

HOUSE BILL REPORT

HB 1695

As Reported by House Committee On:
Local Government

Title: An act relating to voter approval of assumptions of water-sewer districts by cities and towns.

Brief Description: Modifying water-sewer district provisions.

Sponsors: Representatives Takko, Rodne, Miloscia and Angel.

Brief History:

Committee Activity:

Local Government: 2/9/11, 2/15/11 [DP].

Brief Summary of Bill

- Requires voter approval for certain assumptions of water-sewer districts by cities and towns.
- Prohibits a boundary review board from conducting a review of a water-sewer district assumption that has already received voter approval and does not involve more than one city or town.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives Takko, Chair; Tharinger, Vice Chair; Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Fitzgibbon, Rodne, Smith and Upthegrove.

Staff: Miranda Leskinen (786-7291) and Ethan Moreno (786-7386).

Background:

Water-sewer districts provide water and sewer services to incorporated and unincorporated areas. The path to water-sewer district formation includes a petition, public hearing, resolution, and voter approval. A board of three or five elected commissioners serving staggered six-year terms manages each water-sewer district.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A city legislative authority may adopt a resolution or ordinance to assume jurisdiction of a water-sewer district when the entire district territory is included within the corporate boundaries of the city. All property, franchises, rights, assets, district-specific taxes levied, and all other facilities and equipment of the water-sewer district become the property of the city upon assumption of the district. The city manages the district, including its facilities and equipment, and collects service charges from the properties served by the city. The city must honor or assume existing district debts.

A city may assume jurisdiction by ordinance over a portion of a water-sewer district located within its jurisdiction if the portion equals at least 60 percent of the district's total area or assessed real property valuation. Cities encompassing less than 60 percent of the district's total area and assessed real property valuation may assume jurisdiction of the district that is within its corporate city limits. In both situations, the city may assume responsibility for the management of the district's property, facilities, and equipment throughout the entire district upon a favorable vote of all voters within the district.

If a water-sewer district includes more than one city, the city encompassing at least 60 percent of the district's assessed valuation may assume management responsibility over the district if the principal city has approval from the other city or cities included within the district. The other cities may install facilities and establish local improvement districts to pay for these facilities, which may be connected to the utility system operated by the principal city if they were installed in accordance with the principal city's standards. Customers generally pay the service charges established by the principal city.

Summary of Bill:

Cities and towns are prohibited, without district voter approval, from assuming jurisdiction of any or all of a water-sewer district that serves a population with more than 1,000 residents and contains the following:

- the territory of two or more cities or towns; or
- one city or town and unincorporated territory.

The city or town and the water-sewer district must jointly contract for a feasibility study after the city or town passes a resolution to assume all or part of the district. The study must be completed within six months after the resolution is passed and address the impact of the proposed assumption on the city or town as well as the district. These findings must be made available to the public prior to voting on the assumption. These provisions are applicable to future water-sewer district assumptions as well as assumptions of water-sewer districts initiated and still pending as of the bill's effective date.

Once the voters in the district have approved or disapproved the ballot proposition regarding an assumption involving no more than one city or town, a boundary review board may not conduct a review of the assumption.

Alternatively, cities and towns may assume jurisdiction of a water-sewer district located within its boundaries without voter approval if the district board of commissioners agrees to the assumption. In this situation, a feasibility study is not required.

Existing interlocal agreements, franchises, or contracts between a city or town and a water-sewer district may not be preempted or modified by any of these provisions.

Appropriation: None.

Fiscal Note: Requested on February 9, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There is a unique authority under existing law that allows the unilateral takeover of water-sewer districts by a city, which has created problems in the past. Allowing citizens and the district to vote on these matters eliminates this divisive, counter-productive, and costly impediment to good government. In essence, the people and the district should be able to determine their destiny.

(Opposed) Cities and water-sewer districts have tried to come to terms on their issues regarding district assumptions. Specifically, cities are concerned with diminishing authority, as the land use official within their boundaries, while districts are concerned with cities assuming them when they work just fine. Mutual support from cities and water-sewer districts is needed regarding the assumption process. In particular, the questions of a utility tax and the transition of services from the district to the city need to be resolved.

Persons Testifying: (In support) Representative Takko, prime sponsor; Joe Daniels, Washington Association of Sewer and Water Districts; Steve Lindstrom, Snohomish and King County Water Districts; Tom Agnew, Liberty Lake Sewer and Water District; and Tom Peadon, Coal Creek Utility District.

(Opposed) Dave Williams, Association of Washington Counties; and Larry Blanchard, City of Burien.

Persons Signed In To Testify But Not Testifying: None.