

- SUBJECT:** Composition of the board of directors of the Gulf Coast Water Authority
- COMMITTEE:** Natural Resources —favorable, without amendment
- VOTE:** 10 ayes — Ritter, T. King, Beck, Hopson, Keffer, Larson, Lucio, Martinez Fischer, Miller, Price
- 0 nays
- 1 absent — Creighton
- SENATE VOTE:** On final passage, March 31 — 31-0, on Local and Uncontested Calendar
- WITNESSES:** For — Russell Jones, City of Sugar Land; Richard Morrison, Fort Bend County; Tom Reid, City of Pearland, Texas; (*Registered, but did not testify*: Joe B. Allen, Fort Bend County Water Control & Improvement District No. 2; Maya Ingram, Fort Bend County
- Against — Kenneth Clark, Galveston County; Donald Gartman, Galveston County Economic Alliance; Dee Haney, City of Texas City; Mark Henry, Galveston County Commissioners Court; Ray Holbrook; Robert Istre, Gulf Coast Water Authority; Doug Kneupper, GCWA Municipal Advisory Committee; William Latimer, Gulf Coast Water Authority; Darrell Richardson, Industria Advisory Committee, BP, Marathon, Sterling Chemicals, Valero; (*Registered, but did not testify*: David Benson, City of League City; Ronald Freeman, Gulf Coast Water Authority; Carlos Mata, Sterling Chemicals Inc; Keith Morgan, Gulf Coast Water; David Paulissen, Galveston County WCID #1, City of Dickinson
- BACKGROUND:** In 1965, the Texas Legislature created the Galveston County Water Authority made up of seven directors.
- In 1991, the Texas Legislature changed the name of the authority to the Gulf Coast Water Authority. The seven directors of the board are appointed by the Galveston County commissioners court.
- DIGEST:** SB 683 would amend Acts of the 59th Legislature, ch. 172, to increase the size of the board of directors of the Gulf Coast Water Authority from

seven to nine. Seven directors would be appointed by the Galveston County commissioners court, three of which would have to be registered professional engineers. One director of the board would be appointed by the Fort Bend County commissioners court to represent district customers in that county, and one director would be appointed by the Brazoria County commissioners court to represent district customers in that county.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

SB 683 would fulfill an agreement reached in 1996. Since the Gulf Coast Water Authority (GCWA) was created, it has grown in capacity and customer base, and currently about 40 percent of the total contracted water volume comes from inside Brazoria and Fort Bend counties. In 1996, GCWA committed in writing to adding two additional voting members, one to represent Fort Bend County and one to represent Brazoria County, upon the sale of 10 million gallons per day to each county respectively. That threshold has been met and exceeded, and SB 963 would ensure that GCWA's 1996 commitment was honored and that Brazoria and Fort Bend counties were fairly represented on the board.

In April 1996, the Gulf Coast Water Authority unanimously approved language in the authority's bylaws stating that the board would petition the Legislature for additional seats on the board once the 10 million-gallons-per-day threshold was met. In 2007, the language in the bylaws was removed without record of the details of the change in the board's minutes.

In addition, there are assets owned by GCWA located within Brazoria and Fort Bend counties that have been invested in by parties outside of Galveston County. For example, \$8 million of bond money was invested by the City of Pearland and \$10 million by an industrial user, both of Brazoria County. GCWA also is supported financially by ratepayers in Brazoria and Fort Bend counties.

While Brazoria and Fort Bend counties have membership on the advisory board, it is difficult for them to gain information or place items on the GCWA's agenda without voting representation. Under SB 683, Galveston County still would make up 78 percent of the board with the addition of two new members.

An independent management review conducted on GCWA described the organization as having deteriorating infrastructure and recommended that it

should become more transparent. The board would benefit from having the support of Brazoria and Fort Bend counties on the board.

The largest petrochemical facility in North America is located in Brazoria County, and the interests of relevant industries would continue to be well represented under SB 683.

OPPONENTS
SAY:

SB 683 would set a bad precedent of expanding a water authority's board of directors to add representation of customers. Just because a canal goes through a certain county does not mean that it should get a seat on the water authority's board.

GCWA provides a secure source of water to the petrochemical industries in Galveston County. GCWA members, particularly industrial members, have invested \$500 million over the past 40 years to build or purchase the necessary canals and infrastructure to meet water needs. The security of the largest gasoline producers in the United States should be under the direct control of a Galveston County board of directors. Brazoria and Fort Bend counties have not paid into this system and should not be represented on the board.

The written statement from the general manager of the GCWA in 1996 indicating the board's intention to add representation to its membership was only one individual's statement and not a binding agreement. There is no evidence that the general manager had approval from the board before making the statement, other parties did not know about the discussions taking place, and there was never agreement to expand the board. The bylaws were changed using appropriate board procedures to remove the language that would have expanded the board.

Fort Bend and Brazoria counties would be appropriately represented in ways other than by expanding the board. Fort Bend and Brazoria counties currently are members of the authority's advisory board. No one from the public is precluded from attending meetings, but sometimes emergency meetings are called on short notice of which only the executive board is made aware. The vast majority of the business addressed by the board is regarding Galveston County and does not concern Fort Bend County or Brazoria County, so their representatives should not serve on the board in an executive capacity.