

AN ACT

relating to the creation of the Central Harris County Regional Water Authority; providing authority to issue bonds or notes; granting the power of eminent domain; providing an administrative penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle H, Title 6, Special District Local Laws Code, is amended by adding Chapter 8815 to read as follows:

CHAPTER 8815. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8815.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Central Harris County Regional Water Authority.

(2) "Board" means the board of directors of the authority.

(3) "Commission" means the Texas Commission on Environmental Quality or its successor.

(4) "Director" means a member of the board.

(5) "District" means any district created under Sections 52(b)(1) and (2), Article III, or Section 59, Article XVI, Texas Constitution, regardless of the manner of creation, other than:

(A) a navigation district or port authority; or

(B) a district governed by Chapter 36, Water

1 Code.

2 (6) "Groundwater reduction plan" means a plan adopted
3 or implemented to supply water, reduce reliance on groundwater,
4 regulate groundwater pumping and usage, or require and allocate
5 water usage among persons in order to comply with or exceed
6 requirements imposed by the subsidence district, including any
7 applicable groundwater reduction requirements.

8 (7) "Local government" means a municipality, county,
9 district, or other political subdivision of this state or a
10 combination of two or more of those entities.

11 (8) "Member district" means each of the following
12 conservation and reclamation districts created under Section 59,
13 Article XVI, Texas Constitution:

14 (A) Harris County Municipal Utility District No.
15 33;

16 (B) Harris County Municipal Utility District No.
17 150;

18 (C) Harris County Municipal Utility District No.
19 200;

20 (D) Harris County Municipal Utility District No.
21 205;

22 (E) Harris County Municipal Utility District No.
23 215;

24 (F) Harris County Municipal Utility District No.
25 217;

26 (G) Harris County Municipal Utility District No.
27 304;

1 (H) Harris County Municipal Utility District No.
2 399;

3 (I) Harris County Utility District No. 16;

4 (J) Fallbrook Utility District; and

5 (K) Rankin Road West Municipal Utility District.

6 (9) "Subsidence" means the lowering in elevation of
7 the surface of land by the withdrawal of groundwater.

8 (10) "Subsidence district" means the Harris-Galveston
9 Coastal Subsidence District.

10 (11) "System" means a network of pipelines, conduits,
11 valves, canals, pumping stations, force mains, treatment plants,
12 and any other construction, device, or related appurtenance used to
13 treat or transport water.

14 (12) "Water" includes:

15 (A) groundwater, percolating or otherwise;

16 (B) any surface water, natural or artificial,
17 navigable or nonnavigable; and

18 (C) industrial and municipal wastewater.

19 (13) "Well" includes a facility or device owned or
20 partially owned by a member district and used to withdraw
21 groundwater from a groundwater source inside or outside the
22 boundaries of the authority for the purpose of supplying water to
23 territory in the authority.

24 Sec. 8815.002. NATURE OF AUTHORITY. The authority is a
25 regional water authority in Harris County created under and
26 essential to accomplish the purposes of Section 59, Article XVI,
27 Texas Constitution.

1 Sec. 8815.003. CONFIRMATION ELECTION NOT REQUIRED. An
2 election to confirm the creation of the authority is not required.

3 Sec. 8815.004. AUTHORITY TERRITORY. (a) The initial
4 territory of the authority consists of the combined territories of
5 each of the member districts as of the effective date of the law
6 creating this chapter, regardless of whether the territory contains
7 noncontiguous parcels of land or whether the territory is located
8 within the boundaries of any other governmental entity or political
9 subdivision of this state.

10 (b) The authority may annex additional territory under
11 Section 8815.006.

12 (c) Territory may be excluded from the authority under
13 Section 8815.005.

14 Sec. 8815.005. EXCLUSION OF CERTAIN TERRITORY. (a) On the
15 mutual agreement of the board and the governing body of a member
16 district, all of the land within that member district may be
17 excluded from the authority.

18 (b) If a member district is excluded from the authority's
19 boundaries under this section, the authority:

20 (1) is not required to provide water or any other
21 service to the district; and

22 (2) is not required to include the district in any
23 groundwater reduction plan adopted or implemented by the authority
24 and may remove the district from any groundwater reduction plan
25 adopted by the authority that includes the district.

26 (c) If a member district excluded from the authority's
27 boundaries under this section petitions the authority to be annexed

1 under Section 8815.006, the authority may annex the district. The
2 authority may require, as a condition of annexation, terms and
3 conditions the board considers appropriate. The authority may
4 require the district to pay the authority the fees, user fees,
5 charges, and special assessments, with interest, that, as
6 determined by the authority, the district would have been charged
7 by the authority if the district had not been excluded from the
8 authority under this section.

9 Sec. 8815.006. ANNEXATION. (a) Except to the extent the
10 authority agrees in writing, a municipality's annexation of
11 territory within the authority does not affect:

12 (1) the authority's powers inside or outside the
13 annexed territory;

14 (2) the authority's boundaries or contracts; or

15 (3) the authority's ability to assess fees, user fees,
16 rates, charges, or special assessments inside or outside the
17 territory annexed by the municipality.

18 (b) Territory within the authority annexed by a
19 municipality may be excluded from the authority under a written
20 agreement between the authority and the municipality.

21 (c) Territory may be annexed to the authority, regardless of
22 whether the territory is contiguous to the authority, as provided
23 by Chapter 49, Water Code.

24 (d) In addition to the authority granted by Subsection (c),
25 regardless of whether the territory is contiguous to the authority,
26 the authority may annex all of the territory located within a
27 district if the district files with the authority a petition

1 requesting the annexation signed by a majority of the members of the
2 governing body of the district. The petition must include an
3 accurate legal description of the boundaries of the district. If
4 the authority has bonds, notes, or other obligations outstanding,
5 the authority shall require the petitioning district to be
6 obligated to pay its share of the principal of and interest on the
7 outstanding bonds, notes, or other obligations, and related costs.
8 The authority may also require the petitioning district to pay a
9 portion of the expenses incurred by the member districts in
10 connection with the organization, creation, and administration of
11 the authority. The board may grant the petition and order the
12 district annexed to the authority if:

13 (1) it is feasible, practicable, and to the advantage
14 of the authority; and

15 (2) the authority's system and other improvements are
16 sufficient or will be sufficient to supply surface water and
17 groundwater to the added territory, if required under any
18 groundwater reduction plan adopted and implemented by the
19 authority, without harming the territory already included in the
20 authority.

21 (e) Any territory that a member district annexes after the
22 effective date of the Act creating this chapter becomes territory
23 of the authority only on the adoption of an order or resolution by
24 the board consenting to the inclusion of the additional territory
25 within the authority. The authority by rule may require all member
26 districts to send to the authority written notice of the effective
27 date of an annexation and require the member districts to send to

1 the authority copies of any necessary documents describing the
2 annexed land and describing the member districts' boundaries and
3 actual and projected water usage requirements as they exist after
4 inclusion of the annexed land.

5 (f) The annexation to the authority of territory under this
6 section does not affect the validity of the authority's bonds
7 issued before or after the annexation.

8 (g) A municipality that annexes territory of the authority
9 for limited purposes under Subchapter F, Chapter 43, Local
10 Government Code, does not have the right to:

11 (1) receive notices from the authority under Section
12 8815.103(c);

13 (2) participate in the appointment of directors under
14 Subchapter B; or

15 (3) receive information about or have the opportunity
16 to fund its share of capital costs in the manner provided by the
17 authority under Section 8815.104.

18 Sec. 8815.007. APPLICABILITY OF OTHER LAW. (a) Except as
19 otherwise provided by this chapter, Chapter 49, Water Code, applies
20 to the authority.

21 (b) This chapter does not prevail over or preempt a
22 provision of Chapter 36, Water Code, or Chapter 8801 of this code
23 that is being implemented by the subsidence district.

24 [Sections 8815.008-8815.020 reserved for expansion]

25 SUBCHAPTER A-1. TEMPORARY PROVISIONS

26 Sec. 8815.021. INITIAL DIRECTORS. (a) The initial board
27 consists of:

Name of Director: Representing Director Precinct:

Margaret Cox 1

Judge Caston 2

Barbara Hays 3

Julian Boddy At large

James A. Johnson At large

(b) At the first meeting of the initial board, or as soon as practicable after that meeting, the directors shall draw lots to determine:

(1) their terms so that:

(A) three directors, including one at-large position, serve until the first appointment of directors under Section 8815.055 in 2006; and

(B) two directors, including one at-large position, serve until the second appointment of directors under Section 8815.055 in 2008; and

(2) which two director precincts appoint a director in the first even-numbered year in which directors are appointed under Section 8815.055.

Sec. 8815.022. EXPIRATION OF SUBCHAPTER. This subchapter expires September 1, 2010.

[Sections 8815.023-8815.050 reserved for expansion]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8815.051. DIRECTORS; TERMS. (a) The authority is governed by a board of five directors.

(b) The directors serve staggered four-year terms that expire May 15 of even-numbered years.

1 (c) Each director must qualify to serve as director in the
2 manner provided by Section 49.055, Water Code.

3 Sec. 8815.052. ELIGIBILITY TO SERVE AS DIRECTOR. (a) To be
4 eligible to serve as a director or to be listed on a ballot as a
5 candidate for director, an individual must:

6 (1) be at least 18 years of age;

7 (2) be a resident of this state;

8 (3) own land in or be a qualified voter in the
9 authority; and

10 (4) have served as a director of one or more districts
11 for a total of at least two years.

12 (b) To be eligible to serve as a director representing a
13 director precinct or to be listed on a ballot as a candidate for
14 director representing a director precinct under Section 8815.055,
15 in addition to satisfying the requirements under Subsection (a), an
16 individual must own land or be a qualified voter within the director
17 precinct.

18 (c) A director serves until the director's successor has
19 qualified.

20 Sec. 8815.053. DISQUALIFICATION OF DIRECTORS. The common
21 law doctrine of incompatibility does not disqualify an official or
22 employee of a public entity from serving as a director.
23 Notwithstanding any other law, a director may participate in all
24 votes and decisions pertaining to the business of the authority
25 except that a director who is also an officer or employee of a
26 public entity may not participate in the discussion of or vote on a
27 matter regarding a contract with that public entity.

1 Sec. 8815.054. SINGLE-MEMBER DIRECTOR PRECINCTS. (a) The
2 authority is divided into three single-member director precincts as
3 follows:

4 (1) Director Precinct No. 1 includes the territory
5 that is contained in the following member districts: Harris County
6 Municipal Utility District No. 33, Fallbrook Utility District,
7 Rankin Road West Municipal Utility District, and Harris County
8 Municipal Utility District No. 215.

9 (2) Director Precinct No. 2 includes the territory
10 that is contained in the following member districts: Harris County
11 Municipal Utility District No. 150, Harris County Municipal Utility
12 District No. 217, and Harris County Municipal Utility District No.
13 304.

14 (3) Director Precinct No. 3 includes the territory
15 that is contained in the following member districts: Harris County
16 Municipal Utility District No. 200, Harris County Municipal Utility
17 District No. 205, Harris County Municipal Utility District No. 399,
18 and Harris County Utility District No. 16.

19 (b) The board may redraw the single-member director
20 precincts in a manner that is reasonable and equitable:

21 (1) after any change in the boundaries of the
22 authority; or

23 (2) by a resolution redrawing the director precincts
24 adopted by a majority of the board based on changed circumstances.

25 Sec. 8815.055. METHOD OF APPOINTMENT OF DIRECTORS. (a) One
26 director is appointed from each of the three director precincts and
27 two directors are appointed at large. Two directors from director

1 precincts and one director at large shall be appointed in the first
2 even-numbered year after the authority is created, and one director
3 from a director precinct and one director at large shall be
4 appointed in the next even-numbered year after the authority is
5 created. Each subsequent even-numbered year, the appropriate
6 number of directors shall be appointed.

7 (b) In the appropriate even-numbered year, the governing
8 bodies of the member districts located within a director precinct
9 jointly shall appoint one director to represent the precinct by a
10 vote conducted as provided by this section. Each even-numbered
11 year, the governing bodies of each member district shall appoint
12 one director for an at-large position by a vote conducted as
13 provided by this section.

14 (c) If a member district is located within two or more
15 director precincts, the member district is considered, for purposes
16 of this subchapter, to be located only within the director precinct
17 in which the greatest amount of territory of the member district is
18 located.

19 (d) For the appointment of a director for a director
20 precinct, the board shall determine the number of votes each member
21 district may cast. The number of votes for a governing body of a
22 member district within the precinct is equal to the number computed
23 by dividing the total number of units of water, as determined by the
24 board, used within the member district during the calendar year
25 preceding the year in which the director is selected by the total
26 number of units of water used by all member districts in the
27 precinct, multiplying that quotient by 100, and rounding that

1 result to the nearest one-tenth. The board shall provide the
2 presiding officer of each governing body of a member district
3 within each director precinct written notice of the number of votes
4 computed for that governing body to cast.

5 (e) For the appointment of a director for an at-large
6 position, the board shall determine the number of votes each member
7 district may cast. The number of votes for a governing body of a
8 member district is equal to the number computed by dividing the
9 total number of units of water, as determined by the board, used
10 within the member district during the calendar year preceding the
11 year in which the director is selected by the total number of units
12 of water used by all member districts in the authority, multiplying
13 that quotient by 100, and rounding that result to the nearest
14 one-tenth. The board shall provide the presiding officer of each
15 governing body of a member district written notice of the number of
16 votes computed for that governing body to cast.

17 (f) For purposes of Subsections (d) and (e), the board shall
18 determine the amount of water usage of all member districts within
19 each director precinct.

20 (g) In the appropriate even-numbered year, the governing
21 body of each member district in a director precinct by resolution
22 may nominate one candidate for the position of director for that
23 director precinct. Each member district shall submit the name of
24 its candidate, if any, to the presiding officer of the authority by
25 February 15 of that year. If by February 15 of that year only one
26 candidate's name is submitted for the position of director for a
27 director precinct, the board may declare the unopposed candidate

1 elected and may cancel the director appointment procedures
2 generally required by this section for that position. If more than
3 one candidate's name is submitted for the position of director for a
4 director precinct, before March 15 of that year, the board shall
5 prepare, for the director precinct or precincts from which a
6 director is being appointed, a ballot listing all of the candidates
7 for that director precinct and shall provide a copy of the
8 appropriate ballot to the presiding officer of the governing body
9 of each member district located within the director precinct or
10 precincts from which a director is being appointed.

11 (h) The governing body of each member district in the
12 authority by resolution may nominate one candidate for the at-large
13 director position. Each member district shall submit the name of
14 its candidate, if any, to the presiding officer of the authority by
15 February 15 of each even-numbered year. If by February 15 of that
16 year only one candidate's name is submitted for the at-large
17 director position, the board may declare the unopposed candidate
18 elected and may cancel the director appointment procedures
19 generally required by this section for that position. If more than
20 one candidate's name is submitted for the at-large director
21 position, before March 15 of that year, the board shall prepare a
22 ballot listing all of the candidates for the at-large director
23 position and shall provide a copy of the ballot to the presiding
24 officer of the governing body of each member district.

25 (i) An individual may not be listed as a candidate on the
26 ballot for more than one director position. If a candidate is
27 nominated for more than one director position, the candidate must

1 choose to be on the ballot for only one director position.

2 (j) The governing body of each member district shall
3 determine its votes for director by resolution and submit them to
4 the presiding officer of the authority before May 1 of each
5 even-numbered year. In casting its votes for director, the
6 governing body of each member district may vote for only one
7 candidate on the ballot for the director precinct in which the
8 member district is located and for one candidate on the at-large
9 position ballot. For each director precinct from which a director
10 is being appointed, the board shall count the votes, declare
11 elected the candidate who received the greatest number of votes
12 from member districts located within that director precinct, and
13 submit the results before May 15 of that year to the governing body
14 of each member district within that director precinct. For the
15 at-large position, the board shall count the votes, declare elected
16 the candidate who received the greatest number of votes, and submit
17 the results before May 15 of that year to the governing body of each
18 member district.

19 (k) The board may adopt rules regarding:

20 (1) the manner and timing of determinations and
21 computations required by this section;

22 (2) the reporting of water usage to the authority by
23 member districts; and

24 (3) the conduct and process of the appointment of
25 directors.

26 Sec. 8815.056. VACANCY IN OFFICE OF DIRECTOR. A vacancy in
27 the office of director for a director precinct shall be filled by

1 appointment by the governing bodies of the member districts that
2 are located within the director precinct for which the vacancy
3 occurred. A vacancy in the office of director for an at-large
4 position shall be filled by appointment by the governing bodies of
5 all of the member districts. The appointment process shall follow
6 the procedures of Section 8815.055. The board may establish dates
7 different from those specified by Sections 8815.055(g) and (h), but
8 the date for the board's submission of the voting results to each
9 member district may not be later than the 120th day after the date
10 the vacancy occurs.

11 Sec. 8815.057. MEETINGS AND ACTIONS OF BOARD. (a) The
12 board may meet as many times each year as the board considers
13 appropriate.

14 (b) Directors are public officials and are entitled to
15 governmental immunity for their actions in their capacity as
16 directors and officers of the authority.

17 (c) Directors may receive fees of office and reimbursement
18 of expenses as provided by Section 49.060, Water Code.

19 Sec. 8815.058. GENERAL MANAGER. (a) The board may employ a
20 general manager of the authority or contract with a person to
21 perform the duties of a general manager. The board may delegate to
22 the general manager full authority to manage and operate the
23 affairs of the authority subject only to orders of the board.

24 (b) The board may delegate to the general manager the
25 authority to employ all persons necessary for the proper handling
26 of the business and operation of the authority and to determine the
27 compensation to be paid to all employees, other than the general

1 manager.

2 [Sections 8815.059-8815.100 reserved for expansion]

3 SUBCHAPTER C. POWERS AND DUTIES

4 Sec. 8815.101. GENERAL POWERS AND DUTIES. (a) The
5 authority may:

6 (1) provide for the conservation, preservation,
7 protection, recharge, and prevention of waste of groundwater, and
8 for the reduction of groundwater withdrawals as necessary to
9 develop, implement, or enforce a groundwater reduction plan, in a
10 manner consistent with the purposes of Section 59, Article XVI,
11 Texas Constitution, and facilitate compliance with subsidence
12 district rules, orders, regulations, or requirements;

13 (2) acquire or develop surface water and groundwater
14 supplies from sources inside or outside the boundaries of the
15 authority, conserve, store, transport, treat, purify, distribute,
16 sell, and deliver water to or among persons inside and outside the
17 boundaries of the authority, and allocate water among persons
18 participating in the authority's groundwater reduction plan
19 whether they are located inside or outside the authority's
20 boundaries;

21 (3) enter into contracts with persons inside or
22 outside the authority on terms and conditions the board considers
23 desirable, fair, and advantageous for the performance of its
24 rights, powers, and authority under this chapter;

25 (4) coordinate water services provided inside,
26 outside, or into the authority; and

27 (5) administer and enforce this chapter.

1 (b) Sections 49.451-49.455, Water Code, do not apply to the
2 authority.

3 (c) The authority has all the rights, powers, privileges,
4 authority, functions, and duties necessary and convenient to
5 accomplish the purposes of this chapter.

6 (d) The authority's rights, powers, privileges, authority,
7 functions, and duties are subject to the continuing right of
8 supervision of the state, to be exercised by and through the
9 commission.

10 Sec. 8815.102. AUTHORITY RULES. The authority may adopt
11 and enforce rules reasonably required to implement this chapter,
12 including rules governing procedures before the board and rules
13 regarding implementation, enforcement, and any other matters
14 related to the authority's water supply or groundwater reduction
15 plan.

16 Sec. 8815.103. FEES, USER FEES, RATES, AND CHARGES. (a)
17 The authority may establish fees, user fees, rates, and charges and
18 classifications of payers of fees and rates as necessary to enable
19 the authority to fulfill the authority's purposes and regulatory
20 functions provided by this chapter. The authority may impose fees,
21 user fees, rates, and charges on any person within the authority.

22 (b) The authority may charge the owner of a well located
23 within the authority's boundaries a fee or user fee according to the
24 amount of water pumped from the well.

25 (c) The board shall make reasonable efforts to send member
26 districts written notice of the date, time, and location of the
27 meeting at which the board intends to adopt a proposed charge under

1 Subsection (b) and the amount of the proposed charge. The board's
2 failure to comply with this subsection does not invalidate a charge
3 adopted by the board under Subsection (b).

4 (d) The board shall exempt from the charge under Subsection
5 (b) classes of wells that are not subject to any groundwater
6 reduction requirement imposed by the subsidence district. If any
7 of those classes of wells become subject to a groundwater reduction
8 requirement imposed by the subsidence district, the authority may
9 impose the charge under Subsection (b) on those classes. The board
10 by rule may exempt any other classes of wells from the charge under
11 Subsection (b). The board may not apply the charge under Subsection
12 (b) to a well:

13 (1) with a casing diameter of less than five inches
14 that serves only a single-family dwelling; or

15 (2) regulated under Chapter 27, Water Code.

16 (e) The authority may establish fees, user fees, rates, and
17 charges that are sufficient to:

18 (1) achieve water conservation;

19 (2) prevent waste of water;

20 (3) serve as a disincentive to pumping groundwater;

21 (4) develop, implement, or enforce a groundwater
22 reduction plan;

23 (5) accomplish the purposes of this chapter, including
24 making available alternative water supplies;

25 (6) enable the authority to meet operation and
26 maintenance expenses;

27 (7) pay the principal of and interest on notes, bonds,

1 and other obligations issued in connection with the exercise of the
2 authority's general powers and duties; and

3 (8) satisfy all rate covenants relating to the
4 issuance of notes, bonds, and other obligations.

5 (f) The authority may charge rates established by the
6 authority for water purchased from the authority.

7 (g) The authority may impose fees, user fees, or charges for
8 the importation of water into the authority's boundaries from a
9 source located outside the authority's boundaries.

10 Sec. 8815.104. PURCHASE OF WATER FROM ANOTHER ENTITY. (a)
11 If the authority purchases water from another entity for resale to
12 local governments, the authority shall use its best efforts in
13 negotiating with the entity to determine the amount of capital
14 costs included in any rates or charges paid by the authority. The
15 authority shall determine the amount of expected capital costs of
16 its own system.

17 (b) The authority shall provide each member district
18 information regarding the share of the capital costs to be paid by
19 the member district, as determined by the authority, and shall
20 provide each member district the opportunity, in a manner and by a
21 procedure determined by the authority, to fund its share of the
22 capital costs with proceeds from the sale of bonds or fees and
23 charges collected by the member districts. A member district may
24 use any lawful source of revenue, including bond funds, to pay any
25 sums due to the authority.

26 Sec. 8815.105. ASSESSMENTS. (a) The board may undertake
27 improvement projects and services that confer a special benefit on

1 all or a definable part of the authority. The board may impose
2 special assessments on property in that area, including property of
3 a local government, based on the benefit conferred by the
4 improvement project or services, to pay all or part of the cost of
5 the project and services. The board may provide improvements and
6 services to an area outside the boundaries of the authority if the
7 board determines that there is a benefit to the authority. The
8 authority may finance with special assessments any improvement
9 project or service authorized by this chapter or any other
10 applicable law.

11 (b) Services or improvement projects may be financed with
12 special assessments under this chapter only after the board holds a
13 public hearing on the advisability of the improvements and services
14 and the proposed assessments.

15 (c) The board shall publish notice of the hearing in a
16 newspaper or newspapers with general circulation in Harris County.
17 The publication must be made not later than the 30th day before the
18 date of the hearing.

19 (d) Notice provided under this section must include:

20 (1) the time and place of the hearing;

21 (2) the general nature of the proposed improvement
22 project or services;

23 (3) the estimated cost of the improvement, including
24 interest during construction and associated financing costs; and

25 (4) the proposed method of assessment.

26 (e) Written notice containing the information required by
27 Subsection (d) shall be mailed by certified mail, return receipt

1 requested, not later than the 30th day before the date of the
2 hearing. The notice shall be mailed to each member district. The
3 subsidence district shall provide to the authority a list of the
4 member districts that hold a well permit issued by the subsidence
5 district.

6 (f) The board may establish rules regarding procedures for a
7 hearing. A hearing on the services or improvement project, whether
8 conducted by the board or a hearings examiner, may be adjourned from
9 time to time. At the conclusion of a hearing conducted by the
10 board, the board shall make written findings and conclusions
11 relating to the advisability of the improvement project or
12 services, the nature of the improvement project or services, the
13 estimated cost, and the area benefited. If the board appoints a
14 hearings examiner to conduct the hearing, after conclusion of the
15 hearing, the hearings examiner shall file with the board a written
16 report of the examiner's findings and conclusions.

17 (g) At a hearing on proposed assessments, on adjournment of
18 the hearing, or after consideration of the hearings examiner's
19 report, the board shall hear and rule on all objections to each
20 proposed assessment. The board may amend proposed assessments for
21 any property. After the board hears and takes action on those
22 objections, the board, by order:

23 (1) shall impose the assessments as special
24 assessments on the property;

25 (2) shall specify the method of payment of the
26 assessments; and

27 (3) may provide that those assessments, including

1 interest, be paid in periodic installments.

2 (h) Periodic installments must be in amounts sufficient to
3 meet annual costs for services and improvements as provided by
4 Subsection (j) and continue for the number of years required to
5 retire the indebtedness or pay for the services to be rendered. The
6 board may provide interest charges or penalties for failure to make
7 timely payment and may impose an amount to cover delinquencies and
8 expenses of collection.

9 (i) If assessments are imposed for more than one service or
10 improvement project, the board may provide that assessments
11 collected for one service or improvement project may be borrowed to
12 be used for another service or improvement project. The board shall
13 establish a procedure for the distribution or use of any
14 assessments in excess of those necessary to finance the services or
15 improvement project for which those assessments were collected.

16 (j) The board shall apportion the cost of an improvement
17 project or services to be assessed against the property in the
18 authority according to the special benefits that accrue to the
19 property because of the improvement project or services. The board
20 may assess the cost only according to the number of gallons of
21 groundwater pumped from wells within the authority that are subject
22 to a groundwater reduction requirement imposed by the subsidence
23 district. The board may not assess the cost according to
24 groundwater pumped from:

25 (1) a well with a casing diameter of less than five
26 inches that serves only a single-family dwelling; or

27 (2) a well that is regulated by Chapter 27, Water Code.

1 (k) The area of the authority to be assessed according to
2 the findings of the board may be the entire authority or any part of
3 the authority and may be less than the area proposed in the notice
4 of the hearing.

5 (l) The area to be assessed may not include property that is
6 not within the authority boundaries at the time of the hearing
7 unless there is an additional hearing, following the required
8 notice.

9 (m) Notwithstanding Subsection (l), the owner of land
10 annexed to the authority after the authority has imposed
11 assessments may waive the right to notice and an assessment hearing
12 and may agree to the imposition and payment of assessments at an
13 agreed rate for land annexed to the authority. A member district
14 may waive the right to notice and an assessment hearing for land
15 within its boundaries annexed to the authority and may agree to the
16 imposition and payment of assessments at an agreed rate for the
17 annexed land.

18 (n) The board shall have prepared an assessment roll showing
19 the assessments against each property and the board's basis for the
20 assessment. The assessment roll shall be:

21 (1) filed with the secretary of the board or other
22 officer who performs the function of secretary; and

23 (2) open for public inspection.

24 (o) After notice and hearing in the manner required for an
25 original assessment, the board may make supplemental assessments to
26 correct omissions or mistakes in the assessment:

27 (1) relating to the total cost of the improvement

1 project or services; or

2 (2) covering delinquencies or costs of collection.

3 Sec. 8815.106. INTEREST AND PENALTIES. The board may
4 require the payment of interest on any late or unpaid fees, user
5 fees, rates, charges, and special assessments due the authority,
6 but the interest rate may not exceed the interest rate permitted by
7 Section 2251.025, Government Code. The board may also impose
8 penalties for the failure to make a complete or timely payment to
9 the authority. In addition, the board may exclude a member district
10 or other person, or any territory or well owned or controlled by a
11 member district or other person, from the authority's groundwater
12 reduction plan for failure to make a complete or timely payment to
13 the authority.

14 Sec. 8815.107. ADMINISTRATIVE PENALTY; INJUNCTION. (a) A
15 person who violates a rule or order of the authority is subject to
16 an administrative penalty of not more than \$5,000, as determined by
17 the board, for each violation or each day of a continuing violation.
18 The person shall pay the penalty to the authority.

19 (b) The authority may bring an action to recover the penalty
20 in a district court in the county where the violation occurred.

21 (c) The authority may bring an action for injunctive relief
22 in a district court in the county where a violation of an authority
23 rule or order occurs or is threatened to occur. The court may grant
24 to the authority, without bond or other undertaking, a prohibitory
25 or mandatory injunction that the facts warrant, including a
26 temporary restraining order, temporary injunction, or permanent
27 injunction.

1 (d) The authority may bring an action for an administrative
2 penalty and injunctive relief in the same proceeding.

3 Sec. 8815.108. WATER SUPPLY OR DROUGHT CONTINGENCY PLANS.
4 The authority by rule may develop, prepare, revise, adopt,
5 implement, enforce, and manage comprehensive water supply or
6 drought contingency plans for the authority, or any portion of the
7 authority.

8 Sec. 8815.109. GROUNDWATER REDUCTION PLAN. (a)
9 Notwithstanding any other law, regardless of whether the authority
10 enters into contracts with local governments located within its
11 boundaries, and regardless of whether the authority holds any well
12 permit issued by the subsidence district under Chapter 8801, the
13 authority by rule may wholly or partly develop, prepare, revise,
14 adopt, implement, enforce, manage, or participate in a groundwater
15 reduction plan that is applicable only to the authority or a
16 groundwater reduction plan that is applicable to the authority and
17 one or more persons outside the authority. The authority may
18 require that any groundwater reduction plan that the authority
19 wholly or partly develops, prepares, revises, adopts, implements,
20 enforces, or manages or in which the authority participates be the
21 exclusive groundwater reduction plan that is binding and mandatory
22 on some or all of the territory, member districts or other persons,
23 or wells located within the authority. A groundwater reduction
24 plan may:

25 (1) specify the measures to be taken to reduce
26 groundwater withdrawals;

27 (2) identify alternative sources of water to be

1 provided to those affected;

2 (3) identify the rates, terms, and conditions under
3 which alternative sources of water will be provided, which may be
4 changed from time to time as considered necessary by the authority;

5 (4) specify the dates and extent to which member
6 districts or other persons within the authority's boundaries shall
7 reduce or cease reliance on groundwater and accept water from
8 alternative sources;

9 (5) include other terms and measures that are
10 consistent with the powers and duties of the authority;

11 (6) exceed the minimum requirements imposed by the
12 subsidence district, including any applicable groundwater
13 reduction requirements; and

14 (7) be amended from time to time at the discretion of
15 the authority.

16 (b) Fees, user fees, rates, charges, and special
17 assessments of the authority may be imposed under this chapter for a
18 person's participation in and benefit derived from the authority's
19 groundwater reduction plan or a groundwater reduction plan in which
20 the authority participates.

21 Sec. 8815.110. ACQUISITION, CONSTRUCTION, AND OPERATION OF
22 SYSTEMS. (a) The authority may:

23 (1) acquire by purchase, gift, lease, contract, or any
24 other legal means a water treatment or supply system, or any other
25 works, plants, improvements, or facilities necessary or convenient
26 to accomplish the purposes of the authority, or any interest of the
27 authority, inside or outside the authority's boundaries;

1 (2) design, finance, operate, maintain, or construct a
2 water treatment or supply system or any other works, plants,
3 improvements, or facilities necessary or convenient to accomplish
4 the purposes of the authority and provide water services inside or
5 outside the authority's boundaries;

6 (3) lease or sell a water treatment or supply system or
7 any other works, plants, improvements, or facilities necessary or
8 convenient to accomplish the purposes of the authority that the
9 authority constructs or acquires inside or outside the authority's
10 boundaries;

11 (4) contract with any person to operate or maintain a
12 water treatment or supply system the person owns; or

13 (5) acquire water rights under any law or permit.

14 (b) Except as otherwise provided by this chapter, the
15 provisions of Chapter 49, Water Code, pertaining to competitive
16 bidding apply to the authority.

17 (c) The authority may contract, according to terms and
18 conditions the board considers desirable, fair, and advantageous,
19 with a person outside the authority's boundaries:

20 (1) to allow the person to be included in a groundwater
21 reduction plan adopted or implemented wholly or partly by the
22 authority or in a groundwater reduction plan in which the authority
23 participates;

24 (2) to sell water to the person; or

25 (3) to sell the person available excess capacity or
26 additional capacity of the authority's water treatment or supply
27 system.

1 (d) The authority by rule may require that the plans and
2 specifications of water lines to be constructed within the
3 authority that are designed or intended to serve more than one
4 member district or more than one person owning or holding a well
5 permit issued by the subsidence district be approved by the
6 authority before the commencement of construction of the water
7 lines.

8 Sec. 8815.111. SALE OR REUSE OF WATER OR BY-PRODUCT. The
9 authority may store, sell, or reuse:

10 (1) water; or

11 (2) any by-product from the authority's operations.

12 Sec. 8815.112. CONTRACTS. (a) The authority may enter into
13 a contract with a person for the performance of a purpose or
14 function of the authority, including a contract to design,
15 construct, finance, lease, own, manage, operate, or maintain works,
16 improvements, facilities, plants, equipment, or appliances
17 necessary to accomplish a purpose or function of the authority. A
18 contract may be of unlimited duration.

19 (b) The authority may purchase, acquire, finance, or lease
20 an interest in a project used for a purpose or function of the
21 authority.

22 (c) The authority may contract for:

23 (1) the purchase, sale, or lease of water or water
24 rights;

25 (2) the performance of activities within the powers of
26 the authority through the purchase, construction, or installation
27 of works, improvements, facilities, plants, equipment, or

1 appliances; or

2 (3) the design, construction, ownership, management,
3 maintenance, or operation of any works, improvements, facilities,
4 plants, equipment, or appliances of the authority or another
5 person.

6 (d) The authority may purchase surplus property from this
7 state, the United States, or another public entity through a
8 negotiated contract without bids.

9 Sec. 8815.113. COOPERATION WITH AND ASSISTANCE OF OTHER
10 GOVERNMENTAL ENTITIES. (a) In implementing this chapter, the
11 board may cooperate with and request the assistance of the Texas
12 Water Development Board, the commission, the United States
13 Geological Survey, the subsidence district, other local
14 governments, and other agencies of the United States and this
15 state.

16 (b) The subsidence district may enter into an interlocal
17 contract with the authority to carry out the authority's purposes
18 and may carry out the governmental functions and services specified
19 in the interlocal contract.

20 (c) The board shall endeavor to coordinate with the City of
21 Houston to develop a plan for a system to distribute surface water
22 in an economical and efficient manner to the authority.

23 (d) In an attempt to minimize costs associated with
24 preparing a groundwater reduction plan, the board shall consider
25 the usefulness of water supply studies and plans prepared by or on
26 behalf of the North Harris County Regional Water Authority, the
27 West Harris County Regional Water Authority, the City of Houston,

1 or other governmental entities to the extent those studies or plans
2 are available and applicable to the authority.

3 Sec. 8815.114. GIFTS AND GRANTS. The authority may accept a
4 gift or grant from money collected by the subsidence district under
5 Chapter 8801 to fund the construction, maintenance, or operation of
6 a water treatment or supply system.

7 Sec. 8815.115. EXPENDITURES. (a) The authority's money
8 may be disbursed only by check, draft, order, federal reserve wire
9 system, or other instrument or authorization.

10 (b) Disbursements of the authority must be signed by at
11 least a majority of the directors. Notwithstanding any other law,
12 the board by resolution may allow the general manager, treasurer,
13 bookkeeper, or other employee of the authority to sign
14 disbursements, except as limited by Subsection (c).

15 (c) The board by resolution may allow disbursements to be
16 transferred by federal reserve wire system to accounts in the name
17 of the authority without the necessity of any directors signing the
18 disbursement. Disbursements of the authority's money by federal
19 reserve wire system to any accounts not in the name of the authority
20 must be signed by at least a majority of the directors.

21 Sec. 8815.116. AD VALOREM TAXATION. The authority may not
22 impose an ad valorem tax.

23 Sec. 8815.117. EMINENT DOMAIN. (a) The authority may
24 acquire by condemnation any land, easements, or other property
25 inside the authority's boundaries to further authorized purposes,
26 powers, or duties of the authority. The authority may acquire by
27 condemnation any land, easements, or other property outside the

1 authority's boundaries for the purpose of pumping, storing,
2 treating, or transporting water. When exercising the power of
3 eminent domain granted by this section, the authority may elect to
4 condemn either the fee simple title or a lesser property interest.

5 (b) The authority shall exercise the right of eminent domain
6 in the manner provided by Chapter 21, Property Code. The authority
7 is not required to give bond for appeal or bond for costs in a
8 condemnation suit or other suit to which it is a party. The
9 authority is not required to deposit more than the amount of an
10 award in a suit.

11 (c) The authority may not use the power of eminent domain
12 for the condemnation of land for the purpose of acquiring rights to
13 groundwater or for the purpose of acquiring water or water rights.

14 (d) The authority may not use the power of eminent domain
15 for the condemnation of property that is:

16 (1) owned by the City of Houston or any
17 instrumentality of the City of Houston, including a local
18 government corporation created under Chapter 431, Transportation
19 Code, to aid or act on behalf of the City of Houston; or

20 (2) located within the municipal limits of the City of
21 Houston.

22 (e) Notwithstanding Subsection (d)(2), and as limited by
23 Subsection (a), the authority may use the power of eminent domain to
24 acquire property that is not owned by the City of Houston that is
25 within the municipal limits of the City of Houston if:

26 (1) the property is located in an area of the
27 municipality that is less than 1,000 feet wide at its narrowest

1 point; or

2 (2) the municipality grants permission for the
3 condemnation.

4 Sec. 8815.118. CONSENT REQUIRED FOR SERVICE OUTSIDE OF
5 AUTHORITY. (a) Notwithstanding any contrary provision of this
6 subchapter, the authority must obtain the consent of the City of
7 Houston before providing water service to any person or territory
8 outside the boundaries of the authority.

9 (b) Subsection (a) does not apply to a person or territory
10 that receives water service or has contracted to receive water
11 service from a member district on the effective date of the Act
12 creating this chapter.

13 [Sections 8815.119-8815.150 reserved for expansion]

14 SUBCHAPTER D. BONDS AND NOTES

15 Sec. 8815.151. REVENUE BONDS AND NOTES. (a) The authority
16 may issue bonds or notes payable solely from revenue from any
17 source, including:

18 (1) tolls, charges, rates, fees, user fees, and
19 special assessments the authority imposes or collects;

20 (2) the sale of water, water services, water rights or
21 capacity, water transmission rights or services, water pumping, or
22 any other service or product of the authority provided inside or
23 outside the boundaries of the authority;

24 (3) grants or gifts;

25 (4) the ownership or operation of all or a designated
26 part of the authority's works, improvements, facilities, plants, or
27 equipment; and

1 (5) contracts between the authority and any person.

2 (b) Notes issued by the authority may be first or
3 subordinate lien notes at the board's discretion.

4 (c) In connection with any bonds or notes of the authority,
5 the authority may exercise any power of an issuer under Chapter
6 1371, Government Code.

7 (d) The authority may conduct a public, private, or
8 negotiated sale of the bonds or notes.

9 (e) The authority may enter into one or more indentures of
10 trust to further secure its bonds or notes.

11 (f) The authority may issue bonds or notes in more than one
12 series as necessary to carry out the purposes of this chapter. In
13 issuing bonds or notes secured by revenue of the authority, the
14 authority may reserve the right to issue additional bonds or notes
15 secured by the authority's revenue that are on a parity with or are
16 senior or subordinate to the bonds or notes issued earlier.

17 (g) A resolution of the board authorizing the bonds or notes
18 or a trust indenture securing the bonds or notes may specify
19 additional provisions that constitute a contract between the
20 authority and its bondholders or noteholders.

21 (h) Bonds and notes may be additionally secured by deed of
22 trust or mortgage on any or all of the authority's facilities.

23 (i) Sections 49.153, 49.154, and 49.181, Water Code, do not
24 apply to bonds or notes issued by the authority. Commission rules
25 regarding bonds or notes do not apply to bonds or notes issued by
26 the authority.

27 SECTION 2. (a) The proper and legal notice of the intention

1 to introduce this Act, setting out the general substance of this
2 Act, has been published as provided by law, and the notice and a
3 copy of this Act have been furnished to all persons, agencies,
4 officials, or entities to which they are required to be furnished by
5 the constitution and other laws of this state, including the
6 governor, who has submitted the notice and this Act to the
7 commission.

8 (b) The commission has filed its recommendations relating
9 to this Act with the governor, lieutenant governor, and speaker of
10 the house of representatives within the required time.

11 (c) All requirements of the constitution and laws of this
12 state and the rules and procedures of the legislature with respect
13 to notice, introduction, and passage of this Act are fulfilled and
14 accomplished.

15 SECTION 3. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 3181 was passed by the House on May 10, 2005, by the following vote: Yeas 147, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3181 was passed by the Senate on May 25, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor