

Adapted from

OUTLINE OF ALTERNATIVE  
ORGANIZATIONAL ARRANGEMENTS  
FOR PROVIDING WATER AND SEWERAGE  
SERVICES IN NORTH CAROLINA

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ORGANIZATIONAL ALTERNATIVES

City or County  
Interlocal Contract  
Joint Management Agency  
County Service District  
Sanitary District  
Water and Sewer Authority  
Metropolitan Water District  
Metropolitan Sewerage District  
County Water and Sewer District  
Private Nonprofit Associations

**CITY OR COUNTY  
Organization**

**A. Statutory Authorization.**

City: G.S. 160A, Art. 16.

County: G.S. 153A, Art. 15.

**B. Units that May Join in Creation.**

N/A

**C. Procedure for Creation.**

City—by legislative act.

County—by legislative act.

**D. Articles of Incorporation.**

Charter/General Law.

**E. Jurisdiction or Area of Service.**

Boundaries for some purposes, but may provide water and sewer outside.

**F. How Composition of Governing Body Determined.**

By governing body/legislative act.

**G. Who May Be Appointed or Elected.**

Elected. Any qualified citizen.

**H. Compensation of Board Members.**

May be set by governing board.

City: G.S. 160A-64.

County: G.S. 153A-28.

**I. Removal of Board Members.**

No general law procedure. Some cities have recall provisions in charter.

**J. Officers.**

City: Mayor, Mayor pro tem, and clerk

County: Chairman, vice chairman, and clerk.

**K. Quorum.**

City: Majority of all members, plus Mayor, less vacant seats.

County: Majority of all members.

**L. Subject to Conditions Set by Organizing Unit(s).**

N/A

**M. Expenses of Organizing.**

City: citizen contributions.

County: N/A.

**N. Appointment of Agents and Employees.**

By governing board or manager.

**O. Extension of Jurisdiction or Service Area..**

Service areas not limited. Cities may extend boundaries by annexation.

**INTERLOCAL CONTRACT  
Organization**

**A. Statutory Authorization.**

G.S. 153A-278.            G.S. 160A, Art. 20, Part 1.

**B. Units that May Join in Creation.**

Any city, county, or other unit of local government.

**C. Procedure for Creation.**

1. Participating units agree to provide service.    2. Agreement must specify certain details set out in G.S. 160A-464, e.g., purpose, duration of agreement, method of financing, etc.    3. Agreement is ratified by resolution of governing body of each unit.

**D. Articles of Incorporation.**

Terms of agreement.

**E. Jurisdiction or Area of Service.**

Participating units agree upon area of service.

**F. How Composition of Governing Body Determined.**

N/A

**G. Who May Be Appointed or Elected.**

N/A

**H. Compensation of Board Members.**

N/A

**I. Removal of Board Members.**

N/A

**J. Officers.**

N/A

**K. Quorum.**

N/A

**L. Subject to Conditions Set by Organizing Unit(s).**

Yes

**M. Expenses of Organizing.**

Each unit meets its own.

**N. Appointment of Agents and Employees.**

By each unit for its own.

**O. Extension of Jurisdiction or Service Area.**

By agreement of parties.

**JOINT MANAGEMENT AGENCY  
Organization**

**A. Statutory Authorization.**

G.S. 160A-461, -462.

**B. Units that May Join in Creation.**

Any city, county, or other unit of local government.

**C. Procedure for Creation.**

1. Organizing units agree to provide service. 2. Agreement must specify certain details set out in G.S. 160A-464, e.g., purpose, duration of agreement, method of financing, appointment of personnel, ownership of real property, etc. 3. Agreement is ratified by resolution of governing body of each unit. 4. Joint Management Agency (JMA) is established.

**D. Articles of Incorporation.**

Only terms of agreement.

**E. Jurisdiction or Area of Service.**

Organizing units agree upon area of service.

**F. How Composition of Governing Body Determined.**

Subject to joint agreement if agency has an administrative board.

**G. Who May Be Appointed or Elected.**

May or may not have an administrative board. Appointments subject to agreement.

**H. Compensation of Board Members.**

May be set by agreement.

**I. Removal of Board Members.**

If any, removal provisions set in agreement.

**J. Officers.**

Set by agreement: 1. Organizing units may agree that JMA appoint, or 2. Units jointly appoint, or 3. One unit appoints and JMA contracts for officers' service.

**K. Quorum.**

Established by agreement if an administrative board is used.

**L. Subject to Conditions Set by Organizing Unit(s).**

Yes

**M. Expenses of Organizing.**

Each unit meets its own.

**N. Appointment of Agents and Employees.**

Set by agreement: 1. JMA, or 2. Units jointly, or 3. One unit appoints and JMA contracts for services of agents and employees.

**O. Extension of Jurisdiction or Service Area.**

By agreement of parties.

**COUNTY SERVICE DISTRICT  
Organization**

**A. Statutory Authorization.**

G.S. 153A, Art. 16.

**B. Units that May Join in Creation.**

Any area within a county designated by the Board of County Commissioners (BCC). Territory within corporate limits of a city or sanitary district may not be included unless governing body of city or sanitary district agrees.

**C. Procedure for Creation.**

1. BCC prepares report containing (a) map of proposed district, (b) statement that district meets 6 standards described in G.S. 153A-302a (e.g., population and tax value), and (c) plan for providing services. 2. Report is available to public at least 4 weeks before public hearing. 3. Notice of hearing is published and sent to property owners within the proposed district. 4. Public hearing is held. 5. BCC adopts resolution defining district. 6. Resolution takes effect at beginning of a fiscal year commencing after its passage.

**D. Articles of Incorporation.**

N/A

**E. Jurisdiction or Area of Service.**

Boundaries set by BCC.

**F. How Composition of Governing Body Determined.**

BCC is governing body.

**G. Who May Be Appointed or Elected.**

BCC is governing body.

**H. Compensation of Board Members.**

N/A

**I. Removal of Board Members.**

N/A

**J. Officers.**

Same as BCC.

**K. Quorum.**

Same as BCC.

**L. Subject to Conditions Set by Organizing Unit(s).**

Yes. As set by BCC.

**M. Expenses of Organizing.**

County or district.

**N. Appointment of Agents and Employees.**

As directed by BCC. County Service District (CSD) personnel are county employees.

**O. Extension of Jurisdiction or Service Area.**

Yes. Under statutory procedures for enlarging districts. Much like municipal annexation.

## **SANITARY DISTRICT Organization**

### **A. Statutory Authorization.**

G.S. 130A, Art. 2, Part 2.

### **B. Units that May Join in Creation.**

May be created without regard for county, township, or municipal lines, except territory within city may be included only at request of its governing board.

### **C. Procedure for Creation.**

1. Petition by 51% or more of either (1) freeholders or (2) resident freeholders within proposed district is sent to BCC in county where largest portion of land located. Petition sets forth sanitary district (SD) boundaries and objectives. 2. Board of County Commissioners (BCC) chairman notifies Department of Human Resources (DHR) and other BCCs (if any) that petition is received. Requests DHR representative to hold joint hearing with counties involved. 3. Public given notice of joint public hearing. 4. Public hearing held. 5. Commission on Health Services (CHS) adopts resolution to create SD if deemed advisable by CHS and BCC(s).

### **D. Articles of Incorporation.**

Operates under general law.

### **E. Jurisdiction or Area of Service.**

Territory within boundaries set by CHS resolution creating SC. May provide water service and sewer service outside if in county of  $\geq 70,000$  population, and by SD in any county "where the service is available"

### **F. How Composition of Governing Body Determined.**

First members elected at meeting or joint meeting of BCC. Successors elected at next general municipal election and thereafter as specified in G.S. 130A-50. SD board may have either three or five members and terms of office may be either two or four years, as determined by BCC(s). Elections are nonpartisan.

### **G. Who May Be Appointed or Elected.**

Elected. Any qualified citizen.

### **H. Compensation of Board Members.**

Same as members of state boards under G.S. 138-5 if district has population under 15,000. If over 15,000, maximum of \$150 per month.

### **I. Removal of Board Members.**

Petition of 25% or more of legal voters in SD filed with BCC, requesting removal for nonfeasance or malfeasance. BCC calls the recall election.

**J. Officers.** Chairman and secretary elected by SD board.

**K. Quorum.** No statutory provision. SD board adopts its own rules.

**L. Subject to Conditions Set by Organizing Unit(s).** N/A

**M. Expenses of Organizing.** No statutory provision. Usually met by private individuals and county.

**N. Appointment of Agents and Employees.** By or at direction of SD board.

### **O. Extension of Jurisdiction or Service Area.**

By majority petition of resident freeholders or subject to a referendum on annexation.

**WATER AND SEWER AUTHORITY  
Organization**

**A. Statutory Authorization.** G.S. 162A, Art. 1.

**B. Units that May Join in Creation.** Any two or more political subdivisions.

**C. Procedure for Creation.**

1. Prepare resolution of intent to organize an authority and draft articles of incorporation. 2. Publish notice of public hearing on intent. 3. Hold public hearing. 4. Adopt resolutions. 5. File resolutions and proof of notice of hearing with Secretary of State. 6. If all is in order, Secretary of State issues certificate of incorporation.

**D. Articles of Incorporation.**

Must contain: 1. Name of authority. 2. Statement that it is organized under G.S. Chapter 162A. 3. Names of organizing units. 4. Names and addresses of first persons appointed to authority board by units. 5. Statement that members of authority will be limited to such members as may be appointed by organizing units (optional). May contain any other provision not inconsistent with Chapter 162A.

**E. Jurisdiction or Area of Service.** None set by statute. Limits, if any, are those set by articles of incorporation.

**F. How Composition of Governing Body Determined.** By organizing units. Unit, population, assessed value, anticipated use of services, etc. could be considered in determining each unit's representation. Each organizing unit appoints agreed-upon number of members who serve three-year staggered terms. G.S. 162A-5.

**G. Who May Be Appointed or Elected.** Any qualified citizen. Members of city and county governing boards may hold one appointive office in addition to elected office.

**H. Compensation of Board Members.** Authority sets per diem not to exceed \$2,000 annually in addition to reimbursement for actual expenses.

**I. Removal of Board Members.** By governing body appointing the member at any time and with or without cause.

**J. Officers.** Chairman, vice-chairman, secretary, and treasurer elected by authority. Offices of secretary and treasurer may be combined, and the holder(s) need not be a member of the authority. Terms of office set in bylaws adopted by the authority.

**K. Quorum.** Majority of all members. Affirmative vote of all members required for any action.

**L. Subject to Conditions Set by Organizing Unit(s).**

Yes. All organizing units must agree. For example, conditions might cover future areas of service, procedures for review of plant expansion, reserve of water supply or sewage treatment capacity, and any other matter deemed desirable by organizing units. Organizing units may not enlarge the powers of an authority over those set forth in the statutes, but they may in the adoption of the articles of incorporation elect not to use all of them or restrict or prescribe the manner in which the statutory powers exercised.

**M. Expenses of Organizing.** May be contributed or advanced by the organizing units. Proportion shared by each unit determined by mutual agreement.

**N. Appointment of Agents and Employees.** By or at direction of authority board.

**O. Extension of Jurisdiction or Service Area.** By amendment to articles of incorporation, if limited.

**METROPOLITAN WATER AUTHORITY  
Organization**

**A. Statutory Authorization.** G.S. 162A, Art. 4.

**B. Units that May Join in Creation.** Any two or more political subdivisions within a county, or any political subdivision(s) and any unincorporated area(s) in same county. Subdivisions and areas need not be contiguous.

**C. Procedure for Creation.** 1. Political subdivision(s) submit resolution(s) outlining need for metropolitan water district (MWD) and requesting its creation to board of county commissioners (BCC). Resolution defines proposed boundaries. If unincorporated area(s) included, a resolution and petition signed by at least 15% of area's resident voters must be filed with BCC. 2. BCC sends resolution and petition to Department of Human Resources (DHR). 3. Public notice of joint public hearing. 4. DHR representative and BCC hold joint public hearing. 5. Commission for Health Services (CHS) adopts resolution creating MWD. 6. Copies of resolution sent to BCC and governing bodies of political subdivisions included in MWD. 7. BCC causes copy of resolution to be published in newspaper for two weeks. 8. Court action enjoining creation of MWD or contesting its validity must be taken within 30 days after first publication of resolution.

**D. Articles of Incorporation.** Operates under general law.

**E. Jurisdiction or Area of Service.** Within boundaries. Authority for outside service probable. Within a city with its consent.

**F. How Composition of Governing Body Determined.** 1. MWD includes unincorporated area. BCC appoints three members and each of the other subdivisions appoints one member. If a city or town has a population larger than total population of remainder of MWD, then it appoints three members. Terms are three years and staggered. 2. MWD within two or more cities. If MWD is wholly within corporate limits of two or more municipalities, each municipality appoints two members, and these members appoint one at-large member. Terms are four years and staggered. 3. MWD includes existing city system and BCC members serve as trustees for systems. If MWD includes a municipality which owns an existing water and sewer system and BCC members are trustees of separate system, there will be a seven-member board made up of three county commissioners, three city council members, and one member (the chairman) appointed by the other six. Term of office for chairman is one year. Other members serve at pleasure of the board from and by which they were appointed.

**G. Who May Be Appointed or Elected.** Alternate 1. Any qualified voter within MWD. Alternate 2. Qualified voter in appointing municipality. Alternate 3. Member of governing body for six members. Seventh member may be any person within MWD.

**H. Compensation of Board Members.** Board sets amount not to exceed \$10 per meeting and reimbursement for actual expenses incurred during performance of duty. County commissioners and city council members receive no compensation, but board member elected by them receives compensation fixed by board.

**I. Removal of Board Members.** By appointing governing body at any time.

**J. Officers.** Board elects chairman and vice-chairman from members. Appoints secretary and treasurer. The offices of secretary and treasurer may be combined and holder(s) need not be board member(s). Where county commissioners and city council members serve on board, member elected by them is chairman, and secretary and treasurer may not be members of the board.

**K. Quorum.** Majority of all members.

**L. Subject to Conditions Set by Organizing Unit(s).** N/A

**M. Expenses of Organizing.** Advances by political subdivisions for preliminary expenses. May be repaid from bond proceeds or from other available funds.

**N. Appointment of Agents and Employees.** By or at direction of MWD board.

**O. Extension of Jurisdiction or Service Area.** Extension of boundaries requires petition, hearing and approval in an election



**A. Statutory Authorization.** G.S. 162A, Art. 5.

**B. Units that May Join in Creation.** Any two or more political subdivisions in one or more counties, or any political subdivision(s) and any unincorporated area(s) within one or more counties. Subdivisions and areas need not be contiguous.

**C. Procedure for Creation.** 1. Political subdivision(s) submit resolution(s) outlining need for metropolitan sewerage district (MSD) and requesting its creation to board(s) of county commissioners (BCC). If unincorporated area(s) included, a resolution and petition signed by at least 51% of area's resident freeholders must be filed with BCC(s). Petition and resolution set forth proposed boundaries. 2. BCC(s) notify N.C. Environmental Management Commission (EMC) of receipt and requests joint public hearing with EMC representative and BCC(s). 3. Notice of public hearing. 4. If more than two counties involved, public hearing held in county with largest portion of district. 5. After hearing, if certain determined desirable for public health and welfare, EMC adopts resolution creating MSD. 6. Copies of EMC resolution sent to BCC(s) and governing bodies of political subdivisions. 7. BCC(s) causes copy of EMC resolution to be published in newspaper for two successive weeks. 8. Court action enjoining creation of MSD or contesting its validity must be taken within 30 days after first publication of resolution.

**D. Articles of Incorporation.** Operates under general law.

**E. Jurisdiction or Area of Service.** Within and outside boundaries. Only with a city's consent if city is outside district.

**F. How Composition of Governing Body Determined.** 1. MSD includes unincorporated area. (a) If MSD is within one county, BCC appoints three members and each of the other subdivisions appoints one member. If a city or town has a population larger than the total population of remainder of MSD, then it appoints three members. Terms are three years and staggered. (b) If MSD is within two counties, BCC in county with largest portion of district appoints two members and other BCC appoints one member. Other subdivisions appoint one member each, except if a city or town has a population larger than the total population of remainder of MSD, then it appoints the three members. Terms are three years and staggered. (c) If MSD lies in three or more counties, BCC of each county appoints one member. Other subdivisions appoint one member each, except if a city or town has a population larger than the total population of the remainder of MSD, then it appoints three members. Terms are three years and staggered. 2. MSD within two or more cities. Each city appoints two members, and these members of the MSD board appoint one additional member. Terms are four years and staggered.

**G. Who May Be Appointed or Elected.** Any qualified voter resident of the appointing political subdivision.

**H. Compensation of Board Members.** Board sets amount not to exceed limits set in G.S. 93B-5(a) per meeting attended, plus reimbursement for actual expenses incurred during performance of duties.

**I. Removal of Board Members.** Removal for cause by appointing governing body.

**J. Officers.** Board elects chairman and vice-chairman from members. Appoints secretary and treasurer. The offices of secretary and treasurer may be combined and holder(s) need not be board member(s).

**K. Quorum.** Majority of all members.

**L. Subject to Conditions Set by Organizing Unit(s).** N/A

**M. Expenses of Organizing.** Advances by political subdivisions. May be repaid from bond proceeds or from other available funds.

**N. Appointment of Agents and Employees.** By or at direction of MSD board.

**O. Extension of Jurisdiction or Service Area.** By petition from 51% of voters, hearing, and approval by Environmental Management Commission.

**COUNTY WATER AND SEWER DISTRICT  
Organization**

**A. Statutory Authorization.**

G.S. 162A, Art. 6.

**B. Units that May Join in Creation.**

Any single county.

**C. Procedure for Creation.**

By board of county commissioners: 1. Notice and hearing. 2. Determination of need and feasibility. 3. Adoption and publication of resolution. 4. Challenge to creation must be within 30 days of publication.

**D. Articles of Incorporation.**

No.

**E. Jurisdiction or Area of Service.**

Territory of district as established. Must be within county.

**F. How Composition of Governing Body Determined.**

Board of county commissioners is governing body.

**G. Who May Be Appointed or Elected.**

Board of county commissioners is governing body.

**H. Compensation of Board Members.**

Set by governing body.

**I. Removal of Board Members.**

Members are commissioners.

**J. Officers.**

Same as board of commissioners.

**K. Quorum.**

Majority of members.

**L. Subject to Conditions Set by Organizing Unit(s).**

N/A

**M. Expenses of Organizing.**

By county or district.

**N. Appointment of Agents and Employees.**

By governing board or under its policies.

**O. Extension of Jurisdiction or Service Area.**

By annexation.

**PRIVATE NONPROFIT ASSOCIATIONS**  
**Organization**

**A. Statutory Authorization.**

G.S. 55A.

**B. Units that May Join in Creation.**

Natural person(s).

**C. Procedure for Creation.**

Preparation and filing of articles of incorporation with Secretary of State.

**D. Articles of Incorporation.**

Yes

**E. Jurisdiction or Area of Service.**

As set in articles of incorporation.

**F. How Composition of Governing Body Determined.**

As set in articles of incorporation.

**G. Who May Be Appointed or Elected.**

As set in articles of incorporation.

**H. Compensation of Board Members.**

As set in articles of incorporation or by directors in bylaws.

**I. Removal of Board Members.**

As set in articles of incorporation.

**J. Officers.**

As set in articles of incorporation.

**K. Quorum.**

As set in articles of incorporation.

**L. Subject to Conditions Set by Organizing Unit(s).**

N/A

**M. Expenses of Organizing.**

By the corporation.

**N. Appointment of Agents and Employees.**

By directors or under their policies.

**O. Extension of Jurisdiction or Service Area.**

By amendment of articles of incorporation.

## Summary of Powers Available to Different Organizational Arrangements Used in Providing Water and Sewerage Services in NC

	City/ County	Interlocal Contract	Joint Management Agency	County Service District	Sanitary District	Water and Sewer Authority	Metropolitan Water District	Metropolitan Sewerage District	County Water and Sewer District	Private Nonprofit Associations
General corporate powers: own property, sue, be sued, etc.	Yes	Yes; can hold legal title	Yes; cannot hold legal title	No	Yes subject to approval	Yes	Yes	Yes	Yes	Yes
Own, extend, operate W/S systems	Yes	By units	Yes; cannot hold legal title	County	Yes	Yes	Not sewers in MSD	Sewers only	Yes	Yes
Acquire W/S systems by purchase, lease, gift, etc.	Yes	By units	Yes; cannot hold legal title	County	Yes	Yes	Not sewers in MSD	Sewers only	Yes	Yes
Construct W/S systems	Yes	Under contract	Yes	County	Yes	Yes	Not sewers in MSD	Sewers only	Yes	Yes
Require installation of W/S in new subdivisions	Yes	Yes	No	County	No	No	No	No	No	No
Contract with local governments	Yes	Yes	Yes	County	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for state and federal grants	Yes	To units	Yes	County	Yes	Yes	Yes	Yes	Yes	Some
Issue revenue bonds	Yes	By units	No	County	Yes	Yes	Yes	Yes	Yes	Yes
Establish rates and charges	Yes	By units	Yes	County	Yes	Yes	Yes	Yes	Yes	Yes
Rates regulated by Utilities Commission	No	No	No	No	No	No	No	No	No	No
Levy property taxes	Yes	Most units	No	County	Yes	No	Yes	Yes	Yes	No
Issue general obligation bonds	Yes	Most units	No	County	Yes	No	Yes	Yes	Yes	No
Impose special assessments for extensions of lines	Yes	Most units	No	County	If pop >15,000	Yes	No	No	Yes	No
Power of condemnation	Yes	Most units	No	County	Yes	Sometimes need approval	Yes	Yes	Yes	Yes
Regulate land subdivision	Yes	City or county	No	County	No	No	No	No	No	No
Zoning power	Yes	City or county	No	County	Conditional	No	No	No	No	No
General police powers	Yes	City or county	No	County	No	No	No	No	No	No
Provide other public services	Yes	Yes	Dependent on agreement	Specific	Specific	No	No	Specific	No	Yes
Require connections	Yes	City or county	City or county	County	Conditional	No	No	Yes	No	No