
SUBSTITUTE SENATE BILL 5069

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Land Use & Planning (originally sponsored by Senators Haugen, Mulliken, Kline, T. Sheldon, Swecker and Schmidt)

READ FIRST TIME 03/04/03.

1 AN ACT Relating to assumptions of water-sewer districts; amending
2 RCW 35.13A.020 and 57.08.020; adding a new section to chapter 57.04
3 RCW; and repealing RCW 35.13A.030, 35.13A.0301, 35.13A.040, 35.13A.050,
4 35.13A.060, 35.13A.070, 35.13A.080, 35.13A.090, 35.13A.100, and
5 35.13A.900.

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

7 **Sec. 1.** RCW 35.13A.020 and 1999 c 153 s 28 are each amended to
8 read as follows:

9 ((1)) Whenever all or part of the territory of a district is
10 included within the corporate boundaries of a city, the city
11 legislative body may adopt a resolution or ordinance to assume
12 jurisdiction over all or part of the district. Upon adoption of a
13 resolution or ordinance to assume jurisdiction of all or part of the
14 district, the city shall petition the district to initiate the
15 conveyance process contained in RCW 57.08.020.

16 ~~((2) Upon the assumption, all real and personal property,~~
17 ~~franchises, rights, assets, taxes levied but not collected for the~~
18 ~~district for other than indebtedness, water, sewer, and drainage~~
19 ~~facilities, and all other facilities and equipment of the district~~

1 shall become the property of the city subject to all financial,
2 statutory, or contractual obligations of the district for the security
3 or performance of which the property may have been pledged. The city,
4 in addition to its other powers, shall have the power to manage,
5 control, maintain, and operate the property, facilities and equipment
6 and to fix and collect service and other charges from owners and
7 occupants of properties so served by the city, subject, however, to any
8 outstanding indebtedness, bonded or otherwise, of the district payable
9 from taxes, assessments, or revenues of any kind or nature and to any
10 other contractual obligations of the district.

11 (3) The city may by resolution or ordinance of its legislative
12 body, assume the obligation of paying such district indebtedness and of
13 levying and of collecting or causing to be collected the district
14 taxes, assessments, and utility rates and charges of any kind or nature
15 to pay and secure the payment of the indebtedness, according to all of
16 the terms, conditions and covenants incident to the indebtedness, and
17 shall assume and perform all other outstanding contractual obligation
18 of the district in accordance with all of their terms, conditions, and
19 covenants. An assumption shall not be deemed to impair the obligation
20 of any indebtedness or other contractual obligation. During the period
21 until the outstanding indebtedness of the district has been discharged,
22 the territory of the district and the owners and occupants of property
23 therein, shall continue to be liable for its and their proportionate
24 share of the indebtedness, including any outstanding assessments levied
25 within any local improvement district or utility local improvement
26 district thereof. The city shall assume the obligation of causing the
27 payment of the district's indebtedness, collecting the district's
28 taxes, assessments, and charges, and observing and performing the other
29 district contractual obligations. The legislative body of the city
30 shall act as the officers of the district for the purpose of certifying
31 the amount of any property tax to be levied and collected therein, and
32 causing service and other charges and assessments to be collected from
33 the property or owners or occupants thereof, enforcing the collection
34 and performing all other acts necessary to ensure performance of the
35 district's contractual obligations in the same manner and by the same
36 means as if the territory of the district had not been included within
37 the boundaries of a city.

1 ~~When a city assumes the obligation of paying the outstanding~~
2 ~~indebtedness, and if property taxes or assessments have been levied and~~
3 ~~service and other charges have accrued for this purpose but have not~~
4 ~~been collected by the district prior to the assumption, the same when~~
5 ~~collected shall belong and be paid to the city and be used by the city~~
6 ~~so far as necessary for payment of the indebtedness of the district~~
7 ~~existing and unpaid on the date the city assumes the indebtedness. Any~~
8 ~~funds received by the city which have been collected for the purpose of~~
9 ~~paying any bonded or other indebtedness of the district, shall be used~~
10 ~~for the purpose for which they were collected and for no other purpose.~~
11 ~~Any outstanding indebtedness shall be paid as provided in the terms,~~
12 ~~conditions, and covenants of the indebtedness. All funds of the~~
13 ~~district on deposit with the county treasurer at the time of title~~
14 ~~transfer shall be used by the city solely for the benefit of the~~
15 ~~assumed utility and shall not be transferred to or used for the benefit~~
16 ~~of the city's general fund.))~~

17 **Sec. 2.** RCW 57.08.020 and 1933 c 142 s 1 are each amended to read
18 as follows:

19 (1) That water-sewer districts duly organized under the laws of the
20 state of Washington shall have the following powers in addition to
21 those conferred by existing statutes. Whenever any water-sewer
22 district shall have installed a distributing system of mains and
23 laterals and as a source of supply of water shall be purchasing or
24 intending to purchase water from any city or town, and whenever it
25 shall appear to be advantageous to the water or sewer consumers in
26 ~~((said))~~ the water-sewer district that such city or town shall take
27 over the water system of the water-sewer district and supply water to
28 the ~~((said))~~ water users, the commissioners of ~~((said))~~ the water-sewer
29 district, upon being authorized as provided in RCW 57.08.030, shall
30 have the right to convey such distributing system to any such city or
31 town: PROVIDED, Such city or town is willing to accept, maintain and
32 repair the same: PROVIDED, FURTHER, That all bonded and other
33 indebtedness of ~~((said))~~ the water-sewer district except local
34 improvement district bonds shall have been paid.

35 (2) If a city or town has passed an ordinance or resolution
36 indicating its desire to assume jurisdiction of all or part of a water-

1 sewer district, the water-sewer district board of commissioners shall
2 initiate the conveyance process contained in this chapter.

3 NEW SECTION. **Sec. 3.** The following acts or parts of acts are each
4 repealed:

5 (1) RCW 35.13A.030 (Assumption of control if sixty percent or more
6 of area or valuation within city) and 1999 c 153 s 29 & 1971 ex.s. c 95
7 s 3;

8 (2) RCW 35.13A.0301 (Assumption of water-sewer district before July
9 1, 1999--Limitations) and 1998 c 326 s 3;

10 (3) RCW 35.13A.040 (Assumption of control if less than sixty
11 percent of area or valuation within city) and 1999 c 153 s 30 & 1971
12 ex.s. c 95 s 4;

13 (4) RCW 35.13A.050 (Territory containing facilities within or
14 without city--Duties of city or district--Rates and charges--Assumption
15 of responsibility--Outstanding indebtedness--Properties and rights) and
16 1971 ex.s. c 95 s 5;

17 (5) RCW 35.13A.060 (District in more than one city--Assumption of
18 responsibilities--Duties of cities) and 1999 c 153 s 31 & 1971 ex.s. c
19 95 s 6;

20 (6) RCW 35.13A.070 (Contracts) and 1997 c 426 s 2 & 1971 ex.s. c 95
21 s 7;

22 (7) RCW 35.13A.080 (Dissolution of water district or sewer
23 district) and 1997 c 426 s 3 & 1971 ex.s. c 95 s 8;

24 (8) RCW 35.13A.090 (Employment and rights of district employees)
25 and 1999 c 153 s 32 & 1971 ex.s. c 95 s 9;

26 (9) RCW 35.13A.100 (Assumption of substandard water system--Limited
27 immunity from liability) and 1994 c 292 s 5; and

28 (10) RCW 35.13A.900 (Severability--1971 ex.s. c 95) and 1971 ex.s.
29 c 95 s 12.

30 NEW SECTION. **Sec. 4.** A new section is added to chapter 57.04 RCW
31 to read as follows:

32 (1)(a) If the board of commissioners of a water-sewer district find
33 it more conducive to the public health, safety, welfare, or convenience
34 that water-sewer services be provided by a cooperative or mutual
35 association or corporation organized under Title 24 RCW or chapter
36 23.86 RCW, the board may adopt a resolution calling for

1 disincorporation of the district and the transfer to such association
2 or corporation of all the property constituting its system of sewerage,
3 system of water, or combined water and sewerage system, together with
4 any of its other real or personal property used or useful in connection
5 with the operation, maintenance, repair, or replacement of that system,
6 and the association or corporation may acquire such property on such
7 terms as may be mutually agreed upon by the association or corporation
8 and the board of commissioners. Such resolution shall contain the
9 written agreement setting forth the terms and conditions of the
10 transfer and shall be filed with the county.

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

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

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

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

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

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

1 ballot proposition is approved by a majority of the voters voting on
2 the proposition.

3 NEW SECTION. **Sec. 5.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

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