

## House Bill 4112 (Heise)

### Definitions

Under the bill, "authority" means a regional water and sewer authority and a "regional system" means interconnected water supply and sewerage services and facilities that provide water supply service or sewerage service, or both, for more than 20% of the population of this state. The definition includes water supply facilities that serve one group of customers and a system of sewerage facilities that serves a different group of customers.

### Powers of the Authority

The bill states that a regional system shall be incorporated as a regional water and sewer authority, with the power to do the following:

- (a) Supervise a regional system and other water supply or sewage disposal systems placed under its jurisdiction.
- (b) To operate, improve, or decommission a regional system and other water distribution or sewage disposal systems under its jurisdiction and make improvements to those systems to protect the public health by preventing the pollution of water.
- (c) To prepare plans and estimates of costs of water related structures and systems which provide a means of insuring safe drinking water and adequate sanitary sewage treatment.
- (d) To construct any improvements or extensions to the facilities of the authority (including across any public highway, rights-of-way or easement in the authority and removing any fence, building, or other improvement in the authority where necessary for the construction of the additions, improvements, or extension).
- (e) To own, construct, lease and operate water treatment facilities, sewage treatment and disposal plants, and sell any product manufactured in the course of water or wastewater treatment.
- (f) To own, acquire, and hold personal property considered necessary to carry out the corporate purposes of the authority (and to dispose of it when no longer needed).
- (g) To own, hold, control, and acquire by donation, purchase, contract, lease, or the exercise of the power of eminent domain all rights of property, either public or private, necessary for the purposes of the authority (eminent domain proceedings shall follow the procedures set forth in the uniform condemnation procedures act).
- (h) To contract with state or federal governments or their agencies and local units of government, for the construction, use, or maintenance of common or joint sewers and water lines, drains, outlets, or water treatment and wastewater disposal plants or for any service required by the authority.

(i) To contract with and permit municipalities and other public agencies, individuals, or private corporations to contract for the purpose of connecting with and using the facilities of the authority (the parties can agree to the rates for the services).

(j) To apply for and accept grants, loans, or contributions from the federal government, its agencies, this state, or other public or private agencies for the purposes of this act.

(k) To incur debts by borrowing money in anticipation of the collection of revenues and to give appropriate evidence of those loans. The executive committee shall determine by ordinance the amount and terms of the loans, and the executive director shall execute and issue warrants of the authority to the lenders as evidence of the loans and of the terms of the authority's obligation to repay the loans (additional details about the executive committee and director are provided below).

(l) To meet the cost of acquiring, constructing, improving, or extending all or any part of the water and sewage disposal systems operated by the authority by any of the following:

(i) The expenditure of funds available for that purpose.

(ii) The issuance of bonds for that purpose, payable from fees or special assessments collected by the authority.

(iii) The proceeds of special assessments.

(iv) Any other funds which may be obtained under the law of this state or of the United States for that purpose.

(v) The proceeds of revenue bonds, payable from the revenues to be derived from the operation of water supply systems and sewage disposal systems of the authority.

(vi) Any combination of these methods of providing funds.

(m) To establish by ordinance a schedule of rates and other charges to be collected from all of the real property served by the water supply or sewage disposal systems of the authority. The bill provides additional details as to the collection of such rates and charges (additional details are contained in the bill).

(n) To contract with a local unit of government, public agency, or private water company for service contracts, joint use contracts, or contracts for the construction or operation of any part of the water supply systems or sewage disposal systems or for the collection of rates or other charges levied by the authority for water supply and sewage disposal services. The bill provides additional details pertaining to this.

(o) To enter lands, waters, and premises for the purposes of making surveys, evaluations, and examinations.

(p) To approve, revise, or reject the plans and designs of all water and wastewater treatment plants and works, and all other structures, systems, and works proposed to be constructed or reconstructed by any other person or corporation, private or public, in the authority. Any work shall be subject to inspection and supervision of the authority.

(q) To fix, levy, and collect special assessments, in the form of supplemental rates under certain circumstances set forth in the bill.

(r) To provide a retirement system for employees of the authority if and when permissible under the constitution and laws of this state.

(s) To bargain collectively and enter into agreements with labor organizations. An authority shall be bound by existing labor union agreements with public or privately owned water supply systems or sewage disposal systems that are acquired or condemned by the authority.

(t) To require the owner of any real property capable of being efficiently served by water supply or sewage disposal systems operated by the authority to connect with and use the

facilities if the board finds that the water supply or sewage collection from that property constitutes a public nuisance or a danger to public health or safety.

(u) To select and employ a person or private entity to operate the regional system as a public utility.

### **Board of Directors**

An authority shall be governed by a board of directors whose members shall be the chief executive officer, (or his or her designee,) from each county, city, village, and township located in the service area of the regional system. A majority of the members of the board constitute a quorum for the transaction of business.

The bill also provides details about the board meetings and elections.

### **Executive Committee**

The powers of an authority are vested in an executive committee whose members shall be all of the following:

- (a) The mayor of a qualified city, which is defined as one that own a regional system.
- (b) The elected water resources commissioner, public works commissioner, or appointed public services director (or his or her designee) from each qualified county located in the service area of the regional system. A "qualified county" is defined as one with a population of 500,000 or more that is a member of an authority (created under the act).
- (c) Five members elected by the board of directors for two year terms as provided for in the bill.

The bill also provides details about committee meetings. The executive committee shall do all of the following:

- (a) Enact ordinances, adopt budgets, establish rates and fees, and determine policies of the authority.
- (b) Employ an executive director who shall be the chief executive and operating officer of the authority.
- (c) Establish broad policies covering all major operations of the authority to ensure transparency, accountability, and oversight.
- (d) Prepare and publish a detailed public report and financial statement of the authority's operations at the end of each fiscal year.

### **Executive Director**

The executive director shall do all of the following:

- (a) Manage the properties, employees, and businesses of an authority.
- (b) Direct the enforcement of all resolutions, ordinances, rules, and regulations of the executive committee and enter into contracts under the general control of the authority.
- (c) Prepare a separate operating and capital budget for each fiscal year. The bill provides additional details about the budget.

The executive director may appoint officers, employees, and agents to carry out the purposes of the authority and serves at the pleasure of the executive committee.

**Additional Provisions**

The bills provides that a local unit of government, sewer district, or public agency situated within a metropolitan area shall retain its municipal water distribution system and municipal sewage collection system together with all contracts, rights, easements, etc. These entities may, transfer administration, control, and supervision of a municipal water distribution system or a municipal sewage collection system to an authority. The bill states that an authority shall not assume, agree to pay, or be liable for any bonded indebtedness of these entities. A similar provision exists for "qualified cities" which are defined as those that own a regional system.

The authority and its property are exempt from fees and the assessment, levy, and collection of all taxes of this state or a local unit of government.

Records and any other writings prepared, owned or in the possession of, or retained by the authority in the performance of an official function shall be available to the public in compliance with the freedom of information act.