

2 SSB 6505 - S AMD 042
3 By Senator McDonald

4 ADOPTED 2/7/96

5 On page 5, after line 22, insert the following:

6 "NEW SECTION. **Sec. 5.** A new section is added to chapter 35.13A
7 RCW to read as follows:

8 Whenever the board of commissioners of a water district or sewer
9 district has determined by resolution that it is in the best interests
10 of the district for a city to assume jurisdiction of the district,
11 whether or not any of the territory or assessed valuation of the
12 district is included within the corporate boundaries of the city, and
13 the city legislative body has determined to assume jurisdiction of the
14 district, the district and the city shall enter into a contract
15 pursuant to RCW 35.13A.070, acceptable to both the district and the
16 city, to carry out such assumption. The contract shall provide for the
17 transfer to the city of all real and personal property, franchises,
18 rights, assets, taxes levied but not collected for the district for
19 other than indebtedness, water and sewer lines, and all other
20 facilities and equipment of the district, which transfers shall be
21 subject to all financial, statutory, or contractual obligations of the
22 district for the security or performance of which such property may
23 have been pledged. Such city in addition to its other powers, shall
24 have the power to manage, control, maintain, and operate such property,
25 facilities, and equipment and to fix and collect service and other
26 charges from owners and occupants of properties so served by the city,
27 subject, however, to any outstanding indebtedness, bonded or otherwise,
28 of the district payable from taxes, assessments, or revenues of any
29 kind or nature and to any other contractual obligations of the district
30 including but not limited to the provisions of the contract entered
31 into by such city and the district pursuant to RCW 35.13A.070.

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

1 covenants incident to such indebtedness, and shall assume and perform
2 all other outstanding contractual obligations of the district in
3 accordance with all of its terms, conditions, and covenants. No such
4 assumption shall be deemed to impair the obligation of any indebtedness
5 or other contractual obligation entered into after the effective date
6 of this act. During the period until the outstanding indebtedness of
7 the district has been discharged, the territory of the district and the
8 owners and occupants of property therein, shall continue to be liable
9 for its and their proportionate share of such indebtedness, including
10 any outstanding assessments levied within any local improvement
11 district or utility local improvement district thereof. The city shall
12 assume the obligation of causing the payment of such indebtedness,
13 collecting such taxes, assessments, and charges, and observing and
14 performing the other district contractual obligations. The legislative
15 body of the city shall act as the officers of the district for the
16 purpose of certifying the amount of any property tax to be levied and
17 collected therein, and causing service and other charges and
18 assessments to be collected from such property or owners or occupants
19 thereof, enforcing such collection, and performing all other acts
20 necessary to ensure performance of the district's contractual
21 obligations.

22 When a city assumes the obligation of paying the outstanding
23 indebtedness, and if property taxes or assessments have been levied and
24 service and other charges have accrued for such purpose but have not
25 been collected by the district prior to such assumption, the property
26 taxes or assessments when collected shall belong and be paid to the
27 city and be used by such city so far as necessary for payment of the
28 indebtedness of the district existing and unpaid on the date such city
29 elects to assume the indebtedness. Any funds received by the city that
30 have been collected for the purpose of paying any bonded or other
31 indebtedness of the district, shall be used for the purpose for which
32 they were collected and for no other purpose. Any outstanding
33 indebtedness shall be paid as provided in the bond covenants. All
34 funds of the district on deposit with the county treasurer at the time
35 of title transfer shall be used by the city solely for the benefit of
36 the utility and shall not be transferred to or used for the benefit of
37 the city's general fund.

1 **Sec. 6.** RCW 35.13A.070 and 1971 ex.s. c 95 s 7 are each amended to
2 read as follows:

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

1 the manner provided by law, general obligation or revenue bonds of like
2 amounts, terms, conditions, and covenants as the outstanding bonds of
3 any other party to the contract, and such new bonds may be substituted
4 or exchanged for such outstanding bonds: PROVIDED, That no such
5 exchange or substitution shall be effected in such a manner as to
6 impair the obligation or security of any such outstanding bonds.

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

9 In any of the cases provided for in RCW 35.13A.020, 35.13A.030,
10 (~~and~~) 35.13A.050, and section 5 of this act, and notwithstanding any
11 other method of dissolution provided by law, dissolution proceedings
12 may be initiated by either the city or the district, or both, when the
13 legislative body of the city and the governing body of the district
14 agree to, and petition for, dissolution of the district.

15 The petition for dissolution shall be signed by the chief
16 administrative officer of the city and the district, upon authorization
17 of the legislative body of the city and the governing body of the
18 district(~~(7)~~) respectively, and such petition shall be presented to the
19 superior court of the county in which the city is situated.

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

31 In any of the cases provided for in RCW 35.13A.020 (~~and~~),
32 35.13A.030, and section 5 of this act, if the petition for an order of
33 dissolution is signed on behalf of the city alone or the district
34 alone, or there is no mutual agreement on the distribution of assets
35 and liabilities, the superior court shall enter an order fixing a
36 hearing date not less than sixty days from the day the petition is
37 filed, and the clerk of the court of the county shall give notice of
38 such hearing by publication in a newspaper of general circulation in

1 the district once a week for three successive weeks and by posting in
2 three public places in the district at least twenty-one days before the
3 hearing. The notice shall set forth the filing of the petition, its
4 purposes, and the date and place of hearing thereon.

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

14 Renumber the remaining sections consecutively and correct any
15 internal references accordingly.

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18 ADOPTED 2/7/96

19 On page 1, line 2 of the title, after "35.07.040," insert
20 "35.13A.070, 35.13A.080,"

21 On page 1, line 3 of the title, after "35.23 RCW;" insert "adding
22 a new section to chapter 35.13A RCW;"

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