
Local Government Committee

ESSB 6008

Brief Description: Modifying water-sewer district provisions.

Sponsors: Senate Committee on Governmental Operations (originally sponsored by Senators Chase, Roach, Rivers, Hatfield, Hasegawa, Keiser and Benton).

Brief Summary of Engrossed Substitute Bill

- Requires voter approval for the assumption of jurisdiction over a water-sewer district (district) serving more than 1,000 residents by a city or town that is wholly or at least 80 percent located in a county with a population greater than 1.5 million, unless the district is entirely within the city or town's boundaries and the district's board of commissioners (Board) consents to assumption.
- Requires a feasibility study to be conducted of assumptions of jurisdiction over districts by a city or town that is wholly or at least 80 percent located in a county with a population greater than 1.5 million, unless the district Board consents to the assumption.
- Provides that certain assumptions may be subject to referendum when a district Board consents to the assumption and the city or town assumes jurisdiction over the district without voter approval.

Hearing Date: 2/24/14

Staff: Michaela Murdock (786-7289).

Background:

Water-sewer districts (districts), a type of special purpose district, are created to further public health and safety and to furnish water, sewerage, and drainage services to persons within and without the district. Districts may include within their boundaries one or more counties, cities, and towns, or other political subdivisions.

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.

Districts are authorized to develop and operate systems of sewers and drainage, and may create facilities, systems, and programs for the collection, interception, treatment, disposal, and pollution control of wastewater. Districts may exercise any of the powers granted to cities and counties with respect to the acquisition, construction, maintenance, operation of, and fixing of rates and charges for water works and systems of sewerage and drainage.

Cities and towns are granted broad powers with respect to municipal utilities, and may establish, construct, and maintain systems of sewers, drains, and water supplies within and outside of their corporate limits.

Assumption of Water-Sewer Districts by Cities or Towns.

A city or town may, in accordance with various statutes, assume jurisdiction over all or part of a district when:

- a district is wholly within the boundaries of the city or town;
- part of a district equal to at least 60 percent of the district area or 60 percent of the assessed valuation of real property in the district is within the boundaries of the city or town; or
- part of a district equal to less than 60 percent of the district area and less than 60 percent of the assessed valuation of real property in the district is within the boundaries of the city or town.

If a city or town has levied a tax on the gross revenues derived by the district from the sale of water or sewer services within the city or town, the city or town may not assume jurisdiction over all or part of the district without first obtaining voter approval.

If a city or town assumes jurisdiction over an entire district, all real and personal property, franchises, rights, assets, uncollected taxes, water, sewer, and drainage facilities, and all other facilities and equipment of the district become the property of the city or town subject to obligations of the district. The city or town has the power to manage, control, maintain, and operate the property, facilities, and equipment and to fix and collect charges to owners and occupants of properties served by the city or town. Also, the city or town may assume the obligation of paying district indebtedness and of levying and collecting district taxes, assessments, and utility rates and charges to pay the indebtedness. The city or town must assume and perform all other outstanding contractual obligations of the district in accordance with applicable terms, conditions, and covenants.

When a city or town assumes jurisdiction over part of a district, the city, town, or district may be required to continue to provide services to territory outside of its boundaries (*e.g.*, when district facilities located within the city or town serve areas outside the city or town's corporate limits). Under certain circumstances, the district may require the city to assume responsibility for the operation and maintenance of the entire district. Additionally, a city acquires district property, facilities, and equipment, and fixes and collects charges to owners and occupants served by the city or town, subject to obligations of the district.

If a district includes the area of more than one city or town, in whole or in part, the city or town that has within its boundaries 60 percent or more of district area in assessed valuation (principle city) may assume jurisdiction over the part or parts of the district in other cities. The principle city must obtain the approval of other cities containing a part of the district.

Summary of Bill:

Assumption of Water-Sewer Districts by Certain Cities or Towns.

A city or town that is wholly or at least 80 percent located in a county with a population greater than 1.5 million may not assume the jurisdiction of all or part of a water-sewer district (district) serving a population greater than 1,000 residents, unless voters of the entire district approve a ballot proposition authorizing the assumption. Alternatively, such a city or town may assume jurisdiction of a district located entirely within its boundaries without seeking voter approval if the district's board of commissioners (Board) consents to the assumption.

If a city or town submits to voters of a district a proposition authorizing assumption of the district and the assumption does not involve more than one city or town, a boundary review board does not have jurisdiction to review the attempted or completed assumption.

The provisions of the bill are applicable to assumptions of jurisdiction over districts by certain cities or towns initiated before, on, or after the effective date of the bill, or pending as of the effective date of the bill. It is provided that the bill may not be construed to preempt or modify any existing interlocal agreements, franchises, or contracts between a city or town and a district that are in effect on the effective date of the bill.

Assumptions Subject to Referendum.

If a city or town that is wholly or at least 80 percent located in a county with a population greater than 1.5 million receives consent from a district Board to assume jurisdiction over the district and, subsequently, assumes jurisdiction over the district without voter approval, the assumption is subject to referendum.

A referendum petition on the assumption must be filed within 45 days after: (1) the assumption's approval by a boundary review board or the superior court; or (2) a petition to dissolve the district has been filed in superior court. The city or town may proceed to assume jurisdiction over the district if no timely and sufficient referendum petition is filed within 45 days.

The referendum petition must be signed by registered voters, in an amount not less than 10 percent of the registered voters in the area to be assumed who voted in the last municipal general election, and filed with the board of commissioners. The assumption is approved by the voters unless a majority of votes cast in a general or special election oppose the assumption.

Assumption of Water-Sewer District - Feasibility Study.

If a city or town that is wholly or at least 80 percent located in a county with a population greater than 1.5 million passes a resolution to assume all or part of a district, a feasibility study of the assumption must be conducted. However, a feasibility study is not required if the district Board consents to the assumption.

The feasibility study must be jointly and equally funded by the city or town and the district and must be conducted by a qualified independent consultant with professional expertise related to public water and sewer systems. The study must address:

- the impact of the proposed assumption on the city or town and the district; and
- issues mutually agreed to by the city or town and the district, including engineering and operational impacts, costs of the assumption (*e.g.*, potential impact on future

water-sewer rates), bond ratings and future borrowing costs, and the status of existing water rights.

The feasibility study must be completed within six months of the city or town's passage of a resolution to assume the district. Findings of the study must be presented as a public record and must be available to the registered voters of the district prior to any vote on the proposed assumption.

Appropriation: None.

Fiscal Note: Not requested.

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