

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4206 (Substitute H-2 as reported without amendment)
Sponsor: Representative Leon Drolet
House Committee: Government Operations
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would create a new act to require a qualified city that owned or operated a water or sewer system to establish an authority that would provide review and oversight of the system's contract process. The authority would have to establish an ethics manual governing the conducting of system business and the conduct of employees of the system. (Based on the bill's definitions, a "qualified city" would be Detroit and "water or sewer system", or "system", would refer to the Detroit water and sewage system.)

The members of the authority would be the city and each "qualified county" (a county with a population of 400,000 or more) that was served by the system. (This would apply to Wayne, Oakland, Macomb, and Genesee Counties.) The city and counties would be subject to the bill's requirements and the policies and procedures established by the authority. Within 30 days after the bill's effective date, the city and counties would have to appoint representatives to the authority as follows:

- One person appointed by the city's mayor, with the advice and consent of the city's governing body.
- One person each appointed by the county board of commissioners of Oakland, Macomb, and Genesee Counties.
- One person appointed by a majority vote of the chief elected officials of the five largest local units within Wayne County (other than Detroit).

The authority would have to establish policies governing authority members and system employees who regularly exercised significant discretion over the award and management of authority procurements. The policies would have to provide for immediate disclosure of a financial interest that could create a conflict of interest, and withdrawal from participation in a recommendation or decision regarding procurement that could create a conflict of interest.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local revenues or expenditures. The bill would not provide for any revenue source for the authority, provide for any authority members to be paid, or authorize the authority to spend any money. Its duties would be limited to review and oversight of the contract process for any water or sewer system operated by an affected city and to development of an ethics policy for the conduct of those running the water or sewer system. Because the authority could not enforce any determinations or rules, would have no powers to bill member units for expenses or share expenses, and could not reject, negotiate or terminate any contracts, its activities should have no fiscal impact on local units.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 3-3-03

Fiscal Analyst: David Zin