

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 501*
Second Edition Engrossed 6/17/91

Short Title: Stormwater Utilities.

(Public)

Sponsors: Representatives Hurley; Bowie, Grimmer, Jeralds, McAllister, and Warner.

Referred to: Judiciary I.

April 1, 1991

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THE PUBLIC ENTERPRISE LAW WITH RESPECT TO
2 STORMWATER UTILITIES ESTABLISHED BY CITIES AND COUNTIES AND
3 TO GIVE WATER AND SEWER AUTHORITIES THE ABILITY TO OPERATE
4 AND FINANCE STORMWATER UTILITIES.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 160A-314 reads as rewritten:

8 "**§ 160A-314. Authority to fix and enforce rates.**

9 (a) A city may establish and revise from time to time schedules of rents, rates,
10 fees, charges, and penalties for the use of or the services furnished by any public
11 enterprise. Schedules of rents, rates, fees, charges, and penalties may vary according to
12 classes of service, and different schedules may be adopted for services provided outside
13 the corporate limits of the city.

14 (a1) Before it establishes or revises a schedule of rates, fees, charges, or penalties
15 for structural and natural stormwater and drainage systems under this section, the city
16 council shall hold a public hearing on the matter. A notice of the hearing shall be given
17 at least once in a newspaper having general circulation in the area, not less than seven
18 days before the public hearing. The hearing may be held concurrently with the public
19 hearing on the proposed budget ordinance.

20 Schedules of rates, fees, charges, and penalties for providing structural and natural
21 stormwater and drainage system service may vary according to whether the property
22 served is residential, commercial, or industrial property, the property's use, the size of
23 the property, the area of impervious surfaces on the property, the quantity and quality of

1 the runoff from the property, the characteristics of the watershed into which stormwater
2 from the property drains, and other factors that affect the stormwater drainage system.
3 Rates, fees, and charges imposed under this section may not exceed the city's cost of
4 providing a stormwater and drainage system. A city may not impose a fee for structural
5 and natural stormwater and drainage system service if the county in which the city is
6 located or a water and sewer authority of which the city is a member provides separate
7 structural and natural stormwater and drainage system service in the city.

8 (b) A city shall have power to collect delinquent accounts by any remedy
9 provided by law for collecting and enforcing private ~~debts.~~ debts, and may specify by
10 ordinance the order in which partial payments are to be applied among the various
11 enterprise services covered by a bill for the services. A city may also discontinue
12 service to any customer whose account remains delinquent for more than 10 days. When
13 service is discontinued for delinquency, it shall be unlawful for any person other than a
14 duly authorized agent or employee of the city to do any act that results in a resumption
15 of services. If a delinquent customer is not the owner of the premises to which the
16 services are delivered, the payment of the delinquent account may not be required
17 before providing services at the request of a new and different tenant or occupant of the
18 premises, but this restriction shall not apply when the premises are occupied by two or
19 more tenants whose services are measured by the same meter.

20 (c) Except as provided in subsection (d), rents, rates, fees, charges, and penalties
21 for enterprisory services shall be legal obligations of the person contracting for them,
22 and shall in no case be a lien upon the property or premises ~~served.~~ served, provided that
23 no contract shall be necessary in the case of structural and natural stormwater and
24 drainage systems.

25 (d) Rents, rates, fees, charges, and penalties for enterprisory services shall be
26 legal obligations of the owner of the premises served when:

- 27 (1) The property or premises is leased or rented to more than one tenant
28 and services rendered to more than one tenant are measured by the
29 same meter.
30 (2) Charges made for use of a sewage system are billed separately from
31 charges made for the use of a water distribution system.

32 (e) Nothing in this section shall repeal any portion of any city charter
33 inconsistent herewith."

34 Sec. 2. G.S. 153A-277 reads as rewritten:

35 "**§ 153A-277. Authority to fix and enforce rates.**

36 (a) A county may establish and revise from time to time schedules of rents, rates,
37 fees, charges, and penalties for the use of or the services furnished by a public
38 enterprise. Schedules of rents, rates, fees, charges, and penalties may vary for the same
39 class of service in different areas of the county and may vary according to classes of
40 service, and different schedules may be adopted for services provided outside of the
41 county.

42 (a1) Before it establishes or revises a schedule of rates, fees, charges, or penalties
43 for structural and natural stormwater and drainage systems under this section, the board
44 of commissioners shall hold a public hearing on the matter. A notice of the hearing

1 shall be given at least once in a newspaper having general circulation in the area, not
2 less than seven days before the public hearing. The hearing may be held concurrently
3 with the public hearing on the proposed budget ordinance.

4 Schedules of rates, fees, charges, and penalties for providing structural and natural
5 stormwater and drainage system service may vary according to whether the property
6 served is residential, commercial, or industrial property, the property's use, the size of
7 the property, the area of impervious surfaces on the property, the quantity and quality of
8 the runoff from the property, the characteristics of the watershed into which stormwater
9 from the property drains, and other factors that affect the stormwater drainage system.
10 Rates, fees, and charges imposed under this section may not exceed the county's cost of
11 providing a stormwater and drainage system. A county may not impose a fee for
12 structural and natural stormwater and drainage system service if the county is a member
13 of a water and sewer authority that provides separate structural and natural stormwater
14 and drainage system service in the county.

15 (b) A county may collect delinquent accounts by any remedy provided by law for
16 collecting and enforcing private ~~debts.~~ debts, and may specify by ordinance the order in
17 which partial payments are to be applied among the various enterprise services covered
18 by a bill for the services. A county may also discontinue service to a customer whose
19 account remains delinquent for more than 10 days. If a delinquent customer is not the
20 owner of the premises to which the services are delivered, the payment of the delinquent
21 account may not be required before providing services at the request of a new and
22 different tenant or occupant of the premises. If water or sewer services are discontinued
23 for delinquency, it is unlawful for a person other than a duly authorized agent or
24 employee of the county to reconnect the premises to the water or sewer system.

25 (c) Rents, rates, fees, charges, and penalties for enterprisory services are in no
26 case a lien upon the property or premises served and, except as provided in subsection
27 (d) of this section, are legal obligations of the person contracting for ~~them.~~ them,
28 provided that no contract shall be necessary in the case of structural and natural
29 stormwater and drainage systems.

30 (d) Rents, rates, fees, charges, and penalties for enterprisory services are legal
31 obligations of the owner of the property or premises served when:

- 32 (1) The property or premises is leased or rented to more than one tenant
33 and services rendered to more than one tenant are measured by the
34 same meter; or
35 (2) Charges made for use of a sewerage system are billed separately from
36 charges made for the use of a water distribution system."

37 Sec. 3. G.S. 162A-2(12) reads as rewritten:

38 "(12) The term 'water system' shall mean and include all plants,
39 systems, facilities or properties used or useful or having the present
40 capacity for future use in connection with the supply or distribution
41 of ~~water,~~ water or the control and drainage of stormwater runoff and
42 any integral part thereof, including but not limited to water supply
43 systems, water distribution systems, structural and natural
44 stormwater and drainage systems of all types, sources of water

1 supply including lakes, reservoirs and wells, intakes, mains, laterals,
2 aqueducts, pumping stations, standpipes, filtration plants,
3 purification plants, hydrants, meters, valves, and all necessary
4 appurtenances and equipment and all properties, rights, easements
5 and franchises relating thereto and deemed necessary or convenient
6 by the authority for the operation thereof."

7 Sec. 4. G.S. 162A-9 reads as rewritten:

8 **"§ 162A-9. Rates and charges; contracts for water or services; deposits; delinquent**
9 **charges.**

10 (a) Each authority shall fix, and may revise from time to time, reasonable rates,
11 fees and other charges for the use of and for the services furnished or to be furnished by
12 any water system or sewer system or parts thereof owned or operated by such authority.
13 Such rates, fees and charges shall not be subject to supervision or regulation by any
14 bureau, board, commission or other agency of the State or of any political subdivision.

15 Before an authority sets or revises rates, fees, or other charges for structural or
16 natural stormwater and drainage system service, the authority shall hold a public
17 hearing on the matter. At least seven days before the hearing, the authority shall publish
18 notice of the public hearing in a newspaper having general circulation in the area. An
19 authority may impose rates, fees, or other charges for stormwater and drainage system
20 service on a person even though the person has not entered into a contract to receive the
21 service.

22 ~~Such rates, fees~~ Rates, fees, and charges shall be fixed and revised so that the
23 revenues of the authority, together with any other available funds, will be sufficient at
24 all times:

- 25 (1) To pay the cost of maintaining, repairing and operating the systems
26 or parts thereof owned or operated by the authority, including
27 reserves for such purposes, and including provision for the payment
28 of principal of and interest on indebtedness of a political subdivision
29 or of political subdivisions which payment shall have been assumed
30 by the authority, and
31 (2) To pay the principal of and the interest on all bonds issued by the
32 authority under the provisions of this Article as the same shall
33 become due and payable and to provide reserves therefor.

34 Schedules of rates, fees, charges, and penalties for providing structural and natural
35 stormwater and drainage system service may vary according to whether the property
36 served is residential, commercial, or industrial property, the property's use, the size of
37 the property, the area of impervious surfaces on the property, the quantity and quality of
38 the runoff from the property, the characteristics of the watershed into which stormwater
39 from the property drains, and other factors that affect the stormwater drainage system.
40 Rates, fees, and charges imposed under this section may not exceed the authority's cost
41 of providing a stormwater and drainage system.

42 (b) Notwithstanding any of the foregoing provisions of this section, the authority
43 may enter into contracts relating to the collection, treatment or disposal of sewage or the

1 purchase or sale of water which shall not be subject to revision except in accordance
2 with their terms.

3 (c) In order to insure the payment of such rates, fees and charges as the same
4 shall become due and payable, the authority ~~may,~~ may do the following in addition to
5 exercising any other remedies which it may have:

6 (1) Require reasonable advance deposits to be made with it to be subject
7 to application to the payment of delinquent rates, fees and ~~charges,~~
8 and charges.

9 (2) At the expiration of 30 days after any ~~such~~ rates, fees and charges
10 become delinquent, discontinue supplying water or the services and
11 facilities of any water system or sewer system of the authority.

12 (3) Specify the order in which partial payments are to be applied when a
13 bill covers more than one service."

14 Sec. 5. This act is effective upon ratification.