

March 8, 2004

Mrs. Vickie DeVault, City Recorder
City of Luttrell
3514 Highway 6, P.O. B. 82
Luttrell, Tennessee 37779

Re: Tri-County Water and Wastewater Treatment Authority

Dear Mrs. DeVault

Senate Bill 3213/House Bill 3426 creating a Tri-County Regional Utility Authority in Knox, Union, and Grainger Counties has been reviewed by MTAS.

There are three significant parts of this proposed legislation (Section 5) that I would like to point out:

1. The proposed legislation provides that the creating counties and participating governments, which may include utility districts or city utilities, may enter into an agreement with the authority for the orderly transfer to the authority of any treatment works properties necessary for the functioning of the authority. Cities and utility districts are not required to enter into agreements or participate. Existing utility boundaries will not be modified unless the present utilities agree to become a part of the authority. It very well may be in the best interest of some cities and small utility entities to enter into an agreement with the authority; however, such agreements are not required under the proposed legislation.
2. The agreement may include provisions for the reimbursement of any such governmental entity for its obligations issued for treatment works. This means that if cities and utilities agree to become part of the authority, the authority may take over any existing debt. In the case of outstanding bond obligations the authority would probably be required to assume the debt. Again the emphasis is on the work "may" unless bond debt is involved.
3. Nothing in this act shall be construed to require any transfer of functions or service area by the creating governmental entities or any participating governmental entity to the authority. The authority will not affect your city, utility, or entity unless you agree for it to do so.

Vickie, since Knoxville Utility is doing some utility work outside Knox County, an authority may be in their best interest. Since most of the Luttrell wastewater system is outside the City of Luttrell, it may be to your city's advantage to enter into an agreement with a regional authority for the operation and ownership of the Luttrell Wastewater System. Your city will have the option of whether or not to enter into such an agreement.

Please call me if I may be of further assistance.

Sincerely

Ron Darden
Municipal Management Consultant

Cc. Sid Hemsley, Senior Legal Consultant