

By: Parker

S.B. No. 1359

A BILL TO BE ENTITLED

AN ACT

relating to the creation, powers, duties, and financing of the Wise Regional Water District; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose fees; creating a criminal offense.

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

SECTION 1. Subtitle X, Title 6, Special District Local Laws Code, is amended by adding Chapter 11021 to read as follows:

CHAPTER 11021. WISE REGIONAL WATER DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11021.0101. DEFINITIONS. In this chapter:

(1) "Basic service area" means the geographic area inside the corporate limits or boundaries of all participants and all customers and the areas that are served by those members and customers.

(2) "Board" means the board of directors of the district.

(3) "Contract member" means a governmental or private entity that provides retail utility service in its boundaries, that contracts with the district not later than the end of the second year after the effective date of the Act enacting this chapter to preserve the option to become a participant in the 10-year period following the effective date of the Act enacting this chapter, and that agrees to pay an annual pro rata share of the administrative

and planning costs of the district that are unrelated to capital projects to be financed by the district, provided that the share of administrative and planning costs may not exceed for a contract member 50 cents per capita unless otherwise agreed by at least 75 percent of the contract members having, collectively, at least 75 percent of the population represented by all the contract members.

(4) "County" means Wise County, Texas.

(5) "Customer" means a wholesale user of the water or wastewater services provided by the district that provides retail utility service in the boundaries of the user.

(6) "District" means the Wise Regional Water District.

(7) "Participant" means a governmental or private entity that provides retail utility service in the entity's boundaries and that contracts with the district for the construction of and payment for the water or wastewater projects to be financed by the district.

(8) "Service area" means that geographic area in the boundaries of the district.

(9) "Subdistrict" means a subdistrict authorized to be created under this chapter.

(10) "Water district" means a conservation and reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

Sec. 11021.0102. LEGISLATIVE FINDINGS. (a) The legislature finds that the creation and establishment of the district and the creation and establishment of subdistricts in the district are essential to the accomplishment of the purposes of

1 Section 59, Article XVI, Texas Constitution.

2 (b) The legislature finds that all of the land and other
3 property included in the boundaries of the district and in the
4 boundaries of a subdistrict will be benefited by the improvements,
5 works, and projects that are to be provided by the district and by
6 subdistricts under the powers conferred on the district and
7 subdistricts by this chapter, and that the district is created to
8 serve a public use and benefit and any subdistrict created will
9 serve a public use and will be for a public purpose.

10 Sec. 11021.0103. CREATION. (a) A conservation and
11 reclamation district is created under Section 59, Article XVI,
12 Texas Constitution. The district shall be known as the Wise
13 Regional Water District.

14 (b) An election confirming the creation of the district is
15 not required.

16 Sec. 11021.0104. TERRITORY. (a) Except as provided by
17 Subsection (b) and Section 11021.0105, the territory of the
18 district is coextensive with the territory of the county.

19 (b) The territory of the district also includes the entire
20 area in the boundaries of any participant or contract member, a
21 portion of whose incorporated limits or boundaries are partially
22 inside the county as those boundaries existed on the effective date
23 of the Act enacting this chapter.

24 Sec. 11021.0105. EXPANSION OF DISTRICT. (a) The territory
25 of the district may be expanded to include the territory or service
26 area of a governmental or private entity in the manner provided by
27 Section 11021.0106.

1 (b) The territory of the district may be expanded to include
2 the area within the boundaries of a municipality or water district
3 outside the county, if, in addition to the requirements of Section
4 11021.0106, the district and the municipality or water district
5 execute a contract member's contract or a participating member's
6 contract not later than the second anniversary of the effective
7 date of the Act enacting this chapter. Approval of a contract
8 member's contract between the district and the municipality or
9 water district requires a three-quarters majority vote of the
10 district's board of directors. Approval of a participating
11 member's contract between the district and the municipality or
12 water district requires a three-quarters majority vote of the
13 weighted vote of all directors eligible to vote.

14 Sec. 11021.0106. METHOD OF ADDING PARTICIPANT OR CONTRACT
15 MEMBER. (a) A governmental or private entity may petition the board
16 to add that governmental or private entity as a participant or
17 contract member.

18 (b) A petition under Subsection (a) must be submitted:
19 (1) in the manner and form required by board rule; and
20 (2) not later than a date that allows sufficient time
21 to comply with the requirements of this section before the end of
22 the second year after the effective date of the Act enacting this
23 chapter.

24 (c) On receipt of a petition under Subsection (a), the board
25 shall set a hearing on the petition and provide notice of the date,
26 time, place, and purpose of the hearing to:

27 (1) entities that are participants and contract

1 members on the date the petition is received; and

2 (2) the petitioning governmental or private entity.

3 (d) At the hearing, the board shall determine whether:

4 (1) the governmental or private entity will benefit
5 from being added to the district as a participant or contract
6 member;

7 (2) it is in the best interest of the district to add
8 the governmental or private entity to the district as a participant
9 or contract member; and

10 (3) the district has access to sufficient water to
11 provide the governmental or private entity with water service.

12 (e) If, after a hearing on the petition, the board
13 determines that the governmental or private entity should be added
14 to the district as a participant or contract member, the board shall
15 issue an order:

16 (1) approving the addition of the governmental or
17 private entity as a participant or contract member;

18 (2) adding the governmental or private entity's
19 territory or service area to the territory of the district;

20 (3) making the governmental or private entity's
21 territory or service area subject to the privileges, duties,
22 assets, and financial obligations of the district to the same
23 degree as other participants or contract members already included
24 in the district; and

25 (4) stating the effective date of the order.

26 (f) If the subject of the order is a governmental entity,
27 the effective date of the order must allow enough time for the

1 governmental entity to comply with Subsection (g).

2 (g) A governmental entity that is the subject of an order
3 issued under Subsection (e) shall publish notice of the district's
4 proposal to add the governmental entity to the district as a
5 participant or contract member. The notice must:

6 (1) be published in a newspaper of general circulation
7 in the county in which the governmental entity is located;

8 (2) be published at least once per week for two
9 consecutive weeks and with the first publication appearing on or
10 before the 14th day before the effective date of the order; and

11 (3) state the effective date of the order.

12 Sec. 11021.0107. METHOD OF REMOVING PARTICIPANT OR CONTRACT
13 MEMBER. (a) The governing body of a participant or contract member
14 may petition the board to remove the entity from the district as a
15 participant or contract member.

16 (b) A petition must be submitted in the manner and form
17 required by board rule.

18 (c) After receiving a petition under Subsection (a), the
19 board shall:

20 (1) decide whether the petitioner should be removed
21 from the district as a participant or contract member; and

22 (2) by order approve, conditionally approve, or
23 disapprove the petition.

24 (d) The board may not approve a petition submitted under
25 this section if that action would impair or violate or conflict with
26 the terms of any outstanding bonds, notes, or other obligations of
27 the district.

1 (e) An order issued under Subsection (c) that approves or
2 conditionally approves a participant's or contract member's
3 petition to be removed from the district must address:

4 (1) all matters related to the removal as determined
5 by the board, including the removal of the territory or service area
6 of the participant or contract member and, if applicable, territory
7 located in the service area of the participant or contract member as
8 provided by the contract member's or participant's certificate of
9 convenience and necessity; and

10 (2) if applicable, any conditions imposed by the board
11 that the petitioning participant or contract member must satisfy
12 before the board approves the petition, which may include:

13 (A) payment by the petitioner of all bonds,
14 notes, or other obligations issued by the district on behalf of the
15 petitioner;

16 (B) payment by the petitioner of the petitioner's
17 pro rata share of any bond, note, or other obligation issued by the
18 district, other than the bonds, notes, or other obligations
19 described by Paragraph (A), if the payment is allowed under the
20 terms of the bond, note, or other obligation;

21 (C) conditions related to the ownership or
22 transfer of ownership of real property, facilities, equipment,
23 personnel, and supplies; and

24 (D) conditions the district considers necessary
25 for the winding up of activities in connection with the removal of
26 the petitioner as a participant or contract member from the
27 district.

1 (f) If the board by order issued under Subsection (c)
2 conditionally approves a participant's or contract member's
3 petition, the petitioner remains a participant or contract member
4 and shall make all payments owed to the district when due and
5 satisfy all conditions included in the order. The board shall
6 approve the petition immediately after all required payments to the
7 district are received and all conditions included in the order are
8 satisfied as determined by the board.

9 (g) The removal of a participant or contract member from the
10 district under this section does not prohibit the former
11 participant or contract member from contracting with the district
12 for the provision of water supply, wastewater treatment, or other
13 services provided by the district.

14 SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

15 Sec. 11021.0201. BOARD OF DIRECTORS. (a) The district is
16 governed by a board of directors. A director may not be an elected
17 official of any governmental entity that has the authority to
18 appoint a member of the board.

19 (b) Directors shall be appointed by the commissioners court
20 of the county and the governing bodies of the participants and
21 contract members in the manner provided by Section 11021.0202.

22 (c) A director is subject to removal with or without cause
23 by action of the governing body of the entity that originally
24 appointed that member.

25 (d) The board has exclusive authority to manage the district
26 under this chapter.

27 Sec. 11021.02015. INITIAL BOARD. (a) The initial board

1 shall be appointed as follows:

2 (1) the commissioners court of the county shall
3 appoint two directors; and

4 (2) each of the following entities shall appoint one
5 director:

6 (A) the City of Alvord;

7 (B) the City of Aurora;

8 (C) the City of Boyd;

9 (D) the City of Bridgeport;

10 (E) the City of Decatur;

11 (F) the City of Newark;

12 (G) the City of New Fairview;

13 (H) the City of Paradise;

14 (I) the City of Rhome;

15 (J) the Walnut Creek Special Utility District;

16 and

17 (K) the West Wise Special Utility District;

18 (3) the board of directors of the Rolling V Ranch Water
19 Control and Improvement District No. 3 of Wise County shall appoint
20 one director who must be a qualified voter who resides in:

21 (A) Rolling V Ranch Water Control and Improvement
22 District No. 1 of Wise County;

23 (B) Rolling V Ranch Water Control and Improvement
24 District No. 2 of Wise County;

25 (C) Rolling V Ranch Water Control and Improvement
26 District No. 3 of Wise County; or

27 (D) Rolling V Ranch Water Control and Improvement

District No. 4 of Wise County; and

(4) the board of directors of the New Fairview Municipal Utility District No. 1 shall appoint one director who must be a qualified voter who resides in that district.

(b) The initial directors serve until the date the directors are appointed under Section 11021.0202.

(c) The initial board may not take any action unless at least 65 percent of the initial directors vote in favor of the action.

(d) This section expires on the second anniversary of the effective date of the Act enacting this chapter.

Sec. 11021.0202. COMPOSITION OF BOARD. (a) Each participant or contract member shall appoint one member to the board and the Commissioners Court of Wise County shall appoint one member to the board.

(b) An entity that contracts with the district more than five years after the effective date of the Act enacting this chapter is entitled to representation on the board only under the rules established by the board for the admission of board members and member entities. For a contract member to which this section applies, the board may establish rules regarding:

(1) appointing members to the board by the contract member;

(2) voting authority of a board member appointed by the contract member; and

(3) for a member appointed by the contract member, voting weight for that board member appointed by the contract

1 member.

2 Sec. 11021.0203. VOTES OF DIRECTORS. (a) Directors who are
3 appointed by the participants are entitled to vote on all matters
4 before the board, including all projects to be considered by the
5 board in all service areas of the district, regardless of whether
6 the participant is participating in the project.

7 (b) A board vote concerning the authorization of and
8 financial commitments for capital projects must be determined as
9 provided by this section.

10 (c) Each participant that is receiving or that has
11 contracted to receive service or capacity, including that service
12 or capacity to be received as a result of the capital project then
13 under consideration, has one vote for each four million gallons per
14 day, or portion of that amount, of service or capacity for which the
15 participant has contracted with the district. The amount for which
16 the participant has contracted shall be determined by taking into
17 account the amount of service or capacity the participant receives
18 from a water treatment plant, a wastewater treatment plant, or a raw
19 water supply, or any combination of the preceding.

20 (d) Each participant with a population of 50,000 or more is
21 entitled to one extra vote that may be cast on those matters
22 requiring a weighted vote.

23 (e) Participation in capital projects financed by the
24 district through the issuance of special facility bonds entitles
25 that entity to be classified as a participant, but does not entitle
26 that entity to receive any credit toward the four million gallons
27 per day of service or capacity standard established in Subsection

1 (c).

2 (f) A director who is appointed by a contract member that is
3 not a participant is entitled to one vote on all matters before the
4 board except those matters that require a weighted vote.

5 (g) Regardless of the date on which an entity became a
6 member, the entity is not entitled to a number of weighted votes
7 that exceeds 25 percent of the weighted votes of all directors
8 eligible to vote for a capital project.

9 Sec. 11021.0204. TERMS OF OFFICE. (a) Except as otherwise
10 provided by this chapter, directors serve staggered four-year terms
11 in accordance with the procedures to be adopted by the initial
12 board.

13 (b) A director may serve consecutive terms.

14 Sec. 11021.0205. DIRECTOR QUALIFICATIONS AND COMPENSATION.
15 (a) Subject to Subsection (b), a director must be a qualified voter
16 who resides in the district and must qualify to serve by taking the
17 oath of office and furnishing evidence of the person's
18 qualifications to serve on the board consistent with the
19 requirements of this chapter.

20 (b) A director appointed by the commissioners court of the
21 county under Section 11021.02015 or 11021.0202 must be a qualified
22 voter who resides in an unincorporated area of the county.

23 (c) A director is not entitled to receive compensation for
24 serving as a director, but may be reimbursed for actual reasonable
25 expenses necessarily incurred on behalf of the district or in the
26 discharge of official duties.

27 Sec. 11021.0206. EX OFFICIO BOARD MEMBERS. The board may

1 establish a category of ex officio directors and may provide for the
2 duties and responsibilities of the ex officio members in bylaws or
3 rules to be adopted by the board.

4 Sec. 11021.0207. BOARD PROCEDURES. (a) The board shall
5 prepare and adopt bylaws for the district, and shall hold regular,
6 special, or emergency meetings at times and on days or dates as
7 specified in those bylaws.

8 (b) A majority of the directors constitutes a quorum for the
9 transaction of district business, and approval of at least a
10 majority of the directors present at a meeting is necessary for
11 approval of any matter coming before the board, except in a
12 situation in which a weighted vote is required. If a weighted vote
13 is required, a majority of the weighted vote of all directors
14 eligible to vote is necessary for approval of any matter coming
15 before the board.

16 (c) The board shall provide in its bylaws for the method of
17 execution for all contracts, the signing of checks, and the
18 handling of any other matters approved by the board. The board
19 shall elect new officers annually.

20 (d) The board shall designate in the bylaws a regular place
21 for board meetings.

22 Sec. 11021.0208. BOARD OFFICERS. (a) The officers of the
23 board include the president, one or more vice presidents, a
24 secretary, and a treasurer.

25 (b) The board shall elect a president and any vice president
26 from among its members.

27 (c) The board may appoint a secretary, one or more assistant

1 secretaries, a treasurer, an assistant treasurer, and other
2 officers that are necessary. The secretary, assistant secretaries,
3 treasurer, and assistant treasurer are not required to be members
4 of the board.

5 (d) The president is the chief executive officer of the
6 district and shall preside over the meetings of the board. A vice
7 president may perform any duty and exercise any power of the
8 president when the president is absent or fails, refuses, or is
9 unable to act.

10 (e) The secretary or one of the assistant secretaries is
11 responsible for keeping the minutes of the meetings of the board and
12 all official records of the board and may certify the accuracy or
13 authenticity of any actions, proceedings, minutes, or records of
14 the board or of the district.

15 (f) The duties of the other officers may be prescribed by
16 the bylaws of the district.

17 Sec. 11021.0209. EMPLOYEES. The board may appoint and
18 employ any person, firm, corporation, partnership, and other entity
19 considered necessary to conduct the affairs of the district,
20 including engineers, attorneys, financial advisors, accountants, a
21 general manager, and other employees or consultants.

22 Sec. 11021.0210. CUSTOMER ADVISORY COUNCIL. (a) The board
23 shall establish a customer advisory council composed of one
24 representative from each customer receiving service from the
25 district.

26 (b) The members of the customer advisory council may act as
27 provided in the bylaws of the district or rules of the board, but

1 the customer advisory council may not vote on matters coming before
2 the board.

3 Sec. 11021.0211. CONFLICT OF INTEREST. The members of the
4 board and all other officers of the district are subject to the
5 conflict of interest provisions of Chapter 572, Government Code, in
6 the same manner as an elected or appointed officer expressly
7 subject to that chapter.

8 SUBCHAPTER C. POWERS AND DUTIES

9 Sec. 11021.0301. GENERAL POWERS AND DUTIES. (a) Subject to
10 specific provisions of this chapter, the district and the board
11 have the rights, powers, privileges, authority, and functions
12 granted by Section 59, Article XVI, Texas Constitution, including
13 the rights, powers, privileges, authority, and functions conferred
14 by Chapters 49 and 54, Water Code, relating to municipal utility
15 districts, together with the additional rights, powers,
16 privileges, authority, and functions authorized by this chapter.

17 (b) The district may not levy or collect ad valorem taxes.

18 (c) If any general law is in conflict or inconsistent with
19 this chapter, this chapter prevails.

20 Sec. 11021.0302. PLANNING AND ACQUISITION OF WORKS AND
21 FACILITIES. The district may plan, lay out, purchase, construct,
22 acquire, own, operate, maintain, repair, and improve, inside or
23 outside the territory of the district, any works, improvements,
24 facilities, plants, equipment, and appliances, including:

25 (1) any administrative properties and facilities;

26 (2) any permits, franchises, licenses, or contract or
27 property rights; and

1 (3) any levees, drains, waterways, lakes, reservoirs,
2 channels, conduits, sewers, dams, stormwater detention facilities,
3 or other similar facilities and improvements, whether for
4 municipal, industrial, agricultural, flood control, or related
5 purposes, that are necessary, helpful, or incidental to the
6 exercise of any right, power, privilege, authority, or function
7 provided by this chapter, including:

8 (A) supplying water for municipal, domestic, and
9 industrial uses, and all other beneficial uses or controls;

10 (B) collecting, treating, processing, disposing
11 of, and controlling all domestic or industrial wastes, whether in
12 fluid, solid, or composite state;

13 (C) gathering, conducting, diverting,
14 controlling, and treating local stormwater or local harmful
15 excesses of water in the territory of the district; and

16 (D) irrigating and altering land elevations in
17 the territory of the district where needed.

18 Sec. 11021.0303. ACQUISITION OF PROPERTY; EMINENT DOMAIN.

19 (a) The district may acquire, by purchase or by exercise of the
20 power of eminent domain, any land, easements, rights-of-way, or
21 other property or improvements inside or outside the territory of
22 the district, including land above the probable high water line
23 around any reservoirs in which the district has an ownership or
24 operational interest, that are needed or are appropriate to carry
25 out the powers and functions of the district.

26 (b) The district may exercise the power of eminent domain in
27 the manner and with the privileges, rights, and immunities

1 available under the laws of this state, including Chapter 21,
2 Property Code.

3 (c) The district may not exercise the power of eminent
4 domain to acquire:

5 (1) any property located in a municipality or water
6 district located wholly or partly in the county without first
7 notifying the governing body of the municipality or water district
8 in whose jurisdiction the subject property is located;

9 (2) any property located outside the county to be used
10 as a water supply reservoir without first notifying the county or
11 counties in which the reservoir is to be located;

12 (3) any property owned by the county, any
13 municipality, any water district, or any agency or instrumentality
14 of the county, municipality, or water district; or

15 (4) a waterworks system or a wastewater system that is
16 owned by a municipality, a political subdivision of the state,
17 private persons, or a nonprofit corporation.

18 Sec. 11021.0304. ADDITIONAL GENERAL AUTHORITY. The
19 district may:

20 (1) acquire, construct, improve, maintain, and
21 operate wholesale water and wastewater systems and treatment works
22 necessary to provide service to district customers; and

23 (2) acquire, construct, improve, and maintain any
24 water supply, reservoir, or interest in any water supply or
25 reservoir necessary to fully implement the powers and duties of the
26 district as provided by this chapter.

27 Sec. 11021.0305. PROVIDING SERVICES OUTSIDE DISTRICT. On

1 approval of the board of directors, the district may elect to
2 provide water, wastewater, solid waste, or nonhazardous liquid
3 waste services outside its service area, but the district may not be
4 compelled to supply those services for use outside its service area
5 except by order of the state agency that has jurisdiction over those
6 matters.

7 Sec. 11021.0306. RIGHTS OF BASIC SERVICE AREA. The basic
8 service area has the primary right to water or wastewater treatment
9 capacity and to water supply in each classification that the
10 district secures under permit from the state agency that has
11 jurisdiction.

12 Sec. 11021.0307. RIGHTS PROTECTED. (a) This chapter does
13 not compel any customer or prospective customer to secure water or
14 wastewater service from the district, except under contracts
15 voluntarily executed.

16 (b) This chapter does not alter any outstanding permit,
17 contract, or other obligation, nor does this chapter in any manner
18 impair the rights of any entity to own, operate, maintain, or
19 otherwise use or control any water, wastewater, solid waste, or
20 liquid waste system in accordance with the law applicable to that
21 entity.

22 Sec. 11021.0308. DISPOSAL SYSTEMS. (a) The district may
23 exercise the powers needed to establish, acquire, operate, and
24 maintain a regional solid waste disposal system and a nonhazardous
25 liquid waste disposal system.

26 (b) The district shall provide the services afforded by a
27 disposal system to:

1 (1) any user as determined by the board if the services
2 are to be rendered in the basic service area of the district; and

3 (2) any customer if the services are to be rendered
4 outside the basic service area.

5 Sec. 11021.0309. WATER QUALITY RULES. (a) The district may
6 adopt and enforce rules to protect water quality in and flowing to
7 or from the areas in or surrounding the lakes, reservoirs, and other
8 sources of water supply owned, operated, or controlled by the
9 district.

10 (b) The rules shall be adopted for the purpose of the
11 prevention of waste or unauthorized use of water controlled by the
12 district and of the regulation of privileges on any land,
13 reservoir, or easement owned or controlled by the district.

14 (c) The rules shall be adopted and enforced in accordance
15 with Subchapter D, Chapter 54, Water Code, and must be consistent
16 with the applicable rules of any state agency that has jurisdiction
17 over those sources of water supply.

18 (d) Under a contract with a county, municipality, or water
19 district, the district may adopt and enforce rules applicable in
20 the boundaries of the county, municipality, or water district and
21 in other areas under the jurisdiction of the county, municipality,
22 or water district to:

23 (1) preserve and protect the quality and sanitary
24 condition of all water, sanitary sewage, and stormwater that may
25 affect a water supply of the county, municipality, or water
26 district or the district or the waters of the state;

27 (2) prevent waste or unauthorized use of water,

1 sanitary sewage, or stormwater under the jurisdiction of a county,
2 municipality, or water district or the district; or

3 (3) implement water conservation measures and
4 programs in the district.

5 (e) Rules adopted under Subsection (d):

6 (1) may not exceed the authority of the county,
7 municipality, or water district;

8 (2) must be consistent with and no more stringent than
9 state or federal requirements;

10 (3) must conform to the terms of the contract; and

11 (4) are not applicable within a municipality or water
12 district that is not a party to the contract or does not consent to
13 the rules applying within the municipality or water district.

14 (f) The district shall publish once a week for two
15 consecutive weeks in one or more newspapers with general
16 circulation in the district a notice of the substance of rules
17 adopted under Subsection (d) and of any penalties for a violation of
18 the rules.

19 (g) A person may not be charged with an offense under this
20 section before the fifth day after the date of the second
21 publication of the notice.

22 (h) A person who violates a rule or order adopted by the
23 board under this section commits an offense. An offense under this
24 section is a Class C misdemeanor.

25 Sec. 11021.0310. GENERAL CONTRACT AUTHORITY. (a) The
26 district may enter into contracts with the United States, an agency
27 of the United States, a municipality, a water district, or another

1 public or private person considered necessary in the exercise of
2 the powers and purposes of the district.

3 (b) The district may enter into contracts to acquire,
4 purchase, rent, lease, or operate the water production, water
5 supply, water filtration or purification, water supply facilities,
6 or other water or wastewater facilities that are owned or operated
7 by the contracting person.

8 (c) The district may acquire water appropriation permits
9 and other necessary permits directly from the appropriate agency of
10 the state or from owners of permits.

11 (d) Contracts that require a payment of money by the
12 district may be made payable from any general or specific source of
13 funds as determined by the board.

14 Sec. 11021.0311. CONTRACTS WITH WATER SUPPLY ENTITIES. (a)
15 A municipality, water district, public agency, political
16 subdivision, or any nonprofit water supply corporation doing
17 business wholly or partly in the district or a subdistrict may enter
18 into any contract with the district that is considered appropriate
19 by its governing body.

20 (b) The governing body of an entity listed in Subsection (a)
21 may pledge to the payment of a contract any source of revenue that
22 may be available to the governing body, including the levy and
23 collection of ad valorem taxes, if that entity has the authority to
24 levy and collect those taxes.

25 (c) To the extent a governing body pledges to the payment of
26 the contract money to be derived from its own water system, its
27 wastewater system, or its combined system, the payments constitute

1 an operating expense of that system.

2 Sec. 11021.0312. REGULATORY POWER OF MUNICIPALITIES. This
3 chapter does not exempt the district or a subdistrict or land
4 located in the district from the terms and provisions of an
5 applicable ordinance, code, resolution, platting and zoning
6 requirement, rule, or regulation of a municipality.

7 Sec. 11021.0313. CREATION EXPENSES. The district is
8 authorized to pay all costs and expenses incurred in the creation
9 and organization of the district.

10 SUBCHAPTER D. FINANCIAL PROVISIONS

11 Sec. 11021.0401. RATES AND CHARGES. (a) The district may
12 establish rates and charges to be assessed against customers of the
13 district for each service rendered to those customers. The rates
14 and charges may be established by classes of customers, by project,
15 or by area of service. The district may not impose a rate or charge
16 in the territory or service area of a participant or contract member
17 unless the district imposes the same rate or charge in the territory
18 or service area of all participants and contract members.

19 (b) If revenue bonds or other obligations payable wholly
20 from revenue are issued, the board shall establish and revise rates
21 of compensation for water sold and for wastewater or other services
22 rendered by the district that will be sufficient to pay the expense
23 of operating and maintaining the facilities of the district, to pay
24 those bonds and obligations as they mature and the interest as it
25 accrues, and to maintain the reserve and other funds as provided by
26 the resolution or order authorizing those bonds or obligations.

27 Sec. 11021.0402. CHARGES, FEES, AND RENTALS. (a) The

1 district may adopt, enforce, and collect all necessary charges,
2 fees, or rentals for providing district facilities or services and
3 may require a deposit for any service or facilities furnished. The
4 district may provide that the deposit bear interest.

5 (b) The district may discontinue a facility or service to
6 prevent an abuse or enforce payment of an unpaid charge, fee, or
7 rental due the district.

8 (c) A municipality, water district, public agency,
9 political subdivision, or any other entity that contracts with the
10 district may establish, charge, and collect fees, rates, charges,
11 rentals, and other amounts for any service or facility provided
12 under or in connection with a contract with the district, and to
13 pledge sufficient amounts to make all payments required under the
14 contract.

15 Sec. 11021.0403. DISTRICT AUDIT. The district shall have
16 the funds and accounts of the district audited by an independent
17 auditor. The district shall maintain a copy of any audit performed
18 under this section in the official records of the district.

19 Sec. 11021.0404. BONDS, NOTES, AND OTHER OBLIGATIONS. (a)
20 The district may issue its revenue bonds, notes, revenue
21 anticipation notes, bond anticipation notes, short-term
22 obligations, refunding bonds, or other obligations for any of its
23 purposes without an election and on those terms the board
24 determines to be appropriate.

25 (b) Obligations issued by the district may be made payable
26 from all or part of the revenues of the district derived from any
27 lawful source, including a contract with a customer or user of the

facilities owned or operated by the district under this chapter or from the ownership and operation of any waterworks system, wastewater system, sewer system, solid waste disposal system, or nonhazardous liquid waste system, or any combination of those systems. Additionally, those obligations may be paid from and secured by liens on and pledges of all or part of any of the revenue, income, or receipts derived by the district from its ownership, operation, lease, or sale of the property, buildings, structures, or facilities, including the proceeds or revenues from contracts with a person, firm, corporation, municipality, water district, public agency, or other political subdivision or entity.

Sec. 11021.0405. BOND PROCEDURES. (a) The district's bonds or other obligations may be issued to mature serially or otherwise not later than 40 years from their date of issuance, and provision may be made for the subsequent issuance of additional parity obligations, or subordinate lien obligations, under terms or conditions in the resolution authorizing the issuance of the obligations.

(b) The obligations are negotiable instruments within the meaning of Chapter 8, Business & Commerce Code.

(c) The district's bonds or other obligations shall be executed and may be made redeemable before maturity, issued in the form, denominations, and manner, and under the terms, conditions, and details, and sold in the manner, at the price, and under the terms provided by the bond resolution.

(d) The district's bonds and obligations shall bear interest at rates provided in the resolution authorizing the

1 issuance of the bonds or other obligations.

2 (e) If provided in the authorizing resolution, the proceeds
3 from the sale of the bonds or other obligations may be used to pay
4 interest on those bonds or other obligations during the period of
5 the acquisition or construction of any facilities to be provided
6 through the issuance of the bonds or other obligations, to pay
7 expenses of operation and maintenance of facilities, to create a
8 reserve fund for the payment of the principal of and interest on the
9 bonds or other obligations, and to create any other funds.

10 (f) The proceeds from the sale of bonds or other obligations
11 may be placed on time deposit or invested to the extent and in the
12 manner provided by the authorizing resolution.

13 (g) The district may pledge all or any part of its revenue,
14 income, or receipts from fees, rentals, rates, charges, or contract
15 proceeds or payments to the payment of the district's bonds or other
16 obligations, including the payment of principal, interest, and any
17 other amounts required or permitted in connection with the bonds or
18 other obligations. The pledged fees, rentals, rates, charges,
19 proceeds, or payments shall be established and collected in amounts
20 that will be at least sufficient, together with any other pledged
21 resources, to provide for the payment of expenses in connection
22 with the bonds or other obligations, and for operation,
23 maintenance, and other expenses in connection with the facilities
24 for which the bonds or other obligations were issued.

25 (h) The district's bonds and other obligations may be
26 additionally secured by mortgages or deeds of trust on real
27 property owned or to be acquired by the district, and by chattel

1 mortgages or liens on any personal property appurtenant to that
2 real property. The board may authorize the execution of trust
3 indentures, mortgages, deeds of trust, or other forms of
4 encumbrances. Also, the district may pledge to the payment of the
5 obligations all or any part of any grant, donation, revenue, or
6 income received or to be received from the United States government
7 or any other public or private source.

8 (i) The district shall issue its bonds and other obligations
9 in accordance with Chapters 1201 and 1371, Government Code, as
10 applicable.

11 Sec. 11021.0406. DEPOSITORY. (a) The board, by order or
12 resolution, shall designate one or more banks inside or outside the
13 district to serve as depository for the district's money.

14 (b) Except as specifically provided by this chapter, the
15 district's money shall be deposited in the depository bank or
16 banks.

17 (c) The district's money may be invested as provided by law
18 for the investment of county funds and may be invested in accordance
19 with Chapter 2256, Government Code.

20 (d) The district's money shall be secured in the manner
21 provided by law for investment of public funds.

22 SUBCHAPTER E. SUBDISTRICTS

23 Sec. 11021.0501. CREATION OF SUBDISTRICTS. To provide for
24 the orderly development of water, wastewater, and other services of
25 the district in the territory of the district and to prevent
26 unnecessary duplication of facilities, the district may create
27 subdistricts.

1 Sec. 11021.0502. PETITION. (a) A petition requesting the
2 creation of a subdistrict in the district may be presented to the
3 board of the district.

4 (b) The petition must be signed by at least 25 persons who
5 own property in the boundaries of the proposed subdistrict, or the
6 petition may be submitted by the governing body of a municipality or
7 water district if accompanied by a resolution of the governing body
8 authorizing the submission of the petition.

9 (c) A petition must specify:

10 (1) the boundaries of the proposed subdistrict as
11 required by the board;

12 (2) the general nature of the improvements to be
13 acquired, constructed, or otherwise implemented in the
14 subdistrict;

15 (3) the necessity and feasibility of those
16 improvements; and

17 (4) the proposed method for funding those
18 improvements.

19 (d) If a subdistrict is proposed in the corporate limits or
20 extraterritorial jurisdiction of a municipality, the petition
21 requesting the creation of the subdistrict must be accompanied by
22 an official action of the governing body of the municipality in
23 whose jurisdiction the subdistrict is proposed approving the
24 creation of the subdistrict. If the governing body of the
25 municipality in whose jurisdiction the subdistrict is proposed
26 objects to the creation of the subdistrict, the subdistrict may not
27 be created in the incorporated limits or the extraterritorial

1 jurisdiction of that municipality.

2 Sec. 11021.0503. NOTICE AND HEARING. (a) The board shall
3 set a date for a hearing on a petition not earlier than the 30th day
4 and not later than the 90th day after the date the petition is
5 presented to the district.

6 (b) Notice of the hearing shall be given to each
7 municipality in whose boundaries or extraterritorial jurisdiction
8 the proposed subdistrict is to be located.

9 (c) A copy of the notice of the hearing also shall be posted
10 in three public places located in the proposed subdistrict and at
11 the county courthouse not later than the 14th day before the date
12 set for the hearing.

13 (d) Notice of the hearing shall be published at least one
14 time in a newspaper of general circulation in the county not later
15 than the 10th day before the date of the hearing.

16 Sec. 11021.0504. APPEARANCE AT AND PROCEDURES FOR HEARING.
17 An interested person may appear at the hearing for the purpose of
18 supporting or opposing the creation of the subdistrict. The
19 hearing shall be conducted in accordance with the procedures
20 established by the board.

21 Sec. 11021.0505. BOARD ORDER. (a) After the public
22 hearing, the board shall enter an order in the official records of
23 the district making its findings.

24 (b) If the board considers the creation of a subdistrict to
25 be feasible and practical and finds that the creation of the
26 proposed subdistrict will be beneficial to the public, will benefit
27 the residents of and the land included in the proposed subdistrict,

1 and will contribute to the orderly growth and development of the
2 regional water and wastewater systems within the district, the
3 board shall enter an order granting the petition and ordering the
4 creation of the subdistrict under Section 11021.0506.

5 (c) The board shall include its findings in the order and
6 shall file the order in the official records of the district.

7 (d) The order shall define the boundaries of the
8 subdistrict, but the board is not required to include in the
9 subdistrict all of the land described in the petition if the board
10 in its judgment determines that a modification or change in the
11 subdistrict is necessary or beneficial to the public.

12 (e) If the board finds the subdistrict not to be feasible,
13 practical, or beneficial, the board shall enter an order dismissing
14 the petition and the proposed subdistrict may not be created. The
15 dismissal order does not affect the ability to petition for the
16 creation of a subdistrict covering the same territory at a later
17 time.

18 Sec. 11021.0506. CONFIRMATION ELECTION REQUIREMENT. If the
19 board orders the creation of a subdistrict, the subdistrict shall
20 be created and in existence from and after the date stated in the
21 order of the district, without the necessity of a confirmation
22 election in the boundaries of the subdistrict. The subdistrict
23 does not have the authority to levy or collect ad valorem taxes.

24 Sec. 11021.0507. STATUS OF SUBDISTRICTS. (a) A
25 subdistrict is a conservation and reclamation district under
26 Section 59, Article XVI, Texas Constitution, with the powers
27 granted in that section.

1 (b) Except as otherwise provided by this chapter, a
2 subdistrict has the powers specified in this chapter and the same
3 powers as the district, including the power of eminent domain, and
4 is subject to the same limitations.

5 (c) A subdistrict may not provide services outside its
6 boundaries, except that it may provide retail water and sewer
7 services in its customer service area as certificated by a state
8 regulatory agency.

9 Sec. 11021.0508. SUBDISTRICT GOVERNING BOARD. (a) A
10 subdistrict is governed by a board of supervisors consisting of at
11 least five members, as determined by the district's board at the
12 time the creation petition is granted.

13 (b) The initial board of supervisors shall be appointed by
14 the district from among the residents of the subdistrict.

15 (c) The district shall make the appointments for terms
16 specified in the order creating the subdistrict but not to exceed
17 four years.

18 (d) The initial supervisors are subject to removal, with or
19 without cause, by action of the district's board.

20 (e) Vacancies on the board of supervisors shall be filled by
21 the district's board for the unexpired term.

22 (f) Except for the initial supervisors and before the
23 issuance of bonds, notes, or other obligations of the subdistrict,
24 members of the board of supervisors shall be elected in the manner
25 provided by Chapter 49, Water Code. The election shall be held on
26 the first Saturday in May. At the initial election of supervisors,
27 the supervisors' positions shall be divided by the district's board

1 into two groups as nearly equal as possible for the purpose of
2 electing initial supervisors for two-year terms and four-year
3 terms. Successor supervisors serve four-year terms.

4 Sec. 11021.0509. GENERAL POWERS OF SUBDISTRICTS. (a) A
5 subdistrict may exercise the powers provided by this chapter and
6 shall own and manage the affairs, works, and projects of the
7 subdistrict subject to any contracts with the district.

8 (b) The issuance of bonds by the subdistrict is not
9 effective until the issuance is approved by official action of the
10 district's board.

11 Sec. 11021.0510. SUPERVISORS' COMPENSATION. The members of
12 the board of supervisors are not entitled to receive compensation
13 for serving as supervisors but may be reimbursed for actual
14 reasonable expenses necessarily incurred on behalf of the
15 subdistrict or in the discharge of their official duties.

16 Sec. 11021.0511. STATUS OF SUBDISTRICT. A subdistrict may
17 only become a participant of the district.

18 Sec. 11021.0512. CONVERSION OF WATER SUPPLY CORPORATION TO
19 A SUBDISTRICT. (a) On the adoption of a conversion resolution by
20 the board of directors of any nonprofit water supply corporation
21 doing business wholly or partly in the territory of the district,
22 the board may consider the question of converting the nonprofit
23 water supply corporation to a subdistrict by following the
24 procedures provided by this subchapter for creation of
25 subdistricts.

26 (b) The resolution required by Subsection (a) shall
27 include, in addition to the information required by Section

1 11021.0502, a plan of conversion, including the proposed method for
2 the transfer of assets and the assumption of debts to the
3 subdistrict.

4 Sec. 11021.0513. MEETINGS OF BOARD OF SUPERVISORS. The
5 board of supervisors of a subdistrict shall hold regular, special,
6 or emergency meetings at the times and on the dates the board
7 determines.

8 Sec. 11021.0514. SUBDISTRICT OFFICE; MEETING PLACE. The
9 board of supervisors of each subdistrict shall designate a meeting
10 place in the subdistrict as the regular office and meeting place,
11 but the regular meeting place may be at the regular meeting place of
12 the district if approved by order of the district.

13 Sec. 11021.0515. TAX EXEMPTION. (a) All property owned,
14 operated, leased, or controlled by the district or a subdistrict is
15 exempt from taxation.

16 (b) District or subdistrict bonds, transactions relating to
17 the bonds, and profits made in the sale of the bonds are exempt from
18 state taxation or taxation by a municipality, county, special
19 district, or other political subdivision of the state.

20 SECTION 2. (a) The legal notice of the intention to
21 introduce this Act, setting forth the general substance of this
22 Act, has been published as provided by law, and the notice and a
23 copy of this Act have been furnished to all persons, agencies,
24 officials, or entities to which they are required to be furnished
25 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
26 Government Code.

27 (b) The governor, one of the required recipients, has

1 submitted the notice and Act to the Texas Commission on
2 Environmental Quality.

3 (c) The Texas Commission on Environmental Quality has filed
4 its recommendations relating to this Act with the governor, the
5 lieutenant governor, and the speaker of the house of
6 representatives within the required time.

7 (d) All requirements of the constitution and laws of this
8 state and the rules and procedures of the legislature with respect
9 to the notice, introduction, and passage of this Act are fulfilled
10 and accomplished.

11 SECTION 3. Each entity that enters into a contract with the
12 Wise Regional Water District before the second anniversary of the
13 effective date of this Act and qualifies to be a participant or
14 contract member shall appoint one member to the board of directors
15 of the Wise Regional Water District before the second anniversary
16 of the effective date of this Act.

17 SECTION 4. (a) Sections 11021.0303 and 11021.0507(b),
18 Special District Local Laws Code, as added by Section 1 of this Act,
19 take effect only if this Act receives a two-thirds vote of all the
20 members elected to each house.

21 (b) If this Act does not receive a two-thirds vote of all the
22 members elected to each house, Subchapter C, Chapter 11021, Special
23 District Local Laws Code, as added by Section 1 of this Act, is
24 amended by adding Section 11021.0303 to read as follows:

25 Sec. 11021.0303. ACQUISITION OF PROPERTY; NO POWER OF
26 EMINENT DOMAIN. (a) The district may acquire by purchase any land,
27 easements, rights-of-way, or other property or improvements inside

1 or outside the boundaries of the district, including land above the
2 probable high water line around any reservoirs in which the
3 district has an ownership or operational interest, that are needed
4 or are appropriate to carry out the powers and functions of the
5 district.

6 (b) The district may not exercise the power of eminent
7 domain.

8 (c) If this Act does not receive a two-thirds vote of all the
9 members elected to each house, Section 11021.0507, Special District
10 Local Laws Code, as added by Section 1 of this Act, is amended by
11 adding Subsection (b) to read as follows:

12 (b) Except as otherwise provided by this chapter, a
13 subdistrict has the powers specified in this chapter and the same
14 powers as the district and is subject to the same limitations. The
15 subdistrict may not exercise the power of eminent domain.

16 (d) This section is not intended to be an expression of a
17 legislative interpretation of the requirements of Section 17(c),
18 Article I, Texas Constitution.

19 SECTION 5. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2025.