

October 17, 2005

Re: Stakeholder Meeting for House Bill (HB) 828: HB 1208: HB 1644: HB 1673: HB 1763: and Senate Bill (SB) 693: Districts (Rule Project Number 2005-058-293-PR)

Dear Stakeholder:

A stakeholder meeting is planned on November 3, 2005, from 1:30 pm to 3:00 pm, at the TCEQ complex, Building F, 12100 Park 35 Circle, Austin, Texas, Room 3202A, for the referenced rule project. The rule project involves updating the rules in Chapter 293, Water Districts, in response to legislation passed during the 79th regular session, and for staff initiatives.

In response to legislation passed staff is proposing to:

- modify § 293.41(a) to reflect changes to Texas Water Code (TWC), § 49.181 as a result of HB 828, which specifies that certain refunding bonds no longer require commission approval.
- modify § 293.51(e) to reflect changes to eminent domain authority for Municipal Utility Districts (MUDs) as a result of HB 1208, which restricts a district's eminent domain authority.
- modify § 293.44, § 293.69, and § 293.111 - 293.113 to reflect changes to contracting and funding as a result of HB 1644, which provides Water Control & Improvement Districts (WCIDs) and MUDs with the ability to contract with third parties for ownership, operation and maintenance of District facilities, and the authority to fund certificate of convenience and necessity (CCN) costs.
- modify § 293.11(h) to reflect changes to TWC, Chapter 65 as a result of HB 1673, which allows a water supply corporation (WSC) to request specific powers it would like to have upon conversion to a Special Utility District (SUD).
- modify § 293.20 to reflect changes to TWC, § 36.1071 as a result of HB 1763, which specifies the time frame required to adopt a Groundwater Conservation District (GCD) management plan after a GCD was created or confirmed by an election.
- modify § 293.22 - 293.23 to reflect changes to TWC, Chapter 36, as a result of HB 1763, with regard to GCD joint planning, noncompliance review and commission action, and petition requesting inquiry in groundwater management area.
- modify § 293.32 to reflect changes to TWC, Chapter 54 as a result of SB 693, which amends qualifications to be a director of a district board.

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Staff initiated changes include:

- modify § 293.54 regarding bond anticipation notes (BANs) to tie into the commission's economic feasibility rules (§ 293.59) and prevent districts from taking risks a developer should be taking as required by the economic feasibility rules.
- modify Subchapter P, regarding road powers, to provide a clearer detail of application requirements for a MUD acquiring road powers and to provide guidance to a district that wants to sell bonds for road projects. The commission now considers that it has the authority to review bonds for road projects if it also has the authority to review bonds for a districts water, wastewater, and/or drainage project.

Draft language has not been prepared to date. We are asking for comments, either in writing by November 15, 2005, or at the stakeholders meeting, regarding the above described rule changes, especially the staff initiated changes. We do not anticipate the legislative changes to result in many comments since they will simply be to update Chapter 293 rules to reflect legislative changes.

If you have any questions, please contact Randy Nelson at (512) 239-6160 or by email at rnelson@tceq.state.tx.us. Written comments may be submitted to Randy Nelson, Districts Review Team, Mail Code 152, at the address on this letter, or by email to rnelson@tceq.state.tx.us. You may also fax your comments to (512)239-1378.

Sincerely,

Doug Holcomb, P.E.
Acting Manager
Utilities and Districts Section

DH:RMN