

**SUBSTITUTE FOR
SENATE BILL NO. 195**

A bill to provide for the approval of certain contracts involving the operation of city and village water and sewer systems; to require certain policies and procedures in the awarding of contracts; and to provide for the powers and duties of certain governmental officials and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. Pursuant to section 27 of article VII of the state
2 constitution of 1963 and any other applicable law, an authority
3 created under this act is an agency and instrumentality of the
4 state that has all of the powers of a public corporation in the
5 exercising of its duties under this act.

6 Sec. 2. On or before February 1 of each year, the chief
7 financial officer for a water or sewer system shall prepare and
8 submit to each member of the system's authority a proposed budget
9 for the next succeeding fiscal year covering its anticipated

1 expenses of administration, operation, maintenance, and contract
2 procurements.

3 Sec. 3. An authority shall establish policies and
4 procedures for the contracting of services for the system. The
5 policies and procedures shall provide for all of the following:

6 (a) The authority shall review and approve all contracts or
7 appropriations in an amount greater than \$50,000.00, and such
8 contracts or appropriations are void and unenforceable unless
9 approved by the authority.

10 (b) The authority shall review and approve all contract
11 overruns from the original contract amount for contracts approved
12 under subdivision (a) and for contracts less than \$50,000.00 if
13 the overrun causes the contract amount to exceed \$50,000.00.

14 (c) Except as otherwise provided by this act, a contract
15 shall not be awarded by the system for the construction, repair,
16 remodeling, or demolition of a water or sewer facility unless the
17 contract is let pursuant to a procedure that requires competitive
18 bidding. This subdivision does not apply if the authority
19 determines that any of the following apply:

20 (i) The negotiated contract amount is less than \$50,000.00.

21 (ii) The contract is for emergency repair or construction
22 necessitated by a sudden, unforeseen occurrence or situation of a
23 serious and urgent nature and is not for convenience or
24 expediency. A contract under this subparagraph shall not be for
25 a period greater than 1 year.

26 (iii) The repair or construction is necessary to ensure
27 safety or to otherwise protect life or property. A contract

1 under this subparagraph shall not be for a period greater than 1
2 year.

3 (iv) That procurement by competitive bids is not practicable
4 to efficiently and effectively meet the water and sewer system
5 needs, or that another procurement method is in the public's best
6 interests.

7 (d) The policies and procedures for hiring of professional
8 service contractors.

9 Sec. 4. The authority is a public body for purposes of
10 reporting violations or suspected violations of a law or
11 regulation or rule promulgated under the law of this state, a
12 political subdivision of this state, or the United States. A
13 person reporting a violation or suspected violation under this
14 section shall have all the protections provided under the
15 whistleblowers' protection act, 1980 PA 469, MCL 15.361 to
16 15.369.

17 Sec. 5. (1) A water or sewer system shall not charge a
18 customer more than that allowed under the contract to provide
19 services.

20 (2) A customer may file a complaint with the water or sewer
21 system to recover any amounts allowed under this section.

22 (3) A complaint under subsection (2) shall be filed no later
23 than 12 months from the date a payment was made as a result of a
24 violation of this section.

25 (4) If a water or sewer system is found to have charged an
26 amount in violation of this section, the system shall pay to or
27 credit the account of the customer an amount equal to 10 times

Senate Bill No. 195 as amended March 5, 2003

1 the overcharge or \$100.00, whichever is greater.

<<Sec. 6. If a qualified county, qualified city, or a local unit of government charges its customers a rate that generates an amount greater than the amount that the county, city, or local unit is required to pay under its contract with the water or sewer system, the county, city, or local unit shall annually itemize on the customer's bill the additional charges.>>

2 Enacting section 1. This act does not take effect unless

3 House Bill No. 4206 of the 92nd Legislature is enacted into law.