

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

Revision 2

May 3, 2011

TO: Honorable Allan Ritter, Chair, House Committee on Natural Resources

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.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would require the Texas Commission on Environmental Quality (TCEQ), instead of a conservator, to evaluate Bexar Metropolitan Water District (BMWD) and to establish and oversee a rehabilitation plan.

The bill would authorize the TCEQ to employ or contract with a person to carry out any duties required in the bill and to be reimbursed by BMWD for all related expenses.

A contracted evaluation completed four years ago when TCEQ contracted out the MBWD evaluation required by legislation resulted in costs of approximately \$500,000. Based upon this contract, it is estimated that TCEQ expenditures would be up to \$1,000,000 per year for which the agency would have to seek reimbursement from BMWD. 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 Dept of Justice and any lawsuits.

In order to implement provisions in the bill, TCEQ would need to hire one Engineer V. This individual would be responsible for planning, conducting engineering evaluation of work and act as a technical consultant/resource. This individual would also be responsible for the evaluation, review and selection of the contractor. BMWD has 18 water systems and 92,800 connections, based on BMWD's website. Moreover, this individual would need to work under limited direction with extensive latitude for the use of initiative and independent judgment. In addition, this person would be responsible for developing the scope of work for the contract. The FTE is expected to remain involved in these activities for several years. The agency would need appropriation authority out of Water Resource Management Account 153 until such time as it is reimbursed. It is assumed the BMWD evaluation would cost \$1,000,000 each year and take two years to complete, but actual costs could extend beyond the two year period.

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, SD, JB