

Amend CSHB 1565, beginning on page 1, line 19, by striking all below the relating clause and substituting the following:

ARTICLE I

SECTION 1.1. Section 3, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to read as follows:

Sec. 3. In addition to the powers vested by the Constitution and general laws in such public agency for the greatest practicable measure of the conservation, preservation, and beneficial utilization of its public waters, the power to control and utilize its public waters and to regulate the disposal and the disposal of sewage, waste, and refuse, the District shall have the following general powers:

(a) Through every practical and legal means to develop, transport, deliver, distribute, store, and treat water for use within the District, including the storm and flood waters within the District, including the power to cooperate with the United States Government or any agency thereof, or any municipality, public, quasi-public or private agency and to contract, negotiate, and enter into agreements with any one or more of such agencies in effecting such purposes;

~~(b) [to store, control, and conserve storm and flood waters of its rivers and streams and to prevent the escape of any such waters without first obtaining therefrom a maximum of public service; to prevent devastation of property from overflow and to protect life and property from uncontrolled flood and storm waters;~~

~~(c)~~ to conserve and distribute waters essential for domestic and other uses by the inhabitants of the District, including necessary water supply for cities and towns situated within the District;

(c) ~~[(d) to provide for the development of drainage systems to control, regulate, and dispose of all storm and flood waters of the District so as to protect effectively lives and property, and to utilize such waters for each and every purpose for which flood and storm waters when controlled, conserved, or regulated may be utilized as contemplated by the Constitution and the public policy therein declared;~~

~~(e)~~ to provide by purchase, construction, lease,

gift, or in any other manner and to operate any and all facilities deemed by the District essential for preserving the purity of all the surface and underground waters of the District for the protection of the health of its inhabitants, and to formulate plans to make and enforce rules and regulations for the effective disposal of any and all sewage wastes, refuse, or residuum, however accumulated; which otherwise would contaminate, pollute, or render unsafe and insanitary the surface and underground waters of the District and which might threaten or impair the health of its inhabitants or which might adversely affect the health of the inhabitants downstream below the District;

(d) [~~(f)~~] to acquire by purchase, construction, lease, gift, or in any other manner (otherwise than by condemnation) and to maintain, use, and operate any and all property of any kind, real, personal, or mixed, or any interest therein within or without the boundaries of the District deemed by its Board of Directors necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act;

(e) [~~(g)~~] to acquire by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within or outside of the boundaries of the District, necessary to the exercise of the powers, rights, privileges, and functions conferred by this Act, in the manner provided by General Law relative to condemnation, or at the option of the District, in the manner provided by law with respect to condemnation by agencies organized pursuant to Section 59, Article 16 of the Constitution of the State of Texas; provided that the District shall not have the right or power to so condemn any such property that may be owned by any other political subdivision, city, or town located within the District;

(f) [~~(h)~~] to cooperate, contract, and enter into agreements with towns, cities, districts, or political subdivisions located in or outside of the District and with Bexar County, in the construction, purchase, lease, maintenance, improvement, use, and operation of any and all facilities, works, and plants necessary or convenient to the accomplishment of the

purposes for which the District was created;

(g) [~~(i)~~] to make contracts with any person, private corporation, municipal corporation, political subdivision, or the Board of Trustees thereof, operating water distribution facilities for the benefit of a city or town within the District, under which the District may perform services for such parties or such parties may perform services for the District, or under which either may operate all or any part of the facilities of the other, having due regard for the duties and obligations of such parties in the instrument prescribing their or its duties;

(h) [~~(j)~~] to construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, or reconstructed and to use and operate any and all facilities of any kind necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred by this Act;

(i) [~~(k)~~] to sue and be sued in its corporate name;

(j) [~~(l)~~] to make by-laws for the management and regulation of its affairs conformably to the powers and purposes herein conferred and consistent with the Constitution of this State;

(k) [~~(m)~~] to make rules and regulations and to prescribe penalties for the breach of any rule or regulation of the District, which penalties shall not exceed fines of more than Two Hundred Dollars (\$200), or imprisonment for more than thirty (30) days, or may provide both such fine and such imprisonment. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the district's principal office is located; provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five days next after the district may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two consecutive weeks, in one or more newspapers affording general circulation in the area in which the

property of the district is situated; and, the substantive statement so to be published shall be as condensed as is possible to afford an intelligent direction of the mind to the object sought to be accomplished or the act forbidden by the rule or regulation; one notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations, will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the regulation sought to be enforced is on file in the principal office of the District, where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty; and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinances of a city of the State;

(l) [~~(n)~~] to adopt, use, and alter a corporate seal;

(m) [~~(o)~~] to appoint agents and employees; prescribe their duties and fix their compensation;

(n) [~~(p)~~] to make contracts and execute instruments necessary or convenient to the exercise of the powers, rights, privileges, and functions herein conferred;

(o) [~~(q)~~] to borrow money for its authorized purposes, to accept grants or loans or allotments from the United States Government or any of its agencies, or others, and in connection with any such grants, loans, or allotments to enter into such agreements as may be required to make them effective, and for the purpose of obtaining funds to issue its negotiable tax bonds and its negotiable revenue bonds in the manner and to the extent hereinafter provided;

(p) [~~(r)~~] to operate and maintain with consent of the governing body of any city, town, or political subdivision located in the District any works, plants, or facilities deemed necessary or convenient to the accomplishment of the purposes for which the District is created;

(g) [~~(s)~~] to enter into planning agreements with the Texas Water Development Board under Subchapter C, Chapter 16, Water Code, for the purpose of conducting studies necessary to maintain retail water supply services to customers within the boundaries of the District; and

(r) [~~(t)~~] to cooperate with and support local fire departments and economic development activities sponsored by local entities within the District that use water and water resources provided, or to be provided, by the District.

SECTION 1.2. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27D to read as follows:

Sec 27D. (a) No later than 120 days after the text of this section becomes effective, the District shall:

(1) produce a report of an assessment of the operations and maintenance condition of the District;

(2) produce a status report of infrastructure improvements under construction;

(3) produce a report addressing the District's provision of water meeting Texas Commission on Environmental Quality ("TCEQ") pressure and quality standards.

(4) provide a report on customer service response time.

(5) produce a report certifying any rate structure changes approved by the District and documenting a schedule for future changes to rate structure anticipated by the District; and

(6) deliver these reports to the Utilities and District's section of the "TCEQ" and the legislative oversight committee.

(b) No later than 180 days after the text of this section becomes effective, the District shall produce an assessment of the District's financial condition and present it to the Utilities and District's section of the "TCEQ" and the legislative oversight committee.

(c) No later than 240 days after the text of this section becomes effective, the District shall:

(1) produce a report of necessary improvements to the

system and a schedule for the implementation of those improvements to ensure all service area improvements are included in the Capital Improvement Plan ("CIP") and all service areas have defined Operating and Management ("O&M") projects programmed to repair or replace existing aged infrastructure;

(2) produce a report on the sustainability and adequacy of the water resources of the District and a plan for obtaining additional water resources if deficiencies exist; and

(3) deliver these reports to the Utilities and District's section of the "TCEQ" and the legislative oversight committee.

(d) No later than one year after the text of this section becomes effective, the District shall:

(1) produce a report on service delivery improvements that have been completed and that are in progress;

(2) produce a report identifying all service improvements necessary for the system and a schedule for the completion of those improvements; and

(3) deliver these reports to the Utilities and District's section of the "TCEQ" and the legislative oversight committee.

SECTION 1.3. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 32 to read as follows:

Sec. 32. (a) The District shall permit a customer to pay a bill at one or more retail locations in the District.

(b) The District may not close a customer service branch that is in operation on June 1, 2007 unless a comparable customer service branch is opened. This subsection expires September 1, 2012.

SECTION 1.4. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to add a new Section 27A, as follows:

Sec. 27A. The District shall submit to the Legislative Oversight Committee the following:

(a) a schedule for achieving the objectives set out in Section 27D within six months of the date the text of this Section

becomes effective;

(b) evidence that the District has completed its three-year plan of improvements as adopted by the board of directors of the District prior to the effective date of this Act within one and one half years from the date the text of this Section becomes effective;

(c) current year audited annual financial statements indicating the financial condition of the district within thirty (30) days of completion;

(d) a written projection of all rate and fee increases for three years following the effective date of this Act within six months of the date the text of this Section becomes effective;

(e) a report summarizing the District's efforts to facilitate transition of service areas outside of Bexar and Atascosa County to other qualified local water utility service providers;

(f) any documentation or materials used in conducting a standard managerial and financial audit; and

(g) any other information the legislative oversight committee requests.

SECTION 1.5. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to add a new Section 27C, as follows:

Sec. 27C. The District shall maintain a rate structure that promotes and encourages conservation of water and provides for lower rates for customers using lower quantities of water.

SECTION 1.6. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to add a new Section 27(E), as follows:

Sec. 27E. The District shall implement an appeal and grievance process for employees of the District.

## ARTICLE II

SECTION 2.1. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 33A as follows:

Sec. 33A. LEGISLATIVE OVERSIGHT COMMITTEE. (a) In recognition of the important goal of the state in providing safe and efficient water supply services to the customers of the District and the necessity for state oversight and regulation of the

District to ensure the achievement of this goal there is created the Bexar Metropolitan Water District Legislative Oversight Committee.

(b) The legislative oversight committee shall monitor the progress of the district in maintaining a rate structure that conserves water, provides adequate service to low-income customers, and assists in creating uniform rates among water utility providers in the region; the legislative oversight committee also shall monitor the quality of service provided by the district; monitor the plans by the district to provide for sustainability of water resources and plan for infrastructure needs; identify regulatory and statutory barriers to achievement of the district's goals, and make recommendations to the Legislature, if necessary; and perform any other oversight function deemed appropriate by the legislative oversight committee.

(c) The legislative oversight committee is comprised of 3 members appointed to represent the following members:

(1) the Senator sponsor of this Act, or, in the event this Senator cannot serve, a Senator appointed by the Lieutenant Governor;

(2) the House author of this Act, or, in the event this Representative cannot serve, a Representative appointed by the Speaker of the Texas House of Representatives; and

(3) one member with special expertise in the operation of public water utilities appointed by the Governor.

(d) A member of the legislative oversight committee is not entitled to receive compensation for service on the legislative oversight committee but is entitled to reimbursement of the travel expenses incurred by the member while conducting the business of the legislative oversight committee, as provided by the General Appropriations Act.

(e) The Legislative Oversight Committee shall prepare a comprehensive report to the House and Senate Natural Resources Committee on its findings and recommendations concerning the District's ability to meet service and financial standards and any legislative changes needed in the District's authority or governance.

(f) The District shall provide staff support for the legislative oversight committee.

SECTION 2.2. STATE AUDIT. Subject to approval by the Legislative Audit Committee for inclusion in the annual audit plan, the State Auditor shall conduct a financial and managerial audit of the District upon passage of this Act and submit the findings from the audit in a written report to the members of the Legislative Oversight Committee, the Board of Directors of the District, and the Texas Legislature. The District shall cooperate and provide assistance and access to all necessary records, confidential or unconfidential, to the state auditor in conducting the audit pursuant to this Section. The District shall reimburse the state auditor for the cost of performing the audit.

SECTION 2.3. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the

lieutenant governor, and the speaker of the house of representatives within the required time.

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

SECTION 2.4. Notwithstanding any other provision of this act, nothing herein shall impair any Canyon Regional Water Authority project contract, project financing obligation issued or to be issued wherein the Bexar Metropolitan Water District is a CRWA member entity project participant.

SECTION 2.5. This Act takes effect September 1, 2007.

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