

2 **SB 5650** - H COMM AMD

3 By Committee on Government Administration

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** A new section is added to chapter 35.13A
8 RCW to read as follows:

9 The board of commissioners of a water-sewer district may by
10 resolution declare that it is in the best interests of the district for
11 a city to assume jurisdiction of the district. None of the territory
12 or assessed valuation of the district need be included within the
13 corporate boundaries of the city. If the city legislative body agrees
14 to assume jurisdiction of the district, the district and the city shall
15 enter into a contract under RCW 35.13A.070, acceptable to both the
16 district and the city, to carry out the assumption. The contract must
17 provide for the transfer to the city of all real and personal property,
18 franchises, rights, assets, taxes levied but not collected for the
19 district for other than indebtedness, water and sewer lines, and all
20 other facilities and equipment of the district. The transfers are
21 subject to all financial, statutory, or contractual obligations of the
22 district for the security or performance of which the property may have
23 been pledged. The city may manage, control, maintain, and operate the
24 property, facilities, and equipment and fix and collect service and
25 other charges from owners and occupants of properties so served by the
26 city. However, the actions of the city are subject to any outstanding
27 indebtedness, bonded or otherwise, of the district payable from taxes,
28 assessments, or revenues of any kind or nature and to any other
29 contractual obligations of the district, including but not limited to
30 the contract entered into by the city and the district under RCW
31 35.13A.070.

32 Under the contract, the city may assume the obligation of paying
33 the district indebtedness and of levying and collecting or causing to
34 be collected the district taxes, assessments, and utility rates and
35 charges of any kind or nature to pay and secure the payment of the
36 indebtedness, according to all terms, conditions, and covenants

1 incident to the indebtedness. The city shall assume and perform all
2 other outstanding contractual obligations of the district in accordance
3 with all of their terms, conditions, and covenants. The assumption
4 does not impair the obligation of any indebtedness or other contractual
5 obligation entered into after the effective date of this act. Until
6 the outstanding indebtedness of the district has been discharged, the
7 territory of the district and the owners and occupants of property in
8 it, continue to be liable for its and their proportionate share of the
9 indebtedness, including outstanding assessments levied by a local
10 improvement district or utility local improvement district within the
11 water-sewer district. The city shall assume the obligation of paying
12 the indebtedness, collecting the assessments and charges, and observing
13 and performing the other district contractual obligations. The
14 legislative body of the city shall act as the officers of the district
15 for the purpose of certifying the amount of any property tax to be
16 levied and collected in the district, and causing service and other
17 charges and assessments to be collected from the property or owners or
18 occupants of it, enforcing the collection, and performing all other
19 acts necessary to insure performance of the district's contractual
20 obligations.

21 When the city assumes the obligation of paying the outstanding
22 indebtedness, and if property taxes or assessments have been levied and
23 service or other charges have accrued for that purpose but have not
24 been collected by the district before the assumption, the taxes,
25 assessments, and charges collected belong and must be paid to the city
26 and used by the city so far as necessary for payment of indebtedness of
27 the district that existed and was unpaid on the date the city elected
28 to assume the indebtedness. Funds received by the city that have been
29 collected for the purpose of paying bonded or other indebtedness of the
30 district must be used for the purpose for which they were collected and
31 for no other purpose. Outstanding indebtedness must be paid as
32 provided in the bond covenants. The city shall use funds of the
33 district on deposit with the county treasurer at the time of title
34 transfer solely for the benefit of the utility, and shall not transfer
35 them to or use them for the benefit of the city's general fund.

36 **Sec. 2.** RCW 35.13A.070 and 1971 ex.s. c 95 s 7 are each amended to
37 read as follows:

1 Notwithstanding any provision of this chapter to the contrary, one
2 or more cities and one or more (~~water districts or sewer~~) water-sewer
3 districts may, through their legislative authorities, authorize a
4 contract with respect to the rights, powers, duties, and obligation of
5 such cities, or districts with regard to the use and ownership of
6 property, the providing of services, the maintenance and operation of
7 facilities, allocation of cost, financing and construction of new
8 facilities, application and use of assets, disposition of liabilities
9 and debts, the performance of contractual obligations, and any other
10 matters arising out of the inclusion, in whole or in part, of the
11 district or districts within any city or cities, or the assumption by
12 the city of jurisdiction of a district under section 1 of this act.
13 The contract may provide for the furnishing of services by any party
14 thereto and the use of city or district facilities or real estate for
15 such purpose, and may also provide for the time during which such
16 district or districts may continue to exercise any rights, privileges,
17 powers, and functions provided by law for such district or districts as
18 if the district or districts or portions thereof were not included
19 within a city or were not subject to an assumption of jurisdiction
20 under section 1 of this act, including but not by way of limitation,
21 the right to promulgate rules and regulations, to levy and collect
22 special assessments, rates, charges, service charges, and connection
23 fees, (~~and~~) to adopt and carry out the provisions of a comprehensive
24 plan, and amendments thereto, for a system of improvements, and to
25 issue general obligation bonds or revenue bonds in the manner provided
26 by law. The contract may provide for the transfer to a city of
27 district facilities, property, rights, and powers as provided in RCW
28 35.13A.030 (~~and~~) 35.13A.050, and section 1 of this act, whether or
29 not sixty percent or any of the area or assessed valuation of real
30 estate lying within the district or districts is included within such
31 city. The contract may provide that any party thereto may authorize,
32 issue, and sell revenue bonds to provide funds for new water or sewer
33 improvements or to refund any water revenue, sewer revenue, or combined
34 water and sewer revenue bonds outstanding of any city, or district
35 which is a party to such contract if such refunding is deemed
36 necessary, providing such refunding will not increase interest costs.
37 The contract may provide that any party thereto may authorize and
38 issue, in the manner provided by law, general obligation or revenue
39 bonds of like amounts, terms, conditions, and covenants as the

1 outstanding bonds of any other party to the contract, and such new
2 bonds may be substituted or exchanged for such outstanding bonds(~~(÷~~
3 ~~PROVIDED, That~~)). However, no such exchange or substitution shall be
4 effected in such a manner as to impair the obligation or security of
5 any such outstanding bonds.

6 **Sec. 3.** RCW 35.13A.080 and 1971 ex.s. c 95 s 8 are each amended to
7 read as follows:

8 In any of the cases provided for in RCW 35.13A.020, 35.13A.030,
9 (~~and~~) 35.13A.050, and section 1 of this act, and notwithstanding any
10 other method of dissolution provided by law, dissolution proceedings
11 may be initiated by either the city or the district, or both, when the
12 legislative body of the city and the governing body of the district
13 agree to, and petition for, dissolution of the district.

14 The petition for dissolution shall be signed by the chief
15 administrative officer of the city and the district, upon authorization
16 of the legislative body of the city and the governing body of the
17 district, respectively and such petition shall be presented to the
18 superior court of the county in which the city is situated.

19 If the petition is thus authorized by both the city and district,
20 and title to the property, facilities, and equipment of the district
21 has passed to the city pursuant to action taken under this chapter, all
22 indebtedness and local improvement district or utility local
23 improvement district assessments of the district have been discharged
24 or assumed by and transferred to the city, and the petition contains a
25 statement of the distribution of assets and liabilities mutually agreed
26 upon by the city and the district and a copy of the agreement between
27 such city and the district is attached thereto, a hearing shall not be
28 required and the court shall, if the interests of all interested
29 parties have been protected, enter an order dissolving the district.

30 In any of the cases provided for in RCW 35.13A.020 (~~and~~)
31 35.13A.030, and section 1 of this act, if the petition for an order of
32 dissolution is signed on behalf of the city alone or the district
33 alone, or there is no mutual agreement on the distribution of assets
34 and liabilities, the superior court shall enter an order fixing a
35 hearing date not less than sixty days from the day the petition is
36 filed, and the clerk of the court of the county shall give notice of
37 such hearing by publication in a newspaper of general circulation in
38 the district once a week for three successive weeks and by posting in

1 three public places in the district at least twenty-one days before the
2 hearing. The notice shall set forth the filing of the petition, its
3 purposes, and the date and place of hearing thereon.

4 After the hearing the court shall enter its order with respect to
5 the dissolution of the district. If the court finds that such district
6 should be dissolved and the functions performed by the city, the court
7 shall provide for the transfer of assets and liabilities to the city.
8 The court may provide for the dissolution of the district upon such
9 conditions as the court may deem appropriate. A certified copy of the
10 court order dissolving the district shall be filed with the county
11 auditor. If the court does not dissolve the district, it shall state
12 the reasons for declining to do so."

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