
SENATE BILL 5650

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; and adding a new section to chapter 35.13A RCW.

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

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

6 The board of commissioners of a water or sewer district may by
7 resolution declare that it is in the best interests of the district for
8 a city to assume jurisdiction of the district. None of the territory
9 or assessed valuation of the district need be included within the
10 corporate boundaries of the city. If the city legislative body agrees
11 to assume jurisdiction of the district, the district and the city shall
12 enter into a contract under RCW 35.13A.070, acceptable to both the
13 district and the city, to carry out the assumption. The contract must
14 provide for the transfer to the city of all real and personal property,
15 franchises, rights, assets, taxes levied but not collected for the
16 district for other than indebtedness, water and sewer lines, and all
17 other facilities and equipment of the district. The transfers are
18 subject to all financial, statutory, or contractual obligations of the
19 district for the security or performance of which the property may have

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

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

35 When the city assumes the obligation of paying the outstanding
36 indebtedness, and if property taxes or assessments have been levied and
37 service or other charges have accrued for that purpose but have not
38 been collected by the district before the assumption, the taxes,
39 assessments, and charges collected belong and must be paid to the city

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

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

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

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

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

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

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

31 If the petition is thus authorized by both the city and district,
32 and title to the property, facilities, and equipment of the district
33 has passed to the city pursuant to action taken under this chapter, all
34 indebtedness and local improvement district or utility local
35 improvement district assessments of the district have been discharged
36 or assumed by and transferred to the city, and the petition contains a
37 statement of the distribution of assets and liabilities mutually agreed
38 upon by the city and the district and a copy of the agreement between

1 such city and the district is attached thereto, a hearing shall not be
2 required and the court shall, if the interests of all interested
3 parties have been protected, enter an order dissolving the district.

4 In any of the cases provided for in RCW 35.13A.020 ((and))
5 35.13A.030, and section 1 of this act, if the petition for an order of
6 dissolution is signed on behalf of the city alone or the district
7 alone, or there is no mutual agreement on the distribution of assets
8 and liabilities, the superior court shall enter an order fixing a
9 hearing date not less than sixty days from the day the petition is
10 filed, and the clerk of the court of the county shall give notice of
11 such hearing by publication in a newspaper of general circulation in
12 the district once a week for three successive weeks and by posting in
13 three public places in the district at least twenty-one days before the
14 hearing. The notice shall set forth the filing of the petition, its
15 purposes, and the date and place of hearing thereon.

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

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