

BILL ANALYSIS

S.B. 1047
By: Lucio
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, Subchapter J (Design-Build Procedures for Certain Civil Works Projects), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, allows certain local government entities to establish design-build procedures for civil works projects that are primarily civil engineering projects. Among the local governmental agencies included under Subchapter J are certain municipalities, counties, river authorities, hospital districts and municipally owned water utilities.

S.B. 1047 would add the Brownsville Public Utilities Board (Brownsville PUB) to the list of local governmental entities eligible to establish design-build procedures for civil works projects. Brownsville PUB has served electric, water, and wastewater capitol projects approved for construction by its board and state regulatory agencies. If Brownsville PUB were authorized to use design-build procedures, these projects would be "shovel ready" and financing of these projects would be eligible to draw down federal funding under the American Recovery and Reinvestment Act of 2009 passed by the United States Congress.

Unless Brownsville PUB is authorized to utilize design-build procedures prior to September 1, 2009, the contemplated projects cannot be deemed "shovel ready" and meet federal requirements. Additionally, under Section 271.182 (Applicability), Local Government Code, Brownsville's population will not qualify it to be eligible to utilize a design-build procedure until after September 1, 2009. The infusion of federal funding under the federal stimulus bill will mitigate to the extent this funding can be obtained, the necessity to raise utility rates in this economically distressed area to pay the interest and principal of revenue bonds to finance the projects. Since Brownsville PUB will be eligible for the design-build procurement procedure on or after September 1, 2009, the effect of the bill is simply to advance Brownsville PUB's eligibility by a few months.

S.B. 1047 adds a municipally owned combined electric, water, utility located in an economically distressed area and located within 30 miles of the Lower Texas Gulf Coast to the list of governmental entities eligible under Chapter 271, Local Government Code.

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

SECTION 1. Amends Section 271.182, Local Government Code, by adding Subsection (c), as follows:

(c) Provides that this subchapter applies to a municipally owned combined electric, water, and wastewater utility situated in an economically distressed area and located within 30 miles of the lower Texas Gulf Coast. Defines "combined."

SECTION 2. Provides the effective date of this Act.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.