

BILL ANALYSIS

Senate Research Center

H.B. 3181
By: Turner (Lindsay)
Natural Resources
5/20/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Texas Constitution authorizes the creation of conservation and reclamation districts to plan, develop and regulate the use of water. In 1975, the Texas Legislature created the Harris-Galveston County Subsidence District (district) "for the purpose of ending subsidence, which contributes to or precipitates flooding, inundation, or overflow of the district, including without limitation rising waters resulting from storms or hurricanes." The district has an overall goal to reduce groundwater withdrawal to no more than 20 percent of the area's total water demand by 2030. To meet this goal, the district has imposed groundwater reduction requirements on water providers, including municipal utility districts (MUDs). To comply with the district's requirements, municipal utility districts have joined together in regional water authorities to efficiently convert from groundwater to surface water. In 1999, the North Harris County Regional Water Authority was authorized by the legislature and the West Harris Regional Authority was created in 2001.

H.B. 3181 creates the Central Harris County Regional Water Authority (authority) comprised of 11 MUDs primarily located north of the City of Houston, east of SH 249, south of FM 1960 and west of I-45. The authority will include: Harris County MUD No. 33, Harris County MUD No. 150, Harris County MUD No. 200, Harris County MUD No. 205, Harris County MUD No. 215, Harris County MUD No. 217, Harris County MUD No. 304, Harris County MUD No. 399, Harris County MUD No. 16, Fallbrook MUD, and Rankin Road West MUD.

Creation of the authority will allow MUDs in this region to participate in an entity through which they can influence water decisions for the area, provide a mechanism to prepare a combined groundwater reduction plan for all entities within the authority and combine resources to purchase surface water for the region.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Central Harris County Regional Water Authority in SECTION 1 (Sections 8815.006, 8815.102, 8815.108, 8815.109, and 8815.110, Special District Local Laws) of this bill.

Rulemaking authority is expressly granted to the board of directors of the Central Harris County Regional Water Authority in SECTION 1 (Sections 8815.055, 8815.103, and 8815.105, Special District Local Laws) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle H, Title 6, Special District Local Laws Code, by adding Chapter 8815, as follows:

CHAPTER 8815. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8815.001. DEFINITIONS. Defines "authority," "board," "commission," "director," "district," "groundwater reduction plan," "local government," "member district," "subsidence," "subsidence district," "system," "water," and "well."

Sec. 8815.002. NATURE OF AUTHORITY. Provides that the authority is a regional water authority in Harris County created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8815.003. CONFIRMATION ELECTION NOT REQUIRED. Provides that an election to confirm the creation of the Central Harris County Regional Water Authority (authority) is not required.

Sec. 8815.004. AUTHORITY TERRITORY. (a) Provides that the initial territory of the authority consists of the combined territories of each of the member districts as of the effective date of the law creating this chapter, regardless of whether the territory contains noncontiguous parcels of land or whether the territory is located within the boundaries of any other governmental entity or political subdivision of this state.

(b) Authorizes the authority to annex additional territory under Section 8815.006.

(c) Authorizes territory to be excluded from the authority under Section 8815.005.

Sec. 8815.005. EXCLUSION OF CERTAIN TERRITORY. (a) Authorizes all of the land within that member district, on the mutual agreement of the board of directors of the authority (board) and the governing body of a member district, to be excluded from the authority.

(b) Absolves the authority of certain responsibilities towards a member district if that member district is excluded from the authority's boundaries under this section.

(c) Authorizes the authority to annex a member district excluded from the authority's boundaries under this section if that member district petitions the authority to be annexed under Section 8815.006. Authorizes the authority to require, as a condition of annexation, terms and conditions the board considers appropriate. Authorizes the authority to require the district to pay the authority the fees, user fees, charges, and special assessments, with interest, that, as determined by the authority, the district would have been charged by the authority if the district had not been excluded from the authority under this section.

Sec. 8815.006. ANNEXATION. (a) Provides that to the extent the authority agrees in writing, a municipality's annexation of territory within the authority does not affect the authority's powers inside or outside the annexed territory, the authority's boundaries or contracts, or the authority's ability to assess fees, user fees, rates, charges, or special assessments inside or outside the territory annexed by the municipality.

(b) Authorizes territory within the authority annexed by a municipality to be excluded from the authority under a written agreement between the authority and the municipality.

(c) Authorizes territory be annexed to the authority, regardless of whether the territory is contiguous to the authority, as provided by Chapter 49 (Provisions Applicable to All Districts), Water Code.

(d) Authorizes the authority, in addition to the authority granted by Subsection (c), regardless of whether the territory is contiguous to the authority, to annex all of the territory located within a district if the district files with the authority a petition requesting the annexation signed by a majority of the members of the governing body of the district. Requires the petition to include an accurate legal description of the boundaries of the district. Requires the authority, if the authority has bonds, notes, or other obligations outstanding, to require the petitioning district to be obligated to pay its share of the principal of and interest on the outstanding bonds, notes, or other obligations, and related costs. Authorizes the authority to require the petitioning district to pay a portion of the

expenses incurred by the member districts in connection with the organization, creation, and administration of the authority. Authorizes the board to grant the petition and order the district annexed to the authority if certain conditions are met.

(e) Provides that any territory that a member district annexes after the effective date of the Act creating this chapter becomes territory of the authority only on the adoption of an order or resolution by the board consenting to the inclusion of the additional territory within the authority. Authorizes the authority by rule to require all member districts to send to the authority written notice of the effective date of an annexation and require the member districts to send to the authority copies of any necessary documents describing the annexed land and describing the member districts' boundaries and actual and projected water usage requirements as they exist after inclusion of the annexed land.

(f) Provides that the annexation to the authority of territory under this section does not affect the validity of the authority's bonds issued before or after the annexation.

(g) Provides that a municipality that annexes territory of the authority for limited purposes under Subchapter F (Limited Purpose Annexation), Chapter 43, Local Government Code, does not have certain rights.

Sec. 8815.007. **APPLICABILITY OF OTHER LAW.** (a) Provides that, except as otherwise provided by this chapter, Chapter 49, Water Code, applies to the authority.

(b) Provides that this chapter does not prevail over or preempt a provision of Chapter 36 (Groundwater Conservation Districts), Water Code, or Chapter 8801 (Harris-Galveston Coastal Subsidence District) of this code that is being implemented by the subsidence district.

[Reserves Sections 8815.008-8815.020 for expansion.]

SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 8815.021. **INITIAL DIRECTORS.** (a) Sets forth the names of the initial directors of the board.

(b) Requires the directors, at the first meeting of the initial board, or as soon as practicable after that meeting, to draw lots to determine the expiration of their terms and which two director precincts appoint a director in the first even-numbered year in which directors are appointed.

Sec. 8815.022. **EXPIRATION OF SUBCHAPTER.** Provides that this subchapter expires September 1, 2010.

[Reserves Sections 8815.023-8815.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8815.051. **DIRECTORS; TERMS.** (a) Provides that the authority is governed by a board of five directors.

(b) Provides that the directors serve staggered four-year terms that expire May 15 of even-numbered years.

(c) Requires each director to qualify to serve as director in the manner provided by Section 49.055 (Sworn Statement, Bond, and Oath of Office), Water Code.

Sec. 8815.052. **ELIGIBILITY TO SERVE AS DIRECTOR.** (a) Sets forth the eligibility requirements to serve as a director or to be listed on a ballot as a candidate for director.

(b) Requires an individual, to be eligible to serve as a director representing a director precinct or to be listed on a ballot as a candidate for director representing a director precinct under Section 8815.055, in addition to satisfying the requirements under Subsection (a), to own land or be a qualified voter within the director precinct.

(c) Provides that a director serves until the director's successor has qualified.

Sec. 8815.053. DISQUALIFICATION OF DIRECTORS. Provides that the common law doctrine of incompatibility does not disqualify an official or employee of a public entity from serving as a director. Authorizes a director, notwithstanding any other law, to participate in all votes and decisions pertaining to the business of the authority except that a director who is also an officer or employee of a public entity is prohibited from participating in the discussion of or vote on a matter regarding a contract with that public entity.

Sec. 8815.054. SINGLE-MEMBER DIRECTOR PRECINCTS. (a) Sets forth the three single-member precincts of the authority.

(b) Authorizes the board to redraw the single-member director precincts in a manner that is reasonable and equitable after any change in the boundaries of the authority or by a resolution redrawing the director precincts adopted by a majority of the board based on changed circumstances.

Sec. 8815.055. METHOD OF APPOINTMENT OF DIRECTORS. (a) Provides that one director is appointed from each of the three director precincts and two directors are appointed at large. Requires two directors from director precincts and one director at large to be appointed in the first even-numbered year after the authority is created, and requires one director from a director precinct and one director at large to be appointed in the next even-numbered year after the authority is created. Requires the appropriate number of directors to be appointed each subsequent even-numbered year.

(b) Requires the governing bodies of the member districts located within a director precinct jointly to appoint one director to represent the precinct by a vote conducted as provided by this section in the appropriate even-numbered year. Requires the governing bodies of each member district to appoint one director for an at-large position by a vote conducted as provided by this section each even-numbered year.

(c) Provides that if a member district is located within two or more director precincts, the member district is considered, for purposes of this subchapter, to be located only within the director precinct in which the greatest amount of territory of the member district is located.

(d) Requires the board, for the appointment of a director for a director precinct, to determine the number of votes each member district may cast. Sets forth the method for determining the number of votes the governing body of each member district may cast. Requires the board to provide the presiding officer of each governing body of a member district within each director precinct written notice of the number of votes computed for that governing body to cast.

(e) Requires the board to determine the number of votes each member district may cast for the appointment of a director for an at-large position. Sets forth the method for determining the number of votes the governing body of each member district may cast. Requires the board to provide the presiding officer of each governing body of a member district within each director precinct written notice of the number of votes computed for that governing body to cast.

(f) Requires the board, for purposes of Subsections (d) and (e), to determine the amount of water usage of all member districts within each director precinct.

(g) Authorizes the governing body of each member district in a director precinct by resolution to nominate one candidate for the position of director for that director precinct in the appropriate even-numbered year. Requires each member district to submit the name of its candidate, if any, to the presiding officer of the authority by February 15 of that year. Authorizes the board, if by February 15 of that year only one candidate's name is submitted for the position of director for a director precinct, to declare the unopposed candidate elected and to cancel the director appointment procedures generally required by this section for that position. Requires the board, if more than one candidate's name is submitted for the position of director for a director precinct, before March 15 of that year, to prepare, for the director precinct or precincts from which a director is being appointed, a ballot listing all of the candidates for that director precinct and to provide a copy of the appropriate ballot to the presiding officer of the governing body of each member district located within the director precinct or precincts from which a director is being appointed.

(h) Authorizes the governing body of each member district in the authority by resolution to nominate one candidate for the at-large director position. Requires each member district to submit the name of its candidate, if any, to the presiding officer of the authority by February 15 of each even-numbered year. Authorizes the board, if by February 15 of that year only one candidate's name is submitted for the at-large director position, the to declare the unopposed candidate elected and to cancel the director appointment procedures generally required by this section for that position. Requires the board, if more than one candidate's name is submitted for the at-large director position, before March 15 of that year, the board to prepare a ballot listing all of the candidates for the at-large director position and to provide a copy of the ballot to the presiding officer of the governing body of each member district.

(i) Prohibits an individual from being listed as a candidate on the ballot for more than one director position. Requires a candidate, if the candidate is nominated for more than one director position, to choose to be on the ballot for only one director position.

(j) Requires the governing body of each member district to determine its votes for director by resolution and submit them to the presiding officer of the authority before May 1 of each even-numbered year. Authorizes the governing body of each member district, in casting its votes for director, to vote for only one candidate on the ballot for the director precinct in which the member district is located and for one candidate on the at-large position ballot. Requires the board, for each director precinct from which a director is being appointed, to count the votes, declare elected the candidate who received the greatest number of votes from member districts located within that director precinct, and submit the results before May 15 of that year to the governing body of each member district within that director precinct. Requires the board, for the at-large position, to count the votes, declare elected the candidate who received the greatest number of votes, and submit the results before May 15 of that year to the governing body of each member district.

(k) Authorizes the board to adopt rules regarding the manner and timing of determinations and computations required by this section, the reporting of water usage to the authority by member districts, and the conduct and process of the appointment of directors.

Sec. 8815.056. VACANCY IN OFFICE OF DIRECTOR. Sets forth the methods and procedures for filling vacancies in the office of director, and authorizes the board to modify the deadlines of the appointment process, within certain limitations.

Sec. 8815.057. MEETINGS AND ACTIONS OF BOARD. (a) Authorizes the board to meet as many times each year as the board considers appropriate.

(b) Provides that directors are public officials and entitles directors to governmental immunity for their actions in their capacity as directors and officers of the authority.

(c) Authorizes directors to receive fees of office and reimbursement of expenses as provided by Section 49.060 (Fees of Office; Reimbursement), Water Code.

Sec. 8815.058. GENERAL MANAGER. (a) Authorizes the board to employ a general manager of the authority or contract with a person to perform the duties of a general manager. Authorizes the board to delegate to the general manager full authority to manage and operate the affairs of the authority subject only to orders of the board.

(b) Authorizes the board to delegate to the general manager the authority to employ all persons necessary for the proper handling of the business and operation of the authority and to determine the compensation to be paid to all employees, other than the general manager.

[Reserves Sections 8815.059-8815.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8815.101. GENERAL POWERS AND DUTIES. (a) Sets forth the powers and duties of the authority.

(b) Provides that Sections 49.451-49.455 (relating to a board of directors), Water Code, do not apply to the authority.

(c) Provides that the authority has all the rights, powers, privileges, authority, functions, and duties necessary and convenient to accomplish the purposes of this chapter.

(d) Provides that the authority's rights, powers, privileges, authority, functions, and duties are subject to the continuing right of supervision of the state, to be exercised by and through the Texas Commission on Environmental Quality (TCEQ).

Sec. 8815.102. AUTHORITY RULES. Authorizes the authority to adopt and enforce rules reasonably required to implement this chapter, including rules governing procedures before the board and rules regarding implementation, enforcement, and any other matters related to the authority's water supply or groundwater reduction plan.

Sec. 8815.103. FEES, USER FEES, RATES, AND CHARGES. (a) Authorizes the authority to establish fees, user fees, rates, and charges and classifications of payers of fees and rates as necessary to enable the authority to fulfill the authority's purposes and regulatory functions provided by this chapter. Authorizes the authority to impose fees, user fees, rates, and charges on any person within the authority.

(b) Authorizes the authority to charge the owner of a well located within the authority's boundaries a fee or user fee according to the amount of water pumped from the well.

(c) Requires the board to make reasonable efforts to send member districts written notice of the date, time, and location of the meeting at which the board intends to adopt a proposed charge under Subsection (b) and the amount of the proposed charge. Provides that the board's failure to comply with this subsection does not invalidate a charge adopted by the board under Subsection (b).

(d) Requires the board to exempt from the charge under Subsection (b) classes of wells that are not subject to any groundwater reduction requirement imposed by the subsidence district. Authorizes the authority, if any of those classes of wells

become subject to a groundwater reduction requirement imposed by the subsidence district, to impose the charge under Subsection (b) on those classes. Authorizes the board by rule to exempt any other classes of wells from the charge under Subsection (b). Prohibits the board from applying the charge under Subsection (b) to certain wells.

(e) Authorizes the authority to establish fees, user fees, rates, and charges that are sufficient to achieve certain functions.

(f) Authorizes the authority to charge rates established by the authority for water purchased from the authority.

(g) Authorizes the authority to impose fees, user fees, or charges for the importation of water into the authority's boundaries from a source located outside the authority's boundaries.

Sec. 8815.104. PURCHASE OF WATER FROM ANOTHER ENTITY. (a) Requires the authority, if it purchases water from another entity for resale to local governments, to use its best efforts in negotiating with the entity to determine the amount of capital costs included in any rates or charges paid by the authority. Requires the authority to determine the amount of expected capital costs of its own system.

(b) Requires the authority to provide each member district information regarding the share of the capital costs to be paid by the member district, as determined by the authority, and to provide each member district the opportunity, in a manner and by a procedure determined by the authority, to fund its share of the capital costs with proceeds from the sale of bonds or fees and charges collected by the member districts. Authorizes a member district to use any lawful source of revenue, including bond funds, to pay any sums due to the authority.

Sec. 8815.105. ASSESSMENTS. (a) Authorizes the board to undertake improvement projects and services that confer a special benefit on all or a definable part of the authority. Authorizes the board to impose special assessments on property in that area, including property of a local government, based on the benefit conferred by the improvement project or services, to pay all or part of the cost of the project and services. Authorizes the board to provide improvements and services to an area outside the boundaries of the authority if the board determines that there is a benefit to the authority. Authorizes the authority to may finance with special assessments any improvement project or service authorized by this chapter or any other applicable law.

(b) Authorizes services or improvement projects to be financed with special assessments under this chapter only after the board holds a public hearing on the advisability of the improvements and services and the proposed assessments.

(c) Requires the board to publish notice of the hearing in a newspaper or newspapers with general circulation in Harris County. Requires the publication to be made not later than the 30th day before the date of the hearing.

(d) Sets forth the information the notice provided under this section must include.

(e) Requires written notice containing the information required by Subsection (d) to be mailed by certified mail, return receipt requested, not later than the 30th day before the date of the hearing. Requires notice to be mailed to each member district. Requires the subsidence district to provide to the authority a list of the member districts that hold a well permit issued by the subsidence district.

(f) Authorizes the board to establish rules regarding procedures for a hearing. Authorizes a hearing on the services or improvement project, whether conducted by the board or a hearings examiner, to be adjourned from time to time. Requires the board, at the conclusion of a hearing conducted by the board, to make written findings and conclusions relating to the advisability of the improvement project or

services, the nature of the improvement project or services, the estimated cost, and the area benefited. Requires the hearings examiner, if the board appoints a hearings examiner to conduct the hearing, after conclusion of the hearing, to file with the board a written report of the examiner's findings and conclusions.

(g) Requires the board, at a hearing on proposed assessments, on adjournment of the hearing, or after consideration of the hearings examiner's report, to hear and rule on all objections to each proposed assessment. Authorizes the board to amend proposed assessments for any property. Requires the board, after the board hears and takes action on those objections, by order, to impose the assessments as special assessments on the property and specify the method of payment of the assessments. Authorizes the board at that time to provide that those assessments, including interest, be paid in periodic installments.

(h) Requires periodic installments to be in amounts sufficient to meet annual costs for services and improvements as provided by Subsection (j) and continue for the number of years required to retire the indebtedness or pay for the services to be rendered. Authorizes the board to provide interest charges or penalties for failure to make timely payment and to impose an amount to cover delinquencies and expenses of collection.

(i) Authorizes the board, if assessments are imposed for more than one service or improvement project, the board to provide that assessments collected for one service or improvement project may be borrowed to be used for another service or improvement project. Requires the board to establish a procedure for the distribution or use of any assessments in excess of those necessary to finance the services or improvement project for which those assessments were collected.

(j) Requires the board to apportion the cost of an improvement project or services to be assessed against the property in the authority according to the special benefits that accrue to the property because of the improvement project or services. Authorizes the board to assess the cost only according to the number of gallons of groundwater pumped from wells within the authority that are subject to a groundwater reduction requirement imposed by the subsidence district. Prohibits the board from assessing the cost according to groundwater pumped from certain wells.

(k) Authorizes the area of the authority to be assessed according to the findings of the board to be the entire authority or any part of the authority and to be less than the area proposed in the notice of the hearing.

(l) Prohibits the area to be assessed from including property that is not within the authority boundaries at the time of the hearing unless there is an additional hearing, following the required notice.

(m) Authorizes the owner of land annexed to the authority after the authority has imposed assessments, notwithstanding Subsection (l), to waive the right to notice and an assessment hearing and to agree to the imposition and payment of assessments at an agreed rate for land annexed to the authority. Authorizes a member district to waive the right to notice and an assessment hearing for land within its boundaries annexed to the authority and to agree to the imposition and payment of assessments at an agreed rate for the annexed land.

(n) Requires the board to have prepared an assessment roll showing the assessments against each property and the board's basis for the assessment. Requires the assessment roll to be filed with the secretary of the board or other officer who performs the function of secretary and open for public inspection.

(o) Authorizes the board, after notice and hearing in the manner required for an original assessment, to make supplemental assessments to correct certain omissions or mistakes in the assessment.

Sec. 8815.106. INTEREST AND PENALTIES. Authorizes the board to require the payment of interest on any late or unpaid fees, user fees, rates, charges, and special assessments due the authority, and sets a cap on the interest rate. Authorizes the board to impose penalties for the failure to make a complete or timely payment to the authority. Authorizes the board to exclude a member district or other person, or any territory or well owned or controlled by a member district or other person, from the authority's groundwater reduction plan for failure to make a complete or timely payment to the authority.

Sec. 8815.107. ADMINISTRATIVE PENALTY; INJUNCTION. (a) Provides that a person who violates a rule or order of the authority is subject to an administrative penalty of not more than \$5,000, as determined by the board, for each violation or each day of a continuing violation. Requires the person to pay the penalty to the authority.

(b) Authorizes the authority to bring an action to recover the penalty in a district court in the county where the violation occurred.

(c) Authorizes the authority to bring an action for injunctive relief in a district court in the county where a violation of an authority rule or order occurs or is threatened to occur. Authorizes the court to grant to the authority, without bond or other undertaking, a prohibitory or mandatory injunction that the facts warrant, including a temporary restraining order, temporary injunction, or permanent injunction.

(d) Authorizes the authority to bring an action for an administrative penalty and injunctive relief in the same proceeding.

Sec. 8815.108. WATER SUPPLY OR DROUGHT CONTINGENCY PLANS. Authorizes the authority by rule to develop, prepare, revise, adopt, implement, enforce, and manage comprehensive water supply or drought contingency plans for the authority, or any portion of the authority.

Sec. 8815.109. GROUNDWATER REDUCTION PLAN. (a) Authorizes the authority, notwithstanding any other law, regardless of whether the authority enters into contracts with local governments located within its boundaries, and regardless of whether the authority holds any well permit issued by the subsidence district under Chapter 8801, by rule to wholly or partly develop, prepare, revise, adopt, implement, enforce, manage, or participate in a groundwater reduction plan that is applicable only to the authority or a groundwater reduction plan that is applicable to the authority and one or more persons outside the authority. Authorizes the authority to require that any groundwater reduction plan that the authority wholly or partly develops, prepares, revises, adopts, implements, enforces, or manages or in which the authority participates be the exclusive groundwater reduction plan that is binding and mandatory on some or all of the territory, member districts or other persons, or wells located within the authority. Sets forth the authorized contents of a groundwater reduction plan, and authorizes the plan to be amended from time to time at the discretion of the authority.

(b) Authorizes fees, user fees, rates, charges, and special assessments of the authority to be imposed under this chapter for a person's participation in and benefit derived from the authority's groundwater reduction plan or a groundwater reduction plan in which the authority participates.

Sec. 8815.110. ACQUISITION, CONSTRUCTION, AND OPERATION OF SYSTEMS. (a) Sets forth the authorized actions of the authority relating to managing water in the district.

(b) Provides that except as otherwise provided by this chapter, the provisions of Chapter 49, Water Code, pertaining to competitive bidding apply to the authority.

(c) Authorizes the authority to enter into certain contracts, according to terms and conditions the board considers desirable, fair, and advantageous, with a person outside the authority's boundaries.

(d) Authorizes the authority by rule to require that the plans and specifications of water lines to be constructed within the authority that are designed or intended to serve more than one member district or more than one person owning or holding a well permit issued by the subsidence district be approved by the authority before the commencement of construction of the water lines.

Sec. 8815.111. SALE OR REUSE OF WATER OR BY-PRODUCT. Authorizes the authority to store, sell, or reuse water or any by-product from the authority's operations.

Sec. 8815.112. CONTRACTS. (a) Authorizes the authority to enter into a contract with a person for the performance of a purpose or function of the authority, including a contract to design, construct, finance, lease, own, manage, operate, or maintain works, improvements, facilities, plants, equipment, or appliances necessary to accomplish a purpose or function of the authority. Authorizes a contract to be of unlimited duration.

(b) Authorizes the authority to purchase, acquire, finance, or lease an interest in a project used for a purpose or function of the authority.

(c) Authorizes the authority to contract for certain goods and services.

(d) Authorizes the authority to purchase surplus property from this state, the United States, or another public entity through a negotiated contract without bids.

Sec. 8815.113. COOPERATION WITH AND ASSISTANCE OF OTHER GOVERNMENTAL ENTITIES. (a) Authorizes the board, in implementing this chapter, to cooperate with and request the assistance of the Texas Water Development Board, TCEQ, the United States Geological Survey, the subsidence district, other local governments, and other agencies of the United States and this state.

(b) Authorizes the subsidence district to enter into an interlocal contract with the authority to carry out the authority's purposes and to carry out the governmental functions and services specified in the interlocal contract.

(c) Requires the board to endeavor to coordinate with the City of Houston to develop a plan for a system to distribute surface water in an economical and efficient manner to the authority.

(d) Requires the board, in an attempt to minimize costs associated with preparing a groundwater reduction plan, to consider the usefulness of water supply studies and plans prepared by or on behalf of the North Harris County Regional Water Authority, the West Harris County Regional Water Authority, the City of Houston, or other governmental entities to the extent those studies or plans are available and applicable to the authority.

Sec. 8815.114. GIFTS AND GRANTS. Authorizes the authority to accept a gift or grant from money collected by the subsidence district under Chapter 8801 to fund the construction, maintenance, or operation of a water treatment or supply system.

Sec. 8815.115. EXPENDITURES. (a) Sets forth the methods by which the authority's money may be disbursed

(b) Requires disbursements of the authority to be signed by at least a majority of the directors. Authorizes the board, notwithstanding any other law, by resolution to allow the general manager, treasurer, bookkeeper, or other employee of the authority to sign disbursements, except as limited by Subsection (c).

(c) Authorizes the board by resolution to allow disbursements to be transferred by federal reserve wire system to accounts in the name of the authority without the necessity of any directors signing the disbursement. Requires disbursements of the authority's money by federal reserve wire system to any accounts not in the name of the authority to be signed by at least a majority of the directors.

Sec. 8815.116. AD VALOREM TAXATION. Prohibits the authority from imposing an ad valorem tax.

Sec. 8815.117. EMINENT DOMAIN. (a) Authorizes the authority to acquire by condemnation any land, easements, or other property inside the authority's boundaries to further authorized purposes, powers, or duties of the authority. Authorizes the authority to acquire by condemnation any land, easements, or other property outside the authority's boundaries for the purpose of pumping, storing, treating, or transporting water. Authorizes the authority, when exercising the power of eminent domain granted by this section, to elect to condemn either the fee simple title or a lesser property interest.

(b) Requires the authority to exercise the right of eminent domain in a certain manner. Provides that the authority is not required to give bond for appeal or bond for costs in a condemnation suit or other suit to which it is a party. Provides that the authority is not required to deposit more than the amount of an award in a suit.

(c) Prohibits the authority from using the power of eminent domain for the condemnation of land for the purpose of acquiring rights to groundwater or for the purpose of acquiring water or water rights.

(d) Prohibits the authority from using the power of eminent domain for the condemnation of certain property.

(e) Authorizes the authority, notwithstanding certain provisions, to use the power of eminent domain to acquire property that is not owned by the City of Houston that is within the municipal limits of the City of Houston under certain circumstances.

Sec. 8815.118. CONSENT REQUIRED FOR SERVICE OUTSIDE OF AUTHORITY.

(a) Requires the authority, notwithstanding any contrary provision of this subchapter, to obtain the consent of the City of Houston before providing water service to any person or territory outside the boundaries of the authority.

(b) Provides that Subsection (a) does not apply to a person or territory that receives water service or has contracted to receive water service from a member district on the effective date of the Act creating this chapter.

[Reserves Sections 8815.119-8815.150 for expansion.]

SUBCHAPTER D. BONDS AND NOTES

Sec. 8815.151. REVENUE BONDS AND NOTES. (a) Authorizes the authority to issue bonds or notes payable solely from revenue from any source.

(b) Authorizes notes issued by the authority to be first or subordinate lien notes at the board's discretion.

(c) Authorizes the authority, in connection with any bonds or notes of the authority, to exercise any power of an issuer under Chapter 1371, Government Code.

(d) Authorizes the authority to conduct a public, private, or negotiated sale of the bonds or notes.

(e) Authorizes the authority to enter into one or more indentures of trust to further secure its bonds or notes.

(f) Authorizes the authority to issue bonds or notes in more than one series as necessary to carry out the purposes of this chapter. Authorizes the authority, in issuing bonds or notes secured by revenue of the authority, to reserve the right to issue additional bonds or notes secured by the authority's revenue that are on a parity with or are senior or subordinate to the bonds or notes issued earlier.

(g) Authorizes a resolution of the board authorizing the bonds or notes or a trust indenture securing the bonds or notes to specify additional provisions that constitute a contract between the authority and its bondholders or noteholders.

(h) Authorizes bonds and notes to be additionally secured by deed of trust or mortgage on any or all of the authority's facilities.

(i) Provides that Sections 49.153, 49.154, and 49.181 (regarding bonds and notes), Water Code, do not apply to bonds or notes issued by the authority. Provides that TCEQ rules regarding bonds or notes do not apply to bonds or notes issued by the authority.

SECTION 2. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 3. Effective date: upon passage or September 1, 2005.