

CCS HCS SB 791 -- COMMON SEWER DISTRICTS AND WATER AND SEWER SYSTEMS

This bill changes the laws regarding common sewer districts and water and sewer systems.

COMMON SEWER DISTRICTS

The bill:

(1) Allows a majority of the remaining members in office of the board of trustees of a common sewer district to fill a vacancy on the board if the county governing body fails to fill it within 60 days of receiving written notice of the vacancy. The trustees of a common sewer district may also appoint a member to a sewer subdistrict's advisory board if a vacancy is not filled by a county or political subdivision within 60 days of receiving a written request (Sections 204.300.1 and 204.571, RSMo);

(2) Increases, from eight to 10, the number of members on the sewer district boards of trustees in the counties of Cass and Jackson. Each board will consist of the county executive, mayors of the five largest-user cities, mayors of three other cities who are members of the sewer district advisory board, and one member of the county legislature. In the event the district extends its boundaries into a bordering county, the presiding commissioner or county executive of the bordering county will become the eleventh member of the board (Section 204.300.2);

(3) Authorizes a sewer district in a third classification county to develop an agreement with a city to provide sewer service in annexed areas of the district that were not receiving sewer service at the time of annexation. Currently, the City of Poplar Bluff and sewer districts in Butler County are authorized to develop agreements to provide sewer services (Section 204.472);

(4) Allows a board member to serve in more than one capacity on a common sewer subdistrict advisory board if the board consists of less than three members (Section 204.571); and

(5) Authorizes a sewer district to establish and collect charges for sewer services, including tap-on fees, and requires a private water company or public water supply district to provide water service data at a reasonable charge upon a reasonable request to a sewer district in order to calculate the rates for service. Currently, water supply districts are required to provide this data to cities, towns, and villages (Section 250.233).

WATER AND SEWER SYSTEMS (Section 393.320)

The bill:

(1) Requires a small utility whenever it decides to sell or otherwise dispose of its water or sewer system to a large public utility to authorize an appraisal of the system and set a date that the appraisal is due by ordinance, resolution, or board action;

(2) Requires the appraisal to be performed by three disinterested individuals who are certified general appraisers under Chapter 339. One will be appointed by the small utility, one by the large public utility, and one by the two appraisers appointed by the utilities;

(3) Requires the appraisers to jointly prepare an appraisal of the fair market value of the system and return the appraisal, in writing, to the small and large public utilities in a reasonable and timely manner. If all three appraisers cannot agree on the appraised value, an appraisal signed by two of them will constitute a good and valid appraisal. These provisions cannot prohibit either utility from declining to proceed with an acquisition or be deemed as establishing the final purchase price of an acquisition; and

(4) Specifies that the purchase price or the appraised value of the system, whichever is less, and the transaction, closing, and transition costs incurred by the large public utility will be the ratemaking rate base for the small utility as incorporated into the ratemaking rate base of the district designated by the large public utility. If the small utility is governed by the Missouri Public Service Commission, the commission may establish a rate base in its order authorizing the acquisition of the small utility. The criteria for selecting a rate base are specified in the bill. A large public water utility will bear responsibility for any past due fees to the state of the small utility that it acquires. The commission will provide a plan to resolve all outstanding compliance issues when a large and small water utility merge. The provisions relating to the merger of large and small water utilities will not be interpreted to apply to other utilities regulated by the commission.