

**SUBJECT:** Adopting certain Sunset recommendations for the Red River Authority

**COMMITTEE:** Natural Resources — favorable, without amendment

**VOTE:** 9 ayes — Larson, Metcalf, Farrar, Harris, T. King, Lang, Nevárez,  
Oliverson, Ramos

0 nays

2 absent — Dominguez, Price

**SENATE VOTE:** On final passage, April 9 — 31-0

**WITNESSES:** None

**BACKGROUND:** The Red River Authority (RRA) was created by the Legislature in 1959 to develop, conserve, and protect from pollution the water of the Red River and its tributaries.

**Functions.** RRA is authorized to build and operate reservoirs to develop and conserve water resources, conduct water and wastewater treatment to provide water and wastewater services, engage in flood control, generate and sell hydroelectric power, acquire property through eminent domain, build and manage recreational areas within its river basins, test and monitor water quality, and serve as a voting member of and designated administrative agent for the Region B Regional Water Planning Group.

**Governing structure.** The authority is governed by a nine-member board consisting of three property taxpayers from each of RRA's three regions, appointed by the governor. Board member terms are six-year staggered terms, and the board meets quarterly, with yearly elections for the chairmanship.

**Funding.** RRA receives no state appropriations and is not authorized to assess taxes. In fiscal 2017, the authority collected about \$6.2 million and spent about \$5.4 million. More than 80 percent of its funding is through

water and wastewater sales, primarily to rural customers. Other sources of funding include grants and laboratory fees.

**Staffing.** In fiscal 2017, RRA employed 28 staff, most of whom work out of the authority's headquarters in Wichita Falls or at the authority's water treatment plants.

SB 523 by Birdwell, enacted by the 84th Legislature in 2015, subjects the Red 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 627 would adopt certain Sunset Advisory Commission recommendations for the Red River Authority (RRA) and would require RRA to undergo Sunset review again as if it were a state agency scheduled to be abolished September 1, 2031.

The bill would require the state auditor to conduct an audit of RRA no earlier than December 1, 2021, to evaluate whether the authority had addressed the challenges identified by the Sunset Advisory Commission and submit a report no later than December 1, 2022.

SB 627 would require RRA's board of directors to establish a process to ensure that, before RRA made a significant rate change, it would provide affected persons with notice of the proposed change and an opportunity for public comment. The process would have to include notice of the proposed change both on RRA's website and in an affected person's utility bills.

RRA would be required to adopt an asset management plan as specified in the bill. The plan would have to be approved annually by the board as part of the budgeting process and be publicly posted on RRA's website.

The bill would allow RRA's board of directors by resolution to increase board members' per diem and traveling expenses.

**Standard recommendations.** SB 627 would apply standard Sunset

across-the-board provisions requiring that:

- the governor designate a board member as the presiding officer;
- the board adhere to the standard grounds for removing a member from the board;
- the board develop policies to clearly separate the policymaking duties of the board and the management duties of the manager and staff, including prohibiting a board member from serving as the general manager;
- board members receive appropriate training on the laws and policies relating to the authority;
- the board develop alternative dispute resolution procedures to resolve disputes within the authority's jurisdiction; and
- the board develop and implement policies for public engagement at board meetings and a system to track and act on complaints.

The bill would take effect September 1, 2019.

**SUPPORTERS  
SAY:**

SB 627 would apply good government practices to the Red River Authority to ensure it met minimum safety and transparency standards. One of the Sunset Advisory Commission's findings was that the authority did not meet certain water quality standards for decades and did not adequately evaluate all potential solutions to address the problem. The bill would address this by requiring the authority to adopt a comprehensive asset management plan to help it make more informed decisions about its infrastructure and how to best pay for necessary future improvements for safe drinking water. The bill also would require RRA to adopt a policy to ensure meaningful public input on significant rate changes, increasing transparency to its customers.

**OPPONENTS  
SAY:**

SB 627 would stretch the already strained resources of the Red River Authority by mandating increased costs in nonessential areas. The size and complexity of the authority's jurisdiction makes a formal asset management plan cost-prohibitive. Implementing any additional notice requirements would necessitate increases in billing software and postage costs, which would be passed on to the authority's customers.

