

SUBJECT: Adopting certain Sunset recommendations for the LCRA

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 11 ayes — Larson, Metcalf, Dominguez, Farrar, Harris, T. King, Lang, Nevárez, Oliverson, Price, Ramos

0 nays

SENATE VOTE: On final passage, April 15 — 31–0

WITNESSES: *On House companion bill, HB 1502:*

For — Phil Wilson, Lower Colorado River Authority; (*Registered, but did not testify:* Matthew Geske, Austin Chamber of Commerce; Cyrus Reed, Lone Star Chapter Sierra Club; Tom Oney, Lower Colorado River Authority; Kirby Brown, Lower Colorado River Basin Coalition; Donnis Baggett and Mike Hodges, Texas Press Association)

Against — James Lee Murphy, League of Independent Voters; Michele Gangnes, Simsboro Aquifer Water Defense Fund and Neighbors for Neighbors; Andrew Wier; (*Registered, but did not testify:* Linda Curtis, League of Independent Voters of Texas)

On — (*Registered, but did not testify:* Erick Fajardo, Sunset Advisory Commission)

BACKGROUND: The Legislature created the Lower Colorado River Authority (LCRA) in 1934 to develop, conserve, and protect the water of the lower Colorado River basin and to provide electricity to Central Texas. Today LCRA is authorized for a range of activities, including certain aspects of flood control, selling raw and treated water, and building and operating reservoirs.

Functions. LCRA engages in a number of key activities, including:

- operating the six dams of the Highland Lakes and 279 automated

- gauges of the Hydromet system;
- developing and conserving water supply resources for more than 1 million people;
- providing raw water to municipalities, utilities, agriculture, and industry in the lower Colorado River basin;
- maintaining parks and recreational facilities; and
- monitoring the water quality in the basin through the Texas Clean Rivers Program and the authority's environmental sciences laboratory.

The authority has jurisdiction over 10 counties in the lower Colorado River basin and provides raw water to a service area that covers 35 counties. LCRA also serves as a voting member and administrator of the Region K Regional Water Planning Group.

Governing structure. LCRA is governed by a 15-member board of directors appointed by the governor. Twelve directors represent the 10 counties within the authority's jurisdiction, of whom two represent Travis County, nine represent each of the other nine counties, and one director serves in an at-large position and may be appointed from any county other than Travis County. The final three directors are appointed from counties inside the LCRA electric service area but outside of its jurisdiction. Members serve staggered six-year terms, and the governor appoints the presiding officer.

Funding. LCRA receives no state appropriations and is not authorized to assess taxes. The authority's revenues are generated from the sale of electricity, electric transmission, and water services.

In fiscal 2017, the authority collected about \$1 billion in revenues and spent about \$928 million. About 93 percent of LCRA's funding comes from its electric operations, which are excluded from Sunset review. Other revenue sources include water and wastewater services, laboratory fees, and recreational fees.

Staffing. In fiscal 2018, LCRA employed 1,856 staff and spent about

\$234 million in salaries and benefits. Of these, 181 staff directly support water-related functions, 644 serve authority-wide functions, and 17 are commissioned peace officers. About 29 percent of LCRA staff are located at the authority's Austin headquarters, while the rest work in regional offices, dams, power plants, and other facilities.

SB 523 by Birdwell, enacted by the 84th Legislature in 2015, subjected the Lower Colorado River Authority to limited Sunset review every 12 years as if it were a state agency, except that the authority may not be abolished.

DIGEST:

SB 606 would adopt certain Sunset Advisory Commission recommendations for the Lower Colorado River Authority (LCRA). The bill also would require the authority to undergo Sunset review again as if it were a state agency scheduled to be abolished September 1, 2031.

The bill would require the authority to develop and implement a public engagement policy for its water supply projects. This policy would have to describe how the authority would seek to actively engage stakeholders, including the possible use of advisory committees, community panels, town hall meetings, and other strategies.

SB 606 also would apply standard Sunset provisions to LCRA. These provisions would require that:

- board members receive appropriate training on the laws and policies relating to the authority, and complete this training by December 1, 2019;
- the board develop alternative dispute resolution procedures to resolve disputes within the authority's jurisdiction;
- the board develop and implement policies for public testimony at board meetings, including for committee-of-the-whole meetings where every director is a member; and
- the board develop a system to track and act on complaints.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

SB 606 would improve the Lower Colorado River Authority's engagement with public stakeholders, which would create clear standards for the transparency of future water projects and improve the authority's customers' trust.

Developing groundwater resources is a natural extension and fulfillment of the authority's role as a water utility providing raw and treated water to stakeholders throughout the river basin. The recent agreement LCRA reached with concerned stakeholders over the development of groundwater in the Lost Pines Groundwater Conservation District is an example of how these interests can be successfully balanced to the benefit of the greater river basin.

**OPPONENTS
SAY:**

SB 606 would not go far enough in clarifying the competing interests of LCRA between developing groundwater resources, conserving the environment, and respecting the rights of local stakeholders. The clearest way to avoid these conflicts would be for the authority to get out of the groundwater development business.