

**SUBSTITUTE FOR
HOUSE BILL NO. 4206**

A bill to provide for the approval of certain contracts involving the operation of city and village water and sewer systems; to create an authority; 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. As used in this act:

2 (a) "Authority" means an authority created under this act.

3 (b) "City" means a city chartered under the home rule city
4 act, 1909 PA 279, MCL 117.1 to 117.38.

5 (c) "Local unit of government" means a city, village, or
6 township. A local unit of government does not include a
7 qualified city.

8 (d) "Qualified city" means a city with a population of
9 750,000 or more that is a member of an authority created under
10 this act.

1 (e) "Qualified county" means a county with a population of
2 400,000 or more that is a member of an authority created under
3 this act.

4 (f) "Township" means a township chartered under the charter
5 township act, 1947 PA 359, MCL 42.1 to 42.34.

6 (g) "Village" means a village incorporated under the home
7 rule village act, 1909 PA 278, MCL 78.1 to 78.26.

8 (h) "Water or sewer system" or "system" means a water supply
9 facility or sewerage services facility, or both, that provides
10 water or sewerage service to more than 20% of the population of
11 this state.

12 Sec. 2. (1) A city or village that owns or operates a water
13 or sewer system shall establish an authority to provide review
14 and oversight of the contract process of the system as provided
15 under this act.

16 (2) The members of the authority shall be all qualified
17 counties and qualified cities that are served by the water or
18 sewer system. Each member of the authority is subject to the
19 requirements of this act and the policies and procedures
20 established by the authority.

21 (3) Not more than 30 days after the effective date of this
22 act, each qualified county and qualified city that is a member of
23 an authority shall make appointments to the authority as provided
24 under this section.

25 (4) One person shall be appointed to represent each qualified
26 county that does not have a qualified city located within the
27 county. The appointment under this subsection shall be made by

1 the county board of commissioners.

2 (5) One person shall be appointed to represent each qualified
3 city. The appointment under this subsection shall be made by the
4 mayor of the city, with the advice and consent of the city's
5 governing body.

6 (6) If a qualified county has a qualified city within the
7 county, 1 person who does not live or work within the qualified
8 city shall be appointed to represent the county. The appointment
9 under this subsection shall be made by the majority vote of the
10 chief elected officials of the 5 largest local units of
11 government within the county.

12 (7) A person appointed under this section shall serve for a
13 term of 4 years, or until a successor is appointed, whichever is
14 later. A successor to a member shall be appointed in the same
15 manner and shall serve for a term of 4 years, or until a
16 successor is appointed, whichever is later. A person may be
17 reappointed to the authority. A person appointed to the
18 authority may be replaced by the appointing member at any time.

19 Sec. 3. (1) A majority of members of the authority
20 constitute a quorum for the transaction of business.

21 (2) The person appointed to the authority by a qualified
22 county or a qualified city shall have 1 vote.

23 (3) The first meeting of the authority shall be held not more
24 than 45 days after the effective date of this act.

25 (4) The authority shall elect a chairperson and other
26 officers as the authority considers necessary. The authority
27 shall adopt bylaws and rules to govern the operation of the

1 authority.

2 (5) After its first meeting, the authority shall meet not
3 less than quarterly and at such other times as determined by the
4 authority.

5 Sec. 4. (1) Persons appointed to the authority are public
6 servants under 1968 PA 317, MCL 15.321 to 15.330, and are subject
7 to any other applicable law with respect to conflicts of
8 interest.

9 (2) An authority shall establish policies and procedures
10 requiring periodic disclosure by persons appointed to the
11 authority of relationships which may give rise to conflicts of
12 interest.

13 Sec. 5. (1) An authority shall establish an ethics manual
14 governing the conducting of system business and the conduct of
15 employees of the system.

16 (2) An authority shall establish policies under this section
17 that are no less stringent than those provided for public
18 officers and employees by 1973 PA 196, MCL 15.341 to 15.348. The
19 policies established under this section shall include compliance
20 by each member of the authority and employees of the system who
21 regularly exercise significant discretion over the award and
22 management of authority procurements with policies governing all
23 of the following:

24 (a) Immediate disclosure of the existence and nature of any
25 financial interest that would reasonably be expected to create a
26 conflict of interest.

27 (b) Withdrawal by a member or employee from participation in,

1 discussion of, or evaluation of any recommendation or decision
2 involving procurement involving the water or sewer system that
3 would reasonably be expected to create a conflict of interest for
4 that member or employee.