

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2009**

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**HOUSE BILL 1743\***

Short Title: Local Government Comm. Review Water Systems. (Public)

Sponsors: Representatives Crawford, Gillespie, Owens, Tarleton (Primary Sponsors); Bell, Braxton, Carney, Gill, Harrison, Hughes, Pierce, and Wray.

Referred to: Water Resources and Infrastructure, if favorable, Environment and Natural Resources.

May 18, 2010

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND THE LOCAL GOVERNMENT COMMISSION OF THE DEPARTMENT OF THE STATE TREASURER TO EVALUATE THE POTENTIAL BENEFITS OF MONITORING THE FINANCIAL CONDITION OF PUBLIC WATER SUPPLY AND WASTEWATER SYSTEMS, AS RECOMMENDED BY THE LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER INFRASTRUCTURE.

The General Assembly of North Carolina enacts:

**SECTION 1.** The Department of Environment and Natural Resources and the Local Government Commission in the Department of State Treasurer shall evaluate the costs and benefits of conducting financial reviews of public water supply and wastewater systems to ensure that public water supply or wastewater systems raise revenue sufficient to cover the costs associated with the systems, including the costs of maintenance, repair, and replacement of treatment, distribution, and collection infrastructure. The Department and the Commission shall evaluate the desirability of requiring the following actions by public water supply and wastewater systems:

- (1) Submission of annual audit statements by local governments to State funding agencies for the purpose of reporting on system operations and to demonstrate whether the water and sewer rates of each system are sufficient to maintain system operations and meet debt service obligations.
- (2) In the event that a shortfall is found, requiring remedial measures such as the submission of a written explanation for the revenue shortfall from the governing board of the system and the development of a plan to ensure that system revenues cover system costs.
- (3) Maintenance of a capital reserve fund by public water supply and wastewater systems.
- (4) Review of applications for grant funds to ensure that applicants' grant match is funded from local revenues as opposed to another grant.
- (5) Development of benchmarks that systems must meet for proper investing in water and sewer infrastructure.
- (6) Notification of funding agencies when systems are failing to operate in compliance with applicable State and federal water quality standards.



1                   **SECTION 2.** The agencies shall report on their findings and recommendations to  
2 the Legislative Study Commission on Water and Wastewater Infrastructure no later than  
3 November 1, 2010.

4                   **SECTION 3.** This act is effective when it becomes law.