
SENATE BILL 6206

State of Washington

68th Legislature

2024 Regular Session

By Senators Short and Dozier

Read first time 01/12/24. Referred to Committee on Local Government,
Land Use & Tribal Affairs.

1 AN ACT Relating to receivership of public water systems; and
2 amending RCW 43.70.195 and 70A.100.050.

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

4 **Sec. 1.** RCW 43.70.195 and 1999 c 153 s 57 are each amended to
5 read as follows:

6 (1) In any action brought by the secretary of health or by a
7 local health officer pursuant to chapter 7.60 RCW to place a public
8 water system in receivership, the petition shall include the names of
9 one or more suitable candidates for receiver who have consented to
10 assume operation of the water system. The department shall maintain a
11 list of interested and qualified individuals, municipal entities,
12 special purpose districts, and investor-owned water companies with
13 experience in the provision of water service and a history of
14 satisfactory operation of a water system. If there is no other person
15 willing and able to be named as receiver, the court shall appoint the
16 ((county)) public utility district or water-sewer district in which
17 the water system is located as receiver. If no public utility
18 district or water-sewer district operates in the county where the
19 water system is located, the court shall appoint the county in which
20 the water system is located as the receiver. The county may designate
21 a county agency to operate the system, or it may contract with

1 another individual or public water system to provide management for
2 the system. If the county is appointed as receiver, the secretary of
3 health and the county health officer shall provide regulatory
4 oversight for the agency or other person responsible for managing the
5 water system.

6 (2) In any petition for receivership under subsection (1) of this
7 section, the department shall recommend that the court grant to the
8 receiver full authority to act in the best interests of the customers
9 served by the public water system. The receiver shall assess the
10 capability, in conjunction with the department and local government,
11 for the system to operate in compliance with health and safety
12 standards, and shall report to the court and the petitioning agency
13 its recommendations for the system's future operation, including the
14 formation of a water-sewer district or other public entity, or
15 ownership by another existing water system capable of providing
16 service.

17 (3) If a petition for receivership and verifying affidavit
18 executed by an appropriate departmental official allege an immediate
19 and serious danger to residents constituting an emergency, the court
20 shall set the matter for hearing within three days and may appoint a
21 temporary receiver ex parte upon the strength of such petition and
22 affidavit pending a full evidentiary hearing, which shall be held
23 within fourteen days after receipt of the petition.

24 (4) A bond, if any is imposed upon a receiver, shall be minimal
25 and shall reasonably relate to the level of operating revenue
26 generated by the system. Any receiver appointed pursuant to this
27 section shall not be held personally liable for any good faith,
28 reasonable effort to assume possession of, and to operate, the system
29 in compliance with the court's orders.

30 (5) The court shall authorize the receiver to impose reasonable
31 assessments on a water system's customers to recover expenditures for
32 improvements necessary for the public health and safety.

33 (6) No later than twelve months after appointment of a receiver,
34 the petitioning agency, in conjunction with the (~~county in which the~~
35 ~~system is located~~) receiver, and the appropriate state and local
36 health agencies, shall develop and present to the court a plan for
37 the disposition of the system. The report shall include the
38 recommendations of the receiver made pursuant to subsection (2) of
39 this section. The report shall include all reasonable and feasible
40 alternatives. After receiving the report, the court shall provide

1 notice to interested parties and conduct such hearings as are
2 necessary. The court shall then order the parties to implement one of
3 the alternatives, or any combination thereof, for the disposition of
4 the system. Such order shall include a date, or proposed date, for
5 the termination of the receivership. Nothing in this section
6 authorizes a court to require a city, town, (~~public utility~~
7 ~~district, water sewer district,~~) or irrigation district to accept a
8 system that has been in receivership unless the city, town, (~~public~~
9 ~~utility district, water sewer district,~~) or irrigation district
10 agrees to the terms and conditions outlined in the plan adopted by
11 the court.

12 (7) The court shall not terminate the receivership, and order the
13 return of the system to the owners, unless the department of health
14 approves of such an action. The court may impose reasonable
15 conditions upon the return of the system to the owner, including the
16 posting of a bond or other security, routine performance and
17 financial audits, employment of qualified operators and other staff
18 or contracted services, compliance with financial viability
19 requirements, or other measures sufficient to ensure the ongoing
20 proper operation of the system.

21 (8) If, as part of the ultimate disposition of the system, an
22 eminent domain action is commenced by a public entity to acquire the
23 system, the court shall oversee any appraisal of the system conducted
24 under Title 7 RCW to assure that the appraised value properly
25 reflects any reduced value because of the necessity to make
26 improvements to the system. The court shall have the authority to
27 approve the appraisal, and to modify it based on any information
28 provided at an evidentiary hearing. The court's determination of the
29 proper value of the system, based on the appraisal, shall be final,
30 and only appealable if not supported by substantial evidence. If the
31 appraised value is appealed, the court may order that the system's
32 ownership be transferred upon payment of the approved appraised
33 value.

34 **Sec. 2.** RCW 70A.100.050 and 2020 c 20 s 1327 are each amended to
35 read as follows:

36 (1) Each purveyor within the boundaries of a critical water
37 supply service area shall develop a water system plan for the
38 purveyor's future service area if such a plan has not already been
39 developed: PROVIDED, That nonmunicipally owned public water systems

1 are exempt from the planning requirements of this chapter, except for
2 the establishment of service area boundaries if they have no plans
3 for water service beyond their existing service area: PROVIDED
4 FURTHER, That if the county legislative authority permits a change in
5 development that will increase the demand for water service of such a
6 system beyond the existing system's ability to provide minimum water
7 service, the purveyor shall develop a water system plan in accordance
8 with this section. The establishment of future service area
9 boundaries shall be in accordance with RCW 70A.100.070.

10 (2) After the boundaries of a critical water supply service area
11 have been established pursuant to RCW 70A.100.040, the committee
12 established in RCW 70A.100.040 shall participate in the development
13 of a coordinated water system plan for the designated area. Such a
14 plan shall incorporate all water system plans developed pursuant to
15 subsection (1) of this section. The plan shall provide for maximum
16 integration and coordination of public water system facilities
17 consistent with the protection and enhancement of the public health
18 and well-being. Decisions of the committee shall be by majority vote
19 of those present at meetings of the committee.

20 (3) Those portions of a critical water supply service area not
21 yet served by a public water system shall have a coordinated water
22 system plan developed by existing purveyors based upon permitted
23 densities in county plans, ordinances, and/or growth policies for a
24 minimum of five years beyond the date of establishment of the
25 boundaries of the critical water supply service area.

26 (4) To insure that the plan incorporates the proper designs to
27 protect public health, the secretary shall adopt regulations pursuant
28 to chapter 34.05 RCW concerning the scope and content of coordinated
29 water system plans, and shall ensure, as minimum requirements, that
30 such plans:

31 (a) Are reviewed by the appropriate local governmental agency to
32 insure that the plan is not inconsistent with the land use plans,
33 shoreline master programs, and/or developmental policies of the
34 general purpose local government or governments whose jurisdiction
35 the water system plan affects.

36 (b) Recognize all water resource plans, water quality plans, and
37 water pollution control plans which have been adopted by units of
38 local, regional, and state government.

39 (c) Incorporate the fire protection standards developed pursuant
40 to RCW 70A.100.080.

1 (d) Identify the future service area boundaries of the public
2 water system or systems included in the plan within the critical
3 water supply service area.

4 (e) Identify feasible emergency inter-ties between adjacent
5 purveyors.

6 (f) Include satellite system management requirements consistent
7 with RCW 70A.100.130.

8 (g) Include policies and procedures that generally address
9 failing water systems for which counties, public utility districts,
10 or water-sewer districts may become responsible under RCW 43.70.195.

11 (5) If a "water general plan" for a critical water supply service
12 area or portion thereof has been prepared pursuant to chapter 36.94
13 RCW and such a plan meets the requirements of subsections (1) and (4)
14 of this section, such a plan shall constitute the coordinated water
15 system plan for the applicable geographical area.

16 (6) The committee established in RCW 70A.100.040 may develop and
17 utilize a mechanism for addressing disputes that arise in the
18 development of the coordinated water system plan.

19 (7) Prior to the submission of a coordinated water system plan to
20 the secretary for approval pursuant to RCW 70A.100.060, the
21 legislative authorities of the counties in which the critical water
22 supply service area is located shall hold a public hearing thereon
23 and shall determine the plan's consistency with subsection (4) of
24 this section. If within sixty days of receipt of the plan, the
25 legislative authorities find any segment of a proposed service area
26 of a purveyor's plan or any segment of the coordinated water system
27 plan to be inconsistent with any current land use plans, shoreline
28 master programs, and/or developmental policies of the general purpose
29 local government or governments whose jurisdiction the water system
30 plan affects, the secretary shall not approve that portion of the
31 plan until the inconsistency is resolved between the local government
32 and the purveyor. If no comments have been received from the
33 legislative authorities within sixty days of receipt of the plan, the
34 secretary may consider the plan for approval.

35 (8) Any county legislative authority may adopt an abbreviated
36 plan for the provision of water supplies within its boundaries that
37 includes provisions for service area boundaries, minimum design
38 criteria, and review process. The elements of the abbreviated plan
39 shall conform to the criteria established by the department under
40 subsection (4) of this section and shall otherwise be consistent with

1 other adopted land use and resource plans. The county legislative
2 authority may, in lieu of the committee required under RCW
3 70A.100.040, and the procedures authorized in this section, utilize
4 an advisory committee that is representative of the water utilities
5 and local governments within its jurisdiction to assist in the
6 preparation of the abbreviated plan, which may be adopted by
7 resolution and submitted to the secretary for approval. Purveyors
8 within the boundaries covered by the abbreviated plan need not
9 develop a water system plan, except to the extent required by the
10 secretary or state board of health under other authority. Any
11 abbreviated plan adopted by a county legislative authority pursuant
12 to this subsection shall be subject to the same provisions contained
13 in RCW 70A.100.060 for coordinated water system plans that are
14 approved by the secretary.

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