

HOUSE BILL REPORT

ESHB 1417

As Passed House:
March 6, 2015

Title: An act relating to the referendum of assumptions of water-sewer districts by cities and towns.

Brief Description: Subjecting a resolution or ordinance adopted by the legislative body of a city or town to assume a water-sewer district to a referendum.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Takko, Kochmar and Pike).

Brief History:

Committee Activity:

Local Government: 1/29/15, 2/5/15 [DPS].

Floor Activity:

Passed House: 3/6/15, 98-0.

Brief Summary of Engrossed Substitute Bill

- Makes resolutions and ordinances adopted by city legislative bodies to assume jurisdiction of all or part of a water-sewer district (district) subject to referendum by the voters in the area subject to the assumption.
- Establishes requirements and provisions related to the referendum process.
- Exempts full or partial assumptions from being subject to a referendum if the assumption occurs through a contract or an interlocal agreement between the city and the district.
- Provides that resolutions and ordinances adopted by city legislative bodies to assume jurisdiction of all or part of a district may not take effect until 30 or more days after their adoption.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride, Peterson and Pike.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 3 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin.

Staff: Ethan Moreno (786-7386).

Background:

Water-Sewer Districts.

Water-sewer districts (districts) may purchase, construct, maintain, and supply waterworks to furnish water to inhabitants within and outside of the district. Districts may also develop and operate systems of sewers and drainage, and are authorized to create facilities, systems, and programs for the collection, treatment, and pollution control of wastewater. Districts may also fix rates and charges for services, enter into contracts, levy taxes, and issue bonds and instruments evidencing indebtedness. Water-sewer districts are governed by boards of elected commissioners.

City Assumption of Jurisdiction.

Cities, if certain conditions are met, may assume control, operation, and ownership of a district through assumption provisions established in statute. For example, if all of the territory of a district is included within the boundaries of a city, the legislative body of the city may adopt an ordinance or resolution to assume jurisdiction over the entirety of the district.

A second method of jurisdictional assumption allows a city to assume, by ordinance, the full and complete management and control of the part of a district that is not within the boundaries of another city. This assumption method may only be used if at least 60 percent of the district's territory or assessed value is within the city seeking assumption.

City Assumption of District Operation and Maintenance.

As an alternative to assuming full control of a district, a city may assume responsibility for the operation and maintenance of a district. If the district territory included within a city's boundaries constitutes less than 60 percent of the district's area or assessed value, the voters of the district may elect to require the city to, in exchange for payment, assume responsibility for the operation and maintenance of the district's property, facilities, and equipment, throughout the entire district.

Boundary Review Boards.

Boundary review boards (boards) are authorized in statute to guide and control the creation and growth of municipalities in metropolitan areas. While statute provides for the establishment of boards in counties with at least 210,000 residents, a board may be created and established in any other county.

Upon receiving a timely and sufficient request for review, and following an invocation of a board's jurisdiction, a board must review and, subject to specified requirements, approve, disapprove, or modify proposed actions, including actions pertaining to the creation, incorporation, or change in the boundary of any city, town, or special purpose district.

Interlocal Cooperation Act.

Under the Interlocal Cooperation Act (ICA), public agencies are authorized to enter into interlocal agreements to jointly or cooperatively exercise powers, privileges, or authorities exercised or capable of being exercised singularly. A "public agency" for purposes of the ICA, includes any agency, political subdivision, or unit of local government, including municipal corporations, special purpose districts, and other governmental entities.

Summary of Engrossed Substitute Bill:

A resolution or ordinance adopted by a city legislative body to assume jurisdiction of all or part of a water-sewer district (district) may not take effect until 30 or more days after its adoption and is subject to referendum. A referendum petition to repeal the assumption resolution or ordinance must be filed with the applicable county auditor (auditor) within 10 days of passage of the resolution or ordinance. Within 10 days of this filing, the auditor is obligated to write a ballot title for the measure and provide notice to the petitioner.

After receiving notice from the auditor, the petitioner has 45 days to secure and file with the auditor the signatures of at least 10 percent of the number of voters residing in the part of the district subject to the assumption ordinance or resolution who voted in the most recent general election. The county auditor must verify the sufficiency of petition signatures and, in the event of a sufficient petition, submit the referendum measure to the voters in the part of the district subject to the assumption ordinance or resolution. The election must be conducted according to general election laws, and the cost of the election must be borne by the city seeking to assume jurisdiction of the district.

When a referendum petition is filed with the auditor, the assumption resolution or ordinance sought to be referred to the voters, and any proceedings before a boundary review board, are suspended from taking effect. This suspension terminates when there is a final determination on the petition's insufficiency or untimeliness, or when the assumption resolution or ordinance is approved by the voters at a referendum election.

If a city legislative authority assumes jurisdiction of all or part of a district through a contract or an interlocal agreement with a district, the assumption is not subject to a referendum.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) An assumption bill also sponsored by the prime sponsor of this bill passed the House of Representatives 11 years ago with a vote of 98-0. That bill did not pass the Senate. This bill represents another attempt to resolve the issue and the legislation may finally move forward, but perhaps with amendments. The issue regarding this bill is fairness, and this bill allows the question of assumption to be decided by voters.

The assumption issue has been very contentious. The assumption power for cities is the only provision in statute that allows one duly elected body to take over another without compensation or a vote. This is the first bill on this issue that does not require a vote; a city assumption ordinance could be subject to referendum, but a referendum is not mandatory. In recent years there have been four contentious assumptions, but those issues could have been resolved with a vote of the people. Supporters of this bill just want to give people the opportunity to have involvement in the issue and to vote.

This bill represents the latest attempt to resolve the assumption issue, but cities have opposed previous attempts to legislate the issue. Proponents of this bill have tried to address concerns that cities have had in the past, and the proponents feel that they've been very accommodating to cities. A vote on the question of assumption should be held by the entire district: that is fair from economic and democratic perspectives.

(With concerns) Past assumption bills have included provisions for amicably negotiated transitions. Similar mutual-consent provisions should be included in this bill, so that if an amicable solution has been worked out between the city and a district, a referendum should not be allowed.

(Opposed) This bill dramatically limits the ability of cities to complete long-term planning and is in conflict with the Growth Management Act (GMA). This bill would require a vote of the entire district, even in the event of small assumptions. The current law is consistent with the GMA. Special purpose districts perform important functions but, in dense, urban areas, they can be duplicative.

This bill represents a new approach and it is better than previous approaches. The majority of assumptions are not contentious. They are generally negotiated and do not take place over night. If this approach is advanced, the bill should be modified to have its provisions match general referendum petition processes used by most cities that employ referendum provisions: 15 percent signature requirements; and 30 allowed days for collecting signatures. Also, the persons affected by an assumption should be the ones who would vote on any referendum measure.

Persons Testifying: (In support) Representative Takko, prime sponsor; Joe Daniels and Blair Burrough, Washington Association of Sewer & Water Districts; and Steve Lindstrom, Sno-King Water District Coalition.

(With concerns) Doug Levy, Cities of Everett, Renton, Issaquah, and Lake Stevens.

(Opposed) Jay Arnold, City of Kirkland; and Carl Schroeder, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.