

# SENATE BILL REPORT

## ESHB 1417

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As of March 24, 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:** Passed House: 3/06/15, 98-0.

**Committee Activity:** Government Operations & Security: 3/24/15.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Staff:** Karen Epps (786-7424)

**Background:** Water-sewer districts provide water and sewer services to incorporated and unincorporated areas. Districts are established through a petition, public hearing, and voter approval process and are each managed by a board of elected commissioners. District powers include the authority to purchase, construct, maintain, and supply waterworks to furnish water to inhabitants, and to develop and operate systems of sewers and drainage.

Cities and towns may provide for the sewerage, drainage, and water supply of the city or town. They may also establish, construct, and maintain water supply systems and systems of sewers and drains both within and outside their corporate limits.

A city legislative authority may adopt a resolution or ordinance to assume jurisdiction of all or part of a water-sewer district when:

- a district is wholly within the boundaries of the city or town;
- part of a district equal to at least 60 percent of the district area or 60 percent of the assessed valuation of real property in the district is within the boundaries of the city or town; or
- part of a district equal to less than 60 percent of the district area and less than 60 percent of the assessed valuation of real property in the district is within the boundaries of the city or town.

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*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.*

If a city or town assumes jurisdiction over an entire district, all property, franchises, rights, assets, district-specific taxes levied, and all other facilities and equipment of the water-sewer district become the property of the city upon assumption of the district. The city manages the district, including its facilities and equipment, and collects service charges from the properties served by the city. The city must honor or assume existing district debts.

A city may assume jurisdiction by ordinance over a portion of a water-sewer district located within its jurisdiction if the portion equals at least 60 percent of the district's total area or assessed real property valuation. Cities encompassing less than 60 percent of the district's total area and assessed real property valuation may assume jurisdiction of the district that is within its corporate city limits. In both situations, the district may elect upon a favorable vote of all voters within the district to require the city to assume responsibility for the management of the district's property, facilities, and equipment throughout the entire district.

If a water-sewer district includes more than one city, the city encompassing at least 60 percent of the district's assessed valuation may assume management responsibility over the district if the principal city has approval from the other city or cities included within the district. The other cities may install facilities and establish local improvement districts to pay for these facilities, which may be connected to the utility system operated by the principal city if they were installed in accordance with the principal city's standards.

**Summary of Bill:** A resolution or ordinance to assume jurisdiction of all or a part of a water-sewer district is subject to referendum. A resolution or ordinance to assume jurisdiction of all or a part of a water-sewer district may not take effect until 30 days after its adoption. A referendum petition to repeal the assumption resolution or ordinance must be submitted within ten days of the date the ordinance was passed.

After the county auditor has issued an identification number and written a ballot title, the county auditor must notify the petitioner. The petitioner has 45 days to gather signatures. The referendum petition must be signed by not less than 10 percent of the residents who voted in the most recent election and who live within the part of the water-sewer district to be assumed.

If there are sufficient signatures on the referendum petition, the question of assumption must be submitted to the voters residing in the part of the water-sewer district to be assumed at the next general election or a special election held no later than 120 days after the signed petition is filed with the county auditor. The cost of the election must be paid by the city seeking approval to assume jurisdiction of the water-sewer district.

When a referendum petition is filed with the county 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. The suspension terminates if there are insufficient signatures or the petition is not submitted in a timely manner, or if the assumption resolution or ordinance is approved by the voters. The assumption of a water-sewer district is not subject to a referendum if the city and the water-sewer district enter into a contract or interlocal agreement for the assumption of all or part of a district.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Over the years there have been some contentious assumption battles. When the city does an assumption that is contentious, this bill would provide a method for people who are being assumed to have a say in the assumption. This bill sets up a method for people in the assuming areas to petition and put the assumption on the ballot. This bill and its Senate companion are alike other than the retroactive piece that is in the Senate version. This bill lets the past be the past, but moves forward to address future battles. Certain city actions are subject to referendum. This bill allows for a referendum when a city passes an assumption ordinance or resolution. This bill provides a fair way to address an assumption if the assumption is controversial. If an assumption is not controversial, the bill includes provisions allowing a city and a water and sewer district to enter into a contract or interlocal agreement that would not be subject to referendum.

OTHER: This bill is in the best shape based on previous bills from the cities' perspective. This bill has been worked on by the interested parties and is in the best shape it can be in at this point. There is concern around the retroactive piece that was in the Senate bill. Leaving the past in the past is the best way forward. The retroactive piece in the Senate bill sets a bad precedent.

**Persons Testifying:** PRO: Representative Takko, prime sponsor; Joe Daniels, WA Assn. of Sewer and Water Districts.

OTHER: Carl Schroeder, Assn. of WA Cities.

**Persons Signed in to Testify But Not Testifying:** No one.