



After recording return to:

MASON CO. FIRE PROTECTION DIST. NO. 5

P.O. Box 127

Allyn, WA 98524

**INTERLOCAL AGREEMENT TO PROVIDE EMS
AND FIRE PROTECTION SERVICES
FROM MASON COUNTY FIRE PROTECTION DISTRICT NO. 5
TO CITY OF SHELTON**

Summary for Recorder's Use:

1. **Reference Number** of documents being assigned or released: NONE;
2. **Grantor:** MASON COUNTY FIRE PROTECTION DISTRICT NO. 5;
3. **Grantee:** CITY OF SHELTON;
4. **Legal Description:** Not Applicable;
5. **Assessor's Property Tax Parcel Account Number:** Not Applicable.

THIS INTERLOCAL AGREEMENT is made and entered into by and between the **CITY OF SHELTON**, a Washington State municipal corporation (hereinafter referred to as "City"), and **MASON COUNTY FIRE PROTECTION DISTRICT NO. 5**, a Washington State municipal corporation (hereinafter referred to as "Fire District"), pursuant to RCW Chapter 39.34, the Inter-local Cooperation Act. Hereinafter, the City and Fire District will also be generically referred to as "party" or "parties".

WHEREAS, the City currently operates and maintains its own fire department to provide comprehensive fire suppression, fire prevention, review and inspection services, emergency medical services, emergency hazardous substances response services and other services incidental to the protection of persons and property in the City;

070808

**INTERLOCAL AGREEMENT FOR
MASON FPD NO.5 TO PROVIDE EMS & FIRE
PROTECTION SERVICES TO CITY OF SHELTON**

WHEREAS, the Fire District's jurisdictional boundaries adjoin those of the City, the jurisdictions being contiguous;

WHEREAS, the Fire District is capable of providing all services to City residents currently provided by the City's fire department;

WHEREAS, the parties wish to forge a cooperative relationship with each other, and with Mason County Medic One (MCMO) which currently provides ambulance services within the City of Shelton, to achieve the most effective, responsive, and economical system of fire, rescue, and emergency medical services;

WHEREAS, the parties desire to enter into an agreement for comprehensive services now performed by the City's fire department to be provided by the Fire District, including EMS, so the City will no longer need to maintain its independent fire department.

NOW, THEREFORE, in consideration of the foregoing recitals, and the mutual promises and covenants contained herein, the Parties agree as follows:

1. TERM: This Agreement shall commence on the 1 day of Sept, 2008, and continue thereafter on a yearly basis from January 1 to December 31 of each successive year, indefinitely, until terminated by either party as hereinafter provided. **NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN,** this Agreement shall not be terminated by either party prior to the conclusion of the first twelve months it is in effect except by mutual consent of both parties. After this Agreement has been in effect for at least twelve months, either party may cancel it by sending notice to the other party's contact person as set forth in section 16 hereof of its intention to terminate the Agreement at the conclusion of the calendar year then in effect pursuant to the notice provisions set forth in section 18 hereof. For termination at the conclusion of the calendar year to be effective, the termination notice must be sent to the contact person for the other party at least six (6) months prior to the last day of the calendar year, i.e., by no later than June 30th of the year in which termination is sought, after the Agreement has been in effect at least one year. **PROVIDED FURTHER, HOWEVER,** if the Fire District fails to provide the services outlined in this Agreement or to substantially meet the performance standards set forth herein, the City shall have the right to terminate this Agreement at any time by first tendering written notice at least sixty

(60) days prior to the termination date set forth in the notice to the Fire District, after first giving the Fire District an opportunity to correct the deficiencies, as outlined in paragraph 15. hereof entitled "Compensation / Compensation Review & Adjustment / Post Annexation Compensation / Transport Revenues / Breach And Notice Requirements".

2. DUTIES AND RESPONSIBILITIES: During the term of this Agreement, the Fire District shall provide service levels, as described herein, at least equal to those currently provided by the City's fire department for comprehensive fire suppression services, emergency medical services, and emergency hazardous substances response services; and, with respect to fire prevention services, review and inspection services, and other services incidental to the protection and public safety of the persons and property in the City, all as hereinafter identified. The Fire District shall also maintain an Insurance Service Office rating of 5 or better within the City during the term of this Agreement and any extensions hereof, unless circumstances occur causing a diminishment in this rating which are beyond the reasonable control of the Fire District.

3. CITY FIRE DEPARTMENT PERSONNEL / FIRE DISTRICT INSURANCE: At the commencement date of this Agreement:

A. All Personnel to Become Mason 5 Personnel. All City fire department personnel shall become personnel of the Fire District and shall operate under the direction and control of the Fire District;

B. Personnel Assignments. Generally, all City fire department personnel shall be assigned to the Shelton Battalion and all Mason 5 personnel shall be assigned as provided by Mason 5; provided, however, the Fire District shall have the right, from time to time, to reassign City fire department personnel to any part of the Fire District's service area as it deems necessary, so district-wide Fire District operational readiness may be maintained at all times. Requests for re-assignment, if any, will be considered.

C. Insurance: The Fire District shall keep and maintain the following policies of insurance in full force and effect:

1) Property. Full comprehensive replacement value coverage for loss, damage, or destruction of personal property owned by the City (which property is owned separately by the City

or jointly with the Fire District) but in the possession of or under the control of the Fire District, including all furniture, equipment, gear, apparatus, and vehicles;

2) **Public Liability.** Liability for injury or death to third parties, and the property of third parties, in an amount not less than: \$1,000,000.00 for death or injury to any one person; \$1,000,000.00 for any one occurrence; and \$1,000,000.00 for property damage; with \$2,000,000.00 aggregate liability coverage;

3) **City as Additional Insured.** The City, and its employees, agents, representatives, volunteers, and Commission members shall be named as additional insureds on all such policies of insurance;

4) **Maximum Deductible.** The maximum deductible on any public liability policy of insurance shall be \$1000.00. All policy deductibles shall be the sole responsibility and liability of the Fire District, subject however to the provisions of section 15 of this Agreement, and the Fire District shall pay any such deductible when due, as well as hold harmless, defend, and indemnify the City from and against any claims related thereto, and reimburse the City on demand for any payment of any deductible thereof made by the City in connection therewith;

5) **Primary Insurance.** The Fire District's insurance policies shall be primary. The City reserves the right to carry such insurance, as it may deem appropriate; provided, however, the City's insurance carriers shall not be called upon to contribute to any loss that should be paid by the Fire District's carrier. The Fire District shall obtain an endorsement to its policies of insurance to such effect;

6) **Cancellation Notice.** All such policies of insurance shall contain a provision or endorsement requiring at least thirty (30) days prior written notice to the City of cancellation or material change in policy terms;

7) **Acceptable Insurance Ratings.** All such policies of insurance shall be placed in companies having a minimum AM Best rating of "A.VIII";

8) **Proof of Coverage.** The Fire District shall provide the City with proof of such insurance coverage, initially with a certificate of insurance from the Fire District's carrier(s) upon

the effective date of this Agreement, and with copies of such policies within sixty (60) days of the effective date of this Agreement, and including all renewals or extensions thereof;

9) Replacement Coverage. If, at any time during the term of this Agreement, the coverages identified herein are not maintained by the Fire District, the City reserves the right, but not the obligation, to obtain its own equivalent coverage; in such event, the Fire District shall reimburse the City for all costs and expenses related thereto upon written demand. The Fire District shall pay the City interest at the rate of twelve percent (12.00%) per annum on any past due amounts owed hereunder until paid in full;

10) Insurance for New Fire Station. The City shall maintain a builder's risk and other required insurance during construction of the new fire station in the City, and shall require the contractor to maintain commercial general liability and other appropriate insurance. Once occupancy and use of the new fire station has been transferred to the Fire District, the District will maintain property insurance for this station which complies with all other insurance requirements outlined herein;

D. Union Agreements. As previously bargained between the applicable union and the City, all City fire department bargaining unit members shall be covered by the agreement in effect with the City and its bargaining unit members at the time of this Agreement's execution and running through the expiration of said collective bargaining agreement, or any extensions thereof. The present bargaining agreement between the Fire District and its bargaining unit members expires at the conclusion of 2009; the present bargaining agreement between the City and its firefighter bargaining unit members expires at the conclusion of 2008. By the time of this Agreement's execution, the City shall attempt to have extended its bargaining agreement with its City firefighters to the conclusion of 2009 so the two bargaining units (the District's bargaining unit and the City's bargaining unit) may join together to negotiate a new agreement with the Fire District commencing in 2010. NOTWITHSTANDING ANYTHING TO THE CONTRARY in this section D., as soon as reasonably possible after this Agreement is entered into, the Fire District shall seek to negotiate a single joint bargaining unit agreement with the City and Fire District unions, which agreement, when entered into, shall then replace the two union contracts in effect at

the commencement of this Agreement. All responsibility for the relationship with the City bargaining unit members shall lie with the Fire District. The Fire District shall assume all responsibility and liability relating to the City fire department bargaining unit members and their contract except as otherwise expressly set forth herein, and shall hold harmless, defend, and indemnify the City from and against all claims, liability and damages with respect thereto;

E. Personnel Assignments & Benefits. All City career and volunteer fire department officers, and existing fire related clerical positions (hereinafter also collectively referred to as “City Fire Personnel”) shall be offered assignments comparable of rank and responsibilities with the Fire District as they had with the City, and each shall receive no loss of compensation or employment benefits, including, but not limited to, vacation time, sick leave, and annual leave. Any accrued benefits shall carry over to their Fire District employment. For clarification purposes, during the term of this Agreement, the City’s basic compensation paid to the Fire District shall cover the cost of any City Fire Personnel’s use of time off that was earned during the year prior to the commencement of this Agreement; any use if time off earned before the prior year will be invoiced separately; if annexation of the City into the Fire District occurs, the unused leave balances for all former City Fire Personnel accrued one year or more prior to the commencement date of this Agreement shall be paid by the City to the Fire District.

The City Fire Personnel, including their dates of hire, are identified as follows:

<u>Employee Name</u>	<u>Hire Date</u>	<u>Pertinent Status Notes</u>
1. DAVID L. SALZER	5/6/02	
2. MICHAEL J. SOBOTKA	7/15/86	
3. BRUCE A. DUNBAR	6/27/88	
4. ERIC K. OBERG	5/14/94	
5. DARRELL C. ROBERTS	3/1/99	
6. MATTHEW R. SHOUGH	9/4/01	
7. CHARLES C. CAESSENS	9/18/06	
8. KYLE C. WHITEHOUSE	2/20/07	
9. CASS MONROE	4/07	
10. KELLY ANN WILLIAMS	12/1/07	Probationary Employee at Present.
11. RILEY J. BAIR	2/25/08	Temporary appointment for 3 to 6 months covering for an employee out for surgery and recovery.

After the identified City Fire Personnel become Fire District's employees, the City shall continue to be obligated for those benefits payable in cash to such employees during their Fire District employment and/or at the time their employment terminates, which benefits accrued while they were employed by the City. At the time of this Agreement's execution, the City shall calculate the benefits accrued by each said employee while employed by the City and deliver this information to the Fire District. If the City is annexed into the Fire District, the City shall at that time tender to the Fire District that sum necessary to cover such benefits and the Fire District shall thereafter retain such sums in a segregated account for this purpose. Any sums paid by the City to the Fire District for a particular employee that are not paid by the Fire District to such employee during his/her employment, or employment termination with the Fire District, shall be returned by the Fire District to the City. The City shall also continue to be solely responsible for payment of all LEOFF1 AND LEOFF2 retirement benefits for all former and retired City fire personnel;

F. Agreements with Non-Bargaining Unit Employees. Employment agreements shall be entered into with each non-bargaining unit City Fire Personnel employee with the Fire District according to the general employment terms of the standard employment agreements currently in effect between the Fire District and its non-bargaining unit employees, and the Fire District shall seek to identify and standardize the pay and responsibilities of each non-bargaining unit member commensurate with the requirements of the Fire District so long as the compensation and benefits each employee previously received from the City is not diminished, including but not limited to vacation time, sick leave, and annual leave. Any accrued benefits shall be carried over to an employee's Fire District employment, with the City continuing to be responsible for those benefits as explained in section 3.E. hereof;

G. City Manpower Levels- Volunteers. The Fire District shall strive to maintain, at a minimum, the City's current manpower level of an active and trained volunteer fire fighter force (currently two in number) during the term of this Agreement within the City as a resource for firefighting and responding to natural disasters. The Fire District shall maintain a proactive program for recruitment of volunteer fire fighters residing within the City. All City volunteer firefighters and personnel shall be accepted as volunteer firefighters and personnel for the Fire

District and shall receive benefits provided to volunteers by the Fire District in its volunteer program. A one (1) year transition period will be provided; current City firefighter volunteers must convert to Fire District benefits at some time within the one (1) year transition period;

H. City Resident Firefighter Force. Presently, the City has suspended its resident fire fighter program pending completion of its new fire station. Upon completion of that station, the Fire District shall strive to establish an active and trained resident firefighter force during the term of this Agreement.

I. Volunteer Training Level. All volunteer fire fighters in the City, including those in the resident program, shall be trained to a level commensurate with the training provided by the Mason County Fire Chiefs Association Recruit Academy following the Washington State Basic Firefighting training program guidelines with further continuing training afforded to each;

J. Career Training Level. Career City fire fighter personnel shall be trained following the Washington State Basic Firefighting training program guidelines. The training provided by the Mason County Fire Chief's Recruit Program shall be considered equal to FF1 Training;

K. Agreement Termination- Personnel Assignment. Upon termination of this Agreement for reasons other than annexation of the City into the Fire District or entry into a successor agreement to this one: all Fire District personnel who were formerly City Fire Personnel, together with paid fire fighters, volunteer fire fighters, and volunteer resident fire fighters assigned to the Shelton Battalion, will revert to City Employment; all Mason 5 personnel, just prior to the commencement of this Agreement, shall remain with the Fire District; and all new employees hired by the Fire District after commencement of this Agreement to fulfill the terms of this Agreement with respect to the City Fire Department operations who were not previously City employees, shall be afforded the option to remain Fire District employees or accept employment with the City if such employment is offered by the City. Provided, however, City employment is subject to Civil Service, and other regulations then in effect, and resolution satisfactory to the City of any applicable union contract issues. If the Fire District is financially unable to retain all such "new" employees,

and if such employees are not employed by the City, they will be placed on a Fire District employment list prioritized for employment according to their respective employment dates;

4. MINIMUM CITY STAFFING LEVELS: During the term of this Agreement the Fire District will employ and deploy an adequate number of fire fighters to insure staffing equal to or better than that presently provided by the City fire department within the City. In any event there shall be at least two (2) career fire fighters who shall be on duty twenty-four (24) hours a day, three hundred sixty-five (365) days a year, at the City's main fire station to the degree reasonably possible with the available resources, finances, and schedules of the Fire District. Provided further, the Fire District shall employ City Fire Personnel as specifically identified herein in section 3.E. in such positions when reasonably possible.

5. EMERGENCY RESPONSE GUIDELINES: During the term of this Agreement, the Fire District shall strive to maintain an average emergency response time of five (5) minutes to all incidents within the City and apply extinguishing agent to all fires within eight (8) minutes. In addition, the Fire District shall make a proactive effort to maintain the City's fire loss ratio at a rate of .028% of the City's assessed valuation. In the event of a substantial loss, the Fire District shall investigate to determine whether sufficient personnel and equipment were dispatched and arrived on the scene to control the incident within acceptable time standards and whether the circumstances surrounding the incident at the time of dispatch precluded intervention that would have otherwise altered the outcome. As a condition precedent to this Agreement, the Fire District and City shall establish automatic response run cards designed to dispatch the appropriate fire and/or basic medical equipment and services to all fire, hazardous substance incidents, and medical emergencies within the Fire District's service area based upon the closest fire station and equipment responding to the emergency incident. The Fire District shall maintain, and update as it deems appropriate, such emergency response cards during the term of this Agreement. Automatic backup will also be in place during the term of this Agreement by the Fire District using the same emergency response run cards. Should the Fire District use City station personnel for medical Basic Life Support or specific activities, the equipment shall be manned accordingly.

6. **APPARATUS.** The following City Apparatus shall be used and deployed as follows:

FIRST LINE APPARATUS: The following City Apparatus shall be used and maintained by the Fire District, and operated from the City's main fire station:

- A. **Engine 72:** 1990 Fire Engine E-One; License #07026D; VIN #46 JDBAA 85 L 100 3257;
- B. **Engine 71:** 2000 Fire Engine E-One; License #19909D; VIN #4 EN 3 AAA 85 X 1000 150;
- C. **Rescue 71:** 1999 Dodge Chassis with Box; License #19902D; VIN #3 B 6 M F 3669 XM 534 154;
- D. **Utility 7-1:** 1991 GMC ½ ton pick-up; License #07035D; VIN #2 GTEC 19 Z 1 M 1 532 632.

AUXILIARY VEHICLES: The following City Apparatus (staff vehicles) shall be used and maintained by the Fire District and deployed by it as it may determine from time to time to support efficient operations throughout the Fire District's entire service area:

- A. **Command 701:** 1999 Ford Expedition; License #19903D; VIN #1FM RU1865XLB52502;
- B. **Command 700:** 2000 Ford Expedition; License #19937D; VIN #1FM PU16L8YLC23659;
- C. **Engine 73:** 1977 American LaFrance; License #D4505; VIN #CE-26-5653; this vehicle will be garaged in the City fire station and will be used, as needed, as a reserve apparatus.

At the time the City transfers possession of the First Line Apparatus and Auxiliary Vehicles to the Fire District, they shall be in good, clean, and safe condition, and in good repair. Notwithstanding anything to the contrary herein, any of the City's First Line Apparatus may be deployed by the Fire District in response to calls for service, as the Fire District may determine from time to time, to any part of the Fire District's service area, so the best possible protection to all parts of the Fire District's service area may result at any given time, while at the same time maintaining adequate coverage within the City by utilizing mutual aid and/or a move-up plan.

The District shall maintain at the City fire station sufficient apparatus to meet two-thirds (2/3) of the fire flow demand required by the City for fire protection rating purposes. All such apparatus and vehicles shall be maintained by the District in good operating condition and repair in accordance with applicable laws, rules, and regulation. Any other City fire department apparatus,

070808

vehicles or equipment not specifically identified in this Agreement, shall remain in the possession and under the control of the City. If the City determines to surplus any apparatus, vehicles, or equipment that remain in City possession, the sale proceeds shall belong to the City.

In addition, it is further understood and agreed the City's fire station is now and shall in the future be otherwise fully equipped at all times by the Fire District to meet any and all applicable and recognized standards, including fire fighting equipment and gear. An inventory of such equipment and gear to be delivered to the Fire District by the City shall be prepared by the City and agreed to by the Fire District before possession.

7. PREVENTION SERVICES AND PLANNING:

A. Emergency Operation Plan. The Fire District shall cooperate with and assist City personnel to maintain the "City Emergency Operation Plan" and periodic updates thereto, as well as provide personnel training and resources necessary to staff and operate the Emergency Operation Plan, and fulfill all fire department requirements of the Emergency Operation Plan.

B. Hazardous Materials Control: The Fire District shall fulfill the requirements of 29 CFR for hazardous materials control within the City, including but not limited to identification and location, Tier II reporting, and record keeping to comply with the "right-to-know" law.

C. Fire Prevention/Building Inspections: The Fire District shall provide fire inspection services with qualified personnel who meet or exceed the existing level of fire inspection services currently provided by the City fire department, including but not limited to the following:

1) For all commercial buildings in the City classified as A,H,I,B,E,F,M, S and R1, inspect each such building annually, and maintain structure drawings to scale depicting all controls relating thereto (including sprinkler system, alarms, and electrical, gas and water service).

2) For all commercial buildings in the City, maintain a current information sheet detailing the owner/manager, telephone number[s] (home and office), address[es] (home and office), building age, construction type, fire flow needed, hydrant locations, and such other information as may be pertinent to the particular business operation or complex. This information shall be maintained in a current condition (annually) and shared with the City's Police Department and City Treasurer's office, as requested.

3) Review all building permit applications for the City and inspect construction projects in the City through course of construction for building/fire code compliance (plans, systems, materials), including on site meetings with building owner, architect, engineer and contractor(s) in conjunction with the City Building Department. All plan/permit review shall be completed in a prompt and timely manner. Plan/permit review shall be completed within five (5) business days for return to the City Building Department unless there are extenuating circumstances. Plan/permit review for large or complicated projects shall commence after receipt of all pertinent documentation within five (5) working days and continue with regular progress until completed.

4) The Fire District shall maintain a system for using pre-plans and inspection information in emergency response situations.

5) The Fire District shall cooperate and coordinate its operations with pertinent City departments, including regular meetings with affected department heads for that purpose, to provide services previously customarily performed by the City's fire department, including, but not limited to, the following:

(a) **Police Department:**

- (i) Cooperate and coordinate efforts in the investigation and prosecution of suspected arson cases.
- (ii) Standby to assist in enforcement of drug related activities (e.g., drug labs) and possible clean up of hazardous substances.
- (iii) Standby to assist in public safety related to building occupancy or crowd control.

(b) **Building Department:** Cooperate and assist in the building permit and construction phases for code compliance and safety related issues.

(c) **Public Works**

- (i) Consult with and provide technical/expert advice on fire protection fittings and valves.
- (ii) Consult with and provide information and advice on fire hydrant maintenance testing.
- (iii) Perform fire flow tests and maintain accurate records of the same.
- (iv) Assist with sand bagging, if necessary.

- (v) Assist in street cleaning when wash down or product pick up is needed for public safety.
- (vi) Assist with other miscellaneous activities when fire apparatus and/or equipment is suited to the purpose and personnel are available.
- (vii) Fill and maintain rescue air bottles.

(d) **Planning/Engineering:**

- (i) Review project development proposals, including environmental impact statements, for consideration and comment, when requested or when made a condition of approval.
- (ii) Review special event proposals when requested or when made a condition of approval.

(e) **Treasurer.** At no additional cost to the affected businesses, the Fire District shall provide such information as may be requested from time to time by the City Treasurer's Office relating to businesses or other commercial enterprises operated within the City. This may include review of business license applications.

(f) **Other Affiliated Services:** The Fire District shall:

- (i) Conduct fire safety education programs and promotional tours of the City station for schools, scouting programs, day cares and other special groups on a reasonable basis, when requested, subject its work time constraints.
- (ii) Assist other City departments/agencies in the planning and carrying out of special events occurring in the City (including street wash-downs and clean-up approval).
- (iii) Conduct fire prevention, safety and fire extinguisher classes at schools, nursing homes, and the Community Center on a reasonable basis, subject to its work time constraints. .
- (iv) Manage and enforce compliance with the City's open burning regulations and standards.

8. **FIRE INVESTIGATIONS:** The Fire District shall investigate all fires occurring in the City, and maintain complete and accurate records of its fire investigations and all information gathered with respect thereto according to industry standards, including determination of cause.

Cooperative procedures shall be developed and implemented with the City Police Department and legal staff for prosecution purposes.

9. RECORD OF SERVICES / TIMELY PAYMENT OF COMPENSATION:

A. Records Requirements / Reports to City. In connection with all services provided under this Agreement, the Fire District shall keep and maintain reasonably complete and accurate records and accounts related thereto which shall be available to the City during regular Fire District office work hours. Inspection reports shall be maintained and kept according to applicable departmental or agency requirements and the Fire District shall provide copies thereof to such City departments or agencies at no cost. In addition, the Fire District shall provide the City with a detailed written report of its activities relating to performance of its obligations under this Agreement every six (6) months. The City reserves the right to audit the Fire District's records and information at all reasonable times during this Agreement in order to verify and assure compliance hereunder.

B. Timely Payment of Compensation. The parties understand it is critical the Fire District receive all compensation due from the City to it hereunder on a timely basis so the Fire District may meet its Agreement obligations as they arise. As a result thereof, and notwithstanding anything to the contrary in this Agreement, under no circumstances whatsoever, including the City's belief the Fire District is in breach of its obligations under this Agreement, shall the City ever withhold any compensation owing from it to the Fire District hereunder until such time as any said compensation/breach issues have been legally and finally determined by the appropriate tribunal.

10. CITY DEPARTMENTAL COOPERATION: The Fire District shall cooperate and coordinate its operations with pertinent City departments, including regular meeting with affected department heads for that purpose, to provide those services previously customarily performed by the City's fire department.

11. LABOR MANAGEMENT COMMITTEE: A Labor / Management Committee shall be formed consisting of three individuals selected from labor and three from management. The Committee shall meet a minimum of once a month during the term of this Agreement, at the

request of either labor or management committee members, to discuss issues of mutual benefit to the public and Fire District members.

12. CITY STATION FACILITIES: During the term of this Agreement, the City shall maintain ownership and be responsible for the expenses of the operations associated with the City's fire station. The District shall have the full control, possession, and utilization of the City station.

During the term of this Agreement the City and Fire District will negotiate a contract for the operation and management of the City fire station prior to annexation of the City by the Fire District.

The Fire District has inspected the existing City fire station and accepts it in its present condition to be utilized for day to day operations on an interim basis while the new fire station is being constructed in the City. The City shall maintain the existing City fire station in a neat, clean, and attractive condition, including interior, exterior and grounds surrounding the same. The City shall be responsible and liable for all utility and service costs associated with the premises, including water, sewer, electricity, and heating/cooling.

13. INDEMNIFICATION AND HOLD HARMLESS: The Fire District shall hold harmless, defend, and indemnify the City for all claims of liability and damages, arising out of or in connection with the Fire District's performance of this Agreement except for claims arising out of the sole negligence of the City or its employees, representatives, and/or agents.

14. DISTRICT ALS & BLS SERVICES IN CITY. Presently, a single private ambulance company, "MASON COUNTY MEDIC ONE" ("MCMO") services the City's advanced life support ("ALS") and basic life support ("BLS") transport needs, and has been doing so for a number of years with assistance from the Fire District pursuant to a mutual aid agreement. The Fire District will make a good faith effort to purchase MCMO; pursuant to Washington Law, however, until the purchase occurs, the Fire District may not provide primary BLS and ALS services to the City under this Agreement. It is believed the resulting consolidation of services resulting from this purchase will lead to enhanced ALS and BLS services within the City and Fire District, because the combined resources and personnel of the Fire District, the City, and MCMO, will then be coordinated and focused to meet these vital service needs.

15. COMPENSATION / COMPENSATION REVIEW & ADJUSTMENT / POST ANNEXATION COMPENSATION / TRANSPORT REVENUES / BREACH AND NOTICE REQUIREMENTS.

A. Compensation Paid from the City to Fire District. Initially (for the year 2008), the City shall compensate the Fire District monthly compensation in the sum of \$96,811 for the services provided to the City by the Fire District under the terms of this Agreement with each installment due on the 25th day of each month, for services in that month during the term of this Agreement. Any payment not made within ten (10) days of its due date shall accrue interest at the rate of twelve percent (12.00%) per annum, compounded monthly. This initial compensation sum represents the amount budgeted by the City for the balance of 2008 to operate its fire department; the parties believe it accurately reflects the expenses involved in providing the Fire District's services to the City identified herein. Thereafter, the monthly payments are estimated to be \$97,667, which sum is expected to increase by approximately three percent (3.00%) in 2010 and during each subsequent year this Agreement is in effect to meet the Fire District's increased yearly operating expenses.

B. Quarterly Compensation Review & Possible Adjustment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, it is the parties' goal that the compensation paid hereunder from the City to the Fire District shall represent the Fire District's complete actual costs in providing all services and meeting all its obligations under the terms of this Agreement. To meet this goal, the parties shall meet at a mutually agreeable time and place at the conclusion of each three month period during the term of this Agreement to review the compensation paid hereunder in light of all costs of every kind and nature, both direct and indirect, incurred by the Fire District in providing its services and meeting its obligations hereunder, and either adjust such compensation upward or downward for the succeeding three month period to meet their goal of: not having the Fire District subsidize fire protection operations within the City; and of not having the City subsidize Fire District operations outside the City.

C Post-Annexation Compensation. The City and Fire District shall negotiate a separate agreement to govern payment from the City to the Fire District during the interim period

between the election results being certified in favor of annexation of the City into the Fire District and the Fire District receiving tax revenues based on City property values. Such agreement shall provide that the City will “pass through” the amount agreed upon by the parties to be substantially equivalent to what the Fire District will receive in tax proceeds once Mason County has completed the process of adjusting property boundaries to allow for taxation of City properties to sustain the Fire District.

D. Compensation Offsets Created by Consolidation and Economies of scale by combining of three agency operations. If the District is successful in consolidating the private ambulance service operation in the City, “Mason County Medic One” (“MCMO”), into the Fire Department operation, the District anticipates the CONSOLIDATION OF THESE THREE SERVICES will in all likelihood generate efficiencies and economies of scale of the sort that can assist the Fire District to enhance the provision of fire protection and EMS services. If this acquisition occurs, during the meeting to occur every three months between the City and Fire District to review the compensation amount paid from the City to the Fire District, the parties shall also review the Fire District’s expenses in providing service, and determine, if appropriate, an adjustment of the compensation paid from the City to the Fire District under this Agreement. To the extent that this review can determine dollar values, it is the intent that the City and the District shall share 50% each in the identified gains or losses connected with the MCMO acquisition.

16. CONTACT PERSONS: During the term of this Agreement, the City and Fire District shall each designate a “contact person” and an “alternate contact person” whom the other party shall be able to contact regarding implementation of this Agreement and any questions arising as a result hereof. The contact person designated by the Fire District or the alternate contact person shall be available to attend City Commission meetings to report to and/or answer and investigate questions posed by the City and also make himself or herself reasonably available, as requested by the City, to meet with City Commission members, and City department heads, including, but not limited to, treasurer, police, building, public works, engineering, planning and emergency management. The contact person or alternate designated by the City shall make himself or herself reasonably available to the Fire District, and, when requested, attend Fire District Commission

meetings to report to and/or answer questions and investigate questions posed by the Fire District. Promptly after the execution of this Agreement, each party shall notify the other of the name, address, and telephone number of its contact person and alternate, and thereafter, of any changes in this position. Initially, the primary contact person for the Fire District shall be its Fire Chief, and its alternate contact person shall be its commission board chairman. Initially, the primary contact person for the City shall be its mayor, and its alternate contact person shall be its City Administrator.

17. REASONABLE INTERPRETATION: Prior to the execution of this Agreement, both parties have had adequate opportunity to review and contribute to the terms hereof. This Agreement shall be provided with a reasonable interpretation, which interpretation shall not be biased in favor of either party.

18. NOTICES: All notices called for herein shall be placed in writing and directed to the contact person for the other party by certified mail, return receipt requested. All notices shall be deemed received by the receiving party on the third business day after the day of mailing.

19. TERMINATION OF OTHER SERVICE AGREEMENTS: On the date this Agreement takes effect, all prior agreements existing between the City and the Fire District under the terms of which the Fire District has agreed to provide fire department services to all or a portion of the City shall be terminated; PROVIDED, HOWEVER, this Agreement shall not terminate or modify in any respect the mutual aid agreements the City has with other fire departments, districts, or county wide mutual aid agreements or procedures until modified or renegotiated in the normal course of business by the City or the Fire District. The City shall deliver to the Fire District copies of all fire related mutual aid and other agreements currently in effect with other governmental entities; and the City hereby assigns to the Fire District all its rights and obligations under each said agreement.

20. DISPUTE RESOLUTION:

A. Pre-Mediation/Arbitration Attempt at Settlement. Before proceeding to mediation or arbitration as set forth herein, an aggrieved party who believes the other party is in breach of the terms hereof shall first notify the other party in writing of the exact nature of each

alleged breach committed by that party. The party receiving the notice shall then be provided fifteen (15) days after receipt of the notice (thirty [30] days if the breach cannot be reasonably cured within fifteen [15] days) to cure the same or otherwise reach a written settlement agreement with the other party.

B. Mediation. If a dispute hereunder is not resolved pursuant to the provisions of the preceding paragraph, the parties agree to attempt resolution through non-binding mediation.

C. Arbitration. If such mediation is unsuccessful, the parties agree to submit such dispute(s) to binding arbitration using one arbitrator in accordance with the rules then pertaining to Superior Court Rules of Mandatory Arbitration, except the arbitration shall be conducted under the auspices of the arbitrator rather than the Superior Court and shall not be subject to the monetary limitations or restrictions on issues dealing with equitable, rather than legal consideration. The arbitrator shall have full authority to fashion any monetary and/or equitable relief it deems appropriate so a full and complete resolution of all disputes may occur. The arbitration shall be commenced by delivery from one party to the other of a written demand for arbitration that shall include a detailed statement of the basis of the dispute. Within five (5) business days of the delivery of such demand, each party shall designate a representative. Those two representatives shall attempt to agree on the arbitrator. If, within ten (10) business days of the designation of the two representatives (or expiration of the time for designation of representative, whichever occurs first), the two representatives have failed to reach agreement on the arbitrator, then either party may on five (5) business days written notice, request the presiding department of the Mason County Superior Court to designate the arbitrator. The arbitrator's fees shall be borne equally by the Parties during the course of the arbitration; however, the substantially prevailing party, if any in the arbitrator's opinion, shall be entitled to reimbursement of such fees paid, as well as reasonable attorney fees incurred, as part of the arbitration award from the party who substantially loses. The award rendered by the arbitrator shall be filed in Mason County Superior Court with the Judgment resulting there from filed thereafter, all in accordance with the provisions of the Superior Court Mandatory Arbitration Rules. The decision of the arbitrator, or any portion thereof, may be

appealed by an aggrieved party pursuant to the provisions of the Superior Court Mandatory Arbitration Rules.

21. COOPERATION OF PARTIES: The parties shall strive to cooperate with one another fully and at all times so the terms and intent of this Agreement may be fully implemented to the end that timely and quality services may be provided from the Fire District to the citizens of the City.

22. COMPLETE AGREEMENT: This Agreement represents the full and complete agreement between the City and Fire District regarding the matters contained herein. No other agreements either in written or verbal form are in existence. All amendments hereto shall be in writing and executed by both parties.

23. AUTHORIZATION OF EACH PARTY: Each party hereby represents to the other that it has duly considered and entered into this Agreement according to Washington law through its duly designated representatives at one of its regularly scheduled meetings. The City approved execution of this agreement at its City Commission meeting held on the ___ day of _____, 2008, and the Fire District approved execution of this agreement at its Board of Commissioners meeting held on the 6th day of August 2008.

24. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have signed this Agreement to evidence their mutual consents to the terms hereof.

CITY OF SHELTON

by: 

JOHN TARRANT, Mayor

DATE: 8/14/08

by: 

DAWN PANNELL, Commissioner

DATE: 8/11/08

by: Mike Byrne
MIKE BYRNE, Commissioner

DATE: 8-11-08

by: Dave O'Leary
JAMES GHIGLIONE, Fire Chief
DAVE O'LEARY, City Administrator

DATE: 8-11-08

ATTESTED TO:

by: Vicki Look
VICKI LOOK, CITY CLERK

DATE: 8/11/08

MASON COUNTY FIRE PROTECTION DISTRICT NO. 5

by: Tom Taylor
TOM TAYLOR, Board Chair

DATE: 8-6-08

by: Pat McGanney
PAT MCGANNEY, Commissioner

DATE: 8/6/08

by: Chuck Huff
CHUCK HUFF, Commissioner

DATE: 8-6-2008

by: Richard A. Knight
RICHARD A. KNIGHT, Fire Chief

DATE: 8/6/08

ATTESTED TO:

by: Donna M. Clark
DONNA M. CLARK, Fire District Secretary

DATE: 8-6-08