

By: Creighton
(Schubert)

S.B. No. 2014

Substitute the following for S.B. No. 2014:

By: Cortez

C.S.S.B. No. 2014

A BILL TO BE ENTITLED

AN ACT

relating to the administration of certain water districts.

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

SECTION 1. Section 49.181, Water Code, is amended by amending Subsection (f) and adding Subsections (i), (j), (k), and (l) to read as follows:

(f) The commission shall determine whether the project to be financed by the bonds is feasible and issue an order either approving or disapproving, as appropriate, the issuance of the bonds. If the commission determines that an application for the approval of bonds complies with the requirements for financial feasibility and the district submitting the application is not required to comply with rules regarding project completion, the commission may not disapprove the issuance of bonds for all or a portion of a project or require that the funding for all or a portion of a project be escrowed solely on the basis that the construction of the project is not complete at the time of the commission's determination. The commission shall retain a copy of the order and send a copy of the order to the district.

(i) An application for the approval of bonds under this section may include financing for payment of creation and organization expenses. Expenses are creation and organization expenses if the expenses were incurred through the date of the canvassing of the confirmation election. A commission rule

1 regarding continuous construction periods or the length of time for
2 the payment of expenses during construction periods does not apply
3 to expenses described by this section.

4 (j) The commission shall approve an application to issue
5 bonds to finance the costs of spreading and compacting fill to
6 remove property from the 100-year floodplain made by a levee
7 improvement district if the application otherwise meets all
8 applicable requirements for bond applications.

9 (k) The commission shall approve an application to issue
10 bonds to finance the costs of spreading and compacting fill to
11 provide drainage that is made by a municipal utility district or a
12 district with the powers of a municipal utility district if the
13 costs are less than the cost of constructing or improving drainage
14 facilities.

15 (l) If a district is approved for the issuance of bonds by
16 the commission to use a certain return flow of wastewater, the
17 approval applies to subsequent bond authorizations unless the
18 district seeks approval to use a different return flow of
19 wastewater.

20 SECTION 2. Section 49.273(i), Water Code, is amended to
21 read as follows:

22 (i) If changes in plans, [~~or~~] specifications, or scope of
23 work are necessary or beneficial to the district, as determined by
24 the board, after the performance of the contract is begun, or if it
25 is necessary or beneficial to the district, as determined by the
26 board, to decrease or increase the quantity of the work to be
27 performed or of the materials, equipment, or supplies to be

1 furnished, the board may approve change orders making the changes.
2 The board may grant authority to an official or employee
3 responsible for purchasing or for administering a contract to
4 approve a change order that involves an increase or decrease of
5 \$50,000 or less. The aggregate of the change orders that ~~[may not]~~
6 increase the original contract price by more than 25 percent~~[~~
7 ~~Additional change orders]~~ may be issued only as a result of
8 unanticipated conditions encountered during construction, repair,
9 or renovation or changes in regulatory criteria or to facilitate
10 project coordination with other political entities. A change order
11 is not subject to the requirements of Subsection (d) or (e).

12 SECTION 3. Sections 54.016(a), (b), and (f), Water Code,
13 are amended to read as follows:

14 (a) No land within the corporate limits of a city or within
15 the extraterritorial jurisdiction of a city, shall be included in a
16 district unless the city grants its written consent, by resolution
17 or ordinance, to the inclusion of the land within the district in
18 accordance with Section 42.042, Local Government Code, and this
19 section. The request to a city for its written consent to the
20 creation of a district, shall be signed by a majority in value of
21 the holders of title of the land within the proposed district as
22 indicated by the county tax rolls or, if there are more than 50
23 persons holding title to the land in the proposed district as
24 indicated by the county tax rolls, the request to the city will be
25 sufficient if it is signed by 50 holders of title to the land in the
26 district. A petition for the written consent of a city to the
27 inclusion of land within a district shall describe the boundaries

1 of the land to be included in the district by metes and bounds or by
2 lot and block number, if there is a recorded map or plat and survey
3 of the area, and state the general nature of the work proposed to be
4 done, the necessity for the work, and the cost of the project as
5 then estimated by those filing the petition. If, at the time a
6 petition is filed with a city for creation of a district, the
7 district proposes to connect to a city's water or sewer system or
8 proposes to contract with a regional water and wastewater provider
9 which has been designated as such by the commission as of the date
10 such petition is filed, to which the city has made a capital
11 contribution for the water and wastewater facilities serving the
12 area, the proposed district shall be designated as a "city service
13 district." If such proposed district does not meet the criteria for
14 a city service district at the time the petition seeking creation is
15 filed, such district shall be designated as a "noncity service
16 district." The city's consent shall not place any restrictions or
17 conditions on the creation of a noncity service district as defined
18 by this chapter [~~Chapter 54 of the Texas Water Code~~] other than
19 those expressly provided in Subsection (e) of this section and
20 shall specifically not limit the amounts of the district's bonds. A
21 city may not require annexation as a consent to creation of any
22 district. A city shall not refuse to approve a district bond issue
23 for any reason except that the district is not in compliance with
24 valid consent requirements applicable to the district. If a city
25 grants its written consent without the concurrence of the applicant
26 to the creation of a noncity service district containing conditions
27 or restrictions that the petitioning land owner or owners

1 reasonably believe exceed the city's powers, such land owner or
2 owners may petition the commission to create the district and to
3 modify the conditions and restrictions of the city's consent. The
4 commission may declare any provision of the consent to be null and
5 void. The commission may approve the creation of a district that
6 includes any portion of the land covered by the city's consent to
7 creation of the district. The legislature may create and may
8 validate the creation of a district that includes any portion of the
9 land covered by the city's consent to the creation of the district.

10 (b) If the governing body of a city fails or refuses to grant
11 permission for the inclusion of land within its extraterritorial
12 jurisdiction in a district, including a district created by a
13 special act of the legislature, within 90 days after receipt of a
14 written request, a majority of the electors in the area proposed to
15 be included in the district or the owner or owners of 50 percent or
16 more of the land to be included may petition the governing body of
17 the city and request the city to make available to the land the
18 water or sanitary sewer service contemplated to be provided by the
19 district.

20 (f) A city may provide in its written consent for the
21 inclusion of land in a district that is initially located wholly or
22 partly outside the corporate limits of the city that a contract
23 ("allocation agreement") between the district and the city be
24 entered into prior to the first issue of bonds, notes, warrants, or
25 other obligations of the district. The allocation agreement shall
26 contain the following provisions:

27 (1) a method by which the district shall continue to

1 exist following the annexation of all territory within the district
2 by the city, if the district is [~~initially~~] located outside the
3 corporate limits of the city at the time the creation of the
4 district is approved by the district's voters;

5 (2) an allocation of the taxes or revenues of the
6 district or the city which will assure that, following the date of
7 the inclusion of all the district's territory within the corporate
8 limits of the city, the total annual ad valorem taxes collected by
9 the city and the district from taxable property within the district
10 does not exceed an amount greater than the city's ad valorem tax
11 upon such property;

12 (3) an allocation of governmental services to be
13 provided by the city or the district following the date of the
14 inclusion of all of the district's territory within the corporate
15 limits of the city; and

16 (4) such other terms and conditions as may be deemed
17 appropriate by the city.

18 SECTION 4. The change in law made to Section 54.016(f),
19 Water Code, as amended by this Act, applies only to an agreement
20 entered into on or after the effective date of this Act. An
21 agreement entered into before the effective date of this Act is
22 governed by the law in effect on the date the agreement was entered
23 into, and the former law is continued in effect for that purpose.

24 SECTION 5. This Act takes effect September 1, 2017.