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CHECKLIST FOR FORMATION OF WATER-SEWER DISTRICT (RCW TITLE 57)

1. Policies. Discuss with county officials whether a new water-sewer district is consistent with county policies and whether a coordinated water system plan has been adopted pursuant to the Public Water System Coordination Act, Chapter 70.116, RCW.
2. Legal Description. Prepare legal description of proposed district boundaries and review with county officials.
3. Petition. Prepare petition for formation of district. Circulate for signature of 10% of the registered voters in the area of the proposed district - RCW 57.04.030. The Petition shall specify the proposed property tax levy assessment, if any, which shall not exceed One Dollar and 25/100 (\$1.25) per Thousand Dollars (\$1,000) of assessed value, for general preliminary expenses of the district. Also, the petition should expressly state the purpose of the district, whether to provide water and/or sewer service.
4. Initial Commissioners. A special filing period shall be opened by the county prior to the formation election so that interested persons can file to run for office - RCW 57.12.030.
5. File Petition. File petitions for formation with the county Auditor for verification of sufficiency of signatures - RCW 57.04.030.
6. Verification of Petition. County auditor must verify signatures and forward petitions with Certificate of Sufficiency of Signatures to county council - RCW 57.04.030.
7. Notice. County council publishes notice of hearing on Petition for Formation in two successive issues of a weekly newspaper published in the county for at least two weeks - RCW 57.04.030.

8. Boundary Review Board. County council forwards copy of petition to County Boundary Review Board. Some counties with small populations may not have a Boundary Review Board.
9. Hearing. A hearing is held before the county council, and the proponents of the district should appear and give the facts upon which the decision to form the district is based and demonstrate that it is in the public interest to form the district.
10. State Environmental Policy Act (SEPA). SEPA review is required. The county will be the head agency. In most cases a Declaration of Non-Significance is adopted.
11. Notice of Election. After receipt of favorable determination by the Boundary Review Board, or if the Board does not take jurisdiction, and the county council has approved the action, then a date for an election is set, to be held not less than forty-five days from the date of adoption of its resolution. Notice is provided as follows:

Public Notice of Election published for four successive weeks in a newspaper of general circulation in the county;

Post Notice of Election for ten days in ten public places within the proposed district - RCW 57.04.030.

12. Tax. Subject to approval by voters a tax for one year not to exceed \$1.25 per thousand dollars of assessed value can be levied to cover preliminary expenses of the district. RCW 57.04.050.

13. Election Issues. There are three election issues:

Formation of the district;
Levy of tax;
Election of commissioners.

RCW 57.12.030.

14. Post-Election Actions. The county council adopt an Ordinance declaring the district formed, assuming favorable vote by the electors. The county election department certifies to the election of the district commissioners.
15. District Organization Meeting. The first duty of the newly-elected district commissioners is to organize the

district, which involves the following action to be taken by Resolution:

- A. Confirm establishment of the district.
- B. Elect President and Secretary of the Board.
- C. Establish meeting place, date and times.
- D. Authorize contract for engineer services with engineer. RCW 39.80 requires public notice soliciting proposals from interested persons for consulting services of engineers and negotiation of a contract.
- E. Authorize engagement of attorney.
- F. Authorize engagement of financial consultant if deemed necessary at this point.
- G. Authorize engagement of accountant experienced in municipal accounting.
- H. Authorize engineer to prepare engineering study for filing with the State Department of Health and county legislative body as a basis for preparation of a General Water Comprehensive Plan.
- I. Authorize county treasurer to establish a maintenance fund and a construction fund for deposit of district funds.

(The county treasurer is the depository for district funds and all expenditures of public funds must be by voucher drawn against the appropriate fund. The district cannot maintain a regular checking account. A deposit account is established at a local bank for deposit of district revenues which is transferred to the county treasurer).
- J. Establish local bank account for deposits.
- K. Establish petty cash fund (optional).
- L. Authorize investigation of liability insurance for the district and commissioners.
- M. Investigate availability of funds to finance costs of preparation of Comprehensive Plan. Note: If tax levy is approved, funds will not be available until collected under the next tax year.

- N. Fix compensation for commissioners.
 - O. Adopt SEPA Resolution (State Environmental Policy Act) compliance procedures.
16. Adopt comprehensive plan by resolution and submit for approval of county legislative body, engineer designated by county, and health officer, as well as State Department of Health (for water) or Ecology (for sewer).
 17. Establish district construction standards and specifications.
 18. Establish connection charges, meter charges, water service charges and procedures for collection.
 19. Apply to county or city for franchise to operate a water system within county or city roads and streets.
 20. Investigate availability of funds to finance costs of acquisition or construction of water system facilities.
 - A. Loans and grants from state or _____ and other available federal funding (EPA).
 - B. Revenue Bonds.
 - C. Formation of Utility Local Improvement District.
 21. Acquire or otherwise arrange for construction and installation of water system which will involve the following:
 - A. Authorize engineer to prepare construction plans and specification.
 - B. Follow statutes for bidding and award of public contacts.
 22. Financing the acquisition of a water system. The district has the right to acquire a water system, including the right to purchase - RCW 57.08.010. Funds for such purpose could come from various sources mentioned in paragraph 20 and from a combination of connection charges and water service charges (revenues) of the district. If there are deficiencies in the system to be acquired, the comprehensive plan should make provision for additional supply, storage and transmission facilities. The estimated cost of acquiring the water system and the estimated cost of additional facilities to be constructed would be added

together and the total would be the amount of financing required.

If revenues would not be sufficient to defray the costs of acquiring the system and making needed improvements, then it may be necessary to form a ULID. This is done by petition of property owners or a resolution of the board. The procedures involved in the ultimate formation of the ULID and filing of a Final Assessment Roll are beyond the scope of this memo.

23. Condemnation. RCW 57.08 authorizes districts to condemn property, water and water rights necessary for its purposes. The Constitution, Article I, section 16, Amendment 9 requires "just compensation" to be paid.

SUMMARY

This Checklist is a guideline only and the advice and consultation of legal counsel is needed to apply a specific proposal to the complex and changing laws and regulations at the local, state and federal level that impact the formation process.

DATED: December 7, 1998

JONSON & JONSON, P.S.