

Intermunicipal Agreements

The CFWP and SDWLP require municipalities that are party to a regional wastewater or drinking water system to sign an [intermunicipal agreement](#). The agreement must be clear in its language in order to protect the owner of a regional facility and any subscribers to the facility. Most importantly, it must be clear regarding intent, ownership, responsibilities, and finances.

Specific requirements for intermunicipal agreements are established in ss. NR 162.06(2)(h) and NR 166.10(2)(h), Wis. Adm. Code. This article provides a bit more information regarding what is expected for each requirement.

An intermunicipal agreement must:

Identify ownership of each individual portion of a system. Include information regarding exactly where beginning and end points of ownership are and who is responsible for maintaining and/or replacing each portion of the facilities identified. Is your municipality responsible for maintaining only what's inside of your borders or are you also responsible for facilities outside of your borders?

For wastewater facilities, identify who owns the WWTP. Is it shared ownership in which each contributor to the flow owns the portion attributable to the WWTP capacity needed for its flow? Does one municipality own the WWTP with others being subscribers to the WWTP? If shared ownership, what percentage of the total capacity of the plant is attributable to each municipality? If you are a subscriber, make sure the agreement clearly states that an appropriate amount of capacity is reserved for your municipality. Identify who owns interceptors, lift stations, monitoring stations, etc.

For drinking water facilities, identify who owns each well, treatment facility, storage facility, transmission pipe, pumping station, etc. Is the ownership of any of the facilities that don't fall within your municipality's borders shared, or are you responsible only for facilities (such as a pumping station and your distribution system) that are within your own municipal borders? You may want to identify how many gallons per day of water each municipality needs and how you will make sure each municipality is assured they will be able to reliably receive that amount of water.

Establish the term of the agreement. For CFWP projects, the term of the intermunicipal agreement must be at least for the life of the loan. In both the CFWP and the SDWLP, long-term agreements are preferred. Short-term agreements make a critical service unreliable for the future. It is important for each municipality to know that for the long term: they will have enough safe

drinking water for their residents' needs, enough water use of the water coming from their wells that will keep appropriate pumping and storage levels for the system to run efficiently, and proper maintenance of transmission lines; they will have enough wastewater flowing into the WWTP to keep it running efficiently and proper maintenance of interceptors; and their wastewater will continue to be treated.

Demonstrate the basis for generating revenue for OM&R costs based on actual usage, and state who is responsible for payment. Will each municipality collect payments from each of their residents for operation, maintenance, and replacement costs? How frequently must each municipality bill their residents? Are all the homes in the regional facility's service area metered? If not, how will charges be determined? If shared ownership, is there a commission that oversees finances?

Indicate the method for generating revenue for capital costs and indicate who is responsible for payment. How will decisions be made regarding when to take on a capital improvement project for the regional facilities? Which municipality(ies) will carry debt for capital improvements? If shared ownership, will one municipality carry the debt with the others contributing toward each payment through user charges? Will the cost of the capital improvement be divided by a percentage of use and/or capacity reserved for each municipality?

Require each municipality to set and maintain user rates and obtain construction approvals as required by DNR (wastewater or storm water) or PSC (drinking water). This requirement protects owners and subscribers to regional facilities. It provides assurance that each municipality will maintain their ability to collect enough revenues to pay their proportionate share of expenses and that the facility will be built as approved by the applicable government agency, helping the municipalities maintain compliance with environmental laws.

Indicate that the owner of the regional facility shall treat the wastewater and/or runoff from subscribing municipalities or shall supply water to the identified users. This is a key statement to include in any intermunicipal agreement even though it may seem obvious. Stating the obvious benefits all parties to the agreement by making the overall intent of the agreement very clear. It also gives added comfort to any potential lenders for future construction projects, making borrowing more accessible for municipalities.

Contact: Jeanne.Cargill@Wisconsin.gov