

HOUSE BILL REPORT

HB 1417

As Reported by House Committee On: Local Government

Title: An act relating to city assumption of water-sewer districts.

Brief Description: Requiring a vote of the people in specified circumstances before a city may assume jurisdiction over a water-sewer district.

Sponsors: Representatives Takko, Schindler, Chase, Miloscia, Ahern, B. Sullivan and Woods.

Brief History:

Committee Activity:

Local Government: 2/7/05, 2/14/05 [DP].

Brief Summary of Bill

- Prohibits a city from assuming jurisdiction over all or part of a water-sewer district serving a population greater than 1,000 residents and containing, within its boundaries, the territory of two or more cities, or one city and unincorporated territory, unless voters of the entire water-sewer district approve a ballot proposition authorizing the assumption.
- Requires that a feasibility study be completed and made public before a public vote is held regarding an assumption of jurisdiction.
- Denies jurisdiction to a Boundary Review Board to review an attempted or completed assumption that has been subject to a vote by the voters in the water-sewer district and which involves not more than one city.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; Takko and Woods.

Minority Report: Do not pass. Signed by 3 members: Representatives Simpson, Chair; Clibborn, Vice Chair; and B. Sullivan.

Staff: Thamas Osborn (786-7129).

Background:

Current law sets forth legislative and electoral mechanisms, based upon geographic location and property valuation, for the assumption of jurisdiction of water-sewer districts (districts) by cities or towns.

Whenever all of the territory of a district is located within the corporate boundaries of a city, the city legislative body may adopt a resolution or ordinance to assume jurisdiction over the entire district.

Whenever a portion of a district equal to at least 60 percent of its area, or 60 percent of the assessed valuation of the real property lying within the district, is included within the corporate boundaries of a city, the city may assume by ordinance the full and complete management and control of that portion of the entire district not included within another city. Related statutes specify that under certain circumstances the district may, upon a favorable vote of a majority of all voters within the district, require a city to assume responsibility for the operation and maintenance of the district's property, facilities and equipment throughout the entire district.

Whenever the portion of a district included within the corporate boundaries of a city is less than 60 percent of the area of the district and less than 60 percent of the assessed valuation of the real property within the district, the city may assume, by ordinance, jurisdiction of the district's responsibilities, property, facilities and equipment within the corporate limits of the city. The city may also assume responsibility for the operation and maintenance of the district's property, facilities and equipment throughout the entire district upon a favorable vote of a majority of all voters within the district.

Whenever more than one city, in whole or in part, is included within a district, the city which has within its boundaries 60 percent or more of the area of the assessed valuation of the district may, with the approval of any other city containing part of such district, assume responsibility for operation and maintenance of the district's property, facilities and equipment within such other city.

Summary of Bill:

Voter approval of the assumption of jurisdiction of a water-sewer district by a city.

A city may not assume the jurisdiction over a water-sewer district serving a population greater than 1,000 residents and containing, within its boundaries, the territory of two or more cities, or one city and unincorporated territory, unless voters of the entire water-sewer district approve a ballot proposition authorizing the assumption. The cost of the election must be borne by the city seeking to assume such jurisdiction. The approval of the voters in a water-sewer district is not required if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town;

Feasibility study requirement.

A feasibility study is required regarding a proposed assumption of jurisdiction prior to the matter being subject to a decision by the voters in the water-sewer district. This feasibility study must comply with specified criteria and procedural conditions, including the following:

- the study must be done by a qualified expert with expertise involving public water and sewer systems;
- it must address specified issues relating to functional and operational impacts, financial consequences, water rights, etc.;
- it must be completed within six months of the passage of the resolution proposing the assumption;
- the findings of the study must be made available to the voters as a public record; and
- the vote on assumption cannot take place until the study is completed and the results made public.

A feasibility study is not necessary if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town.

Limitations on the jurisdiction of Boundary Review Boards.

A Boundary Review Board is denied jurisdiction to review an attempted or completed assumption that has been subject to a vote by the voters in the water-sewer district and which involves not more than one city.

Applicability of the act.

The provisions of the act are applicable to assumptions of jurisdiction that are pending as of the effective date of the act, or which are initiated on or after such date.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This is the same bill that was passed by the committee in 2004. This legislation is needed because it is time for the voters to have a greater voice as to when assumptions of jurisdiction by cities over districts should take place. The pertinent statutes have not been changed since 1970, and since that time a great many "hostile takeovers" have taken place in which cities have assumed jurisdiction over districts. There were once 400 districts in this state, now only 175 exist. Hostile assumptions are inherently undemocratic and go against the wishes of residents of the districts. Furthermore, hostile assumptions are costly, time consuming, and often result in higher rates being charged. They often cost millions of dollars. Ratepayers should, therefore, be allowed to vote. Current statutes do not function well when an assumption is contested. Litigation often results, thus draining the funds available to districts. Also, cities have greater power than do districts, which often leads to unfair results. The bill would help to restore the balance of power.

Testimony Against: Most assumptions of districts are done cooperatively by agreement. Allowing the elected officials to work things out has worked fine, thus there is no need for a legislative fix. Requiring voter approval is unnecessary, expensive, and time consuming. Accordingly, this legislation is not needed and would be detrimental to the majority of ratepayers. The required "feasibility study," in turn, adds an unnecessary process that is complex, expensive, and ultimately unworkable. Such studies are unlikely to resolve the factual issues that so often lead to disputed assumptions. Also, boundary review boards should not be cut out, since they can serve as an effective facilitator in resolving disputes and are therefore an essential part of the process. Voters are ill-suited to sort out the complex factual issues required to make a truly informed decision regarding a contested assumption. Boundary review boards are a better means of sorting out the factual issues.

Assumptions promote efficiency by consolidating utility services into larger units, thus eliminating redundant systems and creating economies of scale. This generally leads to lower rates. Furthermore, cities are the most appropriate and efficient means of providing utility services for the citizens of this state. The provisions of the bill would delay the assumption process and lead to uncertain results.

Persons Testifying: (In support) Representative Takko, prime sponsor; Joe Daniels and Hal Schlomann, Washington State Association of Water & Sewer Districts; Phil Watkins, Lakehaven Utility District; and Steve Lindstrom, Sno-King Water District Coalition.

(Opposed) Steve Clark, City of Burien; Dave Williams, Association of Washington Cities; Bob Mack, City of Lakewood; and Genesee Adkins, Futurewise.

Persons Signed In To Testify But Not Testifying: None.