
SUBSTITUTE HOUSE BILL 1643

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Government Administration (originally sponsored by Representatives D. Schmidt, Scott, D. Sommers, Wolfe and Reams)

Read first time 03/05/97.

1 AN ACT Relating to voter approval of city assumption of a water or
2 sewer district; and amending RCW 35.13A.020, 35.13A.030, and
3 35.13A.050.

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

5 **Sec. 1.** RCW 35.13A.020 and 1971 ex.s. c 95 s 2 are each amended to
6 read as follows:

7 Whenever all of the territory of a (~~water district or sewer~~)
8 water-sewer district is included within the corporate boundaries of a
9 city, and the city legislative body has elected by resolution or
10 ordinance to assume jurisdiction thereof, all real and personal
11 property, franchises, rights, assets, taxes levied but not collected
12 for the district for other than indebtedness, water (~~and~~) lines,
13 sewer lines, drainage system, and all other facilities and equipment of
14 the district shall become the property of such city subject to all
15 financial, statutory, or contractual obligations of the district for
16 the security or performance of which such property may have been
17 pledged and the district shall be disincorporated. The
18 disincorporation shall not impair the obligation of a contract. Such
19 city, in addition to its other powers, shall have the power to manage,

1 control, maintain and operate such property, facilities and equipment
2 and to fix and collect service and other charges from owners and
3 occupants of properties so served by the city, subject, however, to any
4 outstanding indebtedness, bonded or otherwise, of the district payable
5 from taxes, assessments or revenues of any kind or nature and to any
6 other contractual obligations of the district.

7 Such city may by resolution of its legislative body, assume the
8 obligation of paying such district indebtedness and of levying and of
9 collecting or causing to be collected such district taxes, assessments
10 and utility rates and charges of any kind or nature to pay and secure
11 the payment of such indebtedness, according to all of the terms,
12 conditions and covenants incident to such indebtedness, and shall
13 assume and perform all other outstanding contractual obligation of the
14 district in accordance with all of its terms, conditions and covenants.
15 No such assumption shall be deemed to impair the obligation of any
16 indebtedness or other contractual obligation entered into after August
17 9, 1971. During the period until the outstanding indebtedness of the
18 district has been discharged, the territory of the district and the
19 owners and occupants of property therein, shall continue to be liable
20 for its and their proportionate share of such indebtedness, including
21 any outstanding assessments levied within any local improvement
22 district or utility local improvement district thereof. The city shall
23 assume the obligation of causing the payment of such indebtedness,
24 collecting such taxes, assessments and charges and observing and
25 performing the other district contractual obligations. The legislative
26 body of the city shall act as the officers of the district for the
27 purpose of certifying the amount of any property tax to be levied and
28 collected therein, and causing service and other charges and
29 assessments to be collected from such property or owners or occupants
30 thereof, enforcing such collection and performing all other acts
31 necessary to insure performance of the district's contractual
32 obligations in the same manner and by the same means as if the
33 territory of the district had not been included within the boundaries
34 of a city.

35 When a city assumes the obligation of paying the outstanding
36 indebtedness, and if property taxes or assessments have been levied and
37 service and other charges have accrued for such purpose but have not
38 been collected by the district prior to such election, the same when
39 collected shall belong and be paid to the city and be used by such city

1 so far as necessary for payment of the indebtedness of the district
2 existing and unpaid on the date such city elects to assume the
3 indebtedness. Any funds received by the city which have been collected
4 for the purpose of paying any bonded or other indebtedness of the
5 district, shall be used for the purpose for which they were collected
6 and for no other purpose. Any outstanding indebtedness shall be paid
7 as provided in the bond covenants. All funds of the district on
8 deposit with the county treasurer at the time of title transfer shall
9 be used by the city solely for the benefit of the utility and shall not
10 be transferred to or used for the benefit of the city's general fund.

11 **Sec. 2.** RCW 35.13A.030 and 1971 ex.s. c 95 s 3 are each amended to
12 read as follows:

13 Whenever a portion of a (~~water district or sewer~~) water-sewer
14 district equal to at least sixty percent of the area or sixty percent
15 of the assessed valuation of the real property lying within such
16 district, is included within the corporate boundaries of a city, the
17 city may either:

18 (1) Assume by ordinance the full and complete management and
19 control of that portion of the entire district that is contiguous to
20 the city and not included within another city, (~~whereupon~~) if the
21 district voters of such an area approve a ballot proposition
22 authorizing the assumption requested by the city, submitted to these
23 voters by the board of commissioners of the district. The provisions
24 of RCW 35.13A.020 shall be operative if the city proceeds under this
25 subsection and any rates that are charged for service outside of the
26 city shall be reasonable to all parties. However, the district shall
27 not be disincorporated unless the city assumes the responsibility to
28 serve all of the customers of the district, together with all of the
29 district's property, facilities, and equipment; or

30 (2) The city may proceed directly under the provisions of RCW
31 35.13A.050.

32 **Sec. 3.** RCW 35.13A.050 and 1971 ex.s. c 95 s 5 are each amended to
33 read as follows:

34 When electing under RCW 35.13A.030 or 35.13A.040 to proceed under
35 this section, the city may assume, by ordinance, jurisdiction of the
36 district's responsibilities, property, facilities and equipment within
37 the corporate limits of the city(~~(: PROVIDED, That)).~~).

1 If on the effective date of such an ordinance the territory of the
2 district included within the city contains any facilities serving or
3 designed to serve any portion of the district outside the corporate
4 limits of the city or if the territory lying within the district and
5 outside the city contains any facilities serving or designed to serve
6 territory included within the city (which facilities are hereafter in
7 this section called the "serving facilities"), the city or district
8 shall for the economically useful life of any such serving facilities
9 make available sufficient capacity therein to serve the sewage,
10 drainage, or water requirements of such territory, to the extent that
11 such facilities were designed to serve such territory at a rate charged
12 to the municipality being served which is reasonable to all parties.

13 In the event a city proceeds under this section, the (~~district may~~
14 ~~elect upon a favorable vote of a majority of all voters within the~~
15 ~~district voting upon such propositions to require the~~) city shall be
16 required to assume responsibility for (~~the operation and maintenance~~
17 ~~of~~) operating and maintaining the district's property, facilities and
18 equipment throughout that portion of the entire district that is
19 contiguous to the city but not included in any other city and ((to))
20 the district shall pay the city a charge for such operation and
21 maintenance which is reasonable under all of the circumstances, if the
22 voters of the district who reside in such an area approve a ballot
23 proposition providing for this transfer of responsibility, submitted to
24 the voters by the board of commissioners of the district.

25 A city acquiring property, facilities and equipment under the
26 provisions of this section shall acquire such property, facilities and
27 equipment, and fix and collect service and other charges from owners
28 and occupants of properties served by the city, subject, to any
29 contractual obligations of the district which relate to the property,
30 facilities, or equipment so acquired by the city or which are secured
31 by taxes, assessments or revenues from the territory of the district
32 included within the city. In such cases, the property included within
33 the city and the owners and occupants thereof shall continue to be
34 liable for payment of its and their proportionate share of any
35 outstanding district indebtedness. The district and its officers shall
36 continue to levy taxes and assessments on and to collect service and
37 other charges from such property, or owners or occupants thereof, to
38 enforce such collections, and to perform all other acts necessary to
39 insure performance of the district's contractual obligations in the

1 same manner and by the same means as if the territory of the district
2 had not been included within the boundaries of a city.

3 The district shall be disincorporated if a city assumes the
4 responsibility to serve all of the customers of a district, together
5 with all of the district's property, facilities, and equipment, under
6 this section. In such an event, the provisions of RCW 35.13A.020 shall
7 apply. The disincorporation shall not impair the obligation of a
8 contract.

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