

# SENATE BILL No. 195

February 18, 2003, Introduced by Senators TOY, KUIPERS, PATTERSON, JOHNSON, McMANUS, STAMAS and SANBORN 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  
3 participating 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  
16 wholesale water supply service or wholesale sewerage service, or  
17 both, for more than 25% of the population of this state. A  
18 regional system may consist of a system of wholesale water supply  
19 facilities and services that serves 1 group of customers and  
20 users and a system of wholesale sewerage facilities and services  
21 that serves a different group of customers and users. Regional  
22 system does not include retail water supply or retail sewerage  
23 services 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.

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

1       (j) "Territory of the authority" means the combined territory  
2 of the voting participating municipalities.

3       (k) "Voting participating municipality" means a participating  
4 municipality that is a city, village, or township.

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

9       Sec. 3. Each regional system shall be incorporated as a  
10 regional authority under this act and shall be administered,  
11 operated, and controlled under this act for the benefit of and  
12 continued service to each voting participating municipality.

13       Sec. 4. (1) There is created for each regional system a  
14 regional assembly.

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

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

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

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

1 term.

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

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

21       (3) Adoption of a resolution or other action taken by the  
22 regional assembly requires a majority of the votes that members  
23 of the regional assembly are authorized to cast. However, if a  
24 matter, including, but not limited to, a matter under  
25 section 6(6) or 8, pertains strictly to sewerage or pertains  
26 strictly to water supply and transportation, a member is  
27 authorized to cast only those votes to which he or she is

1 entitled under subsection (2) based on water supply received  
2 annually or sewage treatment capacity used annually,  
3 respectively, by the voting participating municipality  
4 represented by the member.

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

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

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

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

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

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

12 (5) The regional assembly shall publish the articles of  
13 incorporation in 1 or more newspapers whose circulation or  
14 combined circulation covers the entire territory of the proposed  
15 authority. The regional assembly shall file a copy of the  
16 articles of incorporation with the clerk of each participating  
17 municipality and with the secretary of state. The articles of  
18 incorporation take effect when the requirements of this  
19 subsection are satisfied.

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



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

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

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

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

27 Sec. 8. In addition to the circumstances set forth in

1 section 3 of 1846 RS 15, MCL 201.3, the office of a member of the  
2 regional authority board becomes vacant if the member violates  
3 the residency requirements of section 6(6). A vacancy in office  
4 of a member of the regional authority board shall be filled by  
5 the regional assembly for the remainder of the unexpired term in  
6 the same manner as the original election. A member of the  
7 regional authority board may be removed for cause by a majority  
8 vote of the members of the regional assembly. Each member of the  
9 regional authority board shall be compensated by payment of a per  
10 diem fee and mileage for not more than 1 meeting a day in amounts  
11 to be set annually by the regional assembly and paid by the  
12 regional authority. The regional authority board shall appoint a  
13 director of the regional authority and a deputy director for each  
14 division of the regional authority board. A director or deputy  
15 director shall be professionally qualified to serve in that  
16 capacity and shall not be a member of the regional assembly. The  
17 director and deputy directors shall serve at the pleasure of the  
18 regional authority board.

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

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

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

1 corporation served by the regional system and regional authority  
2 or as directed by a weighted majority vote of the regional  
3 assembly.

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

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

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

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

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

1 system personnel subject to section 27. The water supply  
2 division board may privatize or oversee the privatization of  
3 these functions.

4 (2) The sewerage division board shall control the regional  
5 sewerage system, including, but not limited to, the operation of  
6 the major trunk line sewers, interceptors, treatment plant, and  
7 other similar sewerage facilities of the regional sewerage system  
8 and the selection and appointment of sewerage system personnel  
9 subject to section 27. The sewerage division board may privatize  
10 or oversee the privatization of these functions.

11 (3) The regional authority board shall control those  
12 activities, facilities, and personnel that pertain to both the  
13 water supply division and the sewerage division, as determined by  
14 the director of the regional authority board, including, but not  
15 limited to, the selection and appointment of regional system  
16 personnel and the billing and collection of charges for wholesale  
17 water supply or sewerage services. The regional authority board  
18 may privatize or oversee the privatization of those activities.

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

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

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

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

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

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

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

1 regional authority board shall publish the balance sheet and the  
2 statement of revenue and expense showing the financial condition  
3 of the authority as of the date of the audit in 1 or more  
4 newspapers whose circulation or combined circulation covers the  
5 territory of the authority.

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

27       (2) The fiscal year of the regional authority shall commence

1 on July 1 of each year and end on June 30 of each year, except  
2 that the regional assembly may establish a shorter first fiscal  
3 year.

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

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



1 any such contract, contract obligation, or assessment obligation  
2 by agreement with any other party to the extent permitted by  
3 law.

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

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

23 (2) After the effective date of the articles of incorporation  
24 of the regional authority, the regional authority and the  
25 participating municipalities may enter into new or additional  
26 contracts for the sale and purchase of water supply and sewerage  
27 services from the regional system for a period not exceeding 50

1 years.

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

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

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

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

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

26 Sec. 19. The regional authority may acquire for the  
27 regional system property within or without the territory of the

1 authority by purchase, construction, lease, gift, or devise. The  
2 regional authority may hold, manage, generate income from,  
3 control, sell, exchange, or lease the property.

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

18       (2) If the regional assembly or regional authority board  
19 determines that a project will serve and benefit all  
20 participating municipalities, the project shall be carried out by  
21 the regional authority. If the regional assembly or regional  
22 authority board determines that a project will not serve and  
23 benefit all participating municipalities, the project shall be  
24 carried out by 1 of the following:

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

27       (b) The participating municipalities to be served and

1 benefited on approval of the regional authority, but without  
2 participation of the regional authority beyond the terms and  
3 conditions set forth in the approval resolution.

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

13       Sec. 21. (1) For a project to be carried out by the  
14 regional authority under section 20, the regional authority may  
15 enter into a contract with a participating municipality for the  
16 acquisition, construction, improvement, enlargement, extension,  
17 operation, or financing of water supply or sewerage facilities or  
18 services. The contract shall provide for the allocation and  
19 payment of the share of the total cost to be borne by the  
20 participating municipality in annual installments for a period  
21 not exceeding 40 years. The participating municipality may  
22 pledge its full faith and credit for the payment of the  
23 obligation in the manner and times specified in the contract.  
24 Notwithstanding any statutory or charter limitation, each  
25 participating municipality that pledges its full faith and credit  
26 shall include in its annual tax levy an amount sufficient to  
27 assure that the estimated collections will be sufficient to

1 promptly pay, when due, the portion of the obligation falling due  
2 before the following year's tax collection.

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

9 (a) The levy of special assessments on property benefited by  
10 the project. The procedures relative to the levying and  
11 collection of the special assessments shall conform to applicable  
12 charter or statutory provisions.

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

15 (c) From revenue derived from the imposition of taxes by this  
16 state.

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

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

1 to the participating municipality under section 10 of article IX  
2 of the state constitution of 1963, to withhold sufficient funds  
3 to make up a default or deficiency in funds.

4 (4) If a participating municipality desires to enter into a  
5 contract with the regional authority under this section, the  
6 governing body shall adopt a resolution authorizing the execution  
7 of the contract and publish the resolution in a newspaper of  
8 general circulation within the participating municipality. The  
9 contract may be executed without a vote of the electors not less  
10 than 31 days after the date of the publication. However, if, not  
11 more than 24 days after publication, there is filed with the  
12 clerk of the participating municipality a petition signed by the  
13 lesser of 1% or 15,000 of the registered electors residing within  
14 the territory of the participating municipality and requesting a  
15 referendum upon the execution of the contract, the contract shall  
16 not be executed unless approved by the vote of a majority of the  
17 registered electors of the participating municipality at either  
18 the next primary or general election held after the filing of the  
19 petition. The form of the petition shall meet the requirements  
20 of, and the clerk of the participating municipality shall have  
21 the same power to reject signatures and petitions as city clerks  
22 under, section 25 of the home rule city act, 1909 PA 279,  
23 MCL 117.25.

24 Sec. 22. To obtain funds for payments to and among  
25 participating municipalities under the agreement described in  
26 section 6(3) or for the acquisition, construction, improvement,  
27 enlargement, or extension of the regional system, the regional

1 authority, after the execution of a contract under section 21,  
2 may issue its negotiable bonds secured by the full faith and  
3 credit pledges made by contracting participating municipalities  
4 under section 21. The ordinance or resolution authorizing the  
5 issuance of the bonds shall include the terms of the contract.  
6 The bonds shall be serial bonds with annual maturities, the first  
7 of which shall fall due not more than 5 years after the date of  
8 issuance and the last of which shall fall due not more than 40  
9 years after the date of issuance. A maturity more than 5 years  
10 after the date of issuance shall not be less than 1/5 the amount  
11 of any subsequent maturity. Except as otherwise provided in this  
12 act, the bonds shall be subject to applicable provisions of the  
13 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
14 141.2821.

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

22 Sec. 24. (1) The regional authority shall make a reasonable  
23 charge for services that it renders in order to cover the  
24 retirement of outstanding indebtedness; costs of operation,  
25 maintenance, and replacement of its facilities; and reserves for  
26 capital improvements. The charges specified in a contract to  
27 which the regional authority is a party are subject to increase

1 by the regional authority at any time if necessary in order to  
2 provide funds to meet its obligations.

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

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

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

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

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

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

25 Sec. 27. (1) If the regional authority and a participating  
26 municipality enter into a contract under 1967 (Ex Sess) PA 8,  
27 MCL 124.531 to 124.536, the contract shall not transfer



1 legislative functions.

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

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

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

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

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

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

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

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