

Bond Case Briefs

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WATER DISTRICTS - TEXAS

City of Conroe v. San Jacinto River Authority

Supreme Court of Texas - March 27, 2020 - S.W.3d - 2020 WL 1492411

Conservation and water reclamation district brought action under Expedited Declaratory Judgments Act (EDJA) seeking declaration that city was liable for breaching its water-sale contract and seeking declarations regarding legality and validity of contracts.

The District Court denied pleas to the jurisdiction and motions to transfer venue. Cities and utility companies filed interlocutory appeal and petition for writ of mandamus. The Court of Appeals denied mandamus petition, and affirmed in part and reversed in part.

The Supreme Court held that:

- Trial court could exercise jurisdiction over declaration that district was authorized to set rates for water-system operators;
- Trial court lacked jurisdiction to declare whether specific rate amount set in particular rate was valid; and
- City was not immune.

Execution of bilateral groundwater reduction plan contracts between water-system operators and legislatively created conservation and reclamation district charged with regulating water resources of San Jacinto River Basin to provide operators with surface water in exchange for monthly payments constituted public security authorization under Expedited Declaratory Judgment Act (EDJA), and therefore trial court could exercise jurisdiction over declaration that district was authorized to set rates for water-system operators pursuant to procedures set forth in those contracts, since contracts were executed in close temporal proximity to bonds' issuance and their revenues were immediately pledged as sole source of repayment securing district's bonds.

Rate order and rates established under bilateral groundwater reduction plan contracts between water-system operators and legislatively created conservation and reclamation district charged with regulating water resources of San Jacinto River Basin to provide operators with surface water in exchange for monthly payments did not constitute public security authorizations under Expedited Declaratory Judgment Act (EDJA), and therefore trial court lacked jurisdiction to declare their legality or validity, since rate order and rates did not have authorizing connection with bonds and did not implicate district's statutory authority to impose rate.

City was not immune to action brought by conservation and water reclamation district under Expedited Declaratory Judgments Act (EDJA) seeking declaratory judgment that city was liable for breaching its water-sale contract and seeking declarations regarding legality and validity of contracts, since EDJA proceedings were in rem and did not impose personal liability.