

Appendix D

Procedure for Creating Local Utility Districts

D.1 Establishment and Definition

The District may establish and define the boundaries of local assessment districts to be known as Local Utility District (LUD) No. “____” for any one or more of the following: water distribution, for domestic use and irrigation. The LUD shall be under the general supervision and control of the District. The District shall purchase, or otherwise acquire, or construct and equip distribution systems, and provide for extensions and betterments. To finance an LUD, the District may issue local improvement bonds or warrants and may levy and collect special assessments and reassessments on property benefiting from the LUD, to pay for associated costs and expenses. (442)

D.2 Improvements and Financing

The District will determine what work shall be done or improvements made at the expense in whole or in part of the property specially benefited by creating an LUD. The District will determine the appropriate approach for financing the project. Financing options include bonds or warrants secured by assessments against the property within the local utility district, or revenue bonds. For revenue bonds, no bonds or warrants shall be issued by the local utility district but assessments shall be levied upon the taxable property on the basis of special benefits up to, but not exceeding the total cost of the improvements. In such cases the entire principal and interest of such assessments shall be paid into a revenue bond fund of the District. (442)

D.3 Petition and Resolution

Improvements shall be ordered by Commission resolution upon petition or by District resolution.

D.3.1 Petition

The Commission shall fix a hearing date when a petition signed by ten per cent of the owners of land in the proposed district is filed, asking that a financially and economically feasible plan or improvement be adopted and ordered. At least two weeks public notice will be given for the hearing.

The commission may deny the petition or order the improvement, unless a majority of the owners of lands in the district file prior to twelve o'clock noon of the day of the hearing, with the secretary a petition protesting against the improvement.

D.3.2 District Resolution

The Commission shall adopt a resolution declaring intention of forming an LUD after a *State Environmental Policy Act* determination of categorical exemption, determination of

non-significance, or environmental impact statement has been issued. At least two weeks public notice will be given for a hearing on District intent to form an LUD.

D.4 Establishing the LUD

If, after the hearing, the commission orders the improvement, it may alter the boundaries of the proposed local utility district and prepare and adopt detailed plans of the local improvement, declare the estimated cost, what proportion shall be borne by the local utility district and what proportion, if any, shall be borne by the entire public utility district. (442) The District may create a fund to finance the LUD; acquire all lands and other properties; pay all damages; and commence in the name of the public utility district the necessary eminent domain awards, and proceed with the work. The District shall file with the District Treasurer its roll levying special assessments for the amount to be paid by special assessment against the property in the local utility district in proportion to the special benefits to be derived from the improvements. (442)

If SEPA review has not yet been performed, the District will conduct SEPA review, and give notice of opportunities for appeal.

D.5 Preliminary Notice

Before approval of the roll, a notice will be published once each week for two consecutive weeks stating: 1) the roll is on file and open to inspection in the office of the secretary, 2) a fixed time not less than fifteen nor more than thirty days from the date of the first publication of the notice within which protests must be filed with the secretary against any assessments, and 3) a time when a hearing shall be held by the commission on the protests. After the hearing, the commission may alter any and all assessments shown on the roll and may by resolution approve it. *If the LUD contains “farm and agricultural land” or “timber land” as defined in RCW 54.16.125, the District will file notice of the LUD formation with the County Assessor and Board of Commissioners. I*

If an assessment is raised, a new notice similar to the first shall be given and a hearing had thereon after which final approval of the roll may be made. Any person aggrieved by the assessments shall perfect an appeal to the superior court of the county within ten days after the approval in the manner now provided for appeals from assessments levied by cities. Engineering office and other expenses necessary or incident to the improvement shall be borne by the public utility district; PROVIDED that when a municipal corporation included in the public utility district already owns or operates a utility of a character like that for which the assessments are levied, then all such engineering and other expenses shall be borne by the local assessment district. (442)

D.6 Alterations to Assessments

The District may be responsible for only up to fifty percent of the cost of LUD improvements unless a majority of the electors of the District consent to or ratify a contribution of greater than fifty percent. (442).

D.7 Final Notice and Payment

As soon as the assessment roll has been placed in the hands of the District Treasurer for collection, he shall publish a notice in the official newspaper of the County for once each week for two consecutive weeks. Within 15 days after the first publication, notice will be mailed to all property owners that the roll is filed for collection. *If the LUD contains “farm and agricultural land” or “timber land” as defined in RCW 54.16.125, the District will file notice of the LUD formation with the County Assessor and Board of Commissioners.*

Any assessment may be paid within thirty days from the date of the first publication of the Notice without penalty, interest or cost. After thirty days, the remaining unpaid sum may be paid in equal annual installments extending over a period not to exceed twenty years. Interest on the whole amount unpaid at the rate fixed by the resolution shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal. The first installment shall become due and payable during the thirty-day period succeeding a date one year after the date of first publication of the Treasurer's Notice and annually thereafter each succeeding installment shall become due and payable in like manner. If the whole or any portion of any assessment remains unpaid after the first thirty-day period, interest upon the whole unpaid sum shall be charged at the rate fixed in the resolution, and each year thereafter the installments and interest due upon the whole of the unpaid balance shall be collected. Any installment not paid prior to the expiration of the thirty-day period during which the installment is due and payable shall become delinquent. All delinquent installments shall be subject to a charge for interest at the rate to be determined by the Commission. (442)

D.8 Final Notice

Except as herein and otherwise provided, all matters and proceedings relating to the local utility district, the levying and collection of assessments, the issuance and redemption of local improvement warrants and bonds, and the enforcement of local assessment liens, shall be governed by local utility district laws. (442)

D.9 LUD Administration

The form of any local utility bond to be issued by the District shall be fixed by resolution. (442)