

SUBJECT: Creating a colonia self-help program and fund

COMMITTEE: Natural Resources — committee substitute recommended

VOTE: 8 ayes — Counts, T. King, Cook, Corte, Hilderbran, R. Lewis, Puente,
Walker

0 nays

1 absent — Hope

WITNESSES: For — Alsel Cisneros, Border Water Works; Yolanda Vasquez, Colonia
Express Way Heights; Marco A. Zapata, Unnamed Colonia in Hidalgo
County

Against — None

On — Scott Storment, Secretary of State; Leonard Olson, Water
Development Board

BACKGROUND: Colonias are low income communities in unincorporated subdivisions
characterized by substandard housing and the absence of paved roads and
basic services such as water, wastewater treatment, and electricity. The
Texas Water Development Board (TWDB) estimates that there are 1,500
colonias in Texas with an estimated population of 400,000.

Because of the distance of these rural colonias from communities with water
and wastewater services, providing services to colonias often is
economically impractical. To address this problem, some non-profit
organizations have begun to help colonia residents build their own water and
waste water projects. By building their own projects, colonia residents can
save up to 40 percent of the costs of a traditional project. These projects, in
which the people who will benefit from a project actively participate, are
called “self-help” projects.

Reimbursement financial assistance is a mechanism by which an organization
receives a grant to reimburse the organization for expenses incurred on a

project. Because an organization does not receive the reimbursement until after a project is completed, the mechanism ensures accountability.

DIGEST:

CSHB 2776 would amend the Water Code to create a colonia self-help program to provide grants to nonprofit organizations engaged in self-help water, wastewater, and platting projects within 50 miles of the Texas-Mexico border. The program would be co-administered by the TWDB and the Secretary of State's Office.

Money for the program would come from a colonia self-help account consisting of gifts, grants, donations, appropriations by the Legislature, transfers from the water assistance fund maintained by the TWDB and interest earned on money in the account. The grants provided by the program only could be used to reimburse nonprofit organizations for expenses incurred in a self-help project that resulted in the provision of adequate water or wastewater services to a colonia. Reimbursable expenses would include:

- ! construction expenses;
- ! facility planning expenses;
- ! platting expenses;
- ! surveying expenses;
- ! engineering expenses;
- ! equipment expenses; and
- ! other expenses necessary to provide water or wastewater services to the colonia, as determined by TWDB.

In order to be eligible for a grant, a nonprofit also would be required to have a demonstrated record of completing construction of these self-help projects. These nonprofits would be exempted from uniform grants and contract management requirements.

The governing board of the Water Development Board would award grants through an application process, and specific information would have to be included in an application. In evaluating the application for a grant, the board would have to consider the number, quality, and character of projects previously completed by the applicant, as well as the capability of the retail public utility to provide water or wastewater services to the colonia on completion of the project.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

NOTES:

The committee substitute made a number of changes to the bill, including adding a provision exempting grants made to nonprofits through the colonia self-help program from uniform grant and contract management requirements, allowing grants, gifts, and donations to be placed in the colonia self-help fund, and adding additional application requirements, among others. The substitute also added legislative findings.

The fiscal note estimated a cost of \$3 million to the general revenue fund on the assumption that the Legislature would choose to make an appropriation to the colonia self-help account.

The companion bill, SB 1501 by Lucio, was referred to the Senate Business and Commerce Committee.