

SUBJECT: Changing the powers and the board of the Gulf Coast Water Authority

COMMITTEE: Natural Resources — committee substitute recommended

VOTE: 11 ayes — Keffer, Ashby, D. Bonnen, Burns, Frank, Kacal, T. King,
Larson, Lucio, Nevárez, Workman

0 nays

WITNESSES: For — (*Registered, but did not testify*: Rick Ramirez, City of Sugarland;
Christina Wisdom, Shintech, Inc.; Daniel Womack, the Dow Chemical
Company)

Against — (*Registered, but did not testify*: Kenneth Clark, Galveston
County)

On — (*Registered, but did not testify*: Ben Sebree, Marathon Petroleum
Corporation)

DIGEST: CSHB 4168 would change the composition of the Gulf Coast Water
Authority's board of directors, which currently is composed of seven
members representing Galveston County, one member representing Fort
Bend County, and one member representing Brazoria County, to the
following composition:

- four directors appointed by the Galveston County Commissioners Court, with one representing municipal interests, two representing industrial interests, and one representing the county at large;
- two directors appointed by the Fort Bend County Commissioners Court, with one representing municipal interests and one representing the county at large; and
- three directors appointed by the Brazoria County Commissioners Court, with one each representing agricultural interests, municipal interests, and industrial interests.

The board appointments would have to be made by September 1, 2015.

Board members would draw lots to determine which four board members would serve a one-year term and which five members would serve a two-year term.

The bill also would allow the Gulf Coast Water Authority to enter into retail service agreements to purchase and sell electricity for their own use in connection with the acquisition of water.

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, 2015.

**SUPPORTERS
SAY:**

CSHB 4168 would allow the Gulf Coast Water Authority (GCWA) to better serve its growing customer base by changing the board composition and by allowing the authority to purchase and sell electricity in connection with the acquisition of water.

CSHB 4168 would change the composition of the existing board by increasing representation from Brazoria and Fort Bend counties to better reflect the authority's growing customer base. The GCWA supplies raw surface water to many major industrial, municipal, and agricultural interests in Galveston, Fort Bend, and Brazoria counties, one of the fastest-growing areas in the state. While the authority originally was created to serve industrial users in Galveston County, more than 40 percent of the authority's total contracted water volume is currently from Brazoria and Fort Bend counties. As population increases in certain areas and water supply demands evolve, GCWA must have a board that would take a more regional approach to addressing water needs. Even with a shift in board composition, industrial users would be well represented.

The bill also would help GCWA pursue alternative water sources to meet increased demands due to industrial expansion and a growing population. With the limited water availability in the Brazos River made worse by prolonged drought conditions, GCWA is looking to marine seawater as a potential source of public water supply. However, there are substantial energy costs associated with treating marine seawater to potable

standards. With this legislation, GCWA could invest in an integrated marine seawater desalination and power project to enhance development of freshwater for its customers. GCWA also could explore and invest in hydro power. By purchasing a small amount of hydro power output, GCWA could take advantage of the stored water associated with that power production.

**OPPONENTS
SAY:**

CSHB 4168, by changing the composition of the GCWA board to give more representation to Brazoria and Fort Bend counties, could create a struggle between industrial and municipal interests. GCWA was originally created to serve industrial users in Galveston County who financed much of the authority's infrastructure and who hold the senior water rights. Brazoria and Fort Bend counties are strictly customers and should not have increased representation on the board without a strategic plan for the increased demand that population growth in those counties will have on the water supply.

NOTES:

The author plans to offer an amendment requiring that those appointed to the Gulf Coast Water Authority be customers or a representative of an entity that was a customer of the district.