

AN ACT

relating to financial assistance awarded by the Texas Water Development Board for water supply projects.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 16.0121, Water Code, is amended by adding Subsections (g) and (h) to read as follows:

(g) A retail public utility providing potable water that receives from the board financial assistance shall use a portion of that financial assistance, or any additional financial assistance provided by the board for the purpose described by this subsection, to mitigate the utility's system water loss if, based on a water audit filed by the utility under this section, the water loss meets or exceeds the threshold established by board rule.

(h) For each category of retail public utility listed in Subsection (c), the board shall adopt rules regarding:

(1) the amount of system water loss that requires a utility to take action under Subsection (g); and

(2) the use of financial assistance from the board as required by Subsection (g) to mitigate system water loss.

SECTION 2. Subchapter D, Chapter 17, Water Code, is amended by adding Section 17.1245 to read as follows:

Sec. 17.1245. EVALUATION. (a) In passing on an application for financial assistance from a retail public utility that provides potable water service to 3,300 or more connections, the board

1 shall:

2 (1) evaluate for compliance with the board's best
3 management practices the utility's water conservation plan
4 required under Section 13.146; and

5 (2) issue a report to a utility detailing the results
6 of the evaluation conducted under Subdivision (1).

7 (b) Not later than January 1 of each odd-numbered year, the
8 board shall submit to the legislature a written summary of the
9 results of evaluations conducted under Subsection (a)(1).

10 SECTION 3. Section 17.183, Water Code, is amended to read as
11 follows:

12 Sec. 17.183. CONSTRUCTION CONTRACT REQUIREMENTS. (a) The
13 governing body of each political subdivision receiving financial
14 assistance from the board shall require in all contracts for the
15 construction of a project:

16 (1) that each bidder furnish a bid guarantee
17 equivalent to five percent of the bid price;

18 (2) that each contractor awarded a construction
19 contract furnish performance and payment bonds:

20 (A) the performance bond shall include without
21 limitation guarantees that work done under the contract will be
22 completed and performed according to approved plans and
23 specifications and in accordance with sound construction
24 principles and practices; and

25 (B) the performance and payment bonds shall be in
26 a penal sum of not less than 100 percent of the contract price and
27 remain in effect for one year beyond the date of approval by the

1 engineer of the political subdivision; ~~and~~

2 (3) that payment be made in partial payments as the
3 work progresses;

4 (4) that each partial payment shall not exceed 95
5 percent of the amount due at the time of the payment as shown by the
6 engineer of the project, but, if the project is substantially
7 complete, a partial release of the five percent retainage may be
8 made by the political subdivision with approval of the executive
9 administrator;

10 (5) that payment of the retainage remaining due upon
11 completion of the contract shall be made only after:

12 (A) approval by the engineer for the political
13 subdivision as required under the bond proceedings;

14 (B) approval by the governing body of the
15 political subdivision by a resolution or other formal action; and

16 (C) certification by the executive administrator
17 in accordance with the rules of the board that the work to be done
18 under the contract has been completed and performed in a
19 satisfactory manner and in accordance with approved plans and
20 specifications ~~[sound engineering principles and practices]~~;

21 (6) that no valid approval may be granted unless the
22 work done under the contract has been completed and performed in a
23 satisfactory manner according to approved plans and
24 specifications; and

25 (7) that, if a political subdivision receiving
26 financial assistance under Subchapter K of this chapter, labor from
27 inside the political subdivision be used to the extent possible.

1 (b) Plans and specifications submitted to the board in
2 connection with an application for financial assistance must
3 include a seal by a licensed engineer affirming that the plans and
4 specifications are consistent with and conform to current industry
5 design and construction standards.

6 SECTION 4. Section 17.1245, Water Code, as added by this
7 Act, applies only to an application for financial assistance
8 submitted on or after the effective date of this Act. An
9 application for financial assistance submitted before the
10 effective date of this Act is governed by the law in effect on the
11 date the application was submitted, and the former law is continued
12 in effect for that purpose.

13 SECTION 5. This Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I certify that H.B. No. 3605 was passed by the House on May 2, 2013, by the following vote: Yeas 146, Nays 1, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3605 on May 24, 2013, by the following vote: Yeas 146, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3605 was passed by the Senate, with amendments, on May 21, 2013, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor