



Agenda Item Report

Legislative Board: City Council
Date: July 21, 2026
Contact: Wendy Smith
Agenda Item ID / Number: 2026-604- / H.11

ITEM TITLE: Adoption of a Resolution of the City of Buda, Texas requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for such assistance; designating an authorized representative; and authorizing certain professionals to assist with the application for the Buda Water Supply Expansion Project (Assistant City Manager Wendy L. Smith)

1. EXECUTIVE SUMMARY

The Texas Water Development Board is offering \$1.038 billion in one-time Water Supply and Infrastructure Grants for eligible Texas communities to fund water supply and infrastructure projects. This funding is a limited, one-time opportunity. Once allocated, the TWDB will no longer have these funds available for financial assistance. The City of Buda is applying to fund water infrastructure improvements, including the purchase of an Alliance Regional Water Association (ARWA) line and construction of an elevated storage tank on FM 2770, for long term water supply capacity and the developmental benefit of the southwestern portion of the city.

The Council Water/Wastewater/Drainage Committee recommended this project for the TWDB grant submission.

2. BACKGROUND/HISTORY

Projects must focus on water supply and infrastructure; wastewater and flood control projects are not eligible. Eligible project phases include planning, acquisition, design, and construction, with priority given to projects that are ready to proceed to construction. Projects must address water loss, TCEQ violations, or provide additional water supply and be consistent with the 2027 State Water Plan. Only one project application is allowed.

The Buda Water Supply Expansion Project, including the acquisition of an existing Alliance Regional Water Authority water line, related infrastructure improvements, and the design and construction of an elevated storage tank, was selected due to its critical role in expanding the City's long-term water supply capacity and supporting sustained economic development.

3. ANALYSIS

For small entities (population of 150,000 or less), Planning, Acquisition, Design, and Construction funding is available. While purchasing the ARWA line is relatively straight forward, design, acquisition, and construction of the elevated storage tank is a more complex planning effort.

Acquiring the existing ARWA waterline along FM 2770 provides the City with a more cost-effective and efficient solution than constructing a parallel waterline. The City prepared a preliminary engineering report and feasibility cost estimate and began discussions with Alliance regarding a future purchase. Purchasing existing infrastructure avoids significant design, permitting, land acquisition, and construction costs while accelerating the timeline for delivering service. Purchasing also minimizes disruption to surrounding properties and roadways, eliminates redundant infrastructure, and enables the City to expand its water system by leveraging an asset already in place. The City of Buda is the only service off this existing waterline, and connecting quickly would

allow for additional economic development. This approach maximizes the value of public investment while improving system reliability and supporting future growth.

Ultimately, an elevated storage tank is needed to support pressures in this plane. Without it, the City would need to oversize the pipe, which drives up costs and limits our ability to extend the system.

The Council Water/Wastewater/Drainage Committee recommended this project for submission to the Texas Water Development Board.

4. FINANCIAL IMPACT

The current project cost estimate is \$16.5 million. The Resolution includes a not-to-exceed amount of \$18 million to give staff flexibility as we finalize project details for the application.

If awarded, matching funds are not required.

5. STRATEGIC PLAN/GOALS

BALANCED AND INTENTIONAL GROWTH

6. STRATEGIC PLAN OBJECTIVES

Secure long term water

7. PROS AND CONS

Pros: Expanded water supply for the southwestern corridor of the city supports a growing population and economic development.

Cons: None foreseen.

8. ALTERNATIVES

Only one project application per entity is allowed. Staff evaluated multiple projects and identified the Buda Water Supply Expansion Project as the best project for this funding opportunity. Because of the complexity of the application and limited timeline, alternatives are unavailable.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Approve a Resolution of the City of Buda, Texas requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for such assistance; designating an authorized representative; and authorizing certain professionals to assist with the application for the Buda Water Supply Expansion Project

Attachments:

[Resolution - TWDB Infrastructure Grant.docx](#)