

(2) In addition, if the work proposed under this act involves a new water supply project combined with an electric generation facility with an installed capacity in excess of five megawatts which may produce electricity for sale in excess of present and future needs of the water system, then each of those with a greater than twenty-five percent ownership interest in the project shall jointly prepare an independent economic feasibility study evaluating the cost-effectiveness of the combined facility in the context of forecast regional water needs, alternate sources of water supply, and the potential impact of the combined facility on rates charged for water and electricity.

In addition to the economic feasibility study, the results of the environmental impact statement required by chapter 43.21C RCW and any review by the department of ecology made pursuant to chapter 90.54 RCW shall be made available to the public at least sixty days prior to any public vote on the new combined project.

(3) This act supplements the authority of cities and towns, water districts, and sewer districts and does not restrict or impose limits on any authority such municipal corporations may otherwise have under any laws of this state nor may the authority of such municipal corporations under other laws of this state be construed more narrowly on account of this act.

NEW SECTION. Sec. 8. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House April 24, 1985.

Passed the Senate April 19, 1985.

Approved by the Governor May 21, 1985.

Filed in Office of Secretary of State May 21, 1985.

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## CHAPTER 445

[Senate Bill No. 3765]

### MUNICIPAL UTILITIES—GENERAL OBLIGATION BONDS—CITY OR TOWN AUTHORITY

AN ACT Relating to municipal utilities; amending RCW 35.67.030, 35.67.110, 35.92-.010, 35.92.020, 35.92.025, 35.92.022, 35.92.030, 35.92.050, 35.92.060, 35.92.070, and 35.92-.080; adding a new section to chapter 35.67 RCW; and repealing RCW 35.22.380, 35.22.390, 35.22.400, and 35.67.070.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 35.67.030, chapter 7, Laws of 1965 and RCW 35.67-.030 are each amended to read as follows:

Whenever the legislative body of any city or town, shall deem it advisable that such city or town shall purchase, acquire or construct any public

utility mentioned in RCW 35.67.020, or make any additions ((and)), betterments, or alterations thereto, or extensions thereof, such legislative body shall provide therefor by ordinance, which shall specify and adopt the system or plan proposed, and declare the estimated cost thereof as near as may be(~~(, and the same shall be submitted for ratification or rejection to the qualified voters of such city or town at a general or special election, except in the following cases where no submission shall be necessary:~~

(1) ~~When the adoption of a system of sewerage or system for collection and disposal of refuse, and the construction and operation of same, has been required and ordered by the state board of health:~~

(2) ~~When no general indebtedness is to be incurred by such city or town in the acquiring, construction, maintenance or operation of such public utility, or when the work proposed is an addition or extension thereto or betterment thereof for which no general indebtedness is to be incurred by such city or town:~~

~~If a general indebtedness is to be incurred, the amount of such indebtedness and the terms thereof shall be included in the proposition submitted to the qualified voters as aforesaid and such proposition shall be adopted and assented to by a three-fifths majority of the qualified voters of such city or town voting at said election. Ten days' notice of such election shall be given in the newspaper doing the city or town printing, by publication in each issue of said paper during said time. PROVIDED, HOWEVER, That where the proposition to be submitted includes a proposed levy of taxes in excess of the levy to which the same is or may be limited by statute or the Constitution of the state of Washington without a vote of the people, then the procedure to be followed in the holding of such election shall be as prescribed by such statutory or constitutional provision regulating the holding of special elections authorizing levies in excess of such limitation)).~~

NEW SECTION. Sec. 2. A new section is added to chapter 35.67 RCW to read as follows:

General obligation bonds issued by a city or town to pay for all or part of the costs of purchasing, acquiring, or constructing any public utility mentioned in RCW 35.67.020, or the costs of making any additions, betterments, or alterations thereto, or extensions thereof, shall be issued and sold in accordance with chapter 39.46 RCW.

Sec. 3. Section 35.67.110, chapter 7, Laws of 1965 as amended by section 1, chapter 118, Laws of 1965 and RCW 35.67.110 are each amended to read as follows:

~~((There shall be levied each year upon all taxable property within the city or town a tax sufficient to pay the interest on the bonds and the principal thereof as the same matures. These taxes shall become due and collectible as other taxes. In addition thereto))~~ In addition to taxes pledged to pay the principal of and interest on general obligation bonds issued to pay for costs of purchasing, acquiring, or constructing any public utility mentioned

in RCW 35.67.020, or to make any additions, betterments, or alterations thereto, or extensions thereof, the city or town legislative body, may set aside into a special fund and pledge to the payment of such principal and interest any sums or amounts which may accrue from the collection of service rates and charges for the private and public use of said sewerage system or systems for the collection and disposal of refuse, in excess of the cost of operation and maintenance thereof as constructed or added to, and the same shall be applied solely to the payment of such interest and bonds. Such pledge of revenue shall constitute a binding obligation, according to its terms, to continue the collection of such revenue so long as such bonds or any of them are outstanding. If the rates and charges are sufficient to meet the debt service requirements on such bonds no general tax need be levied.

Sec. 4. Section 35.92.010, chapter 7, Laws of 1965 and RCW 35.92-.010 are each amended to read as follows:

A city or town may construct, condemn and purchase, purchase, acquire, add to, alter, maintain and operate waterworks, within or without its limits, for the purpose of furnishing the city and its inhabitants, and any other persons, with an ample supply of water for all purposes, public and private, including water power and other power derived therefrom, with full power to regulate and control the use, distribution, and price thereof: **PROVIDED**, That the rates charged must be uniform for the same class of customers or service. In classifying customers served or service furnished, the city or town governing body may in its discretion consider any or all of the following factors: The difference in cost of service to the various customers; location of the various customers within and without the city or town; the difference in cost of maintenance, operation, repair, and replacement of the various parts of the system; the different character of the service furnished various customers; the quantity and quality of the water furnished; the time of its use; capital contributions made to the system including, but not limited to, assessments; and any other matters which present a reasonable difference as a ground for distinction. No rate shall be charged that is less than the cost of the water and service to the class of customers served.

For such purposes any city or town may take, condemn and purchase, purchase, acquire, and retain water from any public or navigable lake or watercourse, surface or ground, and, by means of aqueducts or pipe lines, conduct it to the city or town; and it may erect and build dams or other works across or at the outlet of any lake or watercourse in this state for the purpose of storing and retaining water therein up to and above high water mark; and for all the purposes of erecting such aqueducts, pipe lines, dams, or waterworks or other necessary structures in storing and retaining water, or for any of the purposes provided for by this chapter, the city or town may occupy and use the beds and shores up to the high water mark of any such watercourse or lake, and acquire the right by purchase, or by condemnation

and purchase, or otherwise, to any water, water rights, easements or privileges named in this chapter, or necessary for any of said purposes, and the city or town may acquire by purchase or condemnation and purchase any properties or privileges necessary to be had to protect its water supply from pollution. Should private property be necessary for any such purposes or for storing water above high water mark, the city or town may condemn and purchase, or purchase and acquire such private property.

Sec. 5. Section 35.92.020, chapter 7, Laws of 1965 and RCW 35.92-.020 are each amended to read as follows:

A city or town may also construct, condemn and purchase, purchase, acquire, add to, alter, maintain, and operate systems of sewerage, and systems and plants for garbage and refuse collection and disposal, with full authority to manage, regulate, operate, and control them, and to fix the price of service thereof, within and without the limits of the city or town: PROVIDED, That the rates charged must be uniform for the same class of customers or service. In classifying customers served or service furnished by such system of sewerage, the city or town governing body may in its discretion consider any or all of the following factors: The difference in cost of service to the various customers; the location of the various customers within and without the city or town; the difference in cost of maintenance, operation, repair, and replacement of the various parts of the system; the different character of the service furnished various customers; the quantity and quality of the sewage delivered and the time of its delivery; capital contributions made to the system, including but not limited to, assessments; and any other matters which present a reasonable difference as a ground for distinction.

Sec. 6. Section 35.92.025, chapter 7, Laws of 1965 and RCW 35.92-.025 are each amended to read as follows:

Cities and towns are authorized to charge property owners seeking to connect to the water or sewerage system of the city or town as a condition to granting the right to so connect, in addition to the cost of such connection, such reasonable connection charge as the legislative body of the city or town shall determine proper in order that such property owners shall bear their equitable share of the cost of such system. The equitable share may include interest charges applied from the date of construction of the water or sewer system until the connection, or for a period not to exceed ten years, at a rate commensurate with the rate of interest applicable to the city or town at the time of construction or major rehabilitation of the water or sewer system, or at the time of installation of the water or sewer lines to which the property owner is seeking to connect but not to exceed ten percent per year: PROVIDED, That the aggregate amount of interest shall not exceed the equitable share of the cost of the system allocated to such property owners. Connection charges collected shall be considered revenue of such system.

Sec. 7. Section 2, chapter 208, Laws of 1975 1st ex. sess. as amended by section 2, chapter 164, Laws of 1977 ex. sess. and RCW 35.92.022 are each amended to read as follows:

A city or town may construct, condemn, purchase, acquire, add to, alter, and extend systems and plants for the collection and disposal of solid waste and for its processing and conversion into other valuable or useful products with full jurisdiction and authority to manage, regulate, maintain, operate and control such systems and plants, and to enter into agreements providing for the maintenance and operation of systems and plants for the processing and conversion of solid waste and for the sale of said products under such terms and conditions as may be determined by the legislative authority of said city or town: PROVIDED HOWEVER, That no such solid waste processing and conversion plant now in existence or hereafter constructed may be condemned: PROVIDED FURTHER, That agreements relating to the sale of solid materials recovered during the processing of solid waste shall take place only after the receipt of competitive written bids by such city or town: AND PROVIDED FURTHER, That all documentary material of any nature associated with the negotiation and formulation of agreement terms and conditions shall become matters of public record as it applies to:

(a) The maintenance and operation of systems and plants for the processing and conversion of solid waste;

(b) The sale of products resulting from such processing and conversion; and

(c) Any materials recovered during the processing of solid waste.

Agreements relating to systems and plants for the processing and conversion of solid wastes to useful products and agreements relating to sale of such products shall be in compliance with RCW 35.21.120. Any agreement for the sale of solid materials recovered during the processing of solid waste shall be entered into only after public advertisement and evaluation of competitive written bids.

Sec. 8. Section 35.92.030, chapter 7, Laws of 1965 and RCW 35.92-.030 are each amended to read as follows:

A city or town may also construct, condemn and purchase, purchase, acquire, add to, alter, maintain, and operate works, plants and facilities for the preparation and manufacture of all stone or asphalt products or compositions or other materials which may be used in street construction or maintenance, together with the right to use them, and also fix the price of and sell such products for use in the construction of municipal improvements.

Sec. 9. Section 35.92.050, chapter 7, Laws of 1965 and RCW 35.92-.050 are each amended to read as follows:

A city or town may also construct, condemn and purchase, purchase, acquire, add to, alter, maintain and operate works, plants, facilities for the

purpose of furnishing the city or town and its inhabitants, and any other persons, with gas, electricity, and other means of power and facilities for lighting, heating, fuel, and power purposes, public and private, with full authority to regulate and control the use, distribution, and price thereof, together with the right to handle and sell or lease, any meters, lamps, motors, transformers, and equipment or accessories of any kind, necessary and convenient for the use, distribution, and sale thereof; authorize the construction of such plant or plants by others for the same purpose, and purchase gas, electricity, or power from either within or without the city or town for its own use and for the purpose of selling to its inhabitants and to other persons doing business within the city or town and regulate and control the use and price thereof.

Sec. 10. Section 35.92.060, chapter 7, Laws of 1965 as amended by section 2, chapter 25, Laws of 1981 and RCW 35.92.060 are each amended to read as follows:

A city or town may also construct, condemn and purchase, purchase, acquire, add to, alter, maintain, operate, or lease cable, electric, and other railways, automobiles, motor cars, motor buses, auto trucks, and any and all other forms or methods of transportation of freight or passengers within the corporate limits of the city or town for the transportation of freight and passengers above, upon, or underneath the ground. It may also fix, alter, regulate, and control the fares and rates to be charged therefor; and fares or rates may be adjusted or eliminated for any distinguishable class of users including, but not limited to, senior citizens, handicapped persons, and students. Without the payment of any license fee or tax, or the filing of a bond with, or the securing of a permit from, the state, or any department thereof, the city or town may engage in, carry on, and operate the business of transporting and carrying passengers or freight for hire by any method or combination of methods that the legislative authority of any city or town may by ordinance provide, with full authority to regulate and control the use and operation of vehicles or other agencies of transportation used for such business.

Sec. 11. Section 35.92.070, chapter 7, Laws of 1965 and RCW 35.92-.070 are each amended to read as follows:

When the governing body of a city or town deems it advisable that the city or town purchase, acquire, or construct any such public utility (~~or make any additions and betterments thereto or extensions thereof~~), or make extensions thereof which would expand the previous service capacity by fifty percent or more, and where an amount of such increased service capacity equal to at least fifty percent of the previous service capacity is financed by the issuance of councilmanic general obligation bonds, it shall provide therefor by ordinance, which shall specify and adopt the system or plan proposed, and declare the estimated cost thereof, as near as may be, and the ordinance shall be submitted for ratification or rejection ((to)) by

majority vote of the voters of the city or town at a general or special election, except in the following cases where no submission shall be necessary:

~~(1) ((When the work proposed is an addition to, or betterment of, or extension of, or an increased water supply for, existing waterworks, or an addition, betterment, or extension of an existing system or plant of any other public utility for which no general indebtedness is to be incurred by the city or town;~~

~~(2))~~ When in the charter of a city ~~((or town))~~ a provision has been adopted authorizing the corporate authorities thereof to provide by ordinance for acquiring, opening, or operating any of such public utilities~~((, for which no general indebtedness is to be incurred))~~; or

~~((3))~~ (2) When in the judgment of the corporate authority, the public health is being endangered by the discharge of raw or untreated sewage into any ~~((river or stream))~~ body of water and the danger to the public health may be abated by the construction and maintenance of a sewage disposal plant ~~((for which no general indebtedness shall be incurred by the city or town responsible for such contamination:~~

~~if a general indebtedness is to be incurred, the amount and terms thereof shall be included in the proposition submitted to the voters and such proposition shall be adopted by three-fifths of the voters voting at such election:~~

~~if no general indebtedness is to be incurred the proposition may be adopted by a majority vote).~~

Ten days' notice of the election shall be given in the newspaper doing the city or town printing, by publication in each issue of the paper during such time.

When a proposition has been adopted, or in the cases where no submission is necessary, the corporate authorities of the city or town may proceed forthwith to purchase, construct, and acquire the public utility or make additions, betterments, and extensions thereto and to make payment therefor.

Sec. 12. Section 35.92.080, chapter 7, Laws of 1965 as last amended by section 23, chapter 186, Laws of 1984 and RCW 35.92.080 are each amended to read as follows:

~~((When the voters have adopted a proposition for any public utility and have authorized a general indebtedness, general city or town bonds may be issued:))~~ General obligation bonds may be issued by a city or town for the purposes of providing all or part of the costs of purchasing, acquiring, or constructing a public utility or making any additions, betterments, or alterations thereto, or extensions thereof. The bonds shall be issued and sold in accordance with chapter 39.46 RCW.

There shall be levied each year a tax upon the taxable property of the city or town sufficient to pay the interest on and principal of the bonds then

due, which taxes shall become due and collectible as other taxes: PROVIDED, That it may pledge to the payment of such principal and interest the revenue of the public utility being acquired, constructed, or improved out of the proceeds of sale of such bonds. Such pledge of revenue shall constitute a binding obligation, according to its terms, to continue the collection of such revenue so long as such bonds or any of them are outstanding, and to the extent that revenues are insufficient to meet the debt service requirements on such bonds, the governing body of the municipality shall provide for the levy of taxes sufficient to meet such deficiency.

NEW SECTION. Sec. 13. The following acts or parts of acts are each repealed:

- (1) Section 35.22.380, chapter 7, Laws of 1965 and RCW 35.22.380;
- (2) Section 35.22.390, chapter 7, Laws of 1965 and RCW 35.22.390;
- (3) Section 35.22.400, chapter 7, Laws of 1965 and RCW 35.22.400;

and

- (4) Section 35.67.070, chapter 7, Laws of 1965, section 22, chapter 186, Laws of 1984 and RCW 35.67.070.

Passed the Senate April 23, 1985.

Passed the House April 12, 1985.

Approved by the Governor May 21, 1985.

Filed in Office of Secretary of State May 21, 1985.

## CHAPTER 446

[Engrossed Substitute House Bill No. 461]

### COMMUNITY ECONOMIC REVITALIZATION BOARD—AUTHORITY MODIFIED—PUBLIC WORKS BOARD CREATED—PRIVATE ACTIVITY BONDS

AN ACT Relating to economic development; amending RCW 43.160.030, 43.160.060, and 43.160.900; reenacting RCW 43.160.030; adding new sections to chapter 43.160 RCW; adding a new chapter to Title 39 RCW; adding a new chapter to Title 43 RCW; creating new sections; making an appropriation; providing effective dates; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 3, chapter 40, Laws of 1982 1st ex. sess. as amended by section 2, chapter 60, Laws of 1983 1st ex. sess. and RCW 43.160.030 are each amended to read as follows:

(1) The community economic revitalization board is hereby created to exercise the powers granted under this chapter.

(2) The board shall consist of ~~((nine persons appointed by the governor and))~~ the director of ~~((commerce))~~ trade and economic development, the director of ~~((planning and community affairs))~~ community development, the director of revenue, the commissioner of employment security, ~~((and the chairmen))~~ the secretary of the department of transportation, the chairman