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BILL ANALYSIS

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Senate Bill 372 (as introduced 4-13-05)
Sponsor: Senator Laura M. Toy
Committee: Local, Urban and State Affairs

Date Completed: 10-13-05

CONTENT

The bill would create a new act to require a city that owns or operates a water and sewer system that provides service to more than 20% of the State (i.e., Detroit) to establish an authority to provide oversight and control of the system; provide for appointments to the authority; establish requirements for rate alteration notices; and limit rate increases to once each year.

Authority Establishment; Responsibilities; Rates

A city that owns or operates a water or sewer system would have to establish an authority to provide oversight and control of the system as provided under the bill. ("Water or sewer system" would mean a water supply facility or sewerage services facility, or both, that provides water or sewerage service to more than 20% of the population of the State. "City" would mean a city chartered under the Home Rule City Act.)

Except as otherwise provided, the authority would have jurisdiction and authority over the water and sewer system.

The rates for water and sewer service would have to be just and reasonable. Notice to customers of a rate alteration would be required for any rate alteration and would have to be included in the bill of each affected customer of the system before the effective date of the rate alteration.

Notice of a rate alteration would have to contain at least all of the following information:

- A statement that the customer's rate could change.
- An estimate of the amount of the annual change for the typical customer that would result from the rate change.
- A statement that a customer could comment on or receive complete details of the rate alteration by calling or writing to the authority. Complete details of the rate alteration would have to be provided free of charge to the customer at the expense of the system.

A system would be allowed only one rate increase during any 12-month period.

The authority would have to establish an ethics manual governing the conducting of system business and the conduct of employees of the system. The authority would have to establish policies that were no less stringent than those provided for public officers and employees by Public Act 196 of 1973 (which sets the standards for the conduct of public officers and employees).

Authority Membership

Within 30 days after the bill's effective date, each qualified county and qualified city, or within 30 days after the date a county or city became qualified, would have to make appointments to the authority. ("Qualified city" would mean a city that owns or operates a water or sewer system. "Qualified county" would mean a county with a population of 400,000 or more that is served by the water and sewer system.)

One person would have to be appointed to represent each qualified county that did not have the qualified city located within the county. The appointment would have to be made by the county board of commissioners.

Three persons would have to be appointed to represent the qualified city. The appointment would have to be made by the mayor of the city, with the advice and consent of the city's governing body.

If a qualified county had the qualified city within the county, one person who did not live or work within the qualified city would have to be appointed to represent the county. The appointment would have to be made by the majority vote of the chief elected officials of the five largest local units of government within the county.

A person appointed to the authority would serve for a term of four years or until a successor was appointed, whichever was later. A successor to a member would have to be appointed in the same manner and would serve a term of four years or until a successor was appointed, whichever was later. A person could be reappointed to the authority. A person appointed to the authority could be replaced by the appointing entity at any time.

Individuals appointed to the authority would be public servants under Public Act 317 of 1968 (which governs public servants' contracts with public entities), and would be subject to any other applicable law with respect to conflicts of interest.

The authority would have to establish policies and procedures requiring periodic disclosure by appointees of relationships that could give rise to conflicts of interest.

Authority Operations

A majority of the people appointed to the authority would constitute a quorum for the transaction of business. An appointee would have one vote.

The first meeting of the authority would have to be held within 45 days after the bill's effective date, or within 45 days after the date a county or city became a qualified county or qualified city.

The authority would have to elect a chairperson and other officers as it considered necessary. The authority would have to adopt bylaws and rules to govern its operation.

After its first meeting, the authority would have to meet at least quarterly and at such other times as it determined.

The authority would be subject to the Freedom of Information Act and the Open Meetings Act.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no fiscal impact on State or local revenues 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.

Fiscal Analyst: David Zin

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