

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1741 by King, Tracy O. (Relating to the recharge of the Edwards Aquifer.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would require the Bexar-Medina-Atascosa Counties Water Control and Improvement District No. 1, the Edwards Aquifer Authority, the Bexar Metropolitan Water District, and the San Antonio River Authority, not later than the 90th day after the effective date of the bill, to enter into an interlocal agreement for the planning, funding, and implementing of a project to repair the Medina Lake Dam. The bill would specify the role of each entity. Included would be the requirement that the San Antonio River Authority facilitate the development and implementation of the interlocal agreement, provide administrative support as necessary, oversee and manage the project, and submit an annual progress report on the project to the legislature, with the initial report due not later than December 31, 2010. The other three entities would be required to provide funding from available funds for the necessary repairs and support.

The bill would authorize other entities, including counties, that enter into the interlocal agreement to provide funding and other support as appropriate.

The bill would require the establishment of an advisory board for the project. The advisory board and the interlocal agreement would expire upon completion of the project.

The bill would take effect immediately if it was to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

Local Government Impact

According to the Bexar-Medina-Atascosa (BMA) Counties Water Control and Improvement District No. 1, if the district shared 1/3 of the remaining \$3 million to \$4 million needed out of the estimated \$10 million (estimate reported in the bill) required to repair the Medina Lake Dam, the resulting cost of \$1 million would have a significant fiscal impact on the district.

The Edwards Aquifer Authority assumes the bulk of the \$10 million estimated repair cost would be shared by the State of Texas (\$4 million through appropriations to the Texas Water Development Board), a pledge by Bexar County (\$3 million), and a pledge by the Bexar-Medina-Atascosa Counties Water Control and Improvement District No. 1 (\$3 million), and that the bill would require the entities listed in the bill to share costs above the \$10 million estimate; therefore, the Edwards Aquifer Authority reports that the costs to the authority are unknown.

The Bexar Metropolitan Water District (BMWD) reports that because it is a customer of the BMA and pays fees to the BMA, and because the BMWD pays a fee to the Edwards Aquifer Authority for water it takes from the Edwards Aquifer, the BMWD would have to increase its rates to its customers to also help pay for repairs to the Medina Lake Dam, and views this as inequitable. The district states that the negative fiscal impact would be significant and unknown.

The San Antonio River Authority estimates costs to the authority as a result of provisions of the bill would be between \$300,000 and \$500,000 for staffing to support the project. The authority also states that generally, the authority receives 3 percent to 5 percent of a project's overall construction cost for the authority's support and project management. The percentage the authority receives depends upon the level of project design completion when the authority becomes involved. If the design of the dam repair project is 95 percent to 100 percent complete, the authority estimates the impact to be near 3 percent of the overall construction cost.

Source Agencies:

LBB Staff: JOB, SD, SZ, DB