

HOUSE BILL REPORT

HB 2384

As Reported by House Committee On:
Local Government

Title: An act relating to city assumption of water-sewer districts.

Brief Description: Requiring voter approval of certain city assumptions of water-sewer districts.

Sponsors: Representatives Schindler, Romero, Cooper, Sump, Kristiansen, Linville, Pearson, Simpson, G., Cox, O'Brien, Chase, Roach, Miloscia, Mielke, Boldt and Ormsby.

Brief History:

Committee Activity:

Local Government: 1/22/04, 2/5/04 [DPS].

Brief Summary of Substitute Bill

- Prohibits a city from assuming jurisdiction over all or part of a water-sewer district serving a population greater than 1,000 residents and containing, within its boundaries, the territory of two or more cities, or one city and unincorporated territory, unless voters of the entire water-sewer district approve a ballot proposition authorizing the assumption.
- Requires that a feasibility study be completed and made public before a public vote is held regarding an assumption of jurisdiction;
- Denies jurisdiction to a Boundary Review Board to review an attempted or completed assumption that has been subject to a vote by the voters in the water-sewer district and which involves not more than one city.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Schindler, Ranking Minority Member; Ahern, Clibborn, Ericksen, Mielke, Moeller and Upthegrove.

Minority Report: Without recommendation. Signed by 4 members: Representatives Romero, Chair; D. Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member;

and Edwards.

Staff: Thamas Osborn (786-7129).

Background:

Current law sets forth legislative and electoral mechanisms, based upon geographic location and property valuation, for the assumption of jurisdiction of water-sewer districts (districts) by cities or towns.

Whenever all of the territory of a district is located within the corporate boundaries of a city, the city legislative body may adopt a resolution or ordinance to assume jurisdiction over the entire district.

Whenever a portion of a district equal to at least 60 percent of its area, or 60 percent of the assessed valuation of the real property lying within the district, is included within the corporate boundaries of a city, the city may assume by ordinance the full and complete management and control of that portion of the entire district not included within another city.

Related statutes specify that under certain circumstances the district may, upon a favorable vote of a majority of all voters within the district, require a city to assume responsibility for the operation and maintenance of the district's property, facilities and equipment throughout the entire district.

Whenever the portion of a district included within the corporate boundaries of a city is less than 60 percent of the area of the district and less than 60 percent of the assessed valuation of the real property within the district, the city may assume, by ordinance, jurisdiction of the district's responsibilities, property, facilities and equipment within the corporate limits of the city. The city may also assume responsibility for the operation and maintenance of the district's property, facilities and equipment throughout the entire district upon a favorable vote of a majority of all voters within the district.

Whenever more than one city, in whole or in part, is included within a district, the city which has within its boundaries 60 percent or more of the area of the assessed valuation of the district may, with the approval of any other city containing part of such district, assume responsibility for operation and maintenance of the district's property, facilities and equipment within such other city.

Summary of Substitute Bill:

A city may not assume the jurisdiction over a water-sewer district serving a population greater than 1,000 residents and containing, within its boundaries, the territory of two or more cities, or one city and unincorporated territory, unless voters of the entire

water-sewer district approve a ballot proposition authorizing the assumption. The cost of the election must be borne by the city seeking to assume such jurisdiction. The approval of the voters in a water-sewer district is not required if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town;

A feasibility study is required regarding a proposed assumption of jurisdiction prior to the matter being subject to a decision by the voters in the water-sewer district. This feasibility study must comply with specified criteria and procedural conditions, including:

- the study must be done by a qualified expert with expertise involving public water and sewer systems;
- it must address specified issues relating to functional and operational impacts, financial consequences, water rights, etc.;
- it must be completed within six months of the passage of the resolution proposing the assumption;
- the findings of the study must be made available to the voters as a public record; and
- the vote on assumption cannot take place until the study is completed and the results made public.

A feasibility study is not necessary if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town.

A Boundary Review Board is denied jurisdiction to review an attempted or completed assumption that has been subject to a vote by the voters in the water-sewer district and which involves not more than one city.

The provisions of the bill are applicable to assumptions of jurisdiction that are pending as of the effective date of the act.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the original bill:

- Requires that the district have a population greater than 1,000 residents in order to fall within the purview of the act;
- Eliminates the voter approval requirement if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town;
- Makes the bill applicable to assumptions of jurisdiction that are pending as of the effective date of the act;
- Requires that a feasibility study be completed and made public before a public vote is held regarding an assumption of jurisdiction;
- Specifies that a feasibility study is not necessary if the board of commissioners of the water-sewer district consents to the assumption of jurisdiction by the city or town;
- A Boundary Review Board is denied jurisdiction to review an attempted or completed

assumption that has been subject to a vote by the voters in the water-sewer district and which involves not more than one city.

- Adds an emergency clause that makes the act effective as of the date that it is signed into law by the Governor.

Appropriation: None.

Fiscal Note: Requested on January 22, 2004.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: This bill is needed to provide a fair and efficient mechanism for resolving those assumptions of jurisdiction that become contentious. The key aspect of the bill is that allows the residents of the district to vote as to whether or not they want the assumption to take place. Current law allows assumptions to occur without the approval of the voters in the district. This is unfair and allows cities to take over water-sewer districts without allowing any input from the people in the district. The Boundary Review Board process is flawed and is not adequate to protect the interests of the residents of water-sewer districts. Some assumptions do not make sense and can have negative impacts on district residents. Ill-conceived assumptions can cause the inefficient carving-up of districts into multiple pieces, thus requiring costly engineering efforts to separate the systems which, in turn, can result in utility rate increases. Furthermore, disputes over assumptions are time-consuming and can cost a district millions of dollars.

Currently, the city of Liberty Lake is attempting an assumption of the district surrounding the lake. The district was created 30 years ago in order to protect the lake and predates the existence of the city. This assumption effort represents a hostile take-over that does not serve the best interests of the residents of the district. If the assumption occurs, the city can impose surcharges and taxes on district residents. The district is financially sound and well-managed, and thus the residents would derive no benefit from an assumption by the city. The city's effort is nothing more than a grab for power in order to obtain access to the assets of the district.

Testimony Against: The bill is not necessary since current law already has dispute resolution mechanisms in place that are well-suited to resolving disputes over assumptions. The Boundary Review Board process provides a mechanism for resolving disputed assumptions and it works well. Very few assumptions become contentious, so the bill is not needed. The bill presents a poorly conceived and simplistic solution to complex problems. Furthermore, it is bad policy to pass this bill just to address the dispute in Liberty Lake. If such a bill were to be passed, it should contain provisions requiring that a feasibility study be completed before an assumption occurs.

Persons Testifying: (In Support) Representative L. Schindler, Prime Sponsor; Karen Toreson, citizen; Linda Ashlock, citizen; Stanley Chalich, citizen; Donald J.Limmer, citizen; Lorna J. Willard, citizen; Joe Daniels, Washington Association of Sewer and Water Districts;; Hal Schlomana, Washington Association of Sewer and Water Districts; Patricia Meeker, Sno-King Alliance Olympic View Water and Sewer District; Thomas Peardon, Coal Creek Utility District; Tom Harman, Sammamish Plateau Water and Sewer District; Tom Agnew, Liberty Lake Sewer and Water District; Phil Watkins, Lakehaven Utility Distrcit; and Steve Lindstrom, Sno-King Water District Coalition.

(Opposed) Dave Williams, Association of Washington Cities; Steve Peterson, Mayor of Liberty Lake; Doug Smith, Planning Director, Liberty Lake; Steve Clark, Public Works Burien; Candice Bock, City of Lakewood; Doug Levy, Cities of Federal Way, Kent and Everett; and Bob Mack, City of Lakewood.

Persons Signed In To Testify But Not Testifying: None.