

SUBJECT: Changing interlocal contract requirements for certain water utilities

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 8 ayes — Cortez, Holland, Bernal, Campos, Gates, Jarvis Johnson,
Minjarez, Slaton

0 nays

1 absent — Morales Shaw

WITNESSES: For — Hope Wells, San Antonio Water System

Against — None

BACKGROUND: Government Code sec. 791.011(d) requires that an interlocal contract be authorized by the governing body of each party to the contract unless one party is a municipally owned electric utility, in which case the governing body may establish procedures for entering into interlocal contracts not exceeding \$100,000 without such authorization.

It has been suggested that the San Antonio Water System would benefit from the streamlined process for entering into interlocal contracts not exceeding \$100,000 currently available to municipal electric utilities.

DIGEST: HB 1861 would allow a water utility owned by a municipality containing more than 75 percent of the population of a county with a population of at least 1.5 million (San Antonio) to enter into interlocal contracts not exceeding \$100,000 without the approval of the municipality's governing body, subject to the governing body's establishment of procedures for doing so.

The bill would take effect September 1, 2021, and would apply only to an interlocal contract entered into on or after that date.