
SUBSTITUTE HOUSE BILL 2495

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on Local Government (originally sponsored by Representatives Rayburn, Moyer, Haugen, Sheldon, Paris and Wynne)

Read first time 02/07/92.

1 AN ACT Relating to cooperative activities by local governments;
2 amending RCW 39.34.030, 39.34.040, and 39.34.060; adding new sections
3 to chapter 70.44 RCW; creating a new section; and repealing RCW
4 39.34.050 and 39.34.120.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that maintaining
7 the viability of health care service delivery in rural areas of
8 Washington is a primary goal of state health policy. The legislature
9 also finds that most hospitals located in rural Washington are operated
10 by public hospital districts authorized under chapter 70.44 RCW and
11 declares that it is not cost-effective, practical, or desirable to
12 provide quality health and hospital care services in rural areas on a
13 competitive basis because of limited patient volume and geographic
14 isolation. It is the intent of this act to foster the development of

1 cooperative and collaborative arrangements among rural public hospital
2 districts by specifically authorizing cooperative agreements and
3 contracts for these entities under the interlocal cooperation act.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.44 RCW
5 to read as follows:

6 Unless the context clearly requires otherwise, the definition in
7 this section applies throughout section 3 of this act.

8 "Rural public hospital district" means a public hospital district
9 authorized under chapter 70.44 RCW whose geographic boundaries do not
10 include a city with a population greater than thirty thousand.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.44 RCW
12 to read as follows:

13 In addition to other powers granted to public hospital districts by
14 chapter 39.34 RCW, public hospital districts, including rural public
15 hospital districts, may enter into cooperative agreements and contracts
16 with other public hospital districts in order to provide for the health
17 care needs of the people served by the hospital districts. These
18 agreements and contracts are specifically authorized to include:

19 (1) Allocation of health care services among the different
20 facilities owned and operated by the districts;

21 (2) Combined purchases and allocations of medical equipment and
22 technologies;

23 (3) Joint agreements and contracts for health care service delivery
24 and payment with public and private entities; and

25 (4) Other cooperative arrangements consistent with the intent of
26 chapter ---, Laws of 1992 (this act). The provisions of chapter 39.34
27 RCW shall apply to the development and implementation of the
28 cooperative contracts and agreements.

1 **Sec. 4.** RCW 39.34.030 and 1990 c 33 s 568 are each amended to read
2 as follows:

3 (1) Any power or powers, privileges or authority exercised or
4 capable of exercise by a public agency of this state may be exercised
5 and enjoyed jointly with any other public agency of this state having
6 the power or powers, privilege or authority, and jointly with any
7 public agency of any other state or of the United States to the extent
8 that laws of such other state or of the United States permit such joint
9 exercise or enjoyment. Any agency of the state government when acting
10 jointly with any public agency may exercise and enjoy all of the
11 powers, privileges and authority conferred by this chapter upon a
12 public agency.

13 (2) Any two or more public agencies may enter into agreements with
14 one another for joint or cooperative action pursuant to the provisions
15 of this chapter: PROVIDED, That any such joint or cooperative action
16 by public agencies which are educational service districts and/or
17 school districts shall comply with the provisions of RCW 28A.320.080.
18 Appropriate action by ordinance, resolution or otherwise pursuant to
19 law of the governing bodies of the participating public agencies shall
20 be necessary before any such agreement may enter into force.

21 (3) Any such agreement shall specify the following:

22 (a) Its duration;

23 (b) The precise organization, composition and nature of any
24 separate legal or administrative entity created thereby together with
25 the powers delegated thereto, provided such entity may be legally
26 created. Such entity may include a nonprofit corporation organized
27 pursuant to chapter 24.03 or 24.06 RCW whose membership is limited
28 solely to the participating public agencies or a partnership organized
29 pursuant to chapter 25.04 or 25.10 RCW whose partners are limited
30 solely to participating public agencies and the funds of any such

1 corporation or partnership shall be subject to audit in the manner
2 provided by law for the auditing of public funds;

3 (c) Its purpose or purposes;

4 (d) The manner of financing the joint or cooperative undertaking
5 and of establishing and maintaining a budget therefor;

6 (e) The permissible method or methods to be employed in
7 accomplishing the partial or complete termination of the agreement and
8 for disposing of property upon such partial or complete termination;

9 (f) Any other necessary and proper matters.

10 (4) In the event that the agreement does not establish a separate
11 legal entity to conduct the joint or cooperative undertaking, the
12 agreement shall, in addition to items (a), (c), (d), (e) and (f)
13 enumerated in subdivision (3) hereof, contain the following:

14 (a) Provision for an administrator or a joint board responsible for
15 administering the joint or cooperative undertaking. In the case of a
16 joint board, public agencies party to the agreement shall be
17 represented;

18 (b) The manner of acquiring, holding and disposing of real and
19 personal property used in the joint or cooperative undertaking. Any
20 joint board is authorized to establish a special fund with a state,
21 county, city, or district treasurer servicing an involved public agency
22 designated "Operating fund of joint board".

23 (5) No agreement made pursuant to this chapter shall relieve any
24 public agency of any obligation or responsibility imposed upon it by
25 law except that to the extent of actual and timely performance thereof
26 by a joint board or other legal or administrative entity created by an
27 agreement made hereunder, (~~said~~) the performance may be offered in
28 satisfaction of the obligation or responsibility.

29 (6) Financing of joint projects by agreement shall be as provided
30 by law.

1 **Sec. 5.** RCW 39.34.040 and 1967 c 239 s 5 are each amended to read
2 as follows:

3 Prior to its entry into force, an agreement made pursuant to this
4 chapter shall be filed with the ~~((city clerk and))~~ county auditor and
5 with the secretary of state. In the event that an agreement entered
6 into pursuant to this chapter is between or among one or more public
7 agencies of this state and one or more public agencies of another state
8 or of the United States ~~((said))~~ the agreement shall have the status of
9 an interstate compact, but in any case or controversy involving
10 performance or interpretation thereof or liability thereunder, the
11 public agencies party thereto shall be real parties in interest and the
12 state may maintain an action to recoup or otherwise make itself whole
13 for any damages or liability which it may incur by reason of being
14 joined as a party therein. Such action shall be maintainable against
15 any public agency or agencies whose default, failure of performance, or
16 other conduct caused or contributed to the incurring of damage or
17 liability by the state.

18 **Sec. 6.** RCW 39.34.060 and 1967 c 239 s 7 are each amended to read
19 as follows:

20 Any public agency entering into an agreement pursuant to this
21 chapter may appropriate funds and may sell, lease, give, or otherwise
22 supply property, personnel, and services to the administrative joint
23 board or other legal or administrative entity created to operate the
24 joint or cooperative undertaking ~~((by providing such personnel or
25 services therefor as may be within its legal power to furnish))~~.

26 NEW SECTION. **Sec. 7.** The following acts or parts of acts are
27 each repealed:

28 (1) RCW 39.34.050 and 1967 c 239 s 6; and

1 (2) RCW 39.34.120 and 1967 c 239 s 13.