers and influencers.

Public and private funders are also interested in funding collaborative efforts among communities on a watershed-scale. Regional approaches should be considered as they can deliver efficiencies and cost savings while ensuring all communities' needs are covered. There are more than 14,000 systems in Texas, and regional models will be necessary to achieve successful scale.

However, significant challenges and barriers to access remain. For example, TCEQ approval is required for a Special Utility District to receive nonfederal funding and Federal funds often require matching funds and other requirements, such as prevailing wage. Certain requirements and procedures often extend the time between a successful application and actual funding. Communities in need of funding often do not have the time nor resources to wait for lengthy approval processes and prolonged release of funds to manage public health crises. At the same time, rate increases passed onto consumers create further need for additional financial support, including, for example, low-income water assistance programs that provide assistance to those households unable to pay their water bills.



It is critically important to have a shared compendium of funding resources, as well as the timing and regulatory requirements associated with those resources. These resources need to be more readily available to communities that need them, in a way that can be utilized and accessible at a local level.

## **Recommendation 3 – Increasing Technical Support**

There is a clear need for trusted intermediaries and technical assistance resources to be provided to small,

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rural, and disadvantaged communities. This is an ongoing challenge as government agencies, for-profit firms, and NGOs may not engender the requisite trust to effectively engage with local communities. However, these intermediaries are urgently needed, as documented by the Environmental Policy Innovation Center and Southwest Environmental Finance Center, which have proposed the idea of a “funding navigator” that can guide communities through the funding and financing process to solve water management problems.

As no one funding program alone will be able to deliver the core infrastructure and support small community needs, a key priority is to make accessible the best information about what partnerships have worked and what potential financial supporters and experts are available to help communities put a sustainable funding plan together.

These intermediary relationships need to be funded, and a revolving pre-development fund is a promising vehicle. A range of local and other organizations can serve as intermediaries and can deliver outputs including fundable plans and partnerships. Government sanctioned and cooperative governance structures that preserve local community authority, as well as blended funding utilizing grants and low-interest loans are potential solutions. These strategies can include public funding sources, such as grants, loans and low-income water assistance programs, supplemented by philanthropic and other private sources.

## Proposed Action Steps

The leaders assembled in El Paso shared a sense of urgency for action-oriented collaboration among key organizations. As one opportunity for collaboration, the Water Finance Exchange and RSAH2O are committed in 2022 to serve small, rural, and underserved communities across Texas. WFX is looking for candidate communities to deploy its new Texas-focused revolving Pre-Development Fund. WFX will partner with communities at a local level to achieve successfully financed projects. The learnings from these projects can help to drive the largescale policy and culture changes that are necessary to serve the thousands of communities in need. The discussions in El Paso yielded several ideas for achieving change at scale, including:

- Assemble Actionable Information - Map community needs, funding sources, technical assistance resources and case studies to help inform community leaders and help cultivate promising community project candidates.
- Create a Community of Practice - Enlist the interest of organizations to collaborate around strategy and,

policy and tactics for funding more underserved communities.

- Identify Priority Regions and Communities - Identify Texas regions and shared challenges by communities in those regions, building replicable models of financing and governance solutions depending upon the local context.

The State of Texas, RCAP, USDA, EPA and others have funds that can be deployed for predevelopment. WFX will be administering a new revolving Pre-Development Fund in 2022 focused on Texas. From this group, WFX requests nominations for promising community candidates.

The discussions in El Paso yielded a strong sense of need and ideas that can be built into an action agenda. WFX hopes that El Paso yields partnerships among organizations to learn by doing, document results to continuously improve and achieve scale hand-in-hand with these communities.

No community should be left behind.