

SENATE BILL NO. 781

October 5, 1999, Introduced by Senators BULLARD, DUNASKISS, JOHNSON, GOUGEON, PETERS, SIKKEMA, MC COTTER, SCHUETTE, MILLER, GOSCHKA, BENNETT, STILLE, JAYE, KOIVISTO, NORTH, HAMMERSTROM, SHUGARS, MC MANUS, EMMONS, HART, VAN REGENMORTER, DINGELL, GAST and SCHWARZ and referred to the Committee on Local, Urban and State Affairs.

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 under 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 under this act.

12 (f) "Regional authority board" means a regional water and
13 sewer authority board elected under 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 under this act and shall be administered,
13 operated, and controlled under this act for the benefit of and
14 continued service to each voting participating municipality.

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

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

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

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

23 (4) In addition to the circumstances set forth in section 3
24 of 1846 RS 15, MCL 201.3, the office of a member of the regional
25 assembly appointed under subsection (3) becomes vacant if he or
26 she vacates the office that entitled him or her to be appointed
27 to the regional assembly. Upon the occurrence of a vacancy, the

1 governing body that appointed the member vacating office shall
2 promptly appoint a successor to serve for the remainder of the
3 term.

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

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

23 (3) Adoption of a resolution or other action taken by the
24 regional assembly requires a majority of the votes that members
25 of the regional assembly are authorized to cast. However, if a
26 matter, including, but not limited to, a matter under
27 section 6(6) or 8, pertains strictly to sewerage or pertains

1 strictly to water supply and transportation, a member is
2 authorized to cast only those votes to which he or she is enti-
3 tled under subsection (2) based on water supply received annually
4 or sewage treatment capacity used annually, respectively, by the
5 voting participating municipality represented by the member.

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

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

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

1 regional system and regional authority from the proceeds of money
2 borrowed as authorized in this act, so that no participating
3 municipality shall have made capital contributions for capacity,
4 as a percentage of aggregate historical cost of the facilities of
5 the regional system and regional authority, in an amount in
6 excess of the percentage of beneficial rights of ownership. The
7 agreement shall determine the rates and charges for use and capi-
8 tal contributions for capacity, if any, that shall be paid by the
9 city or other public corporation that originally organized the
10 regional system so as to recognize the beneficial ownership
11 rights of that city or other public corporation. Retail water
12 supply systems and retail sewerage systems shall continue to be
13 owned, controlled, operated, maintained, enlarged, extended, or
14 improved by the county, city, village, township, district,
15 authority, or other public corporation that has authority to do
16 so under law. If an agreement on the beneficial rights of owner-
17 ship of the participating municipalities in the regional system
18 is not reached by the expiration of 180 days after the first
19 meeting of the regional assembly, a member of the regional assem-
20 bly or the director of the department of environmental quality
21 may petition a court of competent jurisdiction to enter an order
22 constituting an agreement as described in this subsection.

23 (4) The regional assembly shall adopt articles of incorpora-
24 tion and a name for the regional system and regional authority.
25 The articles of incorporation shall incorporate this act and may
26 include any other provisions consistent with this act. If the
27 regional assembly fails to adopt and provide for publication of

1 articles of incorporation not more than 180 days after its first
2 meeting, a member of the regional assembly or the director of the
3 department of environmental quality may petition a court of com-
4 petent jurisdiction to enter an order adopting articles of incor-
5 poration and directing the filing and publication of the articles
6 of incorporation as provided in this act. The petition may be
7 combined with a petition under subsection (3). The validity of
8 the incorporation shall be conclusively presumed unless ques-
9 tioned in a court of competent jurisdiction not more than 60 days
10 after the publication of the articles of incorporation.

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

19 (6) There shall be a 16-member regional water and sewer
20 authority board consisting of a water supply division board and a
21 sewerage division board. The regional assembly shall elect 9
22 members to the water supply division board of the regional
23 authority board and 7 members to the sewerage division board of
24 the regional authority board. Not more than 2 members of a divi-
25 sion of the board shall be residents of the same voting partici-
26 pating municipality. If a county has appointed a member to the
27 regional assembly and receives an average annual supply of not

1 less than 450,000 cubic feet of water from the regional system on
2 behalf of 1 or more municipalities, districts, authorities, or
3 other public corporations in the county, not less than 1 member
4 of the water supply division board shall be a resident of the
5 county. If a county has appointed a member to the regional
6 assembly and receives sewerage services on behalf of a municipal-
7 ity, district, authority, or other public corporation in the
8 county, not less than 1 member of the sewerage division board
9 shall be a resident of the county. A member of the regional
10 assembly is not eligible to serve on the regional authority
11 board. A member of the regional authority board shall be a resi-
12 dent of the territory of the authority.

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

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

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

26 Sec. 8. In addition to the circumstances set forth in
27 section 3 of 1846 RS 15, MCL 201.3, the office of a member of the

1 regional authority board becomes vacant if the member violates
2 the residency requirements of section 6(6). A vacancy in office
3 of a member of the regional authority board shall be filled by
4 the regional assembly for the remainder of the unexpired term in
5 the same manner as the original election. A member of the
6 regional authority board may be removed for cause by a majority
7 vote of the members of the regional assembly. Each member of the
8 regional authority board shall be compensated by payment of a per
9 diem fee and mileage for not more than 1 meeting a day in amounts
10 to be set annually by the regional assembly and paid by the
11 regional authority. The regional authority board shall appoint a
12 director of the regional authority and a deputy director for each
13 division of the regional authority board. A director or deputy
14 director shall be professionally qualified to serve in that
15 capacity and shall not be a member of the regional assembly. The
16 director and deputy directors shall serve at the pleasure of the
17 regional authority board.

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

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

24 (b) To review rates, charges, and procedures for water
25 supply and sewerage services on the written request of a county,
26 city, village, township, district, authority, or other public
27 corporation served by the regional system and regional authority

1 or as directed by a weighted majority vote of the regional
2 assembly.

3 (c) To establish or revise the rates and charges to each
4 county, city, village, township, district, authority, or other
5 public corporation served by the regional system. The rates and
6 charges within the limitations of an applicable contract for sew-
7 erage services or water supply and transportation services, or
8 both, shall not impair the obligations for debt retirement or
9 payment of bonds of the regional authority or of a county, city,
10 village, township, district, authority, or other public corpora-
11 tion served by the regional system.

12 (d) To receive, revise, and approve plans and projects to
13 extend, improve, enlarge, or refinance the facilities of the
14 regional system as initiated and requested by either division of
15 the regional authority board.

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

17 Sec. 10. The regional assembly shall meet at such other
18 times as a meeting is called by the chairperson of the regional
19 assembly or by 5 of its members for purposes specified in the
20 call of the meeting. The members of the regional assembly shall
21 serve without compensation.

22 Sec. 11. (1) The water supply division board shall control
23 the regional water supply system including, but not limited to,
24 the operation of the water intake, treatment, and wholesale dis-
25 tribution and transmission facilities of the regional water
26 supply system and the selection and appointment of water supply
27 system personnel subject to section 27.

1 (2) The sewerage division board shall control the regional
2 sewerage system, including, but not limited to, the operation of
3 the major trunk line sewers, interceptors, treatment plant, and
4 other similar sewerage facilities of the regional sewerage system
5 and the selection and appointment of sewerage system personnel
6 subject to section 27.

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

14 (4) The city or other public corporation that originally
15 established the regional system shall retain direct control of
16 retail water supply and retail sewerage services and facilities
17 within that city or other public corporation.

18 (5) Title to all assets of the regional system, whether
19 real, personal, mixed, tangible, or intangible, including, but
20 not limited to, easements, leaseholds, permits, licenses, and
21 contract rights, is vested free and clear in the regional author-
22 ity upon the filing of its articles of incorporation under
23 section 6(5), subject to the rights of record of third parties
24 and subject to the provisions of the agreement described in
25 section 6(3). The regional authority shall prepare, the affected
26 parties shall execute, and the regional authority shall record
27 documents necessary to effectuate the transfer of title. The

1 regional authority board shall assume the operation of the
2 regional system upon the election and qualification of its mem-
3 bers, the election of its officers, and the appointment of a
4 director and deputy directors of the authority.

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

16 Sec. 12. The regional authority board shall hold its first
17 meeting within 1 month after selection of its members, on the
18 call of the chairperson of the regional assembly. At the first
19 meeting, the regional authority board shall elect a chairperson
20 and 2 vice-chairpersons from the members of the regional author-
21 ity board. One of the vice-chairpersons shall be a member of and
22 serve as chairperson for the water supply division board, and the
23 other vice-chairperson shall be member of and serve as chair-
24 person for the sewerage division board. The regional authority
25 board shall also elect a secretary and a treasurer of the
26 regional authority. The secretary and treasurer need not be
27 members of the regional authority board and shall be compensated

1 as its employees. The regional authority board shall require of
2 the treasurer a bond by a responsible bonding company in an
3 amount to be determined by the authority board. The bond shall
4 be paid for by the authority. The regional authority board shall
5 select and employ other officers and employees and contract for
6 engineering, legal, accounting, and other professional services
7 as it considers necessary to effectuate its purposes and fix com-
8 pensation for the officers, employees, and services subject to
9 this act. The regional authority board may adopt rules of proce-
10 dure and bylaws as it considers advisable. The regional author-
11 ity board shall designate its principal place of business and
12 other offices or locations it considers necessary to perform its
13 functions and duties.

14 Sec. 13. The regional authority board shall keep a written
15 record of each session of the regional authority board. The
16 water supply division board and the sewerage division board shall
17 keep a written record of each of their separate sessions. The
18 regional authority board shall provide for a system of accounts
19 to conform to any uniform system required by law and for the
20 auditing at least annually of the accounts of the treasurer by a
21 qualified certified public accountant. Not more than 30 days
22 after the audit is received by the regional authority board, the
23 regional authority board shall publish the balance sheet and the
24 statement of revenue and expense showing the financial condition
25 of the authority as of the date of the audit in 1 or more newspa-
26 pers whose circulation or combined circulation covers the
27 territory of the authority.

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

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

26 Sec. 15. Each bond, note, or other evidence of indebtedness
27 that is issued by the city or other public corporation that

1 organized the regional system or issued by a participating
2 municipality and that is payable from the revenues of the
3 regional system shall be fully assumed and paid by the regional
4 authority in accordance with the terms of the bond, note, or
5 other evidence of indebtedness. The regional authority shall
6 perform representations and covenants, establish and collect
7 rates and charges, maintain accounts and reserves, operate and
8 maintain facilities, and render services required by the terms of
9 the bond, note, or other evidence of indebtedness and documents
10 issued or executed by the issuer. In particular, each debt
11 retirement account, fund, and reserve shall be maintained in
12 strict compliance with terms agreed to by the issuer and using
13 funds under section 17.

14 Sec. 16. (1) A contract, contract obligation, or assessment
15 obligation that involves the regional system and to which a
16 county, city, village, township, district, or authority is a
17 party shall not be impaired, amended, revised, or terminated by
18 the incorporation of the regional authority. The regional
19 authority shall assume and perform each duty and obligation per-
20 taining to the regional system of the city or other public corpo-
21 ration that organized the regional system. However, the regional
22 authority board may agree to extend, amend, or terminate any such
23 contract, contract obligation, or assessment obligation by agree-
24 ment with any other party to the extent permitted by law.

25 (2) The city or other public corporation that organized the
26 regional system shall be considered a customer and user of the
27 regional system to be provided wholesale water supply services

1 and wholesale sewerage services on the same basis and terms as
2 all other wholesale customers and users. Upon request of that
3 city or other public corporation, the regional authority shall
4 enter into a contract with that city or other public corporation
5 that embodies the rights of the city or other public corporation
6 under this subsection. The term of the contract shall be as
7 requested by the city or other public corporation, but shall not
8 exceed 50 years.

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

17 (2) After the effective date of the articles of incorpora-
18 tion of the regional authority, the regional authority and the
19 participating municipalities may enter into new or additional
20 contracts for the sale and purchase of water supply and sewerage
21 services from the regional system for a period not exceeding 50
22 years.

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

26 (a) To provide for the payment during each fiscal year of
27 all current expenses of administration, operation, and

1 maintenance as may be necessary to preserve the regional system
2 in good repair and working order.

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

8 (c) With respect to a balance remaining at the end of a
9 fiscal year, to deposit into the debt retirement fund established
10 by the regional authority board for the retirement of debt issued
11 under section 22 or 23.

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

20 Sec. 19. The regional authority may acquire for the
21 regional system property within or without the territory of the
22 authority by purchase, construction, lease, gift, devise, or
23 condemnation. The regional authority may hold, manage, generate
24 income from, control, sell, exchange, or lease the property. The
25 regional authority board shall condemn property for the regional
26 authority under the uniform condemnation procedures act, 1980 PA
27 87, MCL 213.51 to 213.75.

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

15 (2) If the regional assembly or regional authority board
16 determines that a project will serve and benefit all participat-
17 ing municipalities, the project shall be carried out by the
18 regional authority. If the regional assembly or regional author-
19 ity board determines that a project will not serve and benefit
20 all participating municipalities, the project shall be carried
21 out by 1 of the following:

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

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

1 (3) The necessity for projects of the type described in this
2 section and the apportionment of the costs of such projects among
3 the participating municipalities shall be decided finally and
4 conclusively in writing by the regional assembly after such
5 investigation and hearing as the regional assembly determines to
6 be necessary unless the members of the regional assembly agree on
7 the necessity or apportionment of the costs of the project or
8 agree to accept the determination by the regional authority board
9 on the necessity or apportionment of the costs of the project.

10 Sec. 21. (1) For a project to be carried out by the
11 regional authority under section 20, the regional authority may
12 enter into a contract with a participating municipality for the
13 acquisition, construction, improvement, enlargement, extension,
14 operation, or financing of water supply or sewerage facilities or
15 services. The contract shall provide for the allocation and pay-
16 ment of the share of the total cost to be borne by the partici-
17 pating municipality in annual installments for a period not
18 exceeding 40 years. The participating municipality may pledge
19 its full faith and credit for the payment of the obligation in
20 the manner and times specified in the contract. Notwithstanding
21 any statutory or charter limitation, each participating munici-
22 pality that pledges its full faith and credit shall include in
23 its annual tax levy an amount sufficient to assure that the esti-
24 mated collections will be sufficient to promptly pay, when due,
25 the portion of the obligation falling due before the following
26 year's tax collection.

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

7 (a) The levy of special assessments on property benefited by
8 the project. The procedures relative to the levying and collec-
9 tion of the special assessments shall conform to applicable
10 charter or statutory provisions.

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

13 (c) From revenue derived from the imposition of taxes by
14 this state.

15 (d) From any other source that may be validly used for the
16 purpose of meeting the contractual obligations under this
17 section.

18 (3) A contract under this section may authorize the regional
19 authority to issue bonds secured by the full faith and credit
20 pledges of the contracting participating municipalities. The
21 contract may provide for appropriate remedies in case of default
22 including, but not limited to, authorization for the county trea-
23 surer or other official charged with the disbursement of funds
24 derived from the state sales tax levy under the general sales tax
25 act, 1933 PA 167, MCL 205.51 to 205.78, and returnable to the
26 participating municipality under section 10 of article IX of the

1 state constitution of 1963, to withhold sufficient funds to make
2 up a default or deficiency in funds.

3 (4) If a participating municipality desires to enter into a
4 contract with the regional authority under this section, the gov-
5 erning body shall adopt a resolution authorizing the execution of
6 the contract and publish the resolution in a newspaper of general
7 circulation within the participating municipality. The contract
8 may be executed without a vote of the electors not less than 31
9 days after the date of the publication. However, if, not more
10 than 24 days after publication, there is filed with the clerk of
11 the participating municipality a petition signed by the lesser of
12 10% or 15,000 of the registered electors residing within the ter-
13 ritory of the participating municipality and requesting a refer-
14 endum upon the execution of the contract, the contract shall not
15 be executed unless approved by the vote of a majority of the reg-
16 istered electors of the participating municipality at a general
17 or special election to be held not more than 90 days after the
18 filing of the petition. A special election called for this pur-
19 pose shall not be included in a statutory or charter limitation
20 as to the number of special elections to be called within a
21 period of time. The form of the petition shall meet the require-
22 ments of, and the clerk of the participating municipality shall
23 have the same power to reject signatures and petitions as city
24 clerks under, section 25 of the home rule city act, 1909 PA 279,
25 MCL 117.25.

26 Sec. 22. To obtain funds for payments to and among
27 participating municipalities under the agreement described in

1 section 6(3) or for the acquisition, construction, improvement,
2 enlargement, or extension of the regional system, the regional
3 authority, after the execution of a contract under section 21,
4 may issue its negotiable bonds secured by the full faith and
5 credit pledges made by contracting participating municipalities
6 under section 21. The ordinance or resolution authorizing the
7 issuance of the bonds shall include the terms of the contract.
8 The bonds shall be serial bonds with annual maturities, the first
9 of which shall fall due not more than 5 years after the date of
10 issuance and the last of which shall fall due not more than 40
11 years after the date of issuance. A maturity more than 5 years
12 after the date of issuance shall not be less than 1/5 the amount
13 of any subsequent maturity. Except as otherwise provided in this
14 act, the bonds shall be subject to applicable provisions of the
15 municipal finance act, 1943 PA 202, MCL 131.1 to 139.3.

16 Sec. 23. To finance the acquisition, improvement, enlarge-
17 ment, extension, or operation of the regional system, the
18 regional authority may issue self-liquidating revenue bonds in
19 the manner provided by the revenue bond act of 1933, 1933 PA 94,
20 MCL 141.101 to 141.140, or any other act providing for the issu-
21 ance of revenue bonds. The revenue bonds shall be payable solely
22 from the revenues of the regional authority.

23 Sec. 24. (1) The regional authority shall make a reasonable
24 charge for services that it renders in order to cover the retire-
25 ment of outstanding indebtedness; costs of operation, mainte-
26 nance, and replacement of its facilities; and reserves for
27 capital improvements. The charges specified in a contract to

1 which the regional authority is a party are subject to increase
2 by the regional authority at any time if necessary in order to
3 provide funds to meet its obligations.

4 (2) A contract authorized in this act shall be for a period
5 not exceeding 50 years.

6 Sec. 25. The governing body of a participating municipality
7 may advance or loan to the regional authority funds required for
8 administrative expenses or for obtaining maps, plans, designs,
9 specifications, or cost estimates of proposed improvements, addi-
10 tions, or extensions to the regional system. The advance or loan
11 may be included by the authority as a part of a bond issued under
12 this act and repaid to the participating municipality upon the
13 sale of the bonds.

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

16 (a) Survey, study, and investigate water resources of the
17 area within the territory of the authority for the purpose of
18 determining the feasibility and practicability of developing new
19 sources of water supply.

20 (b) Ascertain requirements for sewerage systems and
21 services.

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

26 Sec. 27. (1) If the regional authority and a participating
27 municipality enter into a contract under 1967 (Ex Sess) PA 8, MCL

1 124.531 to 124.536, the contract shall not transfer legislative
2 functions.

3 (2) If, under the contract, the duties of employees are
4 transferred to the regional authority and sufficient positions of
5 comparable employment are not available for all employees at the
6 time of transfer, a less senior employee who is not transferred
7 to a comparable position shall be placed on layoff status with
8 the regional authority and shall be recalled to any position for
9 which he or she may qualify or become qualified after a reason-
10 able training period. The layoff status, or any layoff list,
11 need not be honored after 3 years from the date of layoff. The
12 regional authority shall determine the number of positions neces-
13 sary to perform any service and is not required to create or
14 maintain unnecessary positions.

15 (3) A representative of employees of a participating munici-
16 pality under 1947 PA 336, MCL 423.201 to 423.217, shall continue
17 to represent the employees after the employees are transferred to
18 the regional authority. This subsection does not limit the
19 rights of employees, under applicable law, to assert that a bar-
20 gaining representative protected by this subsection is no longer
21 their representative.

22 Sec. 28. The business that the regional authority board, a
23 division of the regional authority board, or the regional assem-
24 bly may perform shall be conducted at a public meeting of the
25 regional authority board, a division of the regional authority
26 board, or the regional assembly held in compliance with the open
27 meetings act, 1976 PA 267, MCL 15.261 to 15.275. A writing

1 prepared, owned, used, in the possession of, or retained by the
2 regional authority board, a division of the regional authority
3 board, or the regional assembly in the performance of an official
4 function is subject to the freedom of information act, 1976 PA
5 442, MCL 15.231 to 15.246.

6 Sec. 29. (1) If a city, village, township, county, authori-
7 ty, district, or other public corporation that was not a partici-
8 pating municipality when the regional authority was incorporated
9 desires to become a participating municipality, the governing
10 body shall adopt a resolution requesting admission as a partici-
11 pating municipality and offering to negotiate a contract for
12 water supply or sewerage services as provided in section 17. The
13 governing body shall deliver the resolution to the chairperson of
14 the regional authority board. The chairperson of the regional
15 authority board shall present the resolution to the regional
16 authority board or the appropriate division of the regional
17 authority board for a recommendation as to acceptance or rejec-
18 tion of the request and, if acceptance is recommended, the terms
19 and conditions of admittance as a participating municipality.
20 The recommendation of the regional authority board or the appro-
21 priate division of the regional authority board shall be for-
22 warded to the regional assembly for consideration at its next
23 regular or special meeting. The regional assembly may approve
24 admission by adopting by a 2/3 vote a resolution in which the
25 terms and conditions of admittance are specified. The regional
26 assembly shall file a certified copy of the adopted resolution

1 with the clerk of the public corporation requesting admission and
2 with the secretary of state.

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

10 Sec. 30. (1) The regional authority is a municipal corpora-
11 tion and a public body corporate with power to sue and be sued in
12 a court of competent jurisdiction. The regional authority pos-
13 sesses all powers necessary or incidental to carrying out the
14 purposes of its incorporation. The enumeration of any powers in
15 this act shall not be construed as a limitation upon such general
16 powers.

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