

BILL ANALYSIS

Senate Research Center
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S.B. 675
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Agriculture, Water & Rural Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 675 allows certain municipalities to contract with an entity for the development of a reclaimed water project and allows the municipality to pledge revenues from the completed project and supply reclaimed water as payment for the cost of the design, construction, etc., of the facility and infrastructure. This pledge would be considered an operating expense of the municipality. These projects would be exempt from contracting and procurement requirements applicable to the municipality and Chapter 2254, Government Code.

As proposed, S.B. 675 amends current law relating to the development of and contracting for reclaimed water facilities in certain municipalities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 552, Local Government Code, by adding Section 552.024, as follows:

Sec. 552.024. MUNICIPAL CONTRACT FOR RECLAIMED WATER FACILITY IN CERTAIN MUNICIPALITIES. (a) Defines "reclaimed water project."

(b) Provides that this section applies only to a home-rule municipality that has a population of at least 99,000 and not more than 160,000; is located in two counties, only one of which has a population of at least 132,000 and not more than 170,000; and owns and operates a water system, sewer system, or combined system.

(c) Authorizes a municipality to which this section applies to execute, perform, and make payments under a contract with any person for the development of a reclaimed water project and the provision of water from that project.

(d) Provides that a contract under this section is an obligation of the municipality that:

(1) is authorized to provide that:

(A) the contract is payable from a pledge of the revenues of the water system, sewer system, or combined system of the municipality; or

(B) the payments from the municipality are an operating expense of the water system, sewer system, or combined system of the municipality; and

(2) is prohibited from being made payable from ad valorem taxes.

(e) Authorizes a contract to be in the form and on the terms considered appropriate by the governing body of the municipality; be for the term approved by the governing body of the municipality and contain an option to renew or extend the term; provide for the design, construction, and financing of the reclaimed water project by the person with whom the municipality contracts for the development of the reclaimed water project; and provide for the provision of reclaimed water for industrial purposes at specified rates for the term approved by the governing body of the municipality as part of the consideration for the acquisition of the reclaimed water project by the municipality.

(f) Provides that, if a contract provides for the design, construction, and financing of the reclaimed water project by the person with whom the municipality contracts, a contract procurement or delivery requirement applicable to the municipality, and Chapter 2254 (Professional and Consulting Services), Government Code, do not apply to the reclaimed water project.

(g) Provides that Subchapter I (Adjudication of Claims Arising Under Written Contracts with Local Governmental Entities), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), applies to a written contract entered into under this section as if the contract were a contract described by Section 271.151(2) (relating to the definition of "contract subject to this subchapter").

(h) Provides that, to the extent of a conflict with another statute or municipal charter provision or ordinance, this section controls.

(i) Provides that the validity or enforceability of a contract entered into under this section by a municipality is not affected if, after the contract is entered into, the municipality no longer meets the requirements described by Subsection (b).

SECTION 2. Provides that this Act applies to a contract entered into before the effective date of this Act that is made contingent on this Act taking effect.

SECTION 3. Effective date: upon passage or September 1, 2017.