
Local Government Committee

HB 1407

Brief Description: Allowing the negotiated sale and conveyance of all or part of a water system by a municipal corporation to first class and code cities.

Sponsors: Representatives Ryu, Hope, Dunshee, Angel and Kagi.

Brief Summary of Bill

- Authorizes a public utility district meeting certain geographic and population requirements to convey a water system, without voter approval, to a city or town that owns its own water system and has a population of less than 65,000 inhabitants.
- Exempts a first-class city or code city that has adopted an ordinance approving the negotiated purchase of certain public utilities from the general requirement to submit such ordinances for ratification or rejection by a majority vote of city voters.

Hearing Date: 2/1/11

Staff: Heather Emery (786-7136).

Background:

Overview of Public Utility Districts.

A public utility district (PUD or district) is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. There are currently 28 operating PUDs in the state, many of which provide a mix of services: 23 provide electrical services; 19 provide water and/or wastewater services; and 13 provide wholesale broadband telecommunications services. Public utility districts are governed by a board of either three or five elected commissioners.

Authority of PUDs to Sell, Lease, or Convey their Facilities and Assets.

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A PUD may sell, lease, or convey its works, plants, systems, utilities and properties in accordance with specified procedures and subject to the approval of the district voters. Generally speaking, PUDs are subject to the same regulations as cities and towns with respect to the disposition of district property.

However, the governing statutes provide numerous exceptions to the general rule requiring voter approval for the disposition of property by a PUD. These exceptions are wide-ranging and allow disposition of property without voter approval under circumstances that include the following:

- where the property lies outside the boundaries of the district and is being sold to another PUD or other public entity;
- where the property is obsolete or otherwise not useable and is no longer needed by the PUD;
- where the property is being sold to another public utility, private utility, utility contractor or governmental entity for not less than fair market value and in response to specified circumstances; and
- where the property is all or any part of an electric generating project powered by a renewable resource, and the district has specific rights relating to the purchase of energy from the project and to an option to repurchase the project at fair market value upon termination of the right to purchase energy from the project.

Additionally, districts meeting certain population and geographic requirements are authorized to engage in transactions under specified circumstances.

Authority of Cities and Towns to Acquire and Operate Utilities.

For the purpose of providing itself and its inhabitants with such services, a city or town may acquire and operate utilities providing waterworks, sewer systems and electricity. Generally, the governing body of a city or town may acquire such a utility when the governing body has adopted an ordinance to that effect, and a majority of qualified voters has ratified that ordinance.

Several exceptions exist to the general rule requiring voter approval for a city or town's purchase of a utility. Absent certain disqualifying circumstances, the following actions do not require voter approval:

- when the proposed work is an extension of an existing system or plant of a public utility;
- when the city charter authorizes the governing body to acquire, open, or operate such a facility; or
- when the corporate authority finds that the discharge of raw sewage into any body of water poses a threat to public health, and that the threat may be abated by the construction and maintenance of a sewage disposal plant.

Summary of Bill:

Without voter approval, a PUD located in a county that borders Puget Sound and that has a population of between 650,000 and 750,000 inhabitants is authorized to sell all or part of its water system to a city or town that owns its own water system and has a population of fewer than 65,000 inhabitants.

Also without voter approval, a first-class city or a code city is authorized to purchase a public utility that is located within its jurisdiction but is owned by another city or town, if the corporate authority of the purchasing city adopts an ordinance approving the negotiated purchase.

Appropriation: None.

Fiscal Note: Requested on January 19, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.