



## REQUEST FOR QUALIFICATIONS (RFQ)

Texas Water Market Makers Program | For Release February 26, 2020

### BACKGROUND

Over the next 30 years, Texas' population is set to double, driving a projected 35 percent increase in municipal water demand. While cities and industries are well positioned to secure the water that they will need to enable this growth, other water users—such as agricultural producers, rural communities and rivers and bays—will be more vulnerable to shortages.

Texas Water Trade (TWT) is an Austin-based nonprofit organization working to address this challenge through the use of market-based strategies and tools that restore quantifiable amounts of water instream to important bays and stream reaches. Our goal is to build a future of clean, flowing water for all Texans, including people, fish and wildlife.

Texas has four critical factors in place to enable a successful market-based response to its water challenges, including flexible water rights, diverse water resources, advanced science and capital resources. By leveraging these advantages, we can efficiently and effectively allocate water to sustain productivity across all of the state's freshwater user groups, including reliable freshwater inflows into bays and enhanced flow in priority stream reaches.

### PROGRAM OVERVIEW

Building on past efforts by academic experts, conservation groups and state agencies, TWT seeks to accelerate and expand the use of voluntary water transactions to restore flow in priority Texas basins. These are practices that temporarily or permanently restore instream flows by reducing existing consumptive uses of water or by modifying water management systems. In 2020, we are launching our centerpiece program, Texas Water Market Makers ("Market Makers"). Through the program, TWT will identify, train, enable, and sustain the capacity of a select group of entities to develop and implement water transactions for the mutual benefit of the environment and water rights holders.

The program is consistent with TWT's mission to "catalyze market transactions that mutually enhance local water supplies, ecological resilience and economic vitality." Groups selected to be Market Makers will receive dedicated technical support over two years. During that time, TWT will demonstrate how to incrementally integrate water transactions into existing conservation work, define ecological goals, identify water rights to meet those goals, design and execute transactions and monitor and account for outcomes. In addition, TWT will expand and develop the community of practitioners who can lend advice, provide support and elevate each other's work to achieve greater visibility of voluntary water transactions and projects as conservation tools.

Market Makers is a competitive opportunity to receive focused technical assistance. TWT does not guarantee provision of any grant funding to cover qualified Market Makers' associated staffing costs. However, we will build on our established track record of raising new sources of funds for our conservation partners' staff time dedicated to water transactions. In addition, TWT will administer grants for environmental water projects (e.g. for purchase or lease of water rights); a separate Request for Proposals for that Texas Flows Fund is anticipated in late-2020 or early-2021.

## INVITATION

TWT believes that entities with active landowner relationships will be best able to execute water transactions. Thus, the objective of this RFQ is to select Texas-based entities who, with targeted resources, can pursue, develop and potentially execute water transactions within a two-year period. TWT invites qualified organizations, including any nonprofit conservation or related group, land trust, soil and water conservation district, groundwater conservation district, or irrigation district to respond to this RFQ. Respondents' qualifications will be assessed based upon demonstration of the specific capacities, relationships and skills that will position them to restore flow in priority Texas bays and stream reaches through voluntary water transactions.

## PROGRAM VALUE

### Qualified organizations selected to become Market Makers will receive the following categories of support:

#### Community

Developing water transactions and projects requires dedication. TWT will establish and sustain a strong community of Market Makers who provide each other mutual learning and support.

#### Potential funding

Water transactions work is labor-intensive and requires consistent and sustained funding to be undertaken. Working with Market Makers to develop new funding sources, TWT will recruit funding for landowner payments and the staff time of project managers working on transactions.

#### Representative voice

The use of market-based transactions to restore flow to the environment is unfamiliar to most Texans, including water right holders and government officials. The program will provide consistent and effective communications to increase acceptance of voluntary water transactions as an effective tool.

#### Training

Water transactions work is complex, requiring familiarity with agricultural economics, irrigation practices, biology, hydrology, law, policy and culture. The program will provide intensive and appropriate education and training to help Market Makers build successful flow restoration programs.

#### Planning

Successful flow restoration programs depend on thoughtful design and planning. The program will help Market Makers design a science-based flow restoration program that complements their organizational culture and assets.

#### Prioritization

Implementing cost-effective water transactions and projects demands clear prioritization of geographical targets based on hydrological conditions, water rights allocation and water usage. Market Makers will receive hands-on support to prioritize stream reaches and/or sub-bays and to define conservation objectives for their geographies of interest.

#### Transactions

Negotiating and executing water right transactions and projects can be challenging, particularly at the outset of a program. Using nationally-renowned experts, TWT will provide support to Market Makers on water valuation, contract negotiation and legal controls, amongst other topics.

## Monitoring and accounting

Flow restoration work requires specialized monitoring methods to ensure conservation outcomes. TWT will support Market Makers to design verifiable and sustainable project monitoring and flow restoration accounting using best practices developed by the National Fish and Wildlife Foundation.

## SOLICITATION SCHEDULE

**February 26, 2020:** RFQ announced and released.

**April 10, 2020:** RFQ responses due by 5:00 p.m. Central Standard Time.

**April 30, 2020:** TWT notifies respondents regarding qualification decisions.

**May 15, 2020:** Texas Water Markets Makers meet in San Antonio from 9 am to 4 pm (before the 4:30 p.m. reception to commence River Network's River Rally). Texas Water Trade publicly announces selected Market Makers.

## Selection Process

TWT will work with a selection committee to assist in the review and evaluation of the RFQ responses. (TWT may seek additional information from respondents that will clarify their original responses.) The selection committee will help TWT to identify and select the respondents most prepared to become Market Makers starting in 2020. In order to be selected as a Market Maker, respondents must at a minimum demonstrate a strong commitment to develop, grow and sustain the capacity to undertake water transactions and projects as a priority part of their conservation strategy. While there is no predetermined limit on the number of Market Makers that TWT may invite to participate in the program in 2020, the number won't exceed the capacity of TWT to effectively provide support to each qualified entity. TWT anticipates issuing another RFQ for additional Market Makers within the next two years.

Respondents with existing relationships in TWT's priority basins will receive higher scoring.

## TWT's priority basins and bays are

Upper Rio Grande, Pecos and Devils; Nueces Bay; Blanco, Lower Guadalupe-San Antonio and San Antonio Bay; Upper and Middle Colorado (and tributaries), Matagorda Bay; and the Upper Brazos (with specific emphasis on the Double Mountain Fork and Salt Fork). Groups with geographic priorities beyond these basins are still encouraged to apply.

## DETAILED REQUEST FOR QUALIFICATIONS

**Respondents should provide a brief answer to each of the following questions in order to demonstrate their potential fit as a Market Maker (each answer has a 500-character limit):**

1. Where do you work in Texas?
2. Do you work in any of TWT's priority basins or bays?
3. What are your primary conservation objectives?
4. What are your current freshwater conservation objectives, if any?

5. Have you brainstormed or developed any water quantity-related transactions and projects in your priority areas? If so, what have been your ideas?
6. What land and/or water strategies and tools do you employ to achieve your conservation objectives (e.g., conservation easements, conservation plans, transactions, restoration projects, etc.)?
7. What is the estimated programmatic budget for your current Texas conservation work? What proportion of that is presently dedicated to freshwater conservation activities? Has funding been secured to support these freshwater conservation activities in 2020?
8. What type of organization are you and, if nongovernmental, what is your tax status?
9. Who are the key personnel (staff and consultants) responsible for employing your conservation strategies and tools (include relevant experience, level of involvement and scope of responsibility)? What percentage of their time is dedicated to advancing your conservation work?
10. What is your experience and knowledge regarding ground and/or surface water rights in Texas?
11. What is your experience working with rural landowners, rural community leaders and rural stakeholders?
12. What are the primary reasons you are interested in becoming a Market Maker and what do you hope to accomplish through participation in the program?

**Respondents should also provide contact information for two references who would be willing to discuss the organization's conservation work and potential fit as a Market Maker.**

### Review Criteria

Qualified respondents shall be both committed and well positioned to begin identifying and developing water transactions and projects to increase freshwater flows in priority Texas bays and stream reaches that are located in their geographic focus areas. Responses will be evaluated and ranked according to the following criteria:

1. The respondent's potential to become a successful Water Market Maker based on:
  - a. Strategic Approach and Priorities
  - b. Budget and Funding
  - c. Ability and Skill
  - d. Experience
  - e. Knowledge
  - f. Relationships and Reputation
  - g. Commitment
2. Focus on conservation objectives in one of TWT's priority basins.
3. The degree to which Market Makers will be positioned to develop, negotiate and submit at least one water transaction or project proposal by mid-2021.
4. The degree to which the respondent would help TWT meet the program's anticipated 2020 outcomes.

## TEXAS WATER MARKET MAKERS PROGRAM ANTICIPATED 2020 OUTCOMES

1. Established and launched the program with a select group of Market Makers who have gained basic knowledge of, and a strong commitment to, water transactions.
2. Developed functional water transaction programs with each Market Maker, including clear strategic direction and priorities.
3. Increased awareness of the initiative with landowners in the Market Makers' priority geographies and with key funders, policymakers, and other stakeholders.
4. Prepared Market Makers to be competitive for TWT's first Texas Flows Fund water transaction RFP (planned for release in late 2020/early 2021).

**To learn more about Texas Water Market Makers, please contact Sharlene Leurig, Chief Executive Officer, Texas Water Trade, [leurig@texaswatertrade.org](mailto:leurig@texaswatertrade.org).**

**Submissions will be accepted online only through TWT's website at <https://bit.ly/2umGc3d>.**