

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 25, 2011**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate

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

**IN RE: SB341** by Uresti (Relating to authorizing the dissolution of the Bexar Metropolitan Water District; providing a penalty.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB341, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Water Resource Management</i> 153	Probable Revenue Gain/(Loss) from <i>Water Resource Management</i> 153
2012	(\$1,000,000)	\$1,000,000
2013	(\$1,000,000)	\$1,000,000
2014	\$0	\$0
2015	\$0	\$0
2016	\$0	\$0

**Fiscal Analysis**

The bill would require the Texas Commission on Environmental Quality (TCEQ), to conduct an on-site evaluation of the Bexar Metropolitan Water District (BMWD) that includes a complete inventory, list of assets, permits, staff, policies, operations, development of a comprehensive rehabilitation plan, an assessment of the BMWD's current infrastructure improvements, and a financial audit of the district.

The bill would authorize the TCEQ to employ or contract with a person to carry out any duties required in the bill, and it would provide for the TCEQ to require the BMWD to reimburse the TCEQ for reasonable costs of conducting the evaluation.

The BMWD would be required to hold an election on the issue of whether to continue or dissolve the

district, with alternative provisions included in the event that compliance with the Voting Rights Act is a factor. If an election would result in dissolution of the BMWD, the San Antonio Water System (SAWS) would assume control of the district.

The bill would require SAWS to create a rural infrastructure investment fund of 44 percent of the value of BMWD's assets for SAWS to use to guarantee continued investment in BMWD's areas that are not within the City of San Antonio's corporate limits. The bill would allow customers in the BMWD area but not in San Antonio's corporate limits to petition the TCEQ if they do not receive adequate infrastructure investment by SAWS.

The bill would allow for the election ballot on dissolution of the BMWD to include a proposition between SAWS or the Alamo Water District as the entity to take over the BMWD's assets.

### **Methodology**

This estimate assumes that the TCEQ would contract for services to complete the evaluation required by the bill. The TCEQ estimates that the cost of an evaluation would be approximately \$2,000,000 over two years; however, costs could continue into future years. These costs would continue until BMWD, in consultation with the Secretary of State, would hold the election to continue or dissolve the district. The date of the election could depend on several factors including clearance from the Department of Justice and any lawsuits.

This estimate assumes that costs of the evaluation would be paid out of the Water Resource Management Account No. 153. This estimate also assumes that the TCEQ would seek reimbursement for its costs, and the table above shows the costs being reimbursed as revenues to the Water Resource Management Account No. 153 in the same year in which the expenses are incurred. However, it should be noted that the reimbursement payments would not be guaranteed and/or could occur in a future fiscal year.

In order to implement provisions in the bill, the TCEQ also expects to require one additional engineer as a technical consultant and resource between the agency and the consultant. This estimate assumes that the cost for the additional engineer could be absorbed using existing agency resources.

### **Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 582 Commission on Environmental Quality

**LBB Staff:** JOB, SZ, ZS, TL