



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 372 (Substitute S-1 as reported)
Sponsor: Senator Laura M. Toy
Committee: Local, Urban and State Affairs

CONTENT

The bill would create a new act to require a city that owns or operates a water or sewer system that provides service to more than 20% of the State (i.e., Detroit) to establish an authority to provide review and oversight of the system's contract process and administration, rates and rate-setting processes, budget, finance, and operations. The bill would provide for appointments to the authority by the city and each qualified county (a county with a population of 400,000 or more that is served by the system). The authority would be required to do the following:

- Ensure that rates for water and sewer services were just and reasonable.
- Require rate alteration notices to customers, as specified in the bill.
- Review all contracts over \$50,000, and contract overruns that caused a contract to exceed \$50,000.
- Establish recommended policies and procedures (including competitive bidding) for the contracting of services for the system.
- Appoint a certified accounting firm to conduct a financial and performance audit of the transactions and accounts of the system for the preceding fiscal year.

The bill would require the chief financial officer of the water and sewer system to prepare a detailed operating and capital budget for each fiscal year, and submit it to the authority for review and comment.

The bill provides that an employee of the system who became aware of or suspected that any actions by another employee or entity of the system were prohibited by any law, rule, regulation, or policy, would have to report the violation to the authority.

The bill would take effect October 1, 2006.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no fiscal impact on State or local revenue or expenditures. The bill would not provide for any revenue source for the authority, provide for any members of the authority to be paid, or authorize the authority to spend any money.

Date Completed: 1-30-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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