

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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SENATE DRS55569-SYZ-14A* (04/22)

Short Title: Local Government Comm. Review Water Systems.

(Public)

Sponsors: Senators Albertson, and Hoyle.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO DIRECT THE DEPARTMENT OF ENVIRONMENT AND NATURAL
3 RESOURCES AND THE LOCAL GOVERNMENT COMMISSION OF THE
4 DEPARTMENT OF THE STATE TREASURER TO EVALUATE THE POTENTIAL
5 BENEFITS OF MONITORING THE FINANCIAL CONDITION OF PUBLIC WATER
6 SUPPLY AND WASTEWATER SYSTEMS, AS RECOMMENDED BY THE
7 LEGISLATIVE STUDY COMMISSION ON WATER AND WASTEWATER
8 INFRASTRUCTURE.

9 The General Assembly of North Carolina enacts:

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

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



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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.