



SENATE BILL No. 85

January 13, 1993, Introduced by Senator HONIGMAN and referred to the Committee on Local Government and Urban Development.

A bill to provide for the incorporation of a regional water supply and sewerage authority; to provide for a regional assembly and regional authority board; to transfer certain ownership rights in water supply and sewerage facilities; to provide for payment for water supply and sewerage services and facilities through fees, charges, taxes, special assessments, and other means; to provide for the issuance and payment of bonds; 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. This act shall be known and may be cited as the
2 "regional sewer and water authority act".

3 Sec. 2. As used in this act:

4 (a) "Capital contribution for capacity" means general fund
5 money or the proceeds of borrowing contributed by a participating

1 municipality to defray the costs of acquisition or construction
2 of a portion of the regional system serving more than 1 partici-
3 pating municipality.

4 (b) "Mcf" means a thousand cubic feet.

5 (c) "Participating municipality" means a city, village,
6 township, or county appointing a member of the regional assembly
7 pursuant to section 4 or 29.

8 (d) "Regional assembly" means a regional water and sewer
9 assembly created in section 4.

10 (e) "Regional authority" means a regional water and sewer
11 authority incorporated pursuant to this act.

12 (f) "Regional authority board" means a regional water and
13 sewer authority board elected pursuant to section 6(6).

14 (g) "Regional system" means interconnected municipal water
15 supply and sewerage services and facilities that provide whole-
16 sale water supply service or wholesale sewerage service, or both,
17 for more than 25% of the population of this state. A regional
18 system may consist of a system of wholesale water supply facili-
19 ties and services that serves 1 group of customers and users and
20 a system of wholesale sewerage facilities and services that
21 serves a different group of customers and users. Regional system
22 does not include retail water supply or retail sewerage services
23 or facilities.

24 (h) "Retail" pertains to water supply service, sewerage
25 service, or both, provided by a county, city, village, township,
26 district, or authority directly to residents and businesses.

1 (i) "Sewerage" means sewage collection or disposal, or
2 both.

3 (j) "Territory of the authority" means the combined terri-
4 tory of the voting participating municipalities.

5 (k) "Voting participating municipality" means a participat-
6 ing municipality that is a city, village, or township.

7 (l) "Wholesale" pertains to water supply service, sewerage
8 service, or both, provided to a county, city, village, township,
9 district, authority, or other public corporation that utilizes
10 the services to in turn provide retail services.

11 Sec. 3. Each regional system shall be incorporated as a
12 regional authority pursuant to this act and shall be adminis-
13 tered, operated, and controlled pursuant to this act for the ben-
14 efit of and continued service to each voting participating
15 municipality.

16 Sec. 4. (1) There is hereby created for each regional
17 system a regional assembly.

18 (2) The director of the department of natural resources, ex
19 officio, or his or her designee, shall be a member of the
20 regional assembly, without a vote.

21 (3) Not more than 90 days after the effective date of this
22 act, the governing body of each city, village, and township that
23 provides retail water supply or sewerage services from the
24 regional system, whether directly or by contract with a county or
25 with a district authority or other public corporation established
26 in a county, shall appoint a member of the governing body or the
27 mayor, president, or supervisor of that city, village, or

1 township to the regional assembly and shall notify the director
2 of the department of natural resources of the name and address of
3 the individual appointed. If a city, village, or township pro-
4 vides retail water supply or sewerage services from the regional
5 system by contract with a county or a district, authority, or
6 other public corporation established in a county, not more than
7 90 days after the effective date of this act, the county board of
8 commissioners of that county shall appoint a member of the county
9 board of commissioners or other officer in an elective county
10 office, or a member of the governing body of the district,
11 authority, or public corporation as a member of the regional
12 assembly and shall notify the director of the department of natu-
13 ral resources of the name and address of the individual
14 appointed. A member of the first regional assembly appointed
15 under this subsection shall serve for a term ending on the second
16 January 1 following the effective date of this act or when a suc-
17 cessor is appointed, whichever is later. If a member of the
18 regional assembly was appointed under this subsection, a succes-
19 sor to that member shall be appointed in the same manner as that
20 member was appointed. A member of the regional assembly, other
21 than the first regional assembly, appointed under this subsection
22 shall serve for a term of 1 year, or until a successor is
23 appointed, whichever is later.

24 (4) In addition to the circumstances set forth in section 3
25 of chapter 15 of the Revised Statutes of 1846, being section
26 201.3 of the Michigan Compiled Laws, the office of a member of
27 the regional assembly appointed under subsection (3) becomes

1 vacant if he or she vacates the office that entitled him or her
2 to be appointed to the regional assembly. Upon the occurrence of
3 a vacancy, the governing body that appointed the member vacating
4 office shall promptly appoint a successor to serve for the
5 remainder of the term.

6 Sec. 5. (1) A majority of the members of the regional
7 assembly constitute a quorum for the transaction of business.
8 Five members of the regional assembly may adjourn a meeting of
9 the regional assembly to another day and date or without date.

10 (2) A member of the regional assembly appointed by a voting
11 participating municipality shall have 1 vote for each 45,000 mcf,
12 or major portion thereof, of sewage treatment capacity used annu-
13 ally in the regional system and 1 vote for each 45,000 mcf, or
14 major portion thereof, of water supply received annually from the
15 regional system by the voting participating municipality repre-
16 sented by the member. However, each member appointed by a voting
17 participating municipality that receives sewerage services from
18 the regional system shall have at least 1 vote on account of
19 sewage treatment capacity used annually. Each member appointed
20 by a voting participating municipality that receives water supply
21 from the regional system shall have at least 1 vote on account of
22 water supply received annually. A member of the regional assem-
23 bly appointed by the county board of commissioners shall not have
24 a vote on the regional assembly.

25 (3) Adoption of a resolution or other action taken by the
26 regional assembly requires a majority of the votes that members
27 of the regional assembly are authorized to cast. However, if a

1 matter, including, but not limited to, a matter under
2 section 6(6) or 8, pertains strictly to sewerage or pertains
3 strictly to water supply and transportation, a member is autho-
4 rized to cast only those votes to which he or she is entitled
5 under subsection (2) based on water supply received annually or
6 sewage treatment capacity used annually, respectively, by the
7 voting participating municipality represented by the member.

8 Sec. 6. (1) The first meeting of the regional assembly
9 shall be held not more than 180 days after the effective date of
10 this act. The director of the department of natural resources
11 shall call the first meeting. At the first meeting, or at any
12 adjournments or continuations of the first meeting, the regional
13 assembly shall satisfy the requirements of subsections (2) to
14 (6).

15 (2) The regional assembly shall elect a chairperson and a
16 vice-chairperson of the regional assembly.

17 (3) The regional assembly shall establish a procedure for
18 members of the regional assembly to agree on the beneficial
19 rights of ownership of the participating municipalities in the
20 regional system. The beneficial rights of ownership shall be
21 based historically upon payment of rates and charges for service
22 and use and on capital contributions for capacity, employing, to
23 the extent considered necessary, financial, accounting, engineer-
24 ing, or legal consultants. Capital contributions for capacity
25 shall be apportioned among participating municipalities on the
26 basis of ownership of capacity and facilities irrespective of and
27 whether or not the capacity or facilities are used. If

1 necessary, the agreement shall include a system of credits,
2 charges, and payments to and among participating municipalities,
3 by the regional system and regional authority from the proceeds
4 of money borrowed as authorized in this act, so that no partici-
5 pating municipality shall have made capital contributions for
6 capacity, as a percentage of aggregate historical cost of the
7 facilities of the regional system and regional authority, in an
8 amount in excess of the percentage of beneficial rights of
9 ownership. The agreement shall determine the rates and charges
10 for use and capital contributions for capacity, if any, that
11 shall be paid by the city or other public corporation that origi-
12 nally organized the regional system so as to recognize the bene-
13 ficial ownership rights of that city or other public
14 corporation. Retail water supply systems and retail sewerage
15 systems shall continue to be owned, controlled, operated, main-
16 tained, enlarged, extended, or improved by the county, city, vil-
17 lage, township, district, authority, or other public corporation
18 that has authority to do so pursuant to law. If an agreement on
19 the beneficial rights of ownership of the participating munici-
20 palities in the regional system is not reached by the expiration
21 of 180 days after the first meeting of the regional assembly, a
22 member of the regional assembly or the director of the department
23 of natural resources may petition a court of competent jurisdic-
24 tion to enter an order constituting an agreement as described in
25 this subsection.

26 (4) The regional assembly shall adopt articles of
27 incorporation and a name for the regional system and regional

1 authority. The articles of incorporation shall incorporate this
2 act and may include any other provisions consistent with this
3 act. If the regional assembly fails to adopt and provide for
4 publication of articles of incorporation not more than 180 days
5 after its first meeting, a member of the regional assembly or the
6 director of the department of natural resources may petition a
7 court of competent jurisdiction to enter an order adopting arti-
8 cles of incorporation and directing the filing and publication of
9 the articles of incorporation as provided in this act. The peti-
10 tion may be combined with a petition under subsection (3). The
11 validity of the incorporation shall be conclusively presumed
12 unless questioned in a court of competent jurisdiction not more
13 than 60 days after the publication of the articles of
14 incorporation.

15 (5) The regional assembly shall publish the articles of
16 incorporation in 1 or more newspapers whose circulation or com-
17 bined circulation covers the entire territory of the proposed
18 authority. The regional assembly shall file a copy of the arti-
19 cles of incorporation with the clerk of each participating munic-
20 ipality and with the secretary of state. The articles of incor-
21 poration take effect when the requirements of this subsection are
22 satisfied.

23 (6) There shall be a 16-member regional water and sewer
24 authority board consisting of a water supply division board and a
25 sewerage division board. The regional assembly shall elect 9
26 members to the water supply division board of the regional
27 authority board and 7 members to the sewerage division board of

1 the regional authority board. Not more than 2 members of a
2 division of the board shall be residents of the same voting par-
3 ticipating municipality. If a county has appointed a member to
4 the regional assembly and receives an average annual supply of
5 not less than 450,000 cubic feet of water from the regional
6 system on behalf of 1 or more municipalities, districts, authori-
7 ties, or other public corporations in the county, not less than 1
8 member of the water supply division board shall be a resident of
9 the county. If a county has appointed a member to the regional
10 assembly and receives sewerage services on behalf of a municipal-
11 ity, district, authority, or other public corporation in the
12 county, not less than 1 member of the sewerage division board
13 shall be a resident of the county. A member of the regional
14 assembly is not eligible to serve on the regional authority
15 board. A member of the regional authority board shall be a resi-
16 dent of the territory of the authority.

17 Sec. 7. (1) Except as provided in this section, the term of
18 office of a member of the regional authority board shall be 4
19 years commencing on July 1.

20 (2) Of the members of the water supply division board
21 elected by the regional assembly at its first meeting, 2 shall
22 serve for a term of 1 year, 2 for terms of 2 years, 2 for terms
23 of 3 years, and 3 for terms of 4 years. Of the members of the
24 sewerage division board elected by the regional assembly at its
25 first meeting, 1 shall serve for a term of 1 year, 2 for terms of
26 2 years, 2 for terms of 3 years, and 2 for terms of 4 years.

1 (3) If under subsection (2), the term of a member of the
2 original authority board would expire on a date other than
3 July 1, that term shall be extended to the succeeding July 1.

4 Sec. 8. In addition to the circumstances set forth in sec-
5 tion 3 of chapter 15 of the Revised Statutes of 1846, being sec-
6 tion 201.3 of the Michigan Compiled Laws, the office of a member
7 of the regional authority board becomes vacant if the member vio-
8 lates the residency requirements of section 6(6). A vacancy in
9 office of a member of the regional authority board shall be
10 filled by the regional assembly for the remainder of the unex-
11 pired term in the same manner as the original election. A member
12 of the regional authority board may be removed for cause by a
13 majority vote of the members of the regional assembly. Each
14 member of the regional authority board shall be compensated by
15 payment of a per diem fee and mileage for not more than 1 meeting
16 a day in amounts to be set annually by the regional assembly and
17 paid by the regional authority. The regional authority board
18 shall appoint a director of the regional authority and a deputy
19 director for each division of the regional authority board. A
20 director or deputy director shall be professionally qualified to
21 serve in that capacity and shall not be a member of the regional
22 assembly. The director and deputy directors shall serve at the
23 pleasure of the regional authority board.

24 Sec. 9. After its first meeting, the regional assembly
25 shall meet annually on the first Tuesday in March, and on such
26 additional days and dates to which the meeting shall be
27 adjourned, for the purposes as follows:

1 (a) To elect a chairperson and a vice-chairperson of the
2 regional assembly for the succeeding year.

3 (b) To review rates, charges, and procedures for water
4 supply and sewerage services on the written request of any
5 county, city, village, township, district, authority, or other
6 public corporation served by the regional system and regional
7 authority or as directed by a weighted majority vote of the
8 regional assembly.

9 (c) To establish or revise the rates and charges to each
10 county, city, village, township, district, authority, or other
11 public corporation served by the regional system. The rates and
12 charges within the limitations of any applicable contract for
13 sewerage services or water supply and transportation services, or
14 both, shall not impair the obligations for debt retirement or
15 payment of bonds of the regional authority or of any county,
16 city, village, township, district, authority, or other public
17 corporation served by the regional system.

18 (d) To receive, revise, and approve plans and projects to
19 extend, improve, enlarge, or refinance the facilities of the
20 regional system as initiated and requested by either division of
21 the regional authority board.

22 (e) To elect members of the regional authority board.

23 Sec. 10. The regional assembly shall meet at such other
24 times as a meeting is called by the chairperson of the regional
25 assembly or by 5 of its members for purposes specified in the
26 call of the meeting. The members of the regional assembly shall
27 serve without compensation.

1 Sec. 11. (1) The water supply division board shall control
2 the regional water supply system including, but not limited to,
3 the operation of the water intake, treatment, and wholesale dis-
4 tribution and transmission facilities of the regional water
5 supply system and the selection and appointment of water supply
6 system personnel subject to section 27.

7 (2) The sewerage division board shall control the regional
8 sewerage system, including, but not limited to, the operation of
9 the major trunk line sewers, interceptors, treatment plant, and
10 other similar sewerage facilities of the regional sewerage system
11 and the selection and appointment of sewerage system personnel
12 subject to section 27.

13 (3) The regional authority board shall control those activi-
14 ties, facilities, and personnel that pertain to both the water
15 supply division and the sewerage division, as determined by the
16 director of the regional authority board, including, but not
17 limited to, the selection and appointment of regional system per-
18 sonnel and the billing and collection of charges for wholesale
19 water supply or sewerage services.

20 (4) The city or other public corporation that originally
21 established the regional system shall retain direct control of
22 retail water supply and retail sewerage services and facilities
23 within that city or other public corporation.

24 (5) Title to all assets of the regional system, whether
25 real, personal, mixed, tangible, or intangible, including, but
26 not limited to, easements, leaseholds, permits, licenses, and
27 contract rights, is vested free and clear in the regional

1 authority upon the filing of its articles of incorporation
2 pursuant to section 6(5), subject to the rights of record of
3 third parties and subject to the provisions of the agreement
4 described in section 6(3). The regional authority shall prepare,
5 the affected parties shall execute, and the regional authority
6 shall record documents necessary to effectuate the transfer of
7 title. The regional authority board shall assume the operation
8 of the regional system upon the election and qualification of its
9 members, the election of its officers, and the appointment of a
10 director and deputy directors of the authority.

11 (6) In order to ensure the orderly transfer of the facili-
12 ties of the regional system, the regional authority may enter
13 into operating agreements with the city or other public corpora-
14 tion that originally established the regional system, for such
15 period of time as may be agreed, not exceeding 5 years from the
16 date on which the regional authority board assumes operation of
17 the regional system. The costs of the regional system shall at
18 all times be borne by all users of the regional system, except to
19 the extent such costs are defrayed by grants, contributions,
20 fees, or payments made by persons who are not users of the
21 regional system.

22 Sec. 12. The regional authority board shall hold its first
23 meeting within 1 month after selection of its members, on the
24 call of the chairperson of the regional assembly. At the first
25 meeting, the regional authority board shall elect a chairperson
26 and 2 vice-chairpersons from the members of the regional
27 authority board. One of the vice-chairpersons shall be a member

1 of and serve as chairperson for the water supply division board,
2 and the other vice-chairperson shall be member of and serve as
3 chairperson for the sewerage division board. The regional
4 authority board shall also elect a secretary and a treasurer of
5 the regional authority. The secretary and treasurer need not be
6 members of the regional authority board and shall be compensated
7 as its employees. The regional authority board shall require of
8 the treasurer a bond by a responsible bonding company in an
9 amount to be determined by the authority board. The bond shall
10 be paid for by the authority. The regional authority board shall
11 select and employ other officers and employees and contract for
12 engineering, legal, accounting, and other professional services
13 as it considers necessary to effectuate its purposes and fix com-
14 pensation for the officers, employees, and services subject to
15 this act. The regional authority board may adopt rules of proce-
16 dure and bylaws as it considers advisable. The regional author-
17 ity board shall designate its principal place of business and
18 other offices or locations it considers necessary to perform its
19 functions and duties.

20 Sec. 13. The regional authority board shall keep a written
21 record of each session of the regional authority board. The
22 water supply division board and the sewerage division board shall
23 keep a written record of each of their separate sessions. The
24 regional authority board shall provide for a system of accounts
25 to conform to any uniform system required by law, and for the
26 auditing at least annually of the accounts of the treasurer by a
27 qualified certified public accountant. Not more than 30 days

1 after the audit is received by the regional authority board, the
2 regional authority board shall publish the balance sheet and the
3 statement of revenue and expense showing the financial condition
4 of the authority as of the date of the audit in 1 or more newspa-
5 pers whose circulation or combined circulation covers the terri-
6 tory of the authority.

7 Sec. 14. (1) On or before February 1 of each year, the
8 regional authority board shall prepare and submit to each member
9 of the regional assembly and to each member of the regional
10 authority board a proposed budget for the next succeeding fiscal
11 year covering its anticipated expenses of administration, opera-
12 tion, and maintenance, plus any reserve to be established for
13 administration, operation, and maintenance. The budget shall
14 include a statement showing the amounts necessary to retire the
15 principal and interest on any bonds of the authority maturing
16 during the next fiscal year, the anticipated revenues to be
17 derived from rates and charges during the next fiscal year, and
18 any proposed contractual obligation, charge, fee, assessment, or
19 tax levy necessary to provide funds for administration, opera-
20 tion, maintenance, and debt retirement. The proposed budget
21 shall be distributed to members of the regional assembly and mem-
22 bers of the regional authority board. If, not more than 30 days
23 after distribution of the proposed budget is completed, a partic-
24 ipating municipality requests a hearing on the proposed budget,
25 the regional authority board shall hold a hearing on the proposed
26 budget. The regional authority board shall adopt the budget not
27 later than June 1 of each year.

1 (2) The fiscal year of the regional authority shall commence
2 on July 1 of each year and end on June 30 of each year, except
3 that the regional assembly may establish a shorter first fiscal
4 year.

5 Sec. 15. Each bond, note, or other evidence of indebtedness
6 that is issued by the city or other public corporation that orga-
7 nized the regional system or issued by a participating municipal-
8 ity and that is payable from the revenues of the regional system
9 shall be fully assumed and paid by the regional authority in
10 accordance with the terms of the bond, note, or other evidence of
11 indebtedness. The regional authority shall perform representa-
12 tions and covenants, establish and collect rates and charges,
13 maintain accounts and reserves, operate and maintain facilities,
14 and render services required by the terms of the bond, note, or
15 other evidence of indebtedness and documents issued or executed
16 by the issuer. In particular, each debt retirement account,
17 fund, and reserve shall be maintained in strict compliance with
18 terms agreed to by the issuer and using funds pursuant to
19 section 17.

20 Sec. 16. (1) A contract, contract obligation, or assessment
21 obligation that involves the regional system and to which a
22 county, city, village, township, district, or authority is a
23 party shall not be impaired, amended, revised, or terminated by
24 the incorporation of the regional authority. The regional
25 authority shall assume and perform each duty and obligation per-
26 taining to the regional system of the city or other public
27 corporation that organized the regional system. However, the

1 regional authority board may agree to extend, amend, or terminate
2 any such contract, contract obligation, or assessment obligation
3 by agreement with any other party to the extent permitted by
4 law.

5 (2) The city or other public corporation that organized the
6 regional system shall be considered a customer and user of the
7 regional system to be provided wholesale water supply services
8 and wholesale sewerage services on the same basis and terms as
9 all other wholesale customers and users. Upon request of that
10 city or other public corporation, the regional authority shall
11 enter into a contract with that city or other public corporation
12 that embodies the rights of the city or other public corporation
13 under this subsection. The term of the contract shall be as
14 requested by the city or other public corporation, but shall not
15 exceed 50 years.

16 Sec. 17. (1) Rates, charges, and procedures for water
17 supply and sewerage services from the regional system in effect
18 and in use on the effective date of the articles of incorporation
19 of the regional authority shall remain in effect until the annual
20 meeting of the regional assembly following the effective date of
21 the articles of incorporation and thereafter until a review of
22 the rates, charges, and procedures is requested as provided in
23 section 9(b).

24 (2) After the effective date of the articles of incorpora-
25 tion of the regional authority, the regional authority and the
26 participating municipalities may enter into new or additional
27 contracts for the sale and purchase of water supply and sewerage

1 services from the regional system for a period not exceeding 50
2 years.

3 (3) Rates and charges collected by the regional authority
4 shall be applied and used by the regional authority in the fol-
5 lowing manner, and in the following order of priority:

6 (a) To provide for the payment during each fiscal year of
7 all current expenses of administration, operation, and mainte-
8 nance as may be necessary to preserve the regional system in good
9 repair and working order.

10 (b) In the discretion of the regional authority board, or as
11 required by financing agreements or contracts, to provide a
12 reserve fund for replacements or major repairs and improvements
13 not anticipated or considered to be a part of current expenses of
14 administration, operation, or maintenance.

15 (c) With respect to any balance remaining at the end of any
16 fiscal year, to deposit into the debt retirement fund established
17 by the regional authority board for the retirement of debt issued
18 pursuant to section 22 or 23.

19 Sec. 18. The governing body of each voting participating
20 municipality may raise by tax, pay from its general fund, or pay
21 from its revenues derived from operation of its water supply and
22 sewerage system not exclusively earmarked or pledged for other
23 purposes, any money required to be paid for water supply or sew-
24 erage services purchased from the regional authority by the terms
25 of any contract between it and the regional authority existing or
26 entered into pursuant to section 17.

1 Sec. 19. The regional authority may acquire for the
2 regional system property within or without the territory of the
3 authority by purchase, construction, lease, gift, devise, or
4 condemnation. The regional authority may hold, manage, generate
5 income from, control, sell, exchange, or lease the property. The
6 regional authority board shall condemn property for the regional
7 authority pursuant to the uniform condemnation procedures act,
8 Act No. 87 of the Public Acts of 1980, being sections 213.51 to
9 213.77 of the Michigan Compiled Laws.

10 Sec. 20. (1) After the effective date of the articles of
11 incorporation of the regional authority, exclusive control of and
12 jurisdiction over facilities and services in the territory of the
13 authority for wholesale water supply and wholesale sewerage shall
14 be in the regional assembly and regional authority board. By
15 resolution of the regional assembly and the appropriate division
16 of the regional authority board, the regional authority may
17 acquire and construct, improve, enlarge, and extend the wholesale
18 water supply or wholesale sewerage facilities. The resolution
19 shall describe the project and the plans for carrying it out,
20 including, but not limited to, details of financing and sharing
21 of costs. Project descriptions, plans, and specifications shall
22 comply with applicable state and federal orders, permits, and
23 regulations.

24 (2) If the regional assembly or regional authority board
25 determines that a project will serve and benefit all participat-
26 ing municipalities, the project shall be carried out by the
27 regional authority. If the regional assembly or regional

1 authority board determines that a project will not serve and
2 benefit all participating municipalities, the project shall be
3 carried out by 1 of the following:

4 (a) The regional authority under contract with and on behalf
5 of the participating municipalities to be served and benefited.

6 (b) The participating municipalities to be served and bene-
7 fited on approval of the regional authority, but without partici-
8 pation of the regional authority beyond the terms and conditions
9 set forth in the approval resolution.

10 (3) The necessity for projects of the type described in this
11 section and the apportionment of the costs of such projects among
12 the participating municipalities shall be decided finally and
13 conclusively in writing by the regional assembly after such
14 investigation and hearing as the regional assembly determines to
15 be necessary, unless the members of the regional assembly agree
16 on the necessity or apportionment of the costs of the project or
17 agree to accept the determination by the regional authority board
18 on the necessity or apportionment of the costs of the project.

19 Sec. 21. (1) For a project to be carried out by the
20 regional authority pursuant to section 20, the regional authority
21 may enter into a contract with a participating municipality for
22 the acquisition, construction, improvement, enlargement, exten-
23 sion, operation, or financing of water supply or sewerage facili-
24 ties or services. The contract shall provide for the allocation
25 and payment of the share of the total cost to be borne by the
26 participating municipality in annual installments for a period
27 not exceeding 40 years. The participating municipality may

1 pledge its full faith and credit for the payment of the
2 obligation in the manner and times specified in the contract.
3 Notwithstanding any statutory or charter limitation, each partic-
4 ipating municipality that pledges its full faith and credit shall
5 include in its annual tax levy an amount sufficient to assure
6 that the estimated collections will be sufficient to promptly
7 pay, when due, the portion of the obligation falling due before
8 the following year's tax collection.

9 (2) If, when the participating municipality makes its annual
10 tax levy, there are other funds on hand earmarked for the payment
11 of a contractual obligation under this section, credit for the
12 other funds may be taken upon the annual levy for the payment of
13 the obligation. The participating municipality may raise such
14 other funds by 1 or more of the following methods:

15 (a) The levy of special assessments on property benefited by
16 the project. The procedures relative to the levying and collec-
17 tion of the special assessments shall conform to applicable
18 charter or statutory provisions.

19 (b) The imposition and collection of rates or charges from
20 users and beneficiaries of the regional system.

21 (c) From revenue derived from the imposition of taxes by
22 this state.

23 (d) From any other source that may be validly used for the
24 purpose of meeting the contractual obligations under this
25 section.

26 (3) A contract under this section may authorize the regional
27 authority to issue bonds secured by the full faith and credit

1 pledges of the contracting participating municipalities. The
2 contract may provide for appropriate remedies in case of default,
3 including, but not limited to, authorization for the county trea-
4 surer or other official charged with the disbursement of funds
5 derived from the state sales tax levy under the general sales tax
6 act, Act No. 167 of the Public Acts of 1933, being sections
7 205.51 to 205.78 of the Michigan Compiled Laws, and returnable to
8 the participating municipality pursuant to section 10 of article
9 IX of the state constitution of 1963, to withhold sufficient
10 funds to make up any default or deficiency in funds.

11 (4) If a participating municipality desires to enter into a
12 contract with the regional authority pursuant to this section,
13 the governing body shall adopt a resolution authorizing the exe-
14 cution of the contract and publish the resolution in a newspaper
15 of general circulation within the participating municipality.
16 The contract may be executed without a vote of the electors not
17 less than 31 days after the date of the publication. However,
18 if, not more than 24 days after publication, there is filed with
19 the clerk of the participating municipality a petition signed by
20 the lesser of 10% or 15,000 of the registered electors residing
21 within the territory of the participating municipality and
22 requesting a referendum upon the execution of the contract, the
23 contract shall not be executed unless approved by the vote of a
24 majority of the registered electors of the participating munici-
25 pality at a general or special election to be held not more than
26 90 days after the filing of the petition. A special election
27 called for this purpose shall not be included in any statutory or

1 charter limitation as to the number of special elections to be
2 called within a period of time. The form of the petition shall
3 meet the requirements of, and the clerk of the participating
4 municipality shall have the same power to reject signatures and
5 petitions as city clerks under, section 25 of Act No. 279 of the
6 Public Acts of 1909, being section 117.25 of the Michigan
7 Compiled Laws.

8 Sec. 22. To obtain funds for payments to and among partici-
9 pating municipalities pursuant to the agreement described in
10 section 6(3) or for the acquisition, construction, improvement,
11 enlargement, or extension of the regional system, the regional
12 authority, after the execution of a contract pursuant to
13 section 21, may issue its negotiable bonds secured by the full
14 faith and credit pledges made by contracting participating munic-
15 ipalities pursuant to section 21. The ordinance or resolution
16 authorizing the issuance of the bonds shall include the terms of
17 the contract. The bonds shall be serial bonds with annual matu-
18 rities, the first of which shall fall due not more than 5 years
19 after the date of issuance, and the last of which shall fall due
20 not more than 40 years after the date of issuance. A maturity
21 more than 5 years after the date of issuance shall not be less
22 than 1/5 the amount of any subsequent maturity. Except as other-
23 wise provided in this act, the bonds shall be subject to applica-
24 ble provisions of the municipal finance act, Act No. 202 of the
25 Public Acts of 1943, being sections 131.1 to 139.3 of the
26 Michigan Compiled Laws.

1 Sec. 23. To finance the acquisition, improvement,
2 enlargement, extension, or operation of the regional system, the
3 regional authority may issue self-liquidating revenue bonds in
4 the manner provided by the revenue bond act of 1933, Act No. 94
5 of the Public Acts of 1933, being sections 141.101 to 141.140 of
6 the Michigan Compiled Laws, or any other act providing for the
7 issuance of revenue bonds. The revenue bonds shall be payable
8 solely from the revenues of the regional authority.

9 Sec. 24. (1) The regional authority shall make a reasonable
10 charge for services that it renders in order to cover the retire-
11 ment of outstanding indebtedness; costs of operation, mainte-
12 nance, and replacement of its facilities; and reserves for capi-
13 tal improvements. The charges specified in any contract to which
14 the regional authority is a party are subject to increase by the
15 regional authority at any time if necessary in order to provide
16 funds to meet its obligations.

17 (2) Any contract authorized in this act shall be for a
18 period not exceeding 50 years.

19 Sec. 25. The governing body of a participating municipality
20 may advance or loan to the regional authority funds required for
21 administrative expenses or for obtaining maps, plans, designs,
22 specifications, or cost estimates of proposed improvements, addi-
23 tions, or extensions to the regional system. The advance or loan
24 may be included by the authority as a part of a bond issue pursu-
25 ant to this act and repaid to the participating municipality upon
26 the sale of the bonds.

1 Sec. 26. The regional authority may do 1 or more of the
2 following:

3 (a) Survey, study, and investigate water resources of the
4 area within the territory of the authority for the purpose of
5 determining the feasibility and practicability of developing new
6 sources of water supply.

7 (b) Ascertain requirements for sewerage systems and
8 services.

9 (c) Accept grants or loans from this state or the federal
10 government and execute or accept contracts, permits, documents,
11 or agreements as may be required by law as a prerequisite to the
12 securing of the funds.

13 Sec. 27. (1) If the regional authority and a participating
14 municipality enter into a contract under Act No. 8 of the Public
15 Acts of the Extra Session of 1967, being sections 124.531 to
16 124.536 of the Michigan Compiled Laws, the contract shall not
17 transfer legislative functions.

18 (2) If, under the contract, the duties of employees are
19 transferred to the regional authority and sufficient positions of
20 comparable employment are not available for all employees at the
21 time of transfer, a less senior employee who is not transferred
22 to a comparable position shall be placed on layoff status with
23 the regional authority and shall be recalled to any position for
24 which he or she may qualify or become qualified after a reason-
25 able training period. The layoff status, or any layoff list,
26 need not be honored after 3 years from the date of layoff. The
27 regional authority shall determine the number of positions

1 necessary to perform any service, and is not required to create
2 or maintain unnecessary positions.

3 (3) A representative of employees of a participating munic-
4 pality under Act No. 336 of the Public Acts of 1947, being sec-
5 tions 423.201 to 423.216 of the Michigan Compiled Laws, shall
6 continue to represent the employees after the employees are
7 transferred to the regional authority. This subsection does not
8 limit the rights of employees, pursuant to applicable law, to
9 assert that a bargaining representative protected by this subsec-
10 tion is no longer their representative.

11 Sec. 28. The business that the regional authority board, a
12 division of the regional authority board, or the regional assem-
13 bly may perform shall be conducted at a public meeting of the
14 regional authority board, a division of the regional authority
15 board, or the regional assembly held in compliance with the open
16 meetings act, Act No. 267 of the Public Acts of 1976, being sec-
17 tions 15.261 to 15.275 of the Michigan Compiled Laws. A writing
18 prepared, owned, used, in the possession of, or retained by the
19 regional authority board, a division of the regional authority
20 board, or the regional assembly in the performance of an official
21 function is subject to the freedom of information act, Act
22 No. 442 of the Public Acts of 1976, being sections 15.231 to
23 15.246 of the Michigan Compiled Laws.

24 Sec. 29. (1) If a city, village, township, county, authori-
25 ty, district, or other public corporation that was not a partici-
26 pating municipality when the regional authority was incorporated
27 desires to become a participating municipality, the governing

1 body shall adopt a resolution requesting admission as a
2 participating municipality and offering to negotiate a contract
3 for water supply or sewerage services as provided in section 17.
4 The governing body shall deliver the resolution to the chair-
5 person of the regional authority board. The chairperson of the
6 regional authority board shall present the resolution to the
7 regional authority board or the appropriate division of the
8 regional authority board for a recommendation as to acceptance or
9 rejection of the request and, if acceptance is recommended, the
10 terms and conditions of admittance as a participating
11 municipality. The recommendation of the regional authority board
12 or the appropriate division of the regional authority board shall
13 be forwarded to the regional assembly for consideration at its
14 next regular or special meeting. The regional assembly may
15 approve admission by adopting by a 2/3 vote a resolution in which
16 the terms and conditions of admittance are specified. The
17 regional assembly shall file a certified copy of the adopted res-
18 olution with the clerk of the public corporation requesting
19 admission and with the secretary of state.

20 (2) Not more than 90 days after the resolution of the
21 regional assembly is filed with the clerk of the public corpora-
22 tion requesting admission as a participating municipality, the
23 public corporation shall appoint a member to the regional assem-
24 bly in the manner provided in section 4(3). The member's term
25 shall be concurrent with the remainder of the terms of the other
26 members of the regional assembly.

1 Sec. 30. (1) The regional authority is a municipal
2 corporation and a public body corporate with power to sue and be
3 sued in a court of competent jurisdiction. The regional author-
4 ity possesses all powers necessary or incidental to carrying out
5 the purposes of its incorporation. The enumeration of any powers
6 in this act shall not be construed as a limitation upon such gen-
7 eral powers.

8 (2) The powers granted in this act are in addition to those
9 granted by statute or charter.