

CERTIFICATION OF ENROLLMENT

SENATE BILL 5650

Chapter 426, Laws of 1997

55th Legislature
1997 Regular Session

JURISDICTION OVER WATER-SEWER DISTRICTS BY CITIES

EFFECTIVE DATE: 7/27/97

Passed by the Senate April 26, 1997
YEAS 45 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 25, 1997
YEAS 97 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved May 19, 1997

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5650** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

May 19, 1997 - 7:35 p.m.

**Secretary of State
State of Washington**

SENATE BILL 5650

AS RECOMMENDED BY CONFERENCE COMMITTEE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senator McDonald

Read first time 02/05/97. Referred to Committee on Government Operations.

1 AN ACT Relating to local government; amending RCW 35.13A.070 and
2 35.13A.080; adding a new section to chapter 35.13A RCW; and adding new
3 sections to chapter 35.51 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 35.13A RCW
6 to read as follows:

7 The board of commissioners of a water-sewer district, with fewer
8 than one hundred twenty customers on the effective date of this act,
9 may by resolution declare that it is in the best interests of the
10 district for a city, with a population greater than one hundred
11 thousand on the effective date of this act, to assume jurisdiction of
12 the district. None of the territory or assessed valuation of the
13 district need be included within the corporate boundaries of the city.
14 If the city legislative body agrees to assume jurisdiction of the
15 district, the district and the city shall enter into a contract under
16 RCW 35.13A.070, acceptable to both the district and the city, to carry
17 out the assumption. The contract must provide for the transfer to the
18 city of all real and personal property, franchises, rights, assets,
19 taxes levied but not collected for the district for other than

1 indebtedness, water and sewer lines, and all other facilities and
2 equipment of the district. The transfers are subject to all financial,
3 statutory, or contractual obligations of the district for the security
4 or performance of which the property may have been pledged. The city
5 may manage, control, maintain, and operate the property, facilities,
6 and equipment and fix and collect service and other charges from owners
7 and occupants of properties so served by the city. However, the
8 actions of the city are subject to any outstanding indebtedness, bonded
9 or otherwise, of the district payable from taxes, assessments, or
10 revenues of any kind or nature and to any other contractual obligations
11 of the district, including but not limited to the contract entered into
12 by the city and the district under RCW 35.13A.070.

13 Under the contract, the city may assume the obligation of paying
14 the district indebtedness and of levying and collecting or causing to
15 be collected the district taxes, assessments, and utility rates and
16 charges of any kind or nature to pay and secure the payment of the
17 indebtedness, according to all terms, conditions, and covenants
18 incident to the indebtedness. The city shall assume and perform all
19 other outstanding contractual obligations of the district in accordance
20 with all of their terms, conditions, and covenants. The assumption
21 does not impair the obligation of any indebtedness or other contractual
22 obligation entered into after the effective date of this act. Until
23 the outstanding indebtedness of the district has been discharged, the
24 territory of the district and the owners and occupants of property in
25 it, continue to be liable for its and their proportionate share of the
26 indebtedness, including outstanding assessments levied by a local
27 improvement district or utility local improvement district within the
28 water-sewer district. The city shall assume the obligation of paying
29 the indebtedness, collecting the assessments and charges, and observing
30 and performing the other district contractual obligations. The
31 legislative body of the city shall act as the officers of the district
32 for the purpose of certifying the amount of any property tax to be
33 levied and collected in the district, and causing service and other
34 charges and assessments to be collected from the property or owners or
35 occupants of it, enforcing the collection, and performing all other
36 acts necessary to insure performance of the district's contractual
37 obligations.

38 When the city assumes the obligation of paying the outstanding
39 indebtedness, and if property taxes or assessments have been levied and

1 service or other charges have accrued for that purpose but have not
2 been collected by the district before the assumption, the taxes,
3 assessments, and charges collected belong and must be paid to the city
4 and used by the city so far as necessary for payment of indebtedness of
5 the district that existed and was unpaid on the date the city elected
6 to assume the indebtedness. Funds received by the city that have been
7 collected for the purpose of paying bonded or other indebtedness of the
8 district must be used for the purpose for which they were collected and
9 for no other purpose. Outstanding indebtedness must be paid as
10 provided in the bond covenants. The city shall use funds of the
11 district on deposit with the county treasurer at the time of title
12 transfer solely for the benefit of the utility, and shall not transfer
13 them to or use them for the benefit of the city's general fund.

14 This section expires December 31, 1998.

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

17 Notwithstanding any provision of this chapter to the contrary, one
18 or more cities and one or more (~~water districts or sewer~~) districts
19 may, through their legislative authorities, authorize a contract with
20 respect to the rights, powers, duties, and obligation of such cities,
21 or districts with regard to the use and ownership of property, the
22 providing of services, the maintenance and operation of facilities,
23 allocation of cost, financing and construction of new facilities,
24 application and use of assets, disposition of liabilities and debts,
25 the performance of contractual obligations, and any other matters
26 arising out of the inclusion, in whole or in part, of the district or
27 districts within any city or cities, or the assumption by the city of
28 jurisdiction of a district under section 1 of this act. The contract
29 may provide for the furnishing of services by any party thereto and the
30 use of city or district facilities or real estate for such purpose, and
31 may also provide for the time during which such district or districts
32 may continue to exercise any rights, privileges, powers, and functions
33 provided by law for such district or districts as if the district or
34 districts or portions thereof were not included within a city or were
35 not subject to an assumption of jurisdiction under section 1 of this
36 act, including but not by way of limitation, the right to promulgate
37 rules and regulations, to levy and collect special assessments, rates,
38 charges, service charges, and connection fees, (~~and~~) to adopt and

1 carry out the provisions of a comprehensive plan, and amendments
2 thereto, for a system of improvements, and to issue general obligation
3 bonds or revenue bonds in the manner provided by law. The contract may
4 provide for the transfer to a city of district facilities, property,
5 rights, and powers as provided in RCW 35.13A.030 (~~and~~), 35.13A.050,
6 and section 1 of this act, whether or not sixty percent or any of the
7 area or assessed valuation of real estate lying within the district or
8 districts is included within such city. The contract may provide that
9 any party thereto may authorize, issue, and sell revenue bonds to
10 provide funds for new water or sewer improvements or to refund any
11 water revenue, sewer revenue, or combined water and sewer revenue bonds
12 outstanding of any city, or district which is a party to such contract
13 if such refunding is deemed necessary, providing such refunding will
14 not increase interest costs. The contract may provide that any party
15 thereto may authorize and issue, in the manner provided by law, general
16 obligation or revenue bonds of like amounts, terms, conditions, and
17 covenants as the outstanding bonds of any other party to the contract,
18 and such new bonds may be substituted or exchanged for such outstanding
19 bonds(~~(: PROVIDED, That)~~). However, no such exchange or substitution
20 shall be effected in such a manner as to impair the obligation or
21 security of any such outstanding bonds.

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

24 In any of the cases provided for in RCW 35.13A.020, 35.13A.030,
25 (~~and~~) 35.13A.050, and section 1 of this act, and notwithstanding any
26 other method of dissolution provided by law, dissolution proceedings
27 may be initiated by either the city or the district, or both, when the
28 legislative body of the city and the governing body of the district
29 agree to, and petition for, dissolution of the district.

30 The petition for dissolution shall be signed by the chief
31 administrative officer of the city and the district, upon authorization
32 of the legislative body of the city and the governing body of the
33 district, respectively and such petition shall be presented to the
34 superior court of the county in which the city is situated.

35 If the petition is thus authorized by both the city and district,
36 and title to the property, facilities, and equipment of the district
37 has passed to the city pursuant to action taken under this chapter, all
38 indebtedness and local improvement district or utility local

1 improvement district assessments of the district have been discharged
2 or assumed by and transferred to the city, and the petition contains a
3 statement of the distribution of assets and liabilities mutually agreed
4 upon by the city and the district and a copy of the agreement between
5 such city and the district is attached thereto, a hearing shall not be
6 required and the court shall, if the interests of all interested
7 parties have been protected, enter an order dissolving the district.

8 In any of the cases provided for in RCW 35.13A.020 (~~and~~),
9 35.13A.030, and section 1 of this act, if the petition for an order of
10 dissolution is signed on behalf of the city alone or the district
11 alone, or there is no mutual agreement on the distribution of assets
12 and liabilities, the superior court shall enter an order fixing a
13 hearing date not less than sixty days from the day the petition is
14 filed, and the clerk of the court of the county shall give notice of
15 such hearing by publication in a newspaper of general circulation in
16 the district once a week for three successive weeks and by posting in
17 three public places in the district at least twenty-one days before the
18 hearing. The notice shall set forth the filing of the petition, its
19 purposes, and the date and place of hearing thereon.

20 After the hearing the court shall enter its order with respect to
21 the dissolution of the district. If the court finds that such district
22 should be dissolved and the functions performed by the city, the court
23 shall provide for the transfer of assets and liabilities to the city.
24 The court may provide for the dissolution of the district upon such
25 conditions as the court may deem appropriate. A certified copy of the
26 court order dissolving the district shall be filed with the county
27 auditor. If the court does not dissolve the district, it shall state
28 the reasons for declining to do so.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.51 RCW
30 to read as follows:

31 Assessments for local improvements in a local improvement district
32 created by a municipality may be pledged and applied when collected to
33 the payment of its obligations under a loan agreement entered into
34 under chapter 39.69 RCW to pay costs of improvements in such a local
35 improvement district.

36 NEW SECTION. **Sec. 5.** A new section is added to chapter 35.51 RCW
37 to read as follows:

1 The authority granted by section 4 of this act is supplemental and
2 in addition to the authority granted by Title 35 RCW and to any other
3 authority granted to cities, towns, or municipal corporations to levy,
4 pledge, and apply special assessments.

 Passed the Senate April 26, 1997.

 Passed the House April 25, 1997.

 Approved by the Governor May 19, 1997.

 Filed in Office of Secretary of State May 19, 1997.