

BILL ANALYSIS

Senate Research Center
85R895 DMS-F

H.B. 101
By: Craddick (Seliger)
Administration
5/8/2017
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The City of Midland's wastewater treatment plant is in need of improvements to come into compliance with Texas Commission on Environmental Quality regulations. The City of Midland and Pioneer Natural Resources have entered into a public-private partnership agreement and would like to have the terms validated to ensure their enforceability.

Pioneer has agreed to invest up to \$110 million to improve the City of Midland's wastewater treatment plant. In exchange for this private investment the City of Midland would provide Pioneer with a dedicated amount of treated effluent water at a reduced rate for a primary term of 28 years.

H.B. 101 amends current law relating to the development of and contracting for reclaimed water facilities in certain municipalities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 552, Local Government Code, by adding Section 552.024, as follows:

Sec. 552.024. MUNICIPAL CONTRACT FOR RECLAIMED WATER FACILITY IN CERTAIN MUNICIPALITIES. (a) Defines "reclaimed water project."

(b) Provides that this section applies only to a certain home-rule municipality.

(c) Authorizes a municipality to which this section applies to execute, perform, and make payments under a contract with any person for the development of a reclaimed water project and the provision of water from that project.

(d) Provides that a contract entered into under this section is an obligation of the municipality that is authorized to provide that the contract is payable from a pledge of the revenues of certain systems of the municipality or that the payments from the municipality are an operating expense of certain systems of the municipality and is prohibited from being made payable from ad valorem taxes.

(e) Authorizes a contract entered into under this section to be in the form and on the terms considered appropriate by the governing body of the municipality, be for the term approved by the governing body of the municipality and contain an option to renew or extend the term, provide for the design, construction, and financing of the reclaimed water project by the person with whom the municipality contracts for the development of the reclaimed water project, and provide for the provision of reclaimed water for industrial purposes at specified rates for the term approved by the governing body of the municipality as part of

the consideration for the acquisition of the reclaimed water project by the municipality.

(f) Provides that, if a contract entered into under this section provides for the design, construction, and financing of the reclaimed water project by the person with whom the municipality contracts, a contract procurement or delivery requirement applicable to the municipality does not apply to the reclaimed water project and Chapter 2254 (Professional and Consulting Services), Government Code, does not apply to the reclaimed water project.

(g) Provides that Subchapter I (Adjudication of Claims Arising Under Written Contracts With Local Governmental Entities), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), applies to a written contract entered into under this section as if the contract were a contract described by Section 271.151(2) (relating to the definition of "contract subject to this subchapter").

(h) Provides that, to the extent of a conflict with another statute or municipal charter provision or ordinance, this section controls.

(i) Provides that the validity or enforceability of a contract entered into under this section by a municipality is not affected if, after the contract is entered into, the municipality no longer meets the requirements described by Subsection (b).

SECTION 2. Provides that this Act applies to a contract entered into before the effective date of this Act that is made contingent on this Act taking effect.

SECTION 3. Effective date: upon passage or September 1, 2017.