

BILL ANALYSIS

H.B. 2653
By: Oliveira
Border & Intergovernmental Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Brownsville Public Utilities Board (BPUB) is a board created by the Home Rule Charter of the City of Brownsville, Texas to manage and collectively operate its municipally owned electric, water, and wastewater systems. All three systems are managed as a combined operation, and the system's capital improvements are financed by the issuance of revenue bonds secured by the revenues from the operation of all three systems. The expenditures of the systems are authorized under one combined budget, and the financial statements and audits reflect the operations of all three systems. BPUB systems lie in an economically distressed area, within 30 miles of the lower Texas Gulf Coast.

BPUB has several electric, water, and wastewater capital projects approved for construction by its board and state regulatory agencies. If these projects are designated "shovel ready," project financing will be eligible under the federal stimulus bill. The capital projects require highly technical engineering expertise and lend themselves to a design-build procurement procedure under Subchapter J, Chapter 271, Local Government Code, but Brownsville's population will not qualify under state law for eligibility to use a design-build procedure until after September 1, 2009. Thus, the proposed projects cannot be "shovel ready" unless BPUB is authorized to use design-build procedures prior to that date.

H.B. 2653 advances BPUB's eligibility by a few months so it will be eligible for the design-build procurement procedure on or after September 1, 2009, thus allowing federal funding from the stimulus bill to mitigate the necessity to raise utility rates in the economically-distressed area to pay the interest and principal of revenue bonds to finance the projects.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2653 amends the Local Government Code to make provisions relating to design-build procedures for certain civil works projects applicable to a municipally owned combined electric, water, and wastewater utility located in an economically distressed area within 30 miles of the Gulf of Mexico and 50 miles of an international border. The bill establishes for the purposes of its provisions that a utility is a combined utility if the governing body of the municipality appoints one board of directors that manages and controls the electric, water, and wastewater utilities and the financing of capital improvements of these utilities is secured from the revenue of all three utilities.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

