

BILL ANALYSIS

S.B. 1395
By: Creighton
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties have expressed confusion regarding the powers and duties of certain navigation districts regarding oil, gas, and mineral leases and certain procurement requirements. S.B. 1395 seeks to alleviate this confusion by revising general provisions relating to navigation districts.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

S.B. 1395 amends the Water Code to revise general provisions relating to navigation districts, including transferring certain authority and responsibilities from a district's navigation and canal commission to the district itself and changing certain references to land to references to real property. The bill makes Natural Resources Code provisions relating to a lease for mineral development inapplicable to an oil, gas, or mineral lease if the lease is made in accordance with general navigation district provisions relating to notice, bid security, and award and execution of an oil, gas, or mineral lease. The bill authorizes a district to enter into negotiations with one or more potential buyers, easement grantees, or lessees before the publication of the notice of a sale, easement, or lease for more than 50 years without affecting the validity of the sale, easement, or lease. The bill decreases the amount of the security of a bid on real property to be sold from the full amount of the bid to five percent of the bid. The bill specifies that a lease under provisions relating to the acquisition and maintenance of port facilities is not a loan of the district's credit or a grant of public money and that the acquisition and leasing of land and facilities for the purposes included in such provisions and the operation and industrial and business development of ports and waterways are a public purpose and a matter of public necessity. The bill specifies the type of property a bequest of which a district may accept.

S.B. 1395 revises general navigation district provisions relating to competitive bidding requirements and purchase contracts, including provisions regarding notice and specifications of a proposed purchase and provisions revising certain port authority, port commission, navigation district, and contracting program references. The bill makes the authorization for a district to adopt general navigation district competitive bidding requirement provisions for a particular purchase or period or for all purchases and contracts subject to the navigation and canal commission's right to authorize particular procurements under general navigation district provisions relating to purchase contracts. The bill replaces insurance or high technology items with items other than construction services valued at more than \$50,000 as items that may be

purchased under certain proposal procedures and makes related changes, including changing the entity to whom an award of a contract is required to be made from the responsible offerer whose proposal is determined to be the lowest evaluated offer resulting from negotiation to the responsible offerer whose proposal is determined to provide the best value to the district. The bill provides for the opening of competitive sealed proposals and revises a provision relating to the unit pricing method. The bill requires a district to select a contractor for construction services through competitive sealed proposals in either a one-step or two-step process and makes related changes regarding such processes.

S.B. 1395 revises provisions relating to the acquisition of land by an Article XVI, Section 59 navigation district, including providing for the granting of easements by a district and authorizing a lease or easement to be on terms and conditions considered appropriate or advantageous to the district. The bill authorizes a district to grant franchises to any person on property owned or controlled by the district by restrictive covenant or otherwise, prohibits a franchise from being granted for longer than 50 years, and sets out provisions relating to the granting of the franchise. The bill prohibits a district treasurer from being required to sign a check drawn on the district's selected depository unless the district treasurer is the designated officer of the district. The bill provides for the issuance of revenue bonds by a district for desalinization facilities. The bill extends from 30 years to 50 years the maximum period for which a self-liquidating navigation district may grant a franchise.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.