

SENATE BILL REPORT

SB 5350

As Reported by Senate Committee On:
Government Operations & Security, February 3, 2015

Title: An act relating to water-sewer districts.

Brief Description: Concerning water-sewer districts.

Sponsors: Senators Roach and Hatfield.

Brief History:

Committee Activity: Government Operations & Security: 1/29/15, 2/03/15 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: That Substitute Senate Bill No. 5350 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Liias, Ranking Minority Member; Habib and McCoy.

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. 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 (boards).

A district may sell district property if the board determines that the property is not and will not be needed for district purposes and the board provides notice of the sale in accordance with specific requirements, including the estimated value of the property or, if an appraisal has been made, the property's appraised value. A district may sell district property through a private sale provided the estimated value is \$5,000 or less. In conducting such a sale, a district's board of commissioners is authorized to determine the estimated value based upon the advice of brokers and appraisers, as the board deems appropriate. If the estimated value of the property to be sold exceeds \$5,000 then the value must be established by a written

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broker price opinion from three licensed and disinterested real estate brokers, or by a professionally designated real estate appraiser made not more than six months prior to the date of the sale. A signed broker price opinion or appraisal must be filed with the secretary of the board and available to open public inspection.

District property may not be sold for less than 90 percent of its value. However, if after 120 days of offering the property for sale it cannot be sold at 90 percent or more of its estimated or appraised value, the board may adopt a resolution stating that the district has been unable to sell the property at the 90 percent amount. The district may then sell the property at the highest price it can obtain at public auction, subject to public notice requirements and a right to reject bids for good cause.

Generally, the county treasurer acts as the treasurer of a district located within the county. Based on information submitted by the district, the county auditor issues warrants and sends them to the county treasurer for payment. Districts with 2500 or more customers may appoint their own treasurer, if authorized by the county treasurer. An appointed treasurer possesses the powers of the county treasurer and county auditor for the district concerning the creation of funds, issuing warrants, and investing district monies.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The estimated value of all property to be sold by the district must be determined by the board, and based on a written appraisal report by a state-licensed or state-certified real estate appraiser, or a written broker's price opinion. The appraisal report or broker's price report must have been prepared less than six months before the date of sale. Provisions pertaining to notices to sell real property are modified to specify that the notices must also refer to the appraisal report or the broker's price opinion.

If no purchaser can be found for real property within 120 days of publication of the initial notice of intention to sell, rather than after 120 days of offering the property for sale, the board may adopt a resolution stating that the district has been unable to sell the real property at 90 percent or more of the estimated value. The applicable auction notice, among other requirements, must describe the real property and the minimum opening bid, if any, and state the terms and conditions of sale.

Districts that have maintained an annual operating budget of over \$5 million for each of the last three years may adopt a policy by resolution to issue their own warrants for payments of claims or other obligations of the district. Districts that have maintained an annual operating budget between \$250,000 and \$5 million for each of the last three years are authorized, upon agreement with the county treasurer, to adopt a policy to issue their own warrants for payments of claims or other obligations of the district. The board, after auditing all payrolls and bills, issues one general certificate to the county treasurer, authorizing the county treasurer to pay all the warrants specified and the fund from which payment will be made. The district may then issue warrants specified in the general certificate.

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: This bill is a technical bill. The part with the county treasurer and the use of warrants was in a bill last session. The part dealing with the sale of surplus property is addressing an ambiguous statute. This bill will let a district know exactly what it needs to do when selling surplus real property. There is ambiguity around having three broker opinions and ambiguity around the date from which the 120-day period would run. This bill will help a district be able to pay its bills on time. Currently the commissioners approve all of the bills, they are sent to the county auditor, and one day per month the county auditor issues warrants to the county treasurer, who then pays the bills. This bill will allow districts to write their own warrants, to take advantage of electronic funds transfers, and to use other new methods of paying bills electronically. This bill is a housekeeping bill.

Persons Testifying: PRO: Joe Daniels, Blair Burroughs, WA Assn. of Water & Sewer Districts; Bill Neal, North Beach Water District; Steve Lindstrom, Sno-King Water-Sewer Districts Coalition.