

By: Turner

H.B. No. 3181

Substitute the following for H.B. No. 3181:

By: Hardcastle

C.S.H.B. No. 3181

A BILL TO BE ENTITLED

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:



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.