

AN ACT

relating to the threshold amount at which certain water districts are required to solicit competitive bids before awarding certain contracts and to the ability of such districts to enter those contracts.

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

SECTION 1. Subsection (c), Section 49.271, Water Code, is amended to read as follows:

(c) The district may adopt minimum criteria for the qualifications of bidders on its construction contracts and for sureties issuing payment and performance bonds. For construction contracts over \$50,000 [~~\$25,000~~], the district shall require a person who bids to submit a certified or cashier's check on a responsible bank in the state equal to at least two percent of the total amount of the bid, or a bid bond of at least two percent of the total amount of the bid issued by a surety legally authorized to do business in this state, as a good faith deposit to ensure execution of the contract. If the successful bidder fails or refuses to enter into a proper contract with the district, or fails or refuses to furnish the payment and performance bonds required by law, the bidder forfeits the deposit. The payment, performance, and bid bonding requirements of this subsection do not apply to a contract for the purchase of equipment, materials, or machinery not otherwise incorporated into a construction project.

SECTION 2. Section 49.273, Water Code, is amended by amending Subsections (d), (e), and (f) and adding Subsection (m) to read as follows:

(d) For contracts over \$50,000 [~~for \$25,000 or more~~], the board shall advertise the letting of the contract, including the general conditions, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers circulated in each county in which part of the district is located. If one newspaper meets both of these requirements, publication in such newspaper is sufficient. If there are more than four counties in the district, notice may be published in any newspaper with general circulation in the district. The notice shall be published once a week for two [~~three~~] consecutive weeks before the date that the bids are opened, and the first publication shall be not later than the 21st day before the date of the opening of the sealed bids.

(e) For contracts over \$25,000 [~~for \$15,000 or more~~] but not more [~~less~~] than \$50,000 [~~\$25,000~~], the board shall solicit written competitive bids on uniform written specifications from at least three bidders.

(f) For contracts of not more [~~less~~] than \$25,000 [~~\$15,000~~], the board is not required to advertise or seek competitive bids.

(m) In accordance with this section, the board of a district created by special law may elect to contract for the construction and repair and renovation of district facilities and for the purchase of equipment, materials, machinery, and all things that constitute or will constitute the plant, works, facilities, or improvements of the district, notwithstanding a conflicting

1 provision in the district's special law. For such a district, an
2 election under this subsection must be by resolution of the board
3 and applies only to a contract entered into on or after the
4 effective date of the resolution.

5 SECTION 3. The change in law made by this Act applies only
6 to a contract entered into on or after the effective date of this
7 Act. A contract entered into before the effective date of this Act
8 is governed by the law in effect on the date the contract was
9 entered into, and the former law is continued in effect for that
10 purpose.

11 SECTION 4. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 657 passed the Senate on April 12, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 657 passed the House on April 24, 2007, by the following vote: Yeas 145, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor