

What is receivership?

The secretary of health or a local health officer can petition the court to place a failing public water system in receivership. The petition names one or more candidates who agree to assume operation of the water system. The Department of Health (DOH) recommends the court grant the receiver full authority to act in the best interests of the water system customers. This includes reporting recommendations for the system's future operation to the court. The court appoints the county where the water system is located if no other entity is willing, capable or able to act as receiver.

The receiver can't be held personally liable for any good faith, reasonable effort to assume and operate the system in compliance of court order. The receiver is authorized to collect reasonable charges on the water system customers to recover costs for maintenance, operations and improvements necessary for public health and safety.

Once the petition is filed:

- Within 3 days the court schedules an initial hearing naming the temporary receiver.
- Within 14 days of the petition being filed, a full evidentiary hearing is held. The court enters an order, drafted with county participation, authorizing the county to proceed under powers granted by the order.
- The County takes control of management of the system, brings it up to required standards, then finds a qualified manager to take over the system permanently.
- DOH and the County will provide the court with status updates and a final plan, including all reasonable and feasible alternatives, for disposition of the system. The court cannot require an entity to accept a system unless they agree to the terms and conditions in the disposition plan. The court cannot terminate receivership and return the system to the owners unless DOH approves of such action.