

1-1 By: Puentes (Senate Sponsor - Uresti) H.B. No. 1565
1-2 (In the Senate - Received from the House April 10, 2007;
1-3 April 11, 2007, read first time and referred to Committee on
1-4 Natural Resources; May 21, 2007, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 9, Nays
1-6 0; May 21, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1565 By: Uresti

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the governing body, boundaries, and functions of the
1-11 Bexar Metropolitan Water District.

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

1-13 ARTICLE I

1-14 SECTION 1.1. Section 3, Chapter 306, Acts of the 49th
1-15 Legislature, Regular Session, 1945, is amended to read as follows:

1-16 Sec. 3. In addition to the powers vested by the Constitution
1-17 and general laws in such public agency for the greatest practicable
1-18 measure of the conservation, preservation, and beneficial
1-19 utilization of its public waters, the power to control and utilize
1-20 its public waters and to regulate the disposal and the disposal of
1-21 sewage, waste, and refuse, the District shall have the following
1-22 general powers:

1-23 (a) Through every practical and legal means to
1-24 develop, transport, deliver, distribute, store, and treat water for
1-25 use within the District, including the storm and flood waters
1-26 within the District, including the power to cooperate with the
1-27 United States Government or any agency thereof, or any
1-28 municipality, public, quasi-public or private agency and to
1-29 contract, negotiate, and enter into agreements with any one or more
1-30 of such agencies in effecting such purposes;

1-31 ~~(b) [to store, control, and conserve storm and flood
1-32 waters of its rivers and streams and to prevent the escape of any
1-33 such waters without first obtaining therefrom a maximum of public
1-34 service; to prevent devastation of property from overflow and to
1-35 protect life and property from uncontrolled flood and storm waters;~~

1-36 ~~[(c)]~~ to conserve and distribute waters essential for
1-37 domestic and other uses by the inhabitants of the District,
1-38 including necessary water supply for cities and towns situated
1-39 within the District;

1-40 ~~(c) [(d) to provide for the development of drainage
1-41 systems to control, regulate, and dispose of all storm and flood
1-42 waters of the District so as to protect effectively lives and
1-43 property, and to utilize such waters for each and every purpose for
1-44 which flood and storm waters when controlled, conserved, or
1-45 regulated may be utilized as contemplated by the Constitution and
1-46 the public policy therein declared;~~

1-47 ~~[(e)]~~ to provide by purchase, construction, lease,
1-48 gift, or in any other manner and to operate any and all facilities
1-49 deemed by the District essential for preserving the purity of all
1-50 the surface and underground waters of the District for the
1-51 protection of the health of its inhabitants, and to formulate plans
1-52 to make and enforce rules and regulations for the effective
1-53 disposal of any and all sewage wastes, refuse, or residuum, however
1-54 accumulated; which otherwise would contaminate, pollute, or render
1-55 unsafe and insanitary the surface and underground waters of the
1-56 District and which might threaten or impair the health of its
1-57 inhabitants or which might adversely affect the health of the
1-58 inhabitants downstream below the District;

1-59 ~~(d) [(f)]~~ to acquire by purchase, construction,
1-60 lease, gift, or in any other manner (otherwise than by
1-61 condemnation) and to maintain, use, and operate any and all
1-62 property of any kind, real, personal, or mixed, or any interest
1-63 therein within or without the boundaries of the District deemed by

2-1 its Board of Directors necessary or convenient to the exercise of
2-2 the powers, rights, privileges, and functions conferred upon it by
2-3 this Act;

2-4 (e) [~~(g)~~] to acquire by condemnation any and all
2-5 property of any kind, real, personal, or mixed, or any interest
2-6 therein, within the boundaries of the county of Bexar [~~or outside of~~
2-7 ~~the boundaries of the District~~], necessary to the exercise of the
2-8 powers, rights, privileges, and functions conferred by this Act, in
2-9 the manner provided by General Law relative to condemnation, or at
2-10 the option of the District, in the manner provided by law with
2-11 respect to condemnation by agencies organized pursuant to Section
2-12 59, Article 16 of the Constitution of the State of Texas; provided
2-13 that the District shall not have the right or power to so condemn
2-14 any such property that may be owned by any other political
2-15 subdivision, city, or town located within the District;

2-16 (f) [~~(h)~~] to cooperate, contract, and enter into
2-17 agreements with towns, cities, districts, or political
2-18 subdivisions located in or outside of the District and with Bexar
2-19 County, in the construction, purchase, lease, maintenance,
2-20 improvement, use, and operation of any and all facilities, works,
2-21 and plants necessary or convenient to the accomplishment of the
2-22 purposes for which the District was created;

2-23 (g) [~~(i)~~] to make contracts with any person, private
2-24 corporation, municipal corporation, political subdivision, or the
2-25 Board of Trustees thereof, operating water distribution facilities
2-26 for the benefit of a city or town within the District, under which
2-27 the District may perform services for such parties or such parties
2-28 may perform services for the District, or under which either may
2-29 operate all or any part of the facilities of the other, having due
2-30 regard for the duties and obligations of such parties in the
2-31 instrument prescribing their or its duties;

2-32 (h) [~~(j)~~] to construct, extend, improve, maintain,
2-33 and reconstruct, to cause to be constructed, extended, improved,
2-34 maintained, or reconstructed and to use and operate any and all
2-35 facilities of any kind necessary or convenient to the exercise of
2-36 the powers, rights, privileges, and functions conferred by this
2-37 Act;

2-38 (i) [~~(k)~~] to sue and be sued in its corporate name;
2-39 (j) [~~(l)~~] to make by-laws for the management and
2-40 regulation of its affairs conformably to the powers and purposes
2-41 herein conferred and consistent with the Constitution of this
2-42 State;

2-43 (k) [~~(m)~~] to make rules and regulations and to
2-44 prescribe penalties for the breach of any rule or regulation of the
2-45 District, which penalties shall not exceed fines of more than Two
2-46 Hundred Dollars (\$200), or imprisonment for more than thirty (30)
2-47 days, or may provide both such fine and such imprisonment. The
2-48 penalties hereby authorized shall be in addition to any other
2-49 penalties provided by the laws of Texas and may be enforced by
2-50 complaints filed in the appropriate court of jurisdiction in the
2-51 county in which the district's principal office is located;
2-52 provided, however, that no rule or regulation which provides a
2-53 penalty for the violation thereof shall be in effect, as to
2-54 enforcement of the penalty, until five days next after the district
2-55 may have caused a substantive statement of the particular rule or
2-56 regulation and the penalty for the violation thereof to be
2-57 published, once a week for two consecutive weeks, in one or more
2-58 newspapers affording general circulation in the area in which the
2-59 property of the district is situated; and, the substantive
2-60 statement so to be published shall be as condensed as is possible to
2-61 afford an intelligent direction of the mind to the object sought to
2-62 be accomplished or the act forbidden by the rule or regulation; one
2-63 notice may embrace any number of regulations; there must be
2-64 embraced in the notice advice that breach of the particular
2-65 regulation, or regulations, will subject the violator to the
2-66 infliction of a penalty and there also shall be included in the
2-67 notice advice that the full text of the regulation sought to be
2-68 enforced is on file in the principal office of the District, where
2-69 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;

(q) ~~[(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. Section 5A, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Subsection (c) to read as follows:

(c) The District's boundaries for the purpose of conducting an election are coextensive with the boundaries of Bexar County.

SECTION 1.3. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 7A and amending Section 9 to read as follows:

Sec. 7A. The District is governed by the Commissioners Court of Bexar County serving ex officio as the board of directors of the district.

Sec. 9. The Board of Directors from time to time shall be authorized to make or cause to be made surveys and engineering investigations for the information of the District to facilitate the accomplishment of the purposes for which the District is created, as expressed in the provisions of this Act; and may employ engineers, attorneys and all other technical and non-technical employees or assistants and fix and provide the amount and manner of their compensation, and may provide for payment of expenditures deemed essential to the proper maintenance and administration of the District. Notwithstanding Section 49.060, Water Code, a member ~~[The members]~~ of the Board of Directors is not entitled to receive fees of office ~~[shall receive a per diem of not more than Ten Dollars (\$10) per day, for the time actually expended on business of the District, together with traveling and other necessary expenses, provided that such per diem fee shall not be paid to a Director for more than one hundred (100) days in any one year].~~

SECTION 1.4. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 23A to read as follows:

Sec. 23A. The District may not provide a service to a customer located outside Bexar County unless the customer received services from the District on or before June 1, 2007, or the District agreed to provide services to the development or a new or

4-1 existing customer located outside Bexar County prior to June 1,
4-2 2007.

4-3 SECTION 1.5. Chapter 306, Acts of the 49th Legislature,
4-4 Regular Session, 1945, is amended by adding Section 27A to read as
4-5 follows:

4-6 Sec. 27A. (a) The District may not terminate without cause
4-7 an employee who, on June 1, 2007:

4-8 (1) is vested in the District's retirement plan; and

4-9 (2) earns an annual salary of \$50,000 or less.

4-10 (b) An employee described by Subsection (a) of this section
4-11 who is terminated by the District for cause is entitled to a
4-12 reasonable grievance process.

4-13 SECTION 1.6. Chapter 306, Acts of the 49th Legislature,
4-14 Regular Session, 1945, is amended by adding Section 27C to read as
4-15 follows:

4-16 Sec. 27C. (a) The District may not employ fewer than one
4-17 employee per 300 utility connections;

4-18 (b) The District may reduce the number of employees employed
4-19 by the District who earn an annual salary of \$50,000 or less only
4-20 through:

4-21 (1) retirement;

4-22 (2) voluntary resignation; or

4-23 (3) termination for cause.

4-24 (c) An employee terminated by the District for cause is
4-25 entitled to a reasonable grievance process.

4-26 (d) This section 27C expires September 1, 2012.

4-27 SECTION 1.7. Chapter 306, Acts of the 49th Legislature,
4-28 Regular Session, 1945, is amended by adding Section 27D to read as
4-29 follows:

4-30 Sec 27D. (a) No later than 120 days after the first meeting
4-31 of the Board of Directors of the District composed of the Bexar
4-32 County Commissioners serving ex officio, the District shall:

4-33 (1) produce a report of an assessment of the
4-34 operations and maintenance condition of the District;

4-35 (2) produce a status report of infrastructure
4-36 improvements under construction;

4-37 (3) produce a report certifying any rate structure
4-38 changes approved by the District and documenting a schedule for
4-39 future changes to rate structure anticipated by the District; and

4-40 (4) deliver these reports to the legislative oversight
4-41 committee.

4-42 (b) No later than 180 days after the first meeting of the
4-43 Board of Directors of the District composed of the Bexar County
4-44 Commissioners serving ex officio, the District shall produce an
4-45 assessment of the District's financial condition and present it to
4-46 the legislative oversight committee.

4-47 (c) No later than 240 days after the first meeting of the
4-48 Board of Directors of the District composed of the Bexar County
4-49 Commissioners serving ex officio, the District shall:

4-50 (1) produce a report of necessary improvements to the
4-51 system and a schedule for the implementation of those improvements;

4-52 (2) produce a report on the sustainability and
4-53 adequacy of the water resources of the District and a plan for
4-54 obtaining additional water resources if deficiencies exist; and

4-55 (3) deliver these reports to the legislative oversight
4-56 committee.

4-57 (d) No later than one year after the first meeting of the
4-58 Board of Directors of the District composed of the Bexar County
4-59 Commissioners serving ex officio, the District shall:

4-60 (1) produce a report on service delivery
4-61 improvements that have been completed and that are in progress;

4-62 (2) produce a report identifying all service
4-63 improvements necessary for the system and a schedule for the
4-64 completion of those improvements; and

4-65 (3) deliver these reports to the legislative
4-66 oversight committee.

4-67 (e) No later than three years after the first meeting of the
4-68 Board of Directors of the District composed of the Bexar County
4-69 Commissioners serving ex officio, the District shall have a uniform

5-1 rate structure that contains rates that are equal to or lower than
5-2 the rates of other large retail water providers in the region;
5-3 provided that the District's rates shall be sufficient to meet debt
5-4 service obligations and debt coverage requirements.

5-5 SECTION 1.8. Chapter 306, Acts of the 49th Legislature,
5-6 Regular Session, 1945, is amended by adding Section 27E to read as
5-7 follows:

5-8 Sec. 27E. (a) The District may not transfer, sell, or lease
5-9 to a retail public utility the management or more than 40 percent of
5-10 the assets, including certificates of convenience and necessity and
5-11 water rights, of the District.

5-12 (b) This section does not apply to the transfer, sale, or
5-13 lease of assets located outside the boundaries of the County of
5-14 Bexar.

5-15 SECTION 1.9. Chapter 306, Acts of the 49th Legislature,
5-16 Regular Session, 1945, is amended by adding Section 32 to read as
5-17 follows:

5-18 Sec. 32. (a) The District shall permit a customer to pay a
5-19 bill at one or more retail locations in the District.

5-20 (b) The District may not close a customer service branch
5-21 that is in operation on June 1, 2007 unless a comparable customer
5-22 service branch is opened. This subsection expires September 1,
5-23 2012.

5-24 SECTION 1.10. For purposes of service on the Canyon
5-25 Regional Water Authority Board of Directors, a representative from
5-26 the district shall be selected from the Board of Directors of the
5-27 District.

5-28 SECTION 1.11. Section 8, Chapter 306, Acts of the 49th
5-29 Legislature, Regular Session, 1945, is repealed.

5-30 ARTICLE II

5-31 SECTION 2.1. Section 3, Chapter 306, Acts of the 49th
5-32 Legislature, Regular Session, 1945, is amended to read as follows:

5-33 Sec. 3. In addition to the powers vested by the Constitution
5-34 and general laws in such public agency for the greatest practicable
5-35 measure of the conservation, preservation, and beneficial
5-36 utilization of its public waters, the power to control and utilize
5-37 its public waters and to regulate the disposal and the disposal of
5-38 sewage, waste, and refuse, the District shall have the following
5-39 general powers:

5-40 (a) Through every practical and legal means to
5-41 develop, transport, deliver, distribute, store, and treat water for
5-42 use within the District, including the storm and flood waters
5-43 within the District, including the power to cooperate with the
5-44 United States Government or any agency thereof, or any
5-45 municipality, public, quasi-public or private agency and to
5-46 contract, negotiate, and enter into agreements with any one or more
5-47 of such agencies in effecting such purposes;

5-48 ~~(b) [to store, control, and conserve storm and flood~~
5-49 ~~waters of its rivers and streams and to prevent the escape of any~~
5-50 ~~such waters without first obtaining therefrom a maximum of public~~
5-51 ~~service; to prevent devastation of property from overflow and to~~
5-52 ~~protect life and property from uncontrolled flood and storm waters;~~

5-53 ~~[(c)]~~ to conserve and distribute waters essential for
5-54 domestic and other uses by the inhabitants of the District,
5-55 including necessary water supply for cities and towns situated
5-56 within the District;

5-57 ~~(c) [(d)] to provide for the development of drainage~~
5-58 ~~systems to control, regulate, and dispose of all storm and flood~~
5-59 ~~waters of the District so as to protect effectively lives and~~
5-60 ~~property, and to utilize such waters for each and every purpose for~~
5-61 ~~which flood and storm waters when controlled, conserved, or~~
5-62 ~~regulated may be utilized as contemplated by the Constitution and~~
5-63 ~~the public policy therein declared;~~

5-64 ~~[(e)]~~ to provide by purchase, construction, lease,
5-65 gift, or in any other manner and to operate any and all facilities
5-66 deemed by the District essential for preserving the purity of all
5-67 the surface and underground waters of the District for the
5-68 protection of the health of its inhabitants, and to formulate plans
5-69 to make and enforce rules and regulations for the effective

6-1 disposal of any and all sewage wastes, refuse, or residuum, however
 6-2 accumulated; which otherwise would contaminate, pollute, or render
 6-3 unsafe and insanitary the surface and underground waters of the
 6-4 District and which might threaten or impair the health of its
 6-5 inhabitants or which might adversely affect the health of the
 6-6 inhabitants downstream below the District;

6-7 (d) [~~(f)~~] to acquire by purchase, construction,
 6-8 lease, gift, or in any other manner (otherwise than by
 6-9 condemnation) and to maintain, use, and operate any and all
 6-10 property of any kind, real, personal, or mixed, or any interest
 6-11 therein within or without the boundaries of the District deemed by
 6-12 its Board of Directors necessary or convenient to the exercise of
 6-13 the powers, rights, privileges, and functions conferred upon it by
 6-14 this Act;

6-15 (e) [~~(g)~~] to acquire by condemnation any and all
 6-16 property of any kind, real, personal, or mixed, or any interest
 6-17 therein, within the boundaries of the county of Bexar [~~or outside of~~
 6-18 ~~the boundaries of the District~~], necessary to the exercise of the
 6-19 powers, rights, privileges, and functions conferred by this Act, in
 6-20 the manner provided by General Law relative to condemnation, or at
 6-21 the option of the District, in the manner provided by law with
 6-22 respect to condemnation by agencies organized pursuant to Section
 6-23 59, Article 16 of the Constitution of the State of Texas; provided
 6-24 that the District shall not have the right or power to so condemn
 6-25 any such property that may be owned by any other political
 6-26 subdivision, city, or town located within the District;

6-27 (f) [~~(h)~~] to cooperate, contract, and enter into
 6-28 agreements with towns, cities, districts, or political
 6-29 subdivisions located in or outside of the District and with Bexar
 6-30 County, in the construction, purchase, lease, maintenance,
 6-31 improvement, use, and operation of any and all facilities, works,
 6-32 and plants necessary or convenient to the accomplishment of the
 6-33 purposes for which the District was created;

6-34 (g) [~~(i)~~] to make contracts with any person, private
 6-35 corporation, municipal corporation, political subdivision, or the
 6-36 Board of Trustees thereof, operating water distribution facilities
 6-37 for the benefit of a city or town within the District, under which
 6-38 the District may perform services for such parties or such parties
 6-39 may perform services for the District, or under which either may
 6-40 operate all or any part of the facilities of the other, having due
 6-41 regard for the duties and obligations of such parties in the
 6-42 instrument prescribing their or its duties;

6-43 (h) [~~(j)~~] to construct, extend, improve, maintain,
 6-44 and reconstruct, to cause to be constructed, extended, improved,
 6-45 maintained, or reconstructed and to use and operate any and all
 6-46 facilities of any kind necessary or convenient to the exercise of
 6-47 the powers, rights, privileges, and functions conferred by this
 6-48 Act;

6-49 (i) [~~(k)~~] to sue and be sued in its corporate name;
 6-50 (j) [~~(l)~~] to make by-laws for the management and
 6-51 regulation of its affairs conformably to the powers and purposes
 6-52 herein conferred and consistent with the Constitution of this
 6-53 State;

6-54 (k) [~~(m)~~] to make rules and regulations and to
 6-55 prescribe penalties for the breach of any rule or regulation of the
 6-56 District, which penalties shall not exceed fines of more than Two
 6-57 Hundred Dollars (\$200), or imprisonment for more than thirty (30)
 6-58 days, or may provide both such fine and such imprisonment. The
 6-59 penalties hereby authorized shall be in addition to any other
 6-60 penalties provided by the laws of Texas and may be enforced by
 6-61 complaints filed in the appropriate court of jurisdiction in the
 6-62 county in which the district's principal office is located;
 6-63 provided, however, that no rule or regulation which provides a
 6-64 penalty for the violation thereof shall be in effect, as to
 6-65 enforcement of the penalty, until five days next after the district
 6-66 may have caused a substantive statement of the particular rule or
 6-67 regulation and the penalty for the violation thereof to be
 6-68 published, once a week for two consecutive weeks, in one or more
 6-69 newspapers affording general circulation in the area in which the

7-1 property of the district is situated; and, the substantive
 7-2 statement so to be published shall be as condensed as is possible to
 7-3 afford an intelligent direction of the mind to the object sought to
 7-4 be accomplished or the act forbidden by the rule or regulation; one
 7-5 notice may embrace any number of regulations; there must be
 7-6 embraced in the notice advice that breach of the particular
 7-7 regulation, or regulations, will subject the violator to the
 7-8 infliction of a penalty and there also shall be included in the
 7-9 notice advice that the full text of the regulation sought to be
 7-10 enforced is on file in the principal office of the District, where
 7-11 the same may be read by any interested person. Five (5) days after
 7-12 the second publication of the notice hereby required, the
 7-13 advertised regulation shall be in effect, and ignorance of any such
 7-14 regulation shall not constitute a defense to a prosecution for the
 7-15 enforcement of a penalty; and, the rules and regulations authorized
 7-16 hereby, after the required publication, shall judicially be known
 7-17 to the courts and shall be considered of a nature like unto that of
 7-18 valid penal ordinances of a city of the State;

7-19 (l) [~~(n)~~] to adopt, use, and alter a corporate seal;
 7-20 (m) [~~(o)~~] to appoint agents and employees; prescribe
 7-21 their duties and fix their compensation;

7-22 (n) [~~(p)~~] to make contracts and execute instruments
 7-23 necessary or convenient to the exercise of the powers, rights,
 7-24 privileges, and functions herein conferred;

7-25 (o) [~~(q)~~] to borrow money for its authorized purposes,
 7-26 to accept grants or loans or allotments from the United States
 7-27 Government or any of its agencies, or others, and in connection with
 7-28 any such grants, loans, or allotments to enter into such agreements
 7-29 as may be required to make them effective, and for the purpose of
 7-30 obtaining funds to issue its negotiable tax bonds and its
 7-31 negotiable revenue bonds in the manner and to the extent
 7-32 hereinafter provided;

7-33 (p) [~~(r)~~] to operate and maintain with consent of the
 7-34 governing body of any city, town, or political subdivision located
 7-35 in the District any works, plants, or facilities deemed necessary
 7-36 or convenient to the accomplishment of the purposes for which the
 7-37 District is created;

7-38 (q) [~~(s)~~] to enter into planning agreements with the
 7-39 Texas Water Development Board under Subchapter C, Chapter 16, Water
 7-40 Code, for the purpose of conducting studies necessary to maintain
 7-41 retail water supply services to customers within the boundaries of
 7-42 the District; and

7-43 (r) [~~(t)~~] to cooperate with and support local fire
 7-44 departments and economic development activities sponsored by local
 7-45 entities within the District that use water and water resources
 7-46 provided, or to be provided, by the District.

7-47 SECTION 2.2. Chapter 306, Acts of the 49th Legislature,
 7-48 Regular Session, 1945, is amended by adding Section 23A to read as
 7-49 follows:

7-50 Sec. 23A. The District may not provide a service to a
 7-51 customer located outside Bexar County unless the customer received
 7-52 services from the District on or before June 1, 2007, or the
 7-53 District agreed to provide services to the development or a new or
 7-54 existing customer located outside Bexar County prior to June 1,
 7-55 2007.

7-56 SECTION 2.3. Chapter 306, Acts of the 49th Legislature,
 7-57 Regular Session, 1945, is amended by adding Section 27D to read as
 7-58 follows:

7-59 Sec 27D. (a) No later than 120 days after the text of this
 7-60 section becomes effective, the District shall:

7-61 (1) produce a report of an assessment of the
 7-62 operations and maintenance condition of the District;

7-63 (2) produce a status report of infrastructure
 7-64 improvements under construction;

7-65 (3) produce a report certifying any rate structure
 7-66 changes approved by the District and documenting a schedule for
 7-67 future changes to rate structure anticipated by the District; and

7-68 (4) deliver these reports to the legislative oversight
 7-69 committee.

8-1 (b) No later than 180 days after the text of this section
8-2 becomes effective, the District shall produce an assessment of the
8-3 District's financial condition and present it to the legislative
8-4 oversight committee.

8-5 (c) No later than 240 days after the text of this section
8-6 becomes effective, the District shall:

8-7 (1) produce a report of necessary improvements to the
8-8 system and a schedule for the implementation of those improvements;

8-9 (2) produce a report on the sustainability and
8-10 adequacy of the water resources of the District and a plan for
8-11 obtaining additional water resources if deficiencies exist; and

8-12 (3) deliver these reports to the legislative oversight
8-13 committee.

8-14 (d) No later than one year after the text of this section
8-15 becomes effective, the District shall:

8-16 (4) produce a report on service delivery
8-17 improvements that have been completed and that are in progress;

8-18 (5) produce a report identifying all service
8-19 improvements necessary for the system and a schedule for the
8-20 completion of those improvements; and

8-21 (5) deliver these reports to the legislative oversight
8-22 committee.

8-23 (e) No later than eighteen months after the text of this
8-24 section becomes effective, the District will have a uniform rate
8-25 structure that contains rates that are equal to or lower than the
8-26 rates of other large retail water providers in the region.

8-27 SECTION 2.4. Chapter 306, Acts of the 49th Legislature,
8-28 Regular Session, 1945, is amended by adding Section 32 to read as
8-29 follows:

8-30 Sec. 32. (a) The District shall permit a customer to pay a
8-31 bill at one or more retail locations in the District.

8-32 (b) The District may not close a customer service branch
8-33 that is in operation on June 1, 2007 unless a comparable customer
8-34 service branch is opened. This subsection expires September 1,
8-35 2012.

8-36 SECTION 2.5. Chapter 306, Acts of the 49th Legislature,
8-37 Regular Session, 1945, is amended to add a new Section 27A, as
8-38 follows:

8-39 Sec. 27A. The District shall submit to the Legislative
8-40 Oversight Committee the following:

8-41 (a) a schedule for achieving the objectives set out in
8-42 Section 27D within six months of the date the text of this Section
8-43 becomes effective;

8-44 (b) evidence that the District has completed its three-year
8-45 plan of improvements as adopted by the board of directors of the
8-46 District prior to the effective date of this Act within one and one
8-47 half years from the date the text of this Section becomes effective;

8-48 (c) audited annual financial statements indicating the
8-49 financial condition of the district within six months of the date
8-50 the text of this Section becomes effective;

8-51 (d) a written projection of all rate and fee increases for
8-52 three years following the effective date of this Act within six
8-53 months of the date the text of this Section becomes effective;

8-54 (e) any documentation or materials used in conducting a
8-55 standard managerial and financial audit; and

8-56 (f) any other information the legislative oversight
8-57 committee requests.

8-58 SECTION 2.6. Chapter 306, Acts of the 49th Legislature,
8-59 Regular Session, 1945, is amended to add a new Section 27C, as
8-60 follows:

8-61 Sec. 27C. The District shall implement a rate structure
8-62 that promotes and encourages conservation of water and provides for
8-63 lower rates for customers using lower quantities of water.

8-64 SECTION 2.7. Chapter 306, Acts of the 49th Legislature,
8-65 Regular Session, 1945, is amended to add a new Section 27(E), as
8-66 follows:

8-67 Sec. 27E. The District shall implement an appeal and
8-68 grievance process for employees of the District.

ARTICLE III

SECTION 3.1. Chapter 306, Acts of the 49 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 implementing 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, 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 District shall provide staff support for the legislative oversight committee.

(f) If the text of Article I of this Act becomes effective, this section expires on September 1, 2012, and the legislative oversight committee is abolished.

SECTION 3.2. 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, the Texas Legislature, and the Bexar County Commissioners. 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 3.3. TRANSITION PERIOD. (a) The period on or after the effective date of the Act and before the implementation of the text of Article I or the text of Article II of this Act is the transition period.

(b) During the term of the transition period, the district shall not:

(1) destroy or falsify any record of the District, including, but not limited to, written correspondence, electronic mail, and tape recordings;

(2) modify in any manner the compensation, benefits, bonus plan, or any matter related to compensation of all employees, including management, of the district;

(3) enter into any contract or agreement that cannot be terminated with 45 days notice and no penalty for termination;

(4) enter into any contract or agreement to privatize

operation of any part of the district system; or
(5) sell, lease, transfer, or convert any assets of the District.

SECTION 3.4. (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 3.5. (a) The text of Article I and III is effective upon the effective date of this Act.

(b) In the event that the United States Department of Justice issues a letter pursuant to Section 5 of the Voting Rights Act interposing an objection to the implementation of any portion of this Act, the Texas Secretary of State shall publish notice of such objection in the Texas Register. The notice shall contain a copy of the letter referenced in this Section. Only upon the publication of such notice shall the text of Article II be effective and the text of Article I be no longer effective.

SECTION 3.6. This Act takes effect September 1, 2007.

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