
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-3337.1/97

ATTY/TYPIST: GR:rmh

BRIEF TITLE:

2 **SB 5650** - CONF REPT
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the
6 following:

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

9 The board of commissioners of a water-sewer district, with fewer
10 than one hundred twenty customers on the effective date of this act,
11 may by resolution declare that it is in the best interests of the
12 district for a city, with a population greater than one hundred
13 thousand on the effective date of this act, to assume jurisdiction of
14 the district. None of the territory or assessed valuation of the
15 district need be included within the corporate boundaries of the city.
16 If the city legislative body agrees to assume jurisdiction of the
17 district, the district and the city shall enter into a contract under
18 RCW 35.13A.070, acceptable to both the district and the city, to carry
19 out the assumption. The contract must provide for the transfer to the
20 city of all real and personal property, franchises, rights, assets,
21 taxes levied but not collected for the district for other than
22 indebtedness, water and sewer lines, and all other facilities and
23 equipment of the district. The transfers are subject to all financial,
24 statutory, or contractual obligations of the district for the security
25 or performance of which the property may have been pledged. The city
26 may manage, control, maintain, and operate the property, facilities,
27 and equipment and fix and collect service and other charges from owners
28 and occupants of properties so served by the city. However, the
29 actions of the city are subject to any outstanding indebtedness, bonded
30 or otherwise, of the district payable from taxes, assessments, or
31 revenues of any kind or nature and to any other contractual obligations
32 of the district, including but not limited to the contract entered into
33 by the city and the district under RCW 35.13A.070.

34 Under the contract, the city may assume the obligation of paying
35 the district indebtedness and of levying and collecting or causing to
36 be collected the district taxes, assessments, and utility rates and

1 charges of any kind or nature to pay and secure the payment of the
2 indebtedness, according to all terms, conditions, and covenants
3 incident to the indebtedness. The city shall assume and perform all
4 other outstanding contractual obligations of the district in accordance
5 with all of their terms, conditions, and covenants. The assumption
6 does not impair the obligation of any indebtedness or other contractual
7 obligation entered into after the effective date of this act. Until
8 the outstanding indebtedness of the district has been discharged, the
9 territory of the district and the owners and occupants of property in
10 it, continue to be liable for its and their proportionate share of the
11 indebtedness, including outstanding assessments levied by a local
12 improvement district or utility local improvement district within the
13 water-sewer district. The city shall assume the obligation of paying
14 the indebtedness, collecting the assessments and charges, and observing
15 and performing the other district contractual obligations. The
16 legislative body of the city shall act as the officers of the district
17 for the purpose of certifying the amount of any property tax to be
18 levied and collected in the district, and causing service and other
19 charges and assessments to be collected from the property or owners or
20 occupants of it, enforcing the collection, and performing all other
21 acts necessary to insure performance of the district's contractual
22 obligations.

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

38 This section expires December 31, 1998.

1 **Sec. 2.** 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
5 may, 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 the city of
14 jurisdiction of a district under section 1 of this act. The contract
15 may provide for the furnishing of services by any party thereto and the
16 use of city or district facilities or real estate for such purpose, and
17 may also provide for the time during which such district or districts
18 may continue to exercise any rights, privileges, powers, and functions
19 provided by law for such district or districts as if the district or
20 districts or portions thereof were not included within a city or were
21 not subject to an assumption of jurisdiction under section 1 of this
22 act, including but not by way of limitation, the right to promulgate
23 rules and regulations, to levy and collect special assessments, rates,
24 charges, service charges, and connection fees, (~~and~~) to adopt and
25 carry out the provisions of a comprehensive plan, and amendments
26 thereto, for a system of improvements, and to issue general obligation
27 bonds or revenue bonds in the manner provided by law. The contract may
28 provide for the transfer to a city of district facilities, property,
29 rights, and powers as provided in RCW 35.13A.030 (~~and~~), 35.13A.050,
30 and section 1 of this act, whether or not sixty percent or any of the
31 area or assessed valuation of real estate lying within the district or
32 districts is included within such city. The contract may provide that
33 any party thereto may authorize, issue, and sell revenue bonds to
34 provide funds for new water or sewer improvements or to refund any
35 water revenue, sewer revenue, or combined water and sewer revenue bonds
36 outstanding of any city, or district which is a party to such contract
37 if such refunding is deemed necessary, providing such refunding will
38 not increase interest costs. The contract may provide that any party
39 thereto may authorize and issue, in the manner provided by law, general

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

7 **Sec. 3.** 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 1 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, 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 1 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 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.51 RCW
15 to read as follows:

16 Assessments for local improvements in a local improvement district
17 created by a municipality may be pledged and applied when collected to
18 the payment of its obligations under a loan agreement entered into
19 under chapter 39.69 RCW to pay costs of improvements in such a local
20 improvement district.

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

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

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30 In line 1 of the title, after "government;" strike the remainder of
31 the title and insert "amending RCW 35.13A.070 and 35.13A.080; adding a
32 new section to chapter 35.13A RCW; and adding new sections to chapter
33 35.51 RCW."

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