

**SB 5934 - S AMD 235**  
By Senator Haugen

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 35.13A  
4 RCW to read as follows:

5 The board of commissioners of a water-sewer district with fewer  
6 than two hundred fifty customers on the effective date of this act may  
7 by resolution declare that it is in the best interests of the district  
8 for a city, which has a population greater than one hundred thousand  
9 and is a code city on the effective date of this act, to assume  
10 jurisdiction of the district. None of the territory of the water-sewer  
11 district need be included within the territory of the city. If the  
12 city legislative body agrees in principle to assume jurisdiction of the  
13 district, it shall by resolution declare its intent to assume the  
14 district. The district and the city shall enter into a contract  
15 regarding the time and manner of assumption and any other matters  
16 desired by the district and the city, including but not limited to the  
17 matters set forth in RCW 35.13A.070. The contract may provide for  
18 dissolution of the district pursuant to the jointly authorized petition  
19 process in RCW 35.13A.080. The contract and assumption shall be  
20 approved by resolution of the board of commissioners and ordinance of  
21 the city council. If the water-sewer district has no indebtedness or  
22 monetary obligations on the date of assumption, the city shall use any  
23 surplus funds only for water services delivered to and water facilities  
24 constructed in the former territory of the district, unless provided  
25 otherwise in the contract.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 57.04 RCW  
27 to read as follows:

28 (1)(a) If the board of commissioners of a water-sewer district with

1 fewer than two hundred fifty customers find it more conducive to the  
2 public health, safety, welfare, or convenience that water-sewer  
3 services be provided by a cooperative or mutual association or  
4 corporation organized under Title 24 RCW or chapter 23.86 RCW, the  
5 board may adopt a resolution calling for disincorporation of the  
6 district and the transfer to such association or corporation of all the  
7 property constituting its system of sewerage, system of water, or  
8 combined water and sewerage system, together with any of its other real  
9 or personal property used or useful in connection with the operation,  
10 maintenance, repair, or replacement of that system, and the association  
11 or corporation may acquire such property on such terms as may be  
12 mutually agreed upon by the association or corporation and the board of  
13 commissioners. Such resolution shall contain the written agreement  
14 setting forth the terms and conditions of the transfer and shall be  
15 filed with the county.

16 (b) In consideration of a transfer of property by a district to an  
17 association or corporation in a manner provided in this section, the  
18 association or corporation must assume and agree to pay or provide for  
19 the payment of all of the indebtedness of a district including the  
20 payment and retirement of outstanding general obligation and revenue  
21 bonds issued by a district. The association or corporation may cause  
22 service and other charges to be collected from such property or owners  
23 or occupants thereof and enforce such collection.

24 The association or corporation and the district must execute a  
25 written agreement setting forth the terms and conditions upon which  
26 they have agreed and finding the transfer and acquisition of property  
27 pursuant to such agreement to be in the public interest and conducive  
28 to the public health, safety, welfare, or convenience. Such written  
29 agreement may include provisions, by way of description and not by way  
30 of limitation, for the rights, powers, duties, and obligations of such  
31 association or corporation and district with regard to the use and  
32 ownership of property, the providing of services, the maintenance and  
33 operation of facilities, the disposition of liabilities and  
34 indebtedness, the performance of contractual obligations, and any other  
35 matters relating to the proposed transfer of property. The agreement  
36 may provide for a period of time during which the district may continue  
37 to exercise certain rights, privileges, powers, and functions  
38 authorized to it by law. Such agreement must be presented to the

1 registered voters of the district as part of the resolution to transfer  
2 and disincorporate the district. Upon passage of the resolution, the  
3 president of the board of commissioners of the district and the person  
4 or persons vested with the management of the affairs of the association  
5 shall sign and formalize the agreement.

6 (2)(a) Upon the filing with the county in which the district is  
7 located of the resolution calling for the disincorporation of the  
8 district and transfer of functions to an association or corporation,  
9 the county legislative authority shall hold a public hearing to  
10 determine whether or not the best interests of all persons concerned  
11 will be served by the proposed disincorporation of the district and  
12 transfer of functions to an association or corporation.

13 (b) If the county legislative authority finds that the best  
14 interests of all persons concerned will be served by disincorporating  
15 the district and transferring functions to an association or  
16 corporation, it shall order an election under subsection (4) of this  
17 section, specify the manner in which it is to be accomplished, and  
18 supervise the liquidation of any assets and the satisfaction of any  
19 outstanding indebtedness.

20 (3) After all transfers to the association or corporation have been  
21 made as required by the written agreement, and the district has been  
22 disincorporated, any remaining property shall be sold or liquidated and  
23 the proceeds of the sale, together with money on hand in the treasury  
24 of the district, shall, after payment of all costs and expenses and all  
25 outstanding indebtedness, be placed to the credit of the school  
26 district, or districts, in which such district is situated.

27 (4) Upon entry of the findings of the hearing by the county that  
28 the proposed disincorporation and transfer of assets will be conducive  
29 to the public health, welfare, and convenience and will benefit the  
30 land therein, the county legislative authority shall present a  
31 resolution to the county auditor calling for a special election to be  
32 held at a date specified under RCW 29.13.020, that occurs forty-five or  
33 more days after the resolution is presented, at which a ballot  
34 proposition authorizing the transfer of assets and disincorporation of  
35 the district shall be submitted to voters for their approval or  
36 rejection. The commissioners shall cause to be published a notice of  
37 the election for four successive weeks in a newspaper of general  
38 circulation in the district, which notice shall state the hours during

1 which the polls will be open and the object of the election, and the  
2 notice shall also be posted ten days in ten public places in the  
3 district. The transfer of assets shall be executed as provided in the  
4 written agreement and the district shall be disincorporated if the  
5 ballot proposition is approved by a majority of the voters voting on  
6 the proposition."

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7 On page 1, line 1 of the title, after "Relating to" strike the  
8 remainder of the title and insert "water-sewer districts with fewer  
9 than two hundred fifty customers; adding a new section to chapter  
10 35.13A RCW; and adding a new section to chapter 57.04 RCW."

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