

The background features a collage of three images: a close-up of water being poured from a tap into a glass, a large circular sewer tunnel under construction at night, and a close-up of a storm drain grate with debris. The text is overlaid on this collage in white, bold, sans-serif font.

GOVERNMENTAL WATER & SEWER PROVIDERS IN NORTH CAROLINA

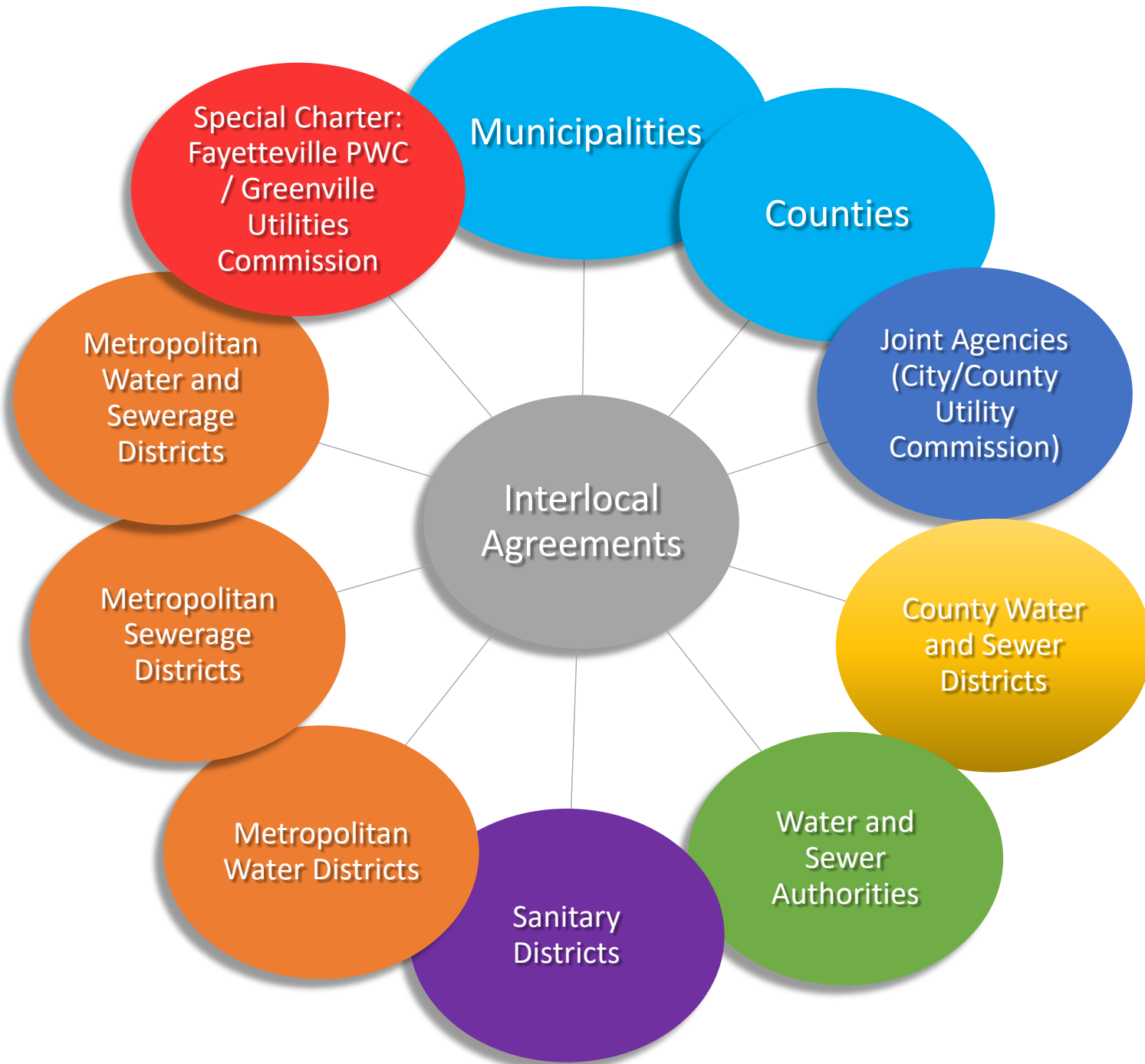
WATER & SEWER AUTHORITIES

Kara Millonzi, Robert W. Bradshaw Jr. Distinguished Professor of Public Law and Government
UNC Chapel Hill School of Government

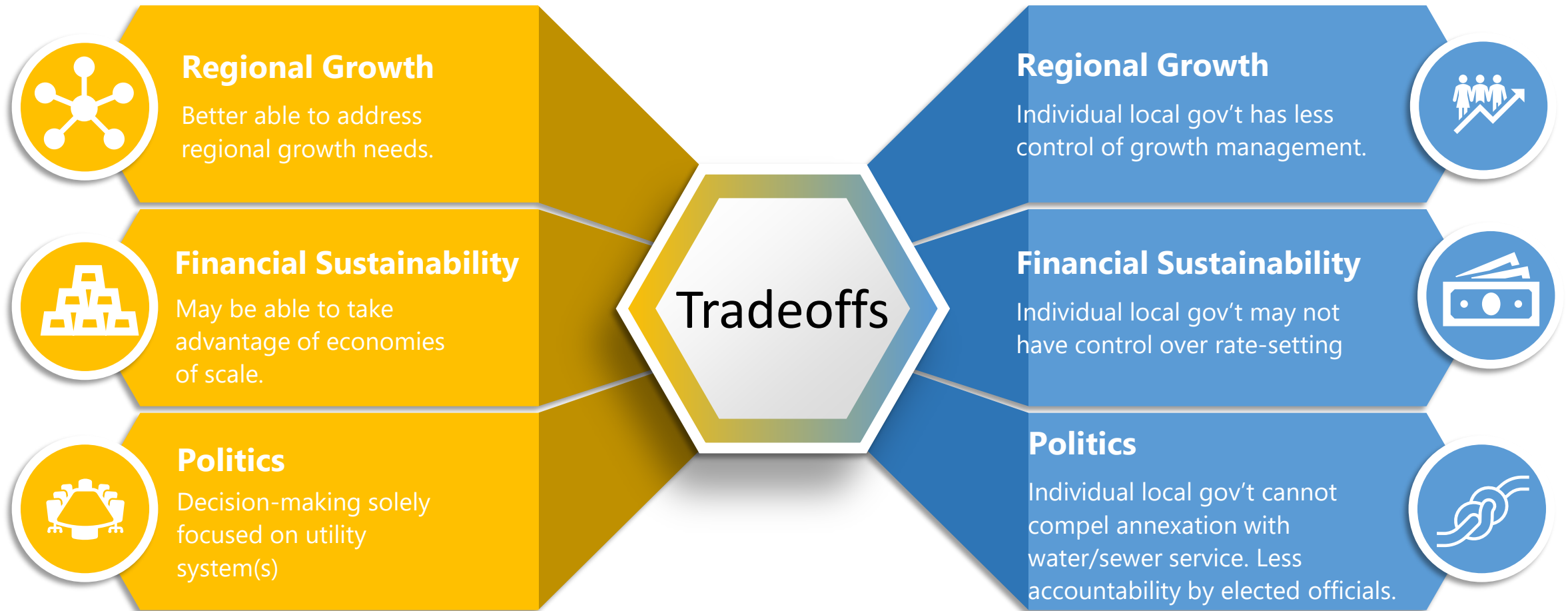
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millonzi@sog.unc.edu

Governance Structures for Government Water and Wastewater Services



Regional Governance Structures



What is a W&S Authority?



01

SPECIAL PURPOSE LOCAL GOVERNMENT

A W&S Authority is a separate legal entity from its forming units of government. It is governed by its own board and is a body politic and corporate to provide water, sewer, and stormwater services. It typically operates on a regional basis.

02

PUBLIC AUTHORITY

A W&S Authority is a public authority subject to the Local Government Budget and Fiscal Control Act. It must adopt its own budget and manage its own financials, consistent with state law, GASB, and Local Government Commission regulations.

03

REGULATORY BODY

A W&S Authority's governing board may adopt reasonable regulations related to the provision of water, sewer, and stormwater services.

04

NOT REGULATED BY THE STATE'S UTILITY COMMISSION

A W&S Authority is a governmental utility provider. It is not a "public utility" regulated by the State's Utility Commission. It is "regulated" by state statute, its Articles of Incorporation, utility law, and the Local Government Commission.

Establishing a W&S Authority

1.

RESOLUTION OF INTENT

Adopted by each governing board. Must include Articles of Incorporation

- The name of the authority.
- A statement that the authority is organized under this Article.
- The names of the organizing political subdivisions.
- The names and addresses of the first members of the authority appointed by the organizing political subdivisions.*

2.

PUBLIC HEARING

Notice of hearing must be published at least 10 days before hearing. Notice must include statement of proposed resolution and articles of incorporation.

3.

FILE WITH SECRETARY OF STATE

Each local government files resolution and proof of proper notice with Secretary of State. Secretary reviews for legal conformance and issues Certificate of Incorporation.

4.

CERTIFY BOARD MEMBERS

When authority is organized, it certifies to Secretary of State the names and addresses of its officers and the authority's address

*May include statement that members of the authority will be limited to those appointed by the organizing political subdivisions from time to time



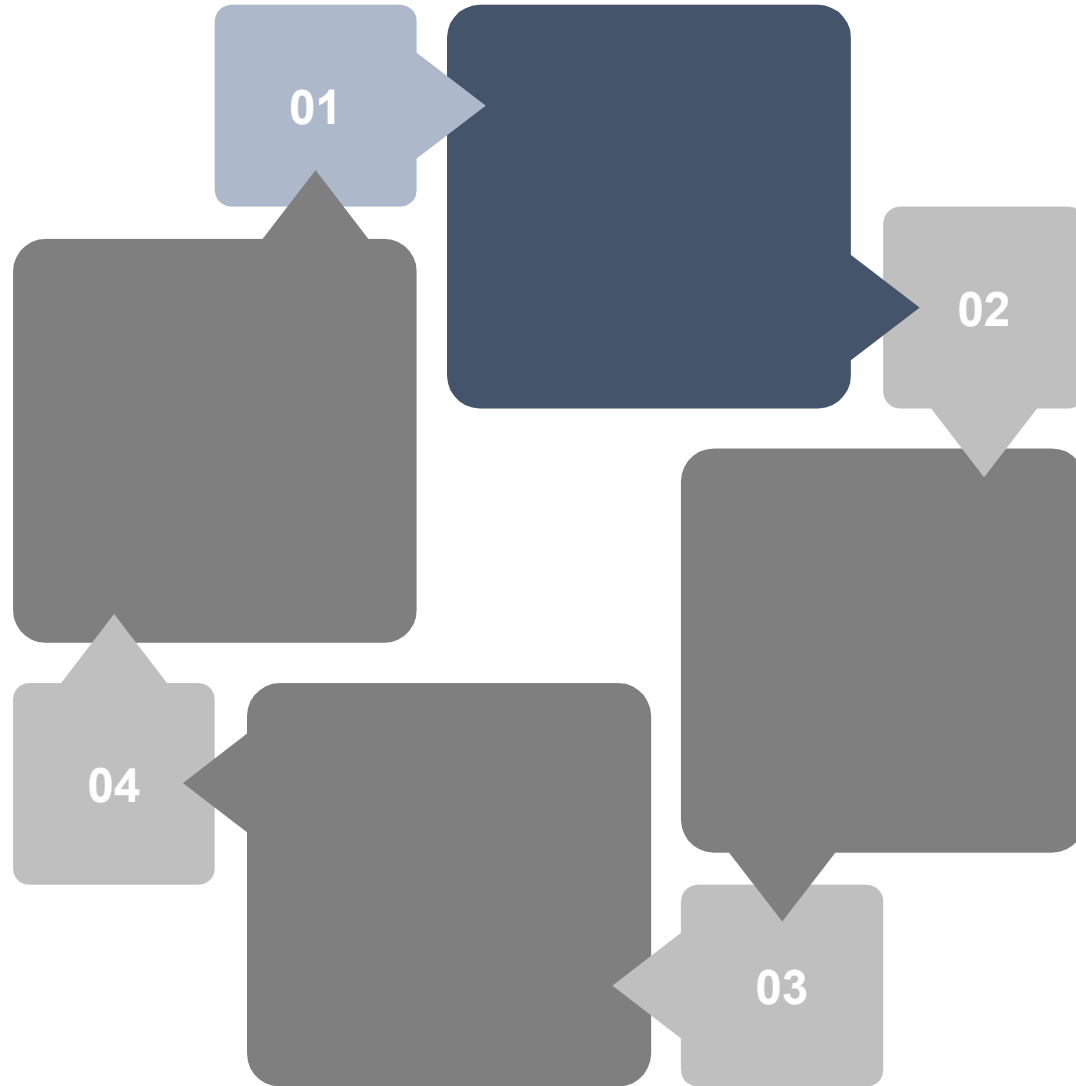
New W&S Authority Now What?

- Who's in Charge?
- Start up process?
- Start up costs?
- Powers & authorities?
- Ownership/transfers?
- Support by forming local governments (loans/grants; upfront/ongoing)?
- Interlocal agreements?
- Capital planning?
- Rate setting?
- Available grants?

Who's in Charge?



Who's in Charge?



Authority Board

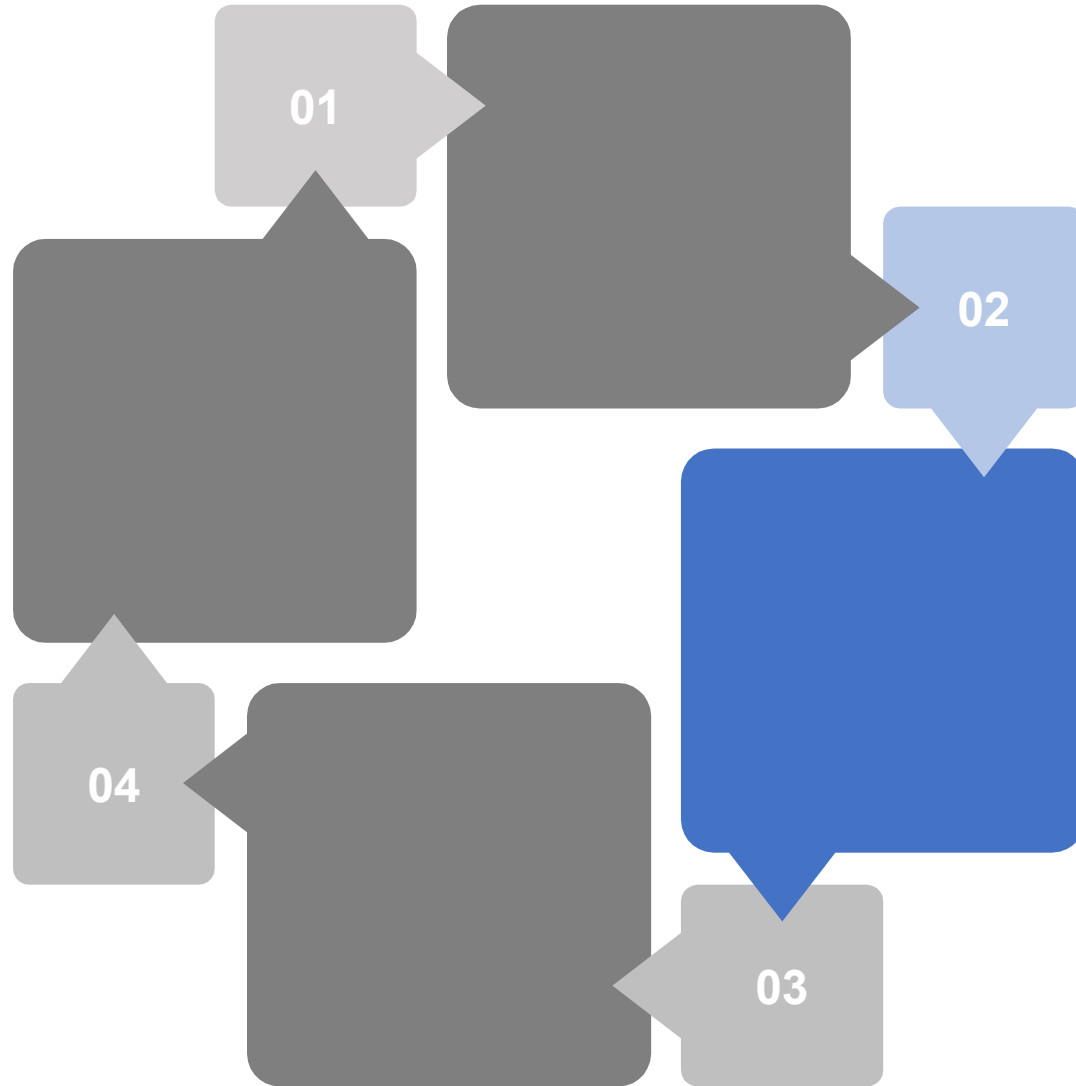
Makes all decisions related to the ownership and operating of the Authority

Must take action by vote of majority of members

Select Chair and Vicechair among members

May appoint Secretary and Treasurer

Who's in Charge?



Forming Local Governments

Determine number of board members and how many each forming local government appoints

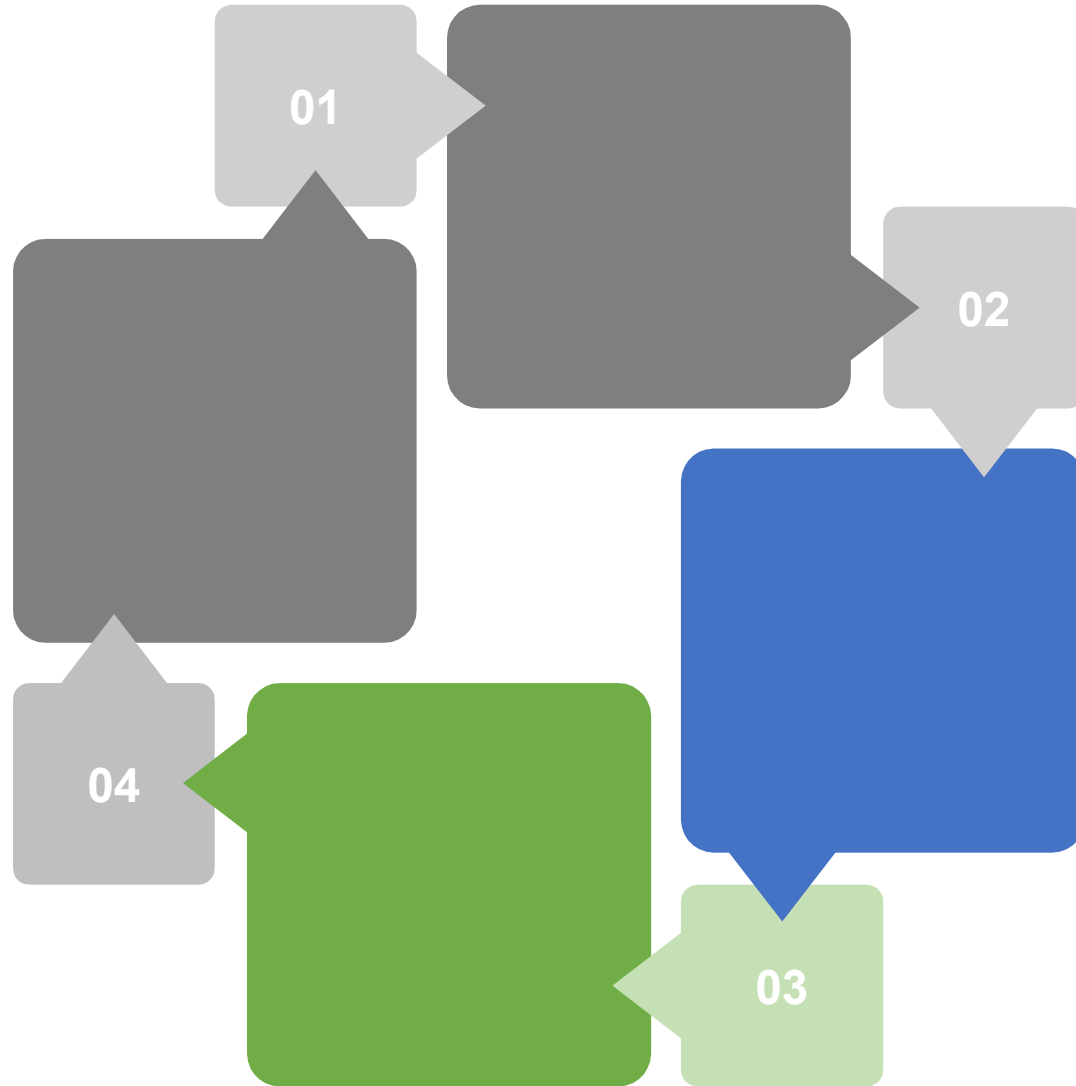
Appoint initial board members and future members to fill vacancies

Must initially stagger appointments (1,2,3 years)

May remove appointed board members with or without cause

May limit all board appointments to only forming local governments

Who's in Charge?



Future Joining Local Governments

May be able to appoint board members (unless prohibited in initial resolutions forming Authority)

Powers & Authorities



Regulation

A W&S Authority Board may adopt ordinances regulating the following



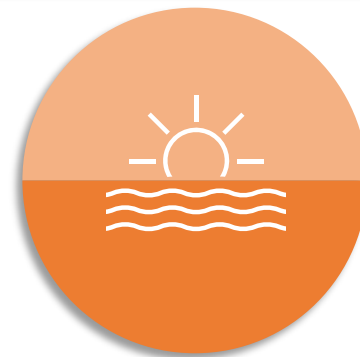
DISCHARGE

The regulation and control of the discharge of sewage or stormwater into any sewerage system owned or operated by the authority.



WATER SYSTEM

The regulation and control of a water system owned or operated by the authority.



WATER QUALITY

Stormwater management programs designed to protect water quality by controlling the level of pollutants in and the quantity and flow of stormwater.



WATER QUANTITY

The regulation and control of structural and natural stormwater and drainage systems of all types.

Authority must give notice to each local government and consider all comments and suggestions. May adopt 60 days after sending declaration of intent to local governments.

Interlocal Government Cooperation



1

SELLING/BUYING SYSTEMS

Local government and W&S Authority may agree to sell/buy any real or personal property of water or sewer system, based on any lawful terms agreed upon by the parties

Must get LGC approval for system transfers



2

PURCHASE AGREEMENTS

Local government and W&S Authority may contract for specific water/wastewater services (including bulk purchases)



3

MANDATING CONNECTIONS & DISCONNECTIONS

Local government may agree to mandate connection to W&S Authority's water or sewer system,

If local government is water provider and W&S Authority is sewer provider, local government may agree to disconnect water for non-payment of sewer



4

ASSESSING & COLLECTING FEES

Local government may agree to assess and/or collect fees and remit to W&S Authority



5

FINANCIAL SUPPORT

Local government may agree to continue to provide temporary or permanent financial support to W&S Authority



6

VOTER REFERENDUM

Local government may submit any contract/agreement with W&S Authority to voters as part of voter referendum

Rate Setting

System Development Fees

Assessed on “new development” to cover past or future capital costs necessary to serve/continue to serve “new development”

Special Assessments

Reimbursement charges for capital projects that benefit assessed properties

Contractual Charges

Assessed pursuant to a contract with developer or property owner to extend water/sewer lines to property or do system changes / expansions to serve property

Regulatory Fees

Assessed to cover costs of inspections, plan reviews, etc.

Availability Fees

Assessed on certain properties when water/sewer available but property owners choose not to connect

Connection / Tap Fees

Assessed on property owner at time of connection to cover costs of connection

User Fees

Assessed on water/sewer utility customers— typically has fixed and variable component

Rates MUST be set so that revenues sufficient to:

W&S
Authority
Board's
responsibility
is to the
operational
and financial
sustainability
of the water /
sewer systems

1. To pay the cost of maintaining, repairing, and operating the systems or parts thereof owned or operated by the authority, including reserves for such purposes, and including provision for the payment of principal of and interest on indebtedness of a political subdivision or of political subdivisions which payment shall have been assumed by the authority, and
2. To pay the principal of and the interest on all bonds issued by the authority under the provisions of this Article as the same shall become due and payable and to provide reserves therefor.