

SUBJECT: Water and wastewater facility assistance in Harris and Fort Bend counties

COMMITTEE: Environmental Regulation — committee substitute recommended

VOTE: 7 ayes — Bonnen, Howard, Driver, Homer, T. King, Kuempel, W. Smith
0 nays

WITNESSES: For — Clyde Bailey, Aldine Water and Sewer and Aldine Improvement District; Scott Bean, Aldine Water and Sewer Authority; Robert Moreland
Against — None

BACKGROUND: Water Code ch. 15 contains the Texas Water Assistance Program, which governs several financial assistance programs administered by the Texas Water Development Board (TWDB). Ch. 16, subch. J governs the Economically Distressed Areas Program (EDAP), a program administered by TWDB that provides financial assistance to bring water and wastewater services to economically distressed areas where current water and wastewater facilities are inadequate. Ch. 17, subch. K governs financial assistance to economically distressed areas for water and wastewater services improvement projects.

Under current law, areas eligible for assistance under EDAP must be located in a county that has an international border or a per capita income 25 percent below the state average and unemployment 25 percent above the state average for the last three years. Sec. 16.343 requires TWDB to adopt model rules to assure that minimum water and wastewater standards are in place in residential areas of political subdivisions. These rules must, among their provisions, prohibit the establishment of residential developments with lots of five acres or less without adequate water and wastewater services in EDAP counties.

DIGEST: CSHB 467 would allow a county with a population of at least 3 million (Harris) or an adjacent county with a population of at least 350,000 (Fort Bend) to be eligible for financial assistance for provision of water and sewer services in economically distressed areas of the county.

Requirements regarding adoption by TWDB of model rules would apply to the counties included in this bill. Those counties could limit the applicability of their model rules to the portion of the county for which an application for financial assistance was made.

The 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, 2005.

SUPPORTERS
SAY:

CSHB 467 would help address a serious public health crisis in unincorporated areas in Harris and Fort Bend counties. According to a 1997 report, there are more than 55,000 homes in Harris County that operate with private water wells and septic tanks. In addition, there are four Fort Bend County communities with extensive water and wastewater infrastructure needs. With some areas experiencing rapid growth and overdevelopment, the proliferation of tanks has led to sewage overflowing and seeping into shallow water wells, creating a severe health hazard for residents. Because many lots are too small to sustain individual septic systems, connection to a wastewater plant is the only adequate solution. However, given the poverty of these communities, these areas would be unable to pay for loans to upgrade water and wastewater infrastructure on their own.

In order to meet the basic health needs of these areas, the state should enable these communities to qualify for the financial assistance programs operated by TWDB. Among these programs, EDAP successfully has administered \$542 million in state and federal funds to provide assistance to economically distressed communities, primarily along the Texas-Mexico border. The communities that would be served by this bill face challenges similar to the *colonias* that have received funds through EDAP, and there is no reasonable justification for denying similar opportunities to economically distressed areas in Harris and Fort Bend counties.

Extending water service to unincorporated areas makes strong economic sense. While many of the communities without water and wastewater infrastructure are poor, existence of water lines would enable businesses to move into the area, improving the tax base and providing jobs for residents. Investing in necessary infrastructure would be a wise use of state funds.

OPPONENTS
SAY:

It makes little sense for the state to get involved in what essentially is a local issue. Citizens in Harris and For Bend counties who want water infrastructure could set up a municipal utility district, as other communities have done.

The state has been putting millions of dollars toward paying for water infrastructure in economically distressed areas since 1989, and the problem has not gone away. It is time for the state to consider other options to address this issue, such as giving counties more authority to regulate development and provide services in unincorporated areas.

OTHER
OPPONENTS
SAY:

While HB 467 is a well intentioned piece of legislation, it simply would be inadequate to address needs in Harris and Fort Bend counties, not to mention in the state at large. There are many communities throughout the state with inadequate water and wastewater infrastructure that are not currently being served through EDAP, and it would be unfair to target homes in two counties to the exclusion of other areas. Instead, the Legislature should authorize an expanded program to qualify other unincorporated areas for EDAP funds. Little bond authority for EDAP remains, and a new issuance would be necessary to even begin to address the substantial needs in Harris and Fort Bend counties and around the state.

NOTES:

As introduced, HB 467 would not have required counties in the bill to adopt model rules for economically distressed areas.

As passed by the House, CSSB 1 by Ogden (Pitts), the general appropriations bill for fiscal 2006-07, includes an Article 11 contingency rider that would authorize water assistance grants to economically distressed areas of Harris and Fort Bend counties.

The companion bill, SB 1726 by Gallegos, has been referred to the Senate Natural Resources committee.

SB 964/SJR 27 by Lucio would authorize issuance of \$500 million in general obligation bonds to fund water and wastewater infrastructure in economically distressed areas in both border and non-border counties. SB 3/SJR 3 by Armbrister also would authorize issuance of \$500 million in general obligation bonds to fund water and wastewater infrastructure in

economically distressed areas. HB 3029 by Strama would broaden the eligibility of non-border counties to receive state water assistance funds.