

1-1 By: Turner (Senate Sponsor - Lindsay) H.B. No. 3181  
1-2 (In the Senate - Received from the House May 11, 2005;  
1-3 May 13, 2005, read first time and referred to Committee on Natural  
1-4 Resources; May 21, 2005, reported favorably by the following vote:  
1-5 Yeas 9, Nays 0; May 21, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the creation of the Central Harris County Regional  
1-9 Water Authority; providing authority to issue bonds or notes;  
1-10 granting the power of eminent domain; providing an administrative  
1-11 penalty.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subtitle H, Title 6, Special District Local Laws  
1-14 Code, is amended by adding Chapter 8815 to read as follows:

1-15 CHAPTER 8815. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

1-16 SUBCHAPTER A. GENERAL PROVISIONS

1-17 Sec. 8815.001. DEFINITIONS. In this chapter:

1-18 (1) "Authority" means the Central Harris County  
1-19 Regional Water Authority.

1-20 (2) "Board" means the board of directors of the  
1-21 authority.

1-22 (3) "Commission" means the Texas Commission on  
1-23 Environmental Quality or its successor.

1-24 (4) "Director" means a member of the board.

1-25 (5) "District" means any district created under  
1-26 Sections 52(b)(1) and (2), Article III, or Section 59, Article XVI,  
1-27 Texas Constitution, regardless of the manner of creation, other  
1-28 than:

1-29 (A) a navigation district or port authority; or  
1-30 (B) a district governed by Chapter 36, Water  
1-31 Code.

1-32 (6) "Groundwater reduction plan" means a plan adopted  
1-33 or implemented to supply water, reduce reliance on groundwater,  
1-34 regulate groundwater pumping and usage, or require and allocate  
1-35 water usage among persons in order to comply with or exceed  
1-36 requirements imposed by the subsidence district, including any  
1-37 applicable groundwater reduction requirements.

1-38 (7) "Local government" means a municipality, county,  
1-39 district, or other political subdivision of this state or a  
1-40 combination of two or more of those entities.

1-41 (8) "Member district" means each of the following  
1-42 conservation and reclamation districts created under Section 59,  
1-43 Article XVI, Texas Constitution:

1-44 (A) Harris County Municipal Utility District No.  
1-45 33;

1-46 (B) Harris County Municipal Utility District No.  
1-47 150;

1-48 (C) Harris County Municipal Utility District No.  
1-49 200;

1-50 (D) Harris County Municipal Utility District No.  
1-51 205;

1-52 (E) Harris County Municipal Utility District No.  
1-53 215;

1-54 (F) Harris County Municipal Utility District No.  
1-55 217;

1-56 (G) Harris County Municipal Utility District No.  
1-57 304;

1-58 (H) Harris County Municipal Utility District No.  
1-59 399;

1-60 (I) Harris County Utility District No. 16;

1-61 (J) Fallbrook Utility District; and

1-62 (K) Rankin Road West Municipal Utility District.

1-63 (9) "Subsidence" means the lowering in elevation of  
1-64 the surface of land by the withdrawal of groundwater.

2-1 (10) "Subsidence district" means the Harris-Galveston  
 2-2 Coastal Subsidence District.  
 2-3 (11) "System" means a network of pipelines, conduits,  
 2-4 valves, canals, pumping stations, force mains, treatment plants,  
 2-5 and any other construction, device, or related appurtenance used to  
 2-6 treat or transport water.  
 2-7 (12) "Water" includes:  
 2-8 (A) groundwater, percolating or otherwise;  
 2-9 (B) any surface water, natural or artificial,  
 2-10 navigable or nonnavigable; and  
 2-11 (C) industrial and municipal wastewater.  
 2-12 (13) "Well" includes a facility or device owned or  
 2-13 partially owned by a member district and used to withdraw  
 2-14 groundwater from a groundwater source inside or outside the  
 2-15 boundaries of the authority for the purpose of supplying water to  
 2-16 territory in the authority.  
 2-17 Sec. 8815.002. NATURE OF AUTHORITY. The authority is a  
 2-18 regional water authority in Harris County created under and  
 2-19 essential to accomplish the purposes of Section 59, Article XVI,  
 2-20 Texas Constitution.  
 2-21 Sec. 8815.003. CONFIRMATION ELECTION NOT REQUIRED. An  
 2-22 election to confirm the creation of the authority is not required.  
 2-23 Sec. 8815.004. AUTHORITY TERRITORY. (a) The initial  
 2-24 territory of the authority consists of the combined territories of  
 2-25 each of the member districts as of the effective date of the law  
 2-26 creating this chapter, regardless of whether the territory contains  
 2-27 noncontiguous parcels of land or whether the territory is located  
 2-28 within the boundaries of any other governmental entity or political  
 2-29 subdivision of this state.  
 2-30 (b) The authority may annex additional territory under  
 2-31 Section 8815.006.  
 2-32 (c) Territory may be excluded from the authority under  
 2-33 Section 8815.005.  
 2-34 Sec. 8815.005. EXCLUSION OF CERTAIN TERRITORY. (a) On the  
 2-35 mutual agreement of the board and the governing body of a member  
 2-36 district, all of the land within that member district may be  
 2-37 excluded from the authority.  
 2-38 (b) If a member district is excluded from the authority's  
 2-39 boundaries under this section, the authority:  
 2-40 (1) is not required to provide water or any other  
 2-41 service to the district; and  
 2-42 (2) is not required to include the district in any  
 2-43 groundwater reduction plan adopted or implemented by the authority  
 2-44 and may remove the district from any groundwater reduction plan  
 2-45 adopted by the authority that includes the district.  
 2-46 (c) If a member district excluded from the authority's  
 2-47 boundaries under this section petitions the authority to be annexed  
 2-48 under Section 8815.006, the authority may annex the district. The  
 2-49 authority may require, as a condition of annexation, terms and  
 2-50 conditions the board considers appropriate. The authority may  
 2-51 require the district to pay the authority the fees, user fees,  
 2-52 charges, and special assessments, with interest, that, as  
 2-53 determined by the authority, the district would have been charged  
 2-54 by the authority if the district had not been excluded from the  
 2-55 authority under this section.  
 2-56 Sec. 8815.006. ANNEXATION. (a) Except to the extent the  
 2-57 authority agrees in writing, a municipality's annexation of  
 2-58 territory within the authority does not affect:  
 2-59 (1) the authority's powers inside or outside the  
 2-60 annexed territory;  
 2-61 (2) the authority's boundaries or contracts; or  
 2-62 (3) the authority's ability to assess fees, user fees,  
 2-63 rates, charges, or special assessments inside or outside the  
 2-64 territory annexed by the municipality.  
 2-65 (b) Territory within the authority annexed by a  
 2-66 municipality may be excluded from the authority under a written  
 2-67 agreement between the authority and the municipality.  
 2-68 (c) Territory may be annexed to the authority, regardless of  
 2-69 whether the territory is contiguous to the authority, as provided

3-1 by Chapter 49, Water Code.

3-2 (d) In addition to the authority granted by Subsection (c),  
 3-3 regardless of whether the territory is contiguous to the authority,  
 3-4 the authority may annex all of the territory located within a  
 3-5 district if the district files with the authority a petition  
 3-6 requesting the annexation signed by a majority of the members of the  
 3-7 governing body of the district. The petition must include an  
 3-8 accurate legal description of the boundaries of the district. If  
 3-9 the authority has bonds, notes, or other obligations outstanding,  
 3-10 the authority shall require the petitioning district to be  
 3-11 obligated to pay its share of the principal of and interest on the  
 3-12 outstanding bonds, notes, or other obligations, and related costs.  
 3-13 The authority may also require the petitioning district to pay a  
 3-14 portion of the expenses incurred by the member districts in  
 3-15 connection with the organization, creation, and administration of  
 3-16 the authority. The board may grant the petition and order the  
 3-17 district annexed to the authority if:

3-18 (1) it is feasible, practicable, and to the advantage  
 3-19 of the authority; and

3-20 (2) the authority's system and other improvements are  
 3-21 sufficient or will be sufficient to supply surface water and  
 3-22 groundwater to the added territory, if required under any  
 3-23 groundwater reduction plan adopted and implemented by the  
 3-24 authority, without harming the territory already included in the  
 3-25 authority.

3-26 (e) Any territory that a member district annexes after the  
 3-27 effective date of the Act creating this chapter becomes territory  
 3-28 of the authority only on the adoption of an order or resolution by  
 3-29 the board consenting to the inclusion of the additional territory  
 3-30 within the authority. The authority by rule may require all member  
 3-31 districts to send to the authority written notice of the effective  
 3-32 date of an annexation and require the member districts to send to  
 3-33 the authority copies of any necessary documents describing the  
 3-34 annexed land and describing the member districts' boundaries and  
 3-35 actual and projected water usage requirements as they exist after  
 3-36 inclusion of the annexed land.

3-37 (f) The annexation to the authority of territory under this  
 3-38 section does not affect the validity of the authority's bonds  
 3-39 issued before or after the annexation.

3-40 (g) A municipality that annexes territory of the authority  
 3-41 for limited purposes under Subchapter F, Chapter 43, Local  
 3-42 Government Code, does not have the right to:

3-43 (1) receive notices from the authority under Section  
 3-44 8815.103(c);

3-45 (2) participate in the appointment of directors under  
 3-46 Subchapter B; or

3-47 (3) receive information about or have the opportunity  
 3-48 to fund its share of capital costs in the manner provided by the  
 3-49 authority under Section 8815.104.

3-50 Sec. 8815.007. APPLICABILITY OF OTHER LAW. (a) Except as  
 3-51 otherwise provided by this chapter, Chapter 49, Water Code, applies  
 3-52 to the authority.

3-53 (b) This chapter does not prevail over or preempt a  
 3-54 provision of Chapter 36, Water Code, or Chapter 8801 of this code  
 3-55 that is being implemented by the subsidence district.

3-56 [Sections 8815.008-8815.020 reserved for expansion]

3-57 SUBCHAPTER A-1. TEMPORARY PROVISIONS

3-58 Sec. 8815.021. INITIAL DIRECTORS. (a) The initial board  
 3-59 consists of:

<u>Name of Director:</u>	<u>Representing Director Precinct:</u>
<u>Margaret Cox</u>	<u>1</u>
<u>Judge Caston</u>	<u>2</u>
<u>Barbara Hays</u>	<u>3</u>
<u>Julian Boddy</u>	<u>At large</u>
<u>James A. Johnson</u>	<u>At large</u>

3-66 (b) At the first meeting of the initial board, or as soon as  
 3-67 practicable after that meeting, the directors shall draw lots to  
 3-68 determine:

3-69 (1) their terms so that:

4-1 (A) three directors, including one at-large  
 4-2 position, serve until the first appointment of directors under  
 4-3 Section 8815.055 in 2006; and

4-4 (B) two directors, including one at-large  
 4-5 position, serve until the second appointment of directors under  
 4-6 Section 8815.055 in 2008; and

4-7 (2) which two director precincts appoint a director in  
 4-8 the first even-numbered year in which directors are appointed under  
 4-9 Section 8815.055.

4-10 Sec. 8815.022. EXPIRATION OF SUBCHAPTER. This subchapter  
 4-11 expires September 1, 2010.

4-12 [Sections 8815.023-8815.050 reserved for expansion]

4-13 SUBCHAPTER B. BOARD OF DIRECTORS

4-14 Sec. 8815.051. DIRECTORS; TERMS. (a) The authority is  
 4-15 governed by a board of five directors.

4-16 (b) The directors serve staggered four-year terms that  
 4-17 expire May 15 of even-numbered years.

4-18 (c) Each director must qualify to serve as director in the  
 4-19 manner provided by Section 49.055, Water Code.

4-20 Sec. 8815.052. ELIGIBILITY TO SERVE AS DIRECTOR. (a) To be  
 4-21 eligible to serve as a director or to be listed on a ballot as a  
 4-22 candidate for director, an individual must:

4-23 (1) be at least 18 years of age;

4-24 (2) be a resident of this state;

4-25 (3) own land in or be a qualified voter in the  
 4-26 authority; and

4-27 (4) have served as a director of one or more districts  
 4-28 for a total of at least two years.

4-29 (b) To be eligible to serve as a director representing a  
 4-30 director precinct or to be listed on a ballot as a candidate for  
 4-31 director representing a director precinct under Section 8815.055,  
 4-32 in addition to satisfying the requirements under Subsection (a), an  
 4-33 individual must own land or be a qualified voter within the director  
 4-34 precinct.

4-35 (c) A director serves until the director's successor has  
 4-36 qualified.

4-37 Sec. 8815.053. DISQUALIFICATION OF DIRECTORS. The common  
 4-38 law doctrine of incompatibility does not disqualify an official or  
 4-39 employee of a public entity from serving as a director.  
 4-40 Notwithstanding any other law, a director may participate in all  
 4-41 votes and decisions pertaining to the business of the authority  
 4-42 except that a director who is also an officer or employee of a  
 4-43 public entity may not participate in the discussion of or vote on a  
 4-44 matter regarding a contract with that public entity.

4-45 Sec. 8815.054. SINGLE-MEMBER DIRECTOR PRECINCTS. (a) The  
 4-46 authority is divided into three single-member director precincts as  
 4-47 follows:

4-48 (1) Director Precinct No. 1 includes the territory  
 4-49 that is contained in the following member districts: Harris County  
 4-50 Municipal Utility District No. 33, Fallbrook Utility District,  
 4-51 Rankin Road West Municipal Utility District, and Harris County  
 4-52 Municipal Utility District No. 215.

4-53 (2) Director Precinct No. 2 includes the territory  
 4-54 that is contained in the following member districts: Harris County  
 4-55 Municipal Utility District No. 150, Harris County Municipal Utility  
 4-56 District No. 217, and Harris County Municipal Utility District No.  
 4-57 304.

4-58 (3) Director Precinct No. 3 includes the territory  
 4-59 that is contained in the following member districts: Harris County  
 4-60 Municipal Utility District No. 200, Harris County Municipal Utility  
 4-61 District No. 205, Harris County Municipal Utility District No. 399,  
 4-62 and Harris County Utility District No. 16.

4-63 (b) The board may redraw the single-member director  
 4-64 precincts in a manner that is reasonable and equitable:

4-65 (1) after any change in the boundaries of the  
 4-66 authority; or

4-67 (2) by a resolution redrawing the director precincts  
 4-68 adopted by a majority of the board based on changed circumstances.

4-69 Sec. 8815.055. METHOD OF APPOINTMENT OF DIRECTORS. (a) One

5-1 director is appointed from each of the three director precincts and  
5-2 two directors are appointed at large. Two directors from director  
5-3 precincts and one director at large shall be appointed in the first  
5-4 even-numbered year after the authority is created, and one director  
5-5 from a director precinct and one director at large shall be  
5-6 appointed in the next even-numbered year after the authority is  
5-7 created. Each subsequent even-numbered year, the appropriate  
5-8 number of directors shall be appointed.

5-9 (b) In the appropriate even-numbered year, the governing  
5-10 bodies of the member districts located within a director precinct  
5-11 jointly shall appoint one director to represent the precinct by a  
5-12 vote conducted as provided by this section. Each even-numbered  
5-13 year, the governing bodies of each member district shall appoint  
5-14 one director for an at-large position by a vote conducted as  
5-15 provided by this section.

5-16 (c) If a member district is located within two or more  
5-17 director precincts, the member district is considered, for purposes  
5-18 of this subchapter, to be located only within the director precinct  
5-19 in which the greatest amount of territory of the member district is  
5-20 located.

5-21 (d) For the appointment of a director for a director  
5-22 precinct, the board shall determine the number of votes each member  
5-23 district may cast. The number of votes for a governing body of a  
5-24 member district within the precinct is equal to the number computed  
5-25 by dividing the total number of units of water, as determined by the  
5-26 board, used within the member district during the calendar year  
5-27 preceding the year in which the director is selected by the total  
5-28 number of units of water used by all member districts in the  
5-29 precinct, multiplying that quotient by 100, and rounding that  
5-30 result to the nearest one-tenth. The board shall provide the  
5-31 presiding officer of each governing body of a member district  
5-32 within each director precinct written notice of the number of votes  
5-33 computed for that governing body to cast.

5-34 (e) For the appointment of a director for an at-large  
5-35 position, the board shall determine the number of votes each member  
5-36 district may cast. The number of votes for a governing body of a  
5-37 member district is equal to the number computed by dividing the  
5-38 total number of units of water, as determined by the board, used  
5-39 within the member district during the calendar year preceding the  
5-40 year in which the director is selected by the total number of units  
5-41 of water used by all member districts in the authority, multiplying  
5-42 that quotient by 100, and rounding that result to the nearest  
5-43 one-tenth. The board shall provide the presiding officer of each  
5-44 governing body of a member district written notice of the number of  
5-45 votes computed for that governing body to cast.

5-46 (f) For purposes of Subsections (d) and (e), the board shall  
5-47 determine the amount of water usage of all member districts within  
5-48 each director precinct.

5-49 (g) In the appropriate even-numbered year, the governing  
5-50 body of each member district in a director precinct by resolution  
5-51 may nominate one candidate for the position of director for that  
5-52 director precinct. Each member district shall submit the name of  
5-53 its candidate, if any, to the presiding officer of the authority by  
5-54 February 15 of that year. If by February 15 of that year only one  
5-55 candidate's name is submitted for the position of director for a  
5-56 director precinct, the board may declare the unopposed candidate  
5-57 elected and may cancel the director appointment procedures  
5-58 generally required by this section for that position. If more than  
5-59 one candidate's name is submitted for the position of director for a  
5-60 director precinct, before March 15 of that year, the board shall  
5-61 prepare, for the director precinct or precincts from which a  
5-62 director is being appointed, a ballot listing all of the candidates  
5-63 for that director precinct and shall provide a copy of the  
5-64 appropriate ballot to the presiding officer of the governing body  
5-65 of each member district located within the director precinct or  
5-66 precincts from which a director is being appointed.

5-67 (h) The governing body of each member district in the  
5-68 authority by resolution may nominate one candidate for the at-large  
5-69 director position. Each member district shall submit the name of

6-1 its candidate, if any, to the presiding officer of the authority by  
 6-2 February 15 of each even-numbered year. If by February 15 of that  
 6-3 year only one candidate's name is submitted for the at-large  
 6-4 director position, the board may declare the unopposed candidate  
 6-5 elected and may cancel the director appointment procedures  
 6-6 generally required by this section for that position. If more than  
 6-7 one candidate's name is submitted for the at-large director  
 6-8 position, before March 15 of that year, the board shall prepare a  
 6-9 ballot listing all of the candidates for the at-large director  
 6-10 position and shall provide a copy of the ballot to the presiding  
 6-11 officer of the governing body of each member district.

6-12 (i) An individual may not be listed as a candidate on the  
 6-13 ballot for more than one director position. If a candidate is  
 6-14 nominated for more than one director position, the candidate must  
 6-15 choose to be on the ballot for only one director position.

6-16 (j) The governing body of each member district shall  
 6-17 determine its votes for director by resolution and submit them to  
 6-18 the presiding officer of the authority before May 1 of each  
 6-19 even-numbered year. In casting its votes for director, the  
 6-20 governing body of each member district may vote for only one  
 6-21 candidate on the ballot for the director precinct in which the  
 6-22 member district is located and for one candidate on the at-large  
 6-23 position ballot. For each director precinct from which a director  
 6-24 is being appointed, the board shall count the votes, declare  
 6-25 elected the candidate who received the greatest number of votes  
 6-26 from member districts located within that director precinct, and  
 6-27 submit the results before May 15 of that year to the governing body  
 6-28 of each member district within that director precinct. For the  
 6-29 at-large position, the board shall count the votes, declare elected  
 6-30 the candidate who received the greatest number of votes, and submit  
 6-31 the results before May 15 of that year to the governing body of each  
 6-32 member district.

6-33 (k) The board may adopt rules regarding:  
 6-34 (1) the manner and timing of determinations and  
 6-35 computations required by this section;  
 6-36 (2) the reporting of water usage to the authority by  
 6-37 member districts; and  
 6-38 (3) the conduct and process of the appointment of  
 6-39 directors.

6-40 Sec. 8815.056. VACANCY IN OFFICE OF DIRECTOR. A vacancy in  
 6-41 the office of director for a director precinct shall be filled by  
 6-42 appointment by the governing bodies of the member districts that  
 6-43 are located within the director precinct for which the vacancy  
 6-44 occurred. A vacancy in the office of director for an at-large  
 6-45 position shall be filled by appointment by the governing bodies of  
 6-46 all of the member districts. The appointment process shall follow  
 6-47 the procedures of Section 8815.055. The board may establish dates  
 6-48 different from those specified by Sections 8815.055(g) and (h), but  
 6-49 the date for the board's submission of the voting results to each  
 6-50 member district may not be later than the 120th day after the date  
 6-51 the vacancy occurs.

6-52 Sec. 8815.057. MEETINGS AND ACTIONS OF BOARD. (a) The  
 6-53 board may meet as many times each year as the board considers  
 6-54 appropriate.

6-55 (b) Directors are public officials and are entitled to  
 6-56 governmental immunity for their actions in their capacity as  
 6-57 directors and officers of the authority.

6-58 (c) Directors may receive fees of office and reimbursement  
 6-59 of expenses as provided by Section 49.060, Water Code.

6-60 Sec. 8815.058. GENERAL MANAGER. (a) The board may employ a  
 6-61 general manager of the authority or contract with a person to  
 6-62 perform the duties of a general manager. The board may delegate to  
 6-63 the general manager full authority to manage and operate the  
 6-64 affairs of the authority subject only to orders of the board.

6-65 (b) The board may delegate to the general manager the  
 6-66 authority to employ all persons necessary for the proper handling  
 6-67 of the business and operation of the authority and to determine the  
 6-68 compensation to be paid to all employees, other than the general  
 6-69 manager.

[Sections 8815.059-8815.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8815.101. GENERAL POWERS AND DUTIES. (a) The

authority may:

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

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

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

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

(5) administer and enforce this chapter.

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

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

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

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

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

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

(c) The board shall make reasonable efforts to send member districts written notice of the date, time, and location of the meeting at which the board intends to adopt a proposed charge under Subsection (b) and the amount of the proposed charge. The board's failure to comply with this subsection does not invalidate a charge adopted by the board under Subsection (b).

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

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

(2) regulated under Chapter 27, Water Code.

(e) The authority may establish fees, user fees, rates, and

8-1 charges that are sufficient to:

- 8-2 (1) achieve water conservation;  
 8-3 (2) prevent waste of water;  
 8-4 (3) serve as a disincentive to pumping groundwater;  
 8-5 (4) develop, implement, or enforce a groundwater  
 8-6 reduction plan;  
 8-7 (5) accomplish the purposes of this chapter, including  
 8-8 making available alternative water supplies;  
 8-9 (6) enable the authority to meet operation and  
 8-10 maintenance expenses;  
 8-11 (7) pay the principal of and interest on notes, bonds,  
 8-12 and other obligations issued in connection with the exercise of the  
 8-13 authority's general powers and duties; and  
 8-14 (8) satisfy all rate covenants relating to the  
 8-15 issuance of notes, bonds, and other obligations.

8-16 (f) The authority may charge rates established by the  
 8-17 authority for water purchased from the authority.

8-18 (g) The authority may impose fees, user fees, or charges for  
 8-19 the importation of water into the authority's boundaries from a  
 8-20 source located outside the authority's boundaries.

8-21 Sec. 8815.104. PURCHASE OF WATER FROM ANOTHER ENTITY. (a)  
 8-22 If the authority purchases water from another entity for resale to  
 8-23 local governments, the authority shall use its best efforts in  
 8-24 negotiating with the entity to determine the amount of capital  
 8-25 costs included in any rates or charges paid by the authority. The  
 8-26 authority shall determine the amount of expected capital costs of  
 8-27 its own system.

8-28 (b) The authority shall provide each member district  
 8-29 information regarding the share of the capital costs to be paid by  
 8-30 the member district, as determined by the authority, and shall  
 8-31 provide each member district the opportunity, in a manner and by a  
 8-32 procedure determined by the authority, to fund its share of the  
 8-33 capital costs with proceeds from the sale of bonds or fees and  
 8-34 charges collected by the member districts. A member district may  
 8-35 use any lawful source of revenue, including bond funds, to pay any  
 8-36 sums due to the authority.

8-37 Sec. 8815.105. ASSESSMENTS. (a) The board may undertake  
 8-38 improvement projects and services that confer a special benefit on  
 8-39 all or a definable part of the authority. The board may impose  
 8-40 special assessments on property in that area, including property of  
 8-41 a local government, based on the benefit conferred by the  
 8-42 improvement project or services, to pay all or part of the cost of  
 8-43 the project and services. The board may provide improvements and  
 8-44 services to an area outside the boundaries of the authority if the  
 8-45 board determines that there is a benefit to the authority. The  
 8-46 authority may finance with special assessments any improvement  
 8-47 project or service authorized by this chapter or any other  
 8-48 applicable law.

8-49 (b) Services or improvement projects may be financed with  
 8-50 special assessments under this chapter only after the board holds a  
 8-51 public hearing on the advisability of the improvements and services  
 8-52 and the proposed assessments.

8-53 (c) The board shall publish notice of the hearing in a  
 8-54 newspaper or newspapers with general circulation in Harris County.  
 8-55 The publication must be made not later than the 30th day before the  
 8-56 date of the hearing.

8-57 (d) Notice provided under this section must include:

- 8-58 (1) the time and place of the hearing;  
 8-59 (2) the general nature of the proposed improvement  
 8-60 project or services;  
 8-61 (3) the estimated cost of the improvement, including  
 8-62 interest during construction and associated financing costs; and  
 8-63 (4) the proposed method of assessment.

8-64 (e) Written notice containing the information required by  
 8-65 Subsection (d) shall be mailed by certified mail, return receipt  
 8-66 requested, not later than the 30th day before the date of the  
 8-67 hearing. The notice shall be mailed to each member district. The  
 8-68 subsidence district shall provide to the authority a list of the  
 8-69 member districts that hold a well permit issued by the subsidence



9-1 district.

9-2 (f) The board may establish rules regarding procedures for a  
 9-3 hearing. A hearing on the services or improvement project, whether  
 9-4 conducted by the board or a hearings examiner, may be adjourned from  
 9-5 time to time. At the conclusion of a hearing conducted by the  
 9-6 board, the board shall make written findings and conclusions  
 9-7 relating to the advisability of the improvement project or  
 9-8 services, the nature of the improvement project or services, the  
 9-9 estimated cost, and the area benefited. If the board appoints a  
 9-10 hearings examiner to conduct the hearing, after conclusion of the  
 9-11 hearing, the hearings examiner shall file with the board a written  
 9-12 report of the examiner's findings and conclusions.

9-13 (g) At a hearing on proposed assessments, on adjournment of  
 9-14 the hearing, or after consideration of the hearings examiner's  
 9-15 report, the board shall hear and rule on all objections to each  
 9-16 proposed assessment. The board may amend proposed assessments for  
 9-17 any property. After the board hears and takes action on those  
 9-18 objections, the board, by order:

9-19 (1) shall impose the assessments as special  
 9-20 assessments on the property;

9-21 (2) shall specify the method of payment of the  
 9-22 assessments; and

9-23 (3) may provide that those assessments, including  
 9-24 interest, be paid in periodic installments.

9-25 (h) Periodic installments must be in amounts sufficient to  
 9-26 meet annual costs for services and improvements as provided by  
 9-27 Subsection (j) and continue for the number of years required to  
 9-28 retire the indebtedness or pay for the services to be rendered. The  
 9-29 board may provide interest charges or penalties for failure to make  
 9-30 timely payment and may impose an amount to cover delinquencies and  
 9-31 expenses of collection.

9-32 (i) If assessments are imposed for more than one service or  
 9-33 improvement project, the board may provide that assessments  
 9-34 collected for one service or improvement project may be borrowed to  
 9-35 be used for another service or improvement project. The board shall  
 9-36 establish a procedure for the distribution or use of any  
 9-37 assessments in excess of those necessary to finance the services or  
 9-38 improvement project for which those assessments were collected.

9-39 (j) The board shall apportion the cost of an improvement  
 9-40 project or services to be assessed against the property in the  
 9-41 authority according to the special benefits that accrue to the  
 9-42 property because of the improvement project or services. The board  
 9-43 may assess the cost only according to the number of gallons of  
 9-44 groundwater pumped from wells within the authority that are subject  
 9-45 to a groundwater reduction requirement imposed by the subsidence  
 9-46 district. The board may not assess the cost according to  
 9-47 groundwater pumped from:

9-48 (1) a well with a casing diameter of less than five  
 9-49 inches that serves only a single-family dwelling; or

9-50 (2) a well that is regulated by Chapter 27, Water Code.

9-51 (k) The area of the authority to be assessed according to  
 9-52 the findings of the board may be the entire authority or any part of  
 9-53 the authority and may be less than the area proposed in the notice  
 9-54 of the hearing.

9-55 (l) The area to be assessed may not include property that is  
 9-56 not within the authority boundaries at the time of the hearing  
 9-57 unless there is an additional hearing, following the required  
 9-58 notice.

9-59 (m) Notwithstanding Subsection (l), the owner of land  
 9-60 annexed to the authority after the authority has imposed  
 9-61 assessments may waive the right to notice and an assessment hearing  
 9-62 and may agree to the imposition and payment of assessments at an  
 9-63 agreed rate for land annexed to the authority. A member district  
 9-64 may waive the right to notice and an assessment hearing for land  
 9-65 within its boundaries annexed to the authority and may agree to the  
 9-66 imposition and payment of assessments at an agreed rate for the  
 9-67 annexed land.

9-68 (n) The board shall have prepared an assessment roll showing  
 9-69 the assessments against each property and the board's basis for the

10-1 assessment. The assessment roll shall be:

10-2 (1) filed with the secretary of the board or other  
 10-3 officer who performs the function of secretary; and

10-4 (2) open for public inspection.

10-5 (o) After notice and hearing in the manner required for an  
 10-6 original assessment, the board may make supplemental assessments to  
 10-7 correct omissions or mistakes in the assessment:

10-8 (1) relating to the total cost of the improvement  
 10-9 project or services; or

10-10 (2) covering delinquencies or costs of collection.

10-11 Sec. 8815.106. INTEREST AND PENALTIES. The board may  
 10-12 require the payment of interest on any late or unpaid fees, user  
 10-13 fees, rates, charges, and special assessments due the authority,  
 10-14 but the interest rate may not exceed the interest rate permitted by  
 10-15 Section 2251.025, Government Code. The board may also impose  
 10-16 penalties for the failure to make a complete or timely payment to  
 10-17 the authority. In addition, the board may exclude a member district  
 10-18 or other person, or any territory or well owned or controlled by a  
 10-19 member district or other person, from the authority's groundwater  
 10-20 reduction plan for failure to make a complete or timely payment to  
 10-21 the authority.

10-22 Sec. 8815.107. ADMINISTRATIVE PENALTY; INJUNCTION. (a) A  
 10-23 person who violates a rule or order of the authority is subject to  
 10-24 an administrative penalty of not more than \$5,000, as determined by  
 10-25 the board, for each violation or each day of a continuing violation.  
 10-26 The person shall pay the penalty to the authority.

10-27 (b) The authority may bring an action to recover the penalty  
 10-28 in a district court in the county where the violation occurred.

10-29 (c) The authority may bring an action for injunctive relief  
 10-30 in a district court in the county where a violation of an authority  
 10-31 rule or order occurs or is threatened to occur. The court may grant  
 10-32 to the authority, without bond or other undertaking, a prohibitory  
 10-33 or mandatory injunction that the facts warrant, including a  
 10-34 temporary restraining order, temporary injunction, or permanent  
 10-35 injunction.

10-36 (d) The authority may bring an action for an administrative  
 10-37 penalty and injunctive relief in the same proceeding.

10-38 Sec. 8815.108. WATER SUPPLY OR DROUGHT CONTINGENCY PLANS.  
 10-39 The authority by rule may develop, prepare, revise, adopt,  
 10-40 implement, enforce, and manage comprehensive water supply or  
 10-41 drought contingency plans for the authority, or any portion of the  
 10-42 authority.

10-43 Sec. 8815.109. GROUNDWATER REDUCTION PLAN. (a)  
 10-44 Notwithstanding any other law, regardless of whether the authority  
 10-45 enters into contracts with local governments located within its  
 10-46 boundaries, and regardless of whether the authority holds any well  
 10-47 permit issued by the subsidence district under Chapter 8801, the  
 10-48 authority by rule may wholly or partly develop, prepare, revise,  
 10-49 adopt, implement, enforce, manage, or participate in a groundwater  
 10-50 reduction plan that is applicable only to the authority or a  
 10-51 groundwater reduction plan that is applicable to the authority and  
 10-52 one or more persons outside the authority. The authority may  
 10-53 require that any groundwater reduction plan that the authority  
 10-54 wholly or partly develops, prepares, revises, adopts, implements,  
 10-55 enforces, or manages or in which the authority participates be the  
 10-56 exclusive groundwater reduction plan that is binding and mandatory  
 10-57 on some or all of the territory, member districts or other persons,  
 10-58 or wells located within the authority. A groundwater reduction  
 10-59 plan may:

10-60 (1) specify the measures to be taken to reduce  
 10-61 groundwater withdrawals;

10-62 (2) identify alternative sources of water to be  
 10-63 provided to those affected;

10-64 (3) identify the rates, terms, and conditions under  
 10-65 which alternative sources of water will be provided, which may be  
 10-66 changed from time to time as considered necessary by the authority;

10-67 (4) specify the dates and extent to which member  
 10-68 districts or other persons within the authority's boundaries shall  
 10-69 reduce or cease reliance on groundwater and accept water from

11-1 alternative sources;

11-2 (5) include other terms and measures that are  
 11-3 consistent with the powers and duties of the authority;

11-4 (6) exceed the minimum requirements imposed by the  
 11-5 subsidence district, including any applicable groundwater  
 11-6 reduction requirements; and

11-7 (7) be amended from time to time at the discretion of  
 11-8 the authority.

11-9 (b) Fees, user fees, rates, charges, and special  
 11-10 assessments of the authority may be imposed under this chapter for a  
 11-11 person's participation in and benefit derived from the authority's  
 11-12 groundwater reduction plan or a groundwater reduction plan in which  
 11-13 the authority participates.

11-14 Sec. 8815.110. ACQUISITION, CONSTRUCTION, AND OPERATION OF  
 11-15 SYSTEMS. (a) The authority may:

11-16 (1) acquire by purchase, gift, lease, contract, or any  
 11-17 other legal means a water treatment or supply system, or any other  
 11-18 works, plants, improvements, or facilities necessary or convenient  
 11-19 to accomplish the purposes of the authority, or any interest of the  
 11-20 authority, inside or outside the authority's boundaries;

11-21 (2) design, finance, operate, maintain, or construct a  
 11-22 water treatment or supply system or any other works, plants,  
 11-23 improvements, or facilities necessary or convenient to accomplish  
 11-24 the purposes of the authority and provide water services inside or  
 11-25 outside the authority's boundaries;

11-26 (3) lease or sell a water treatment or supply system or  
 11-27 any other works, plants, improvements, or facilities necessary or  
 11-28 convenient to accomplish the purposes of the authority that the  
 11-29 authority constructs or acquires inside or outside the authority's  
 11-30 boundaries;

11-31 (4) contract with any person to operate or maintain a  
 11-32 water treatment or supply system the person owns; or

11-33 (5) acquire water rights under any law or permit.

11-34 (b) Except as otherwise provided by this chapter, the  
 11-35 provisions of Chapter 49, Water Code, pertaining to competitive  
 11-36 bidding apply to the authority.

11-37 (c) The authority may contract, according to terms and  
 11-38 conditions the board considers desirable, fair, and advantageous,  
 11-39 with a person outside the authority's boundaries:

11-40 (1) to allow the person to be included in a groundwater  
 11-41 reduction plan adopted or implemented wholly or partly by the  
 11-42 authority or in a groundwater reduction plan in which the authority  
 11-43 participates;

11-44 (2) to sell water to the person; or

11-45 (3) to sell the person available excess capacity or  
 11-46 additional capacity of the authority's water treatment or supply  
 11-47 system.

11-48 (d) The authority by rule may require that the plans and  
 11-49 specifications of water lines to be constructed within the  
 11-50 authority that are designed or intended to serve more than one  
 11-51 member district or more than one person owning or holding a well  
 11-52 permit issued by the subsidence district be approved by the  
 11-53 authority before the commencement of construction of the water  
 11-54 lines.

11-55 Sec. 8815.111. SALE OR REUSE OF WATER OR BY-PRODUCT. The  
 11-56 authority may store, sell, or reuse:

11-57 (1) water; or

11-58 (2) any by-product from the authority's operations.

11-59 Sec. 8815.112. CONTRACTS. (a) The authority may enter into  
 11-60 a contract with a person for the performance of a purpose or  
 11-61 function of the authority, including a contract to design,  
 11-62 construct, finance, lease, own, manage, operate, or maintain works,  
 11-63 improvements, facilities, plants, equipment, or appliances  
 11-64 necessary to accomplish a purpose or function of the authority. A  
 11-65 contract may be of unlimited duration.

11-66 (b) The authority may purchase, acquire, finance, or lease  
 11-67 an interest in a project used for a purpose or function of the  
 11-68 authority.

11-69 (c) The authority may contract for:

12-1 (1) the purchase, sale, or lease of water or water  
 12-2 rights;

12-3 (2) the performance of activities within the powers of  
 12-4 the authority through the purchase, construction, or installation  
 12-5 of works, improvements, facilities, plants, equipment, or  
 12-6 appliances; or

12-7 (3) the design, construction, ownership, management,  
 12-8 maintenance, or operation of any works, improvements, facilities,  
 12-9 plants, equipment, or appliances of the authority or another  
 12-10 person.

12-11 (d) The authority may purchase surplus property from this  
 12-12 state, the United States, or another public entity through a  
 12-13 negotiated contract without bids.

12-14 Sec. 8815.113. COOPERATION WITH AND ASSISTANCE OF OTHER  
 12-15 GOVERNMENTAL ENTITIES. (a) In implementing this chapter, the  
 12-16 board may cooperate with and request the assistance of the Texas  
 12-17 Water Development Board, the commission, the United States  
 12-18 Geological Survey, the subsidence district, other local  
 12-19 governments, and other agencies of the United States and this  
 12-20 state.

12-21 (b) The subsidence district may enter into an interlocal  
 12-22 contract with the authority to carry out the authority's purposes  
 12-23 and may carry out the governmental functions and services specified  
 12-24 in the interlocal contract.

12-25 (c) The board shall endeavor to coordinate with the City of  
 12-26 Houston to develop a plan for a system to distribute surface water  
 12-27 in an economical and efficient manner to the authority.

12-28 (d) In an attempt to minimize costs associated with  
 12-29 preparing a groundwater reduction plan, the board shall consider  
 12-30 the usefulness of water supply studies and plans prepared by or on  
 12-31 behalf of the North Harris County Regional Water Authority, the  
 12-32 West Harris County Regional Water Authority, the City of Houston,  
 12-33 or other governmental entities to the extent those studies or plans  
 12-34 are available and applicable to the authority.

12-35 Sec. 8815.114. GIFTS AND GRANTS. The authority may accept a  
 12-36 gift or grant from money collected by the subsidence district under  
 12-37 Chapter 8801 to fund the construction, maintenance, or operation of  
 12-38 a water treatment or supply system.

12-39 Sec. 8815.115. EXPENDITURES. (a) The authority's money  
 12-40 may be disbursed only by check, draft, order, federal reserve wire  
 12-41 system, or other instrument or authorization.

12-42 (b) Disbursements of the authority must be signed by at  
 12-43 least a majority of the directors. Notwithstanding any other law,  
 12-44 the board by resolution may allow the general manager, treasurer,  
 12-45 bookkeeper, or other employee of the authority to sign  
 12-46 disbursements, except as limited by Subsection (c).

12-47 (c) The board by resolution may allow disbursements to be  
 12-48 transferred by federal reserve wire system to accounts in the name  
 12-49 of the authority without the necessity of any directors signing the  
 12-50 disbursement. Disbursements of the authority's money by federal  
 12-51 reserve wire system to any accounts not in the name of the authority  
 12-52 must be signed by at least a majority of the directors.

12-53 Sec. 8815.116. AD VALOREM TAXATION. The authority may not  
 12-54 impose an ad valorem tax.

12-55 Sec. 8815.117. EMINENT DOMAIN. (a) The authority may  
 12-56 acquire by condemnation any land, easements, or other property  
 12-57 inside the authority's boundaries to further authorized purposes,  
 12-58 powers, or duties of the authority. The authority may acquire by  
 12-59 condemnation any land, easements, or other property outside the  
 12-60 authority's boundaries for the purpose of pumping, storing,  
 12-61 treating, or transporting water. When exercising the power of  
 12-62 eminent domain granted by this section, the authority may elect to  
 12-63 condemn either the fee simple title or a lesser property interest.

12-64 (b) The authority shall exercise the right of eminent domain  
 12-65 in the manner provided by Chapter 21, Property Code. The authority  
 12-66 is not required to give bond for appeal or bond for costs in a  
 12-67 condemnation suit or other suit to which it is a party. The  
 12-68 authority is not required to deposit more than the amount of an  
 12-69 award in a suit.

13-1 (c) The authority may not use the power of eminent domain  
 13-2 for the condemnation of land for the purpose of acquiring rights to  
 13-3 groundwater or for the purpose of acquiring water or water rights.

13-4 (d) The authority may not use the power of eminent domain  
 13-5 for the condemnation of property that is:

13-6 (1) owned by the City of Houston or any  
 13-7 instrumentality of the City of Houston, including a local  
 13-8 government corporation created under Chapter 431, Transportation  
 13-9 Code, to aid or act on behalf of the City of Houston; or

13-10 (2) located within the municipal limits of the City of  
 13-11 Houston.

13-12 (e) Notwithstanding Subsection (d)(2), and as limited by  
 13-13 Subsection (a), the authority may use the power of eminent domain to  
 13-14 acquire property that is not owned by the City of Houston that is  
 13-15 within the municipal limits of the City of Houston if:

13-16 (1) the property is located in an area of the  
 13-17 municipality that is less than 1,000 feet wide at its narrowest  
 13-18 point; or

13-19 (2) the municipality grants permission for the  
 13-20 condemnation.

13-21 Sec. 8815.118. CONSENT REQUIRED FOR SERVICE OUTSIDE OF  
 13-22 AUTHORITY. (a) Notwithstanding any contrary provision of this  
 13-23 subchapter, the authority must obtain the consent of the City of  
 13-24 Houston before providing water service to any person or territory  
 13-25 outside the boundaries of the authority.

13-26 (b) Subsection (a) does not apply to a person or territory  
 13-27 that receives water service or has contracted to receive water  
 13-28 service from a member district on the effective date of the Act  
 13-29 creating this chapter.

13-30 [Sections 8815.119-8815.150 reserved for expansion]

13-31 SUBCHAPTER D. BONDS AND NOTES

13-32 Sec. 8815.151. REVENUE BONDS AND NOTES. (a) The authority  
 13-33 may issue bonds or notes payable solely from revenue from any  
 13-34 source, including:

13-35 (1) tolls, charges, rates, fees, user fees, and  
 13-36 special assessments the authority imposes or collects;

13-37 (2) the sale of water, water services, water rights or  
 13-38 capacity, water transmission rights or services, water pumping, or  
 13-39 any other service or product of the authority provided inside or  
 13-40 outside the boundaries of the authority;

13-41 (3) grants or gifts;

13-42 (4) the ownership or operation of all or a designated  
 13-43 part of the authority's works, improvements, facilities, plants, or  
 13-44 equipment; and

13-45 (5) contracts between the authority and any person.

13-46 (b) Notes issued by the authority may be first or  
 13-47 subordinate lien notes at the board's discretion.

13-48 (c) In connection with any bonds or notes of the authority,  
 13-49 the authority may exercise any power of an issuer under Chapter  
 13-50 1371, Government Code.

13-51 (d) The authority may conduct a public, private, or  
 13-52 negotiated sale of the bonds or notes.

13-53 (e) The authority may enter into one or more indentures of  
 13-54 trust to further secure its bonds or notes.

13-55 (f) The authority may issue bonds or notes in more than one  
 13-56 series as necessary to carry out the purposes of this chapter. In  
 13-57 issuing bonds or notes secured by revenue of the authority, the  
 13-58 authority may reserve the right to issue additional bonds or notes  
 13-59 secured by the authority's revenue that are on a parity with or are  
 13-60 senior or subordinate to the bonds or notes issued earlier.

13-61 (g) A resolution of the board authorizing the bonds or notes  
 13-62 or a trust indenture securing the bonds or notes may specify  
 13-63 additional provisions that constitute a contract between the  
 13-64 authority and its bondholders or noteholders.

13-65 (h) Bonds and notes may be additionally secured by deed of  
 13-66 trust or mortgage on any or all of the authority's facilities.

13-67 (i) Sections 49.153, 49.154, and 49.181, Water Code, do not  
 13-68 apply to bonds or notes issued by the authority. Commission rules  
 13-69 regarding bonds or notes do not apply to bonds or notes issued by

14-1 the authority.

14-2 SECTION 2. (a) The proper and legal notice of the intention  
14-3 to introduce this Act, setting out the general substance of this  
14-4 Act, has been published as provided by law, and the notice and a  
14-5 copy of this Act have been furnished to all persons, agencies,  
14-6 officials, or entities to which they are required to be furnished by  
14-7 the constitution and other laws of this state, including the  
14-8 governor, who has submitted the notice and this Act to the  
14-9 commission.

14-10 (b) The commission has filed its recommendations relating  
14-11 to this Act with the governor, lieutenant governor, and speaker of  
14-12 the house of representatives within the required time.

14-13 (c) All requirements of the constitution and laws of this  
14-14 state and the rules and procedures of the legislature with respect  
14-15 to notice, introduction, and passage of this Act are fulfilled and  
14-16 accomplished.

14-17 SECTION 3. This Act takes effect immediately if it receives  
14-18 a vote of two-thirds of all the members elected to each house, as  
14-19 provided by Section 39, Article III, Texas Constitution. If this  
14-20 Act does not receive the vote necessary for immediate effect, this  
14-21 Act takes effect September 1, 2005.

14-22 \* \* \* \* \*