INTERLOCAL AGREEMENT RE: ANNEXATION (05/31/01) - 1

SAMPLE

Filed for and Return to
Dana Barnard, Clerk
City of East Wenatchee
271 Ninth Street
East Wenatchee, WA 98802

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of any warranty contained in the document itself.

Document Title: Interlocal Agreement Between East Wenatchee and Douglas County regarding Annexations
Grantor(s): City of East Wenatchee and Douglas County
Grantee(s): City of East Wenatchee and Douglas County
Reference Number(s) of Document Related, Assigned or Released: Not applicable
Abbreviated Legal Description Not applicable
Complete or Additional Legal Description on page ___ of Document (Attached as Exhibit A)
Assessor’s Parcel Number: Not applicable

Filed with the Auditor pursuant to RCW 39.34.040

INTERLOCAL AGREEMENT
BETWEEN THE CITY OF EAST WENATCHEE AND DOUGLAS COUNTY
REGARDING ANNEXATION DELIVERY OF SERVICES
AND REVENUE SHARING

SECTION 1. PARTIES. This Interlocal Agreement (hereinafter “AGREEMENT”), is made by and between the City of East Wenatchee, a Washington Municipal Corporation and a non-charter code city, (hereinafter referred to as the “CITY”) and Douglas County, Washington, a political subdivision of the State of Washington (hereinafter referred to as the “COUNTY”) pursuant to the authority of the Chapter 36.70A RCW (the Growth Management Act), ,and Chapter 39.34 RCW Interlocal Cooperation Act.

SECTION 2. PURPOSE AND RECITALS.

2.1 The purpose of this AGREEMENT is to ensure the continuation of high quality and uninterrupted services to the residents during annexation transition periods.

2.2 The CITY and COUNTY have determined that annexation is likely to have a financial impact, thus necessitating a funding arrangement to mitigate such impacts.

2.3 The CITY and COUNTY adopted the Douglas County Regional Policy Plan, which contains policies stipulating that consistent regulations and development standards are to be developed for the Urban Growth Area (UGA) and provides for joint review of development proposals within the UGA.
2.4 The City of East Wenatchee Comprehensive Plan (CITY Plan) and the Greater East Wenatchee Comprehensive Plan (COUNTY Plan) have been duly adopted by each respective jurisdiction.

2.5 The CITY and COUNTY recognize the need to facilitate and coordinate the proper transition of services and capital projects at the time of annexation.

2.6 The CITY Plan recommends the development of interlocal agreements to address the distribution of debt and revenue sharing for annexation proposals.

2.7 The CITY anticipates annexations occurring by the methods identified in RCW Chapter 35A.14, as now exists or is hereafter amended, and wishes to establish a framework for ongoing and consistent response to future annexations. This AGREEMENT applies to all annexations.

2.8 The CITY and COUNTY find it mutually beneficial and in the public interest to enter into one or more agreements for services to the residents of annexation areas during a period of transition between COUNTY service provision and CITY service provision to such area.

2.9 The CITY and COUNTY recognize that this AGREEMENT includes general statements of principle and policy, and that addenda to existing interlocal agreements or additional agreements on specific subjects relating to annexation and service transition may be developed subsequently. Potential subjects may include: roads and traffic impact mitigation; surface and storm water management; parks, trails, recreation and open space; police services; transfer of staff; transfer of records; and transfer of equipment.

SECTION 3. TERM OF AGREEMENT AND EXTENSIONS. This AGREEMENT shall be effective for a period of ten (10) years following recording with the Douglas County Auditor. This AGREEMENT shall be automatically renewed and extended for successive five (5) year terms, unless written notice of termination is served on the other party not less than one (1) year prior to the end of the then current term. Following termination, the COUNTY and CITY are mutually responsible for fulfilling any outstanding obligations under this AGREEMENT incurred prior to the effective date of the termination.

SECTION 4. GEOGRAPHIC SERVICE AREA AND APPLICABILITY. The COUNTY and CITY agree that the contents of this AGREEMENT shall apply to annexations initiated within the area depicted on Attachment 1 entitled Greater East Wenatchee Urban Growth Area, as now exists or is hereafter amended.

SECTION 5. LAND USE PLANS AND DEVELOPMENT REGULATIONS.

5.1 Comprehensive Land Use Plan. Within one hundred eighty (180) days of the effective date of this AGREEMENT, the CITY shall adopt the Greater East Wenatchee
Area Comprehensive Plan that includes within its planning area the East Wenatchee Urban Growth Area. The adoption of the plan will permit the CITY to use the goals, policies and land use designations for future annexations and provide the basis for pre-annexation zoning for the area identified in Attachment 1.

5.2 **Pre-Annexation Zoning.** Subsequent to the adoption of amendments to the Greater East Wenatchee Comprehensive Plan, the CITY agrees to update and adopt a new Proposed Zoning Regulation Map pursuant to the provisions of Chapter 35A.14.330 as the Official Pre-Annexation Zoning Map and Proposed Zoning Regulation for the area identified in Attachment 1.

5.3 **Comprehensive Plan Updates.** The CITY and COUNTY agree to jointly review, draft and adopt future updates to their comprehensive plans that demonstrate consistency and coordination.

5.4 **Development Regulations.** The CITY and COUNTY shall work jointly to adopt consistent development regulations within one (1) year following the effective date of this Agreement.

**SECTION 6. ANNEXATION PROCEDURE.** The CITY agrees that prior to any official Council action regarding a possible annexation, it will notify the COUNTY of said proposal with a notice of intent to annex (NOI) and request comment from the COUNTY. The NOI to the COUNTY shall be accompanied by the following information: annual revenue reduction, which shall include property tax, sales tax, state shared revenue, local option transportation tax and COUNTY Road tax; population; list of businesses and approximate number of jobs transferred; road miles transferred; and potential impact to existing levels of service for both the CITY and the COUNTY. The COUNTY agrees that it will not charge a fee for requested documents containing the above information. The COUNTY also agrees to provide written comment on the proposal within thirty (30) days of receiving the complete NOI. The COUNTY further agrees to provide the following information: (a) the amount of COUNTY funds spent for road construction or reconstruction, excluding overlay projects, during the fifteen (15) years, or seven (7) years in the case of seal coat projects, prior to the estimated effective date of the annexation; (b) a brief explanation of the work completed, date and location; and (c) the estimated reimbursement due, using the formula contained in Section 9.

**SECTION 7. BUILDING AND LAND USE PERMITS**

7.1 **List of Permits.** Thirty (30) days prior to the effective date of a proposed annexation, the COUNTY will prepare and send to the CITY a list detailing the status of all applications and permits on properties located within a proposed annexation area.

7.2 **Transfer of Permits.** The CITY and COUNTY will review the list of applications and permits and agree to transfer to the CITY all applications that have not been determined to be complete prior to the effective date of annexation.
7.3 COUNTY to Solicit Comments. The COUNTY shall solicit comments from the CITY on land use and building permit applications that are within any proposed annexation area and provide copies of staff reports and recommendations.

7.4 Contracting for Permit Processing. Nothing in this AGREEMENT shall prevent the CITY from contracting with the COUNTY to process applications submitted after the date of annexation, or other applications the CITY is processing.

7.5 City shall Adopt County code. The CITY agrees to adopt the COUNTY’S development regulations by reference for the purpose of allowing the COUNTY or CITY to continue processing those permits in the annexed area. Adoption of the COUNTY’s development regulations shall in no way have an effect on projects applied for under the CITY’s jurisdiction. The relevant Douglas County Code sections are listed in Attachment 2 to this AGREEMENT.

7.6 Enforcement of Standards and Conditions. Following the effective date of an annexation, the CITY agrees to enforce, to the extent deemed legally enforceable by the CITY, applicable standards and any conditions imposed relating to the issuance of a building or land use permit prior to annexation. The COUNTY agrees to make its employees available to provide assistance in the interpretation of conditions and applicable standards.

7.7 Permit Renewal or Extension. Any request to renew a building permit or to renew or extend a land use permit after the effective date of the annexation shall be made to and administered by the CITY.

7.8 Transfer of Financial Guarantees. All financial guarantees (e.g. performance bonds, mitigation funds, maintenance bonds or other bonds or sureties) required for a building permit, land use permit or enforcement action shall be transferred or assigned to the CITY after the effective date of the annexation. If the financial guarantee cannot be assigned to the CITY, the COUNTY will enforce the provisions of such guarantee on behalf of the CITY in accordance with this AGREEMENT. The CITY shall have sole discretion over the acceptance of required performance and the release of said guarantees.

7.9 Building and Building-related Permits.

7.9.1 Building and building-related permits defined. The types of building and building-related permits that are covered within this AGREEMENT include but are not limited to: building permits, sign permits, excavation and grading permits, mechanical permits, plumbing permits, change of occupancy permits, tenant improvement occupancy permits, fire systems and fire sprinkler permits, and demolition permits.
7.9.2 Continued administration of building permits. The COUNTY shall continue to administer building permits deemed complete prior to the effective date of the annexation.

7.10 Land Use Permits

7.10.1 Land use permits defined. For the purposes of this AGREEMENT, “land use permits” are defined as: site plan review, conditional use permits, development code variances, boundary line adjustments, planned unit developments including master planned developments, subdivisions, short plats, binding site plans, shoreline permits, home occupation permits, and critical areas permits.

7.10.2 Continued administration of land use permits. The COUNTY shall continue to administer land use permits deemed complete prior to the effective date of the annexation.

7.10.3 Dedications, deeds or conveyances. If a dedication for public use (or easements) is to be made after the effective date of the annexation, such dedication shall be transmitted to the CITY for review and a determination of acceptance.

7.10.4 Final approval of subdivision, short plat and binding site plan. All final plats, short plats and binding site plans to be submitted after the effective date of annexation shall be submitted to the responsible officials designated in the CITY Municipal Code for a determination of acceptance.

7.11 Code Enforcement.

7.11.1 Code enforcement defined. For purposes of this AGREEMENT, “Code Enforcement” means ensuring compliance with the Uniform Codes (including Building, Mechanical, Plumbing, Fire), Zoning Ordinance, Development Standards, Shoreline Master Program, Subdivision Code, and Critical Areas Ordinance.

7.11.2 Continuation of code violation cases. Active code violation cases will be transferred to the CITY on the effective date of the annexation. Any further action in those cases will be the responsibility of the CITY. The COUNTY agrees to make its employees available as witnesses, if necessary and at no cost to the CITY, in order to prosecute transferred cases.

7.11.3 Compliance Agreements. When a compliance agreement is being negotiated on property within an area included within a NOI, the County shall inform the City Code Enforcement Officer. The City may, at its option, be a party to the development of the compliance agreement.
SECTION 8. RECORDS TRANSFER. All original files for building and land use permits within an annexation area shall remain in the custody of the COUNTY. The CITY may copy files on their own equipment or agree to pay for the cost of copying any requested records.

SECTION 9. ROADS AND TRANSPORTATION SYSTEMS. It is the intention of the CITY to annex all roads adjacent to an area proposed for annexation, to adequately compensate the COUNTY for completed capital improvements on such roads, and to work with the COUNTY to complete capital road projects that have been funded but not completed as of the effective date of a proposed annexation.

9.1 Annexation of Right of Way and Maintenance. The CITY and COUNTY agree that the entire right of way for all streets and roads adjacent to land proposed to be annexed shall be made part of the annexation. As of the effective date of the annexation, the CITY shall assume responsibility for the maintenance of all streets and roads included within the annexed area.

9.2 Capital Expenditure Reimbursement.

9.2.1 Formula and procedure for reimbursement. The CITY shall reimburse the COUNTY for capital expenditures on roads and transportation systems (excluding routine maintenance) completed prior to the effective date of the annexations. Payment of reimbursements under this subsection shall be made no later than sixty (60) days after the City receives road taxes from the newly annexed area. The reimbursement shall include only actual expenditures (excluding all grant funds). The reimbursement shall be calculated using the following formula:

\[
\frac{\text{length of project actually annexed}}{\text{length of project}} \times \text{COUNTY's total expenditures} \times \frac{\text{remaining project life expectancy, i.e. 15 years for construction/reconstruction and overlays and 7 years for seal coat projects, as per WSDOT and ASHTO design standards, as a percentage, at time of annexation}}{100} = \text{Reimbursement from CITY}
\]

Example: Where the CITY annexes 1,000 feet of a completed 6,000 foot improvement, with a COUNTY cost totaling $130,000, 2 years after the completion of the project, where the road has a total life expectancy of 15 years, the calculation would be as follows:

\[(1,000 \text{ ft.}/6,000 \text{ ft.}) \times \$130,000 \times (13 \text{ years}/15 \text{ years}=86\%) = \$18,633\]

9.3 Road Maintenance Services. The CITY may contract with the COUNTY, as needed, to provide maintenance of newly annexed roads. A separate interlocal agreement shall be negotiated for such services.
9.4 **Design and Construction Engineering Services.** It is the intent of the CITY to contract with the COUNTY, on an individual project basis, to provide services for the design and construction engineering of specialty road projects. Services may also include contract administration. A separate interlocal agreement shall be negotiated for such services.

9.5 **Joint Construction Projects.** In determining jurisdictional responsibility for costs on joint road construction projects, the COUNTY will prepare a cost estimate for the various phases of the project (design, right of way and construction). Each party is responsible for the unfunded portion of the construction costs within its respective jurisdiction, as agreed by the parties for each such road project. The CITY agrees to pay for additional design and/or project costs resulting from CITY revisions to the scope of work after the cost estimate has been agreed upon. Prior to proceeding on each such project, the CITY and COUNTY shall enter into a written agreement.

9.6 **Mitigation Funds.** Funds, bonds or other sureties, received for mitigation payments and road related SEPA mitigation payments received by the COUNTY for property within the annexation area that remain unbudgeted or unexpended as of the effective date of the annexation shall be transferred to the CITY within 90 days following the effective date of the annexation. The COUNTY shall provide copies of documents relating to the funds and explaining the purpose for which the funds were collected.

**SECTION 10. CAPITAL FACILITY PROJECTS.**

10.1 **Consultation on capital expenditures.** The COUNTY and CITY will cooperatively plan for new local and regional, capital construction projects within the area identified in Attachment 1, as now exists or is hereafter amended. The parties will discuss the need for shared responsibilities in implementing capital projects and may pursue cooperative financing where appropriate. Interlocal agreements addressing shared responsibilities for capital projects may be negotiated, where appropriate.

10.2 **Continued planning, design, funding, construction and services.** The provision of COUNTY services relating to the planning, design, funding, property acquisition and construction of capital projects will be addressed by separate interlocal agreement.

**SECTION 11. STORM WATER MANAGEMENT SYSTEMS.** If an annexed area includes drainage improvements or facilities the COUNTY currently owns, the CITY shall assume all ownership rights and responsibilities upon the effective date of annexation. Storm water management systems are the subject of a separate Interlocal Agreement adopted by the COUNTY as Resolution 98-12 and by the CITY as Resolution 98-3. Nothing in this AGREEMENT is intended to supercede the provision of the existing Storm and Surface Water Management Agreement.
SECTION 12. POLICE SERVICES.

12.1 Transfer of Responsibility. As provided by law, as of the effective date of an annexation, police service responsibility within the annexed area will transfer to the CITY.

12.2 Future Agreement for Contracting Services and Transfer of Employees. The CITY and COUNTY agree to begin preparation of an interlocal agreement to address contracting for police services within annexed areas and a procedure for the transfer of sheriff’s department employees to CITY service pursuant to RCW 35.13. The COUNTY Sheriff’s Department, upon request by the CITY, will provide detailed service and cost information for the area to be annexed, at no cost to the CITY.

SECTION 13. TRANSFER OF OTHER COUNTY STAFF. The CITY recognizes that an individual annexation or the cumulative impact of a series of annexations may reduce staffing needs in certain COUNTY departments and at the same may increase the demand on CITY departments. The CITY and COUNTY agree to begin preparation of an interlocal agreement to address contracting for services within annexation areas and a procedure for the transfer of employees to the CITY. To assist in the discussion, the COUNTY, upon request by the CITY, will provide detailed information relative to the cost for service to annexation areas and an estimate of staffing requirements, at no cost to the CITY.

SECTION 14. REVENUE SHARING. The CITY recognizes that the annual COUNTY budget, particularly for Current Expense, relies upon revenues from taxes generated within the unincorporated area. The CITY also recognizes that the role of the COUNTY as the regional governmental service provider continues even after annexation. This section provides a revenue sharing formula intended to reduce the adverse financial impact on the COUNTY as a result of annexation.

Sales & Use Tax: The CITY and COUNTY agree to share in the revenues from commercial and/or industrial land within annexed areas for a 5-year period (20 tax quarter periods) using the formula established below. “CST” shall mean the city sales and use taxes received by the CITY.

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<th>Time Period</th>
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<td>20% (CST)</td>
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<td>fifth 4 tax quarters</td>
<td>10% (CST)</td>
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The payment from the CITY to the COUNTY shall be due and payable within thirty (30) days after the CITY receives the revenue.
SECTION 15. BOUNDARY REVIEW BOARD. Nothing herein shall diminish the role of the COUNTY Boundary Review Board. Each proposed annexation will be subject to the Board’s possible consideration under state law. The COUNTY shall not oppose any proposed annexations that are subject to and in compliance with the terms and conditions of this Agreement.

SECTION 16. ADMINISTRATION. This AGREEMENT shall be administered by the CITY Mayor and the COUNTY Chair of the Board of County Commissioners or their respective designees.

SECTION 17. NOTICE. Any notices to be given under this AGREEMENT shall be personally served to or shall be mailed, postage prepaid, to:

FOR THE COUNTY:

Chair, Board of County Commissioners
Douglas County
P. O. Box 747
Waterville, WA 98858-0747

FOR THE CITY:

Mayor, City of East Wenatchee
271 Ninth Street NE
East Wenatchee, Washington 98802

Additional departmental notifications may be required by subsequent amendments or attachments to this AGREEMENT. The name and address to which notices shall be directed may be changed by either the CITY or COUNTY giving the other notice of such change as provided in this section.

SECTION 18. DISPUTE RESOLUTION.

18.1 Panel Mediation. Disputes arising from the interpretation or administration of this AGREEMENT shall be mediated by a panel of three people. The mediation process shall be commenced by written notice to the other party. A CITY representative, non-elected official, shall be appointed by the East Wenatchee Council, and a COUNTY representative, non-elected official, shall be appointed by the Douglas County Board of Commissioners. The Parties shall appoint such mediators with fourteen (14) days after service of the written mediation notice. A third mediator shall be agreed upon and appointed by the two appointed representatives. The panel of three (3) mediators shall attempt to resolve the dispute between the Parties through discussion and negotiation among the panel members. There shall be presentation of evidence or argument to the panel. Decisions of the panel shall not be binding on the Parties and all discussions and negotiations among the panel members shall remain confidential and privileged. Mediation shall be completed within sixty (60) days after service of the written mediation
Each party shall bear the costs of its appointed mediator and one-half the costs of the third mediator appointed by the two (2) mediators.

18.2 Arbitration: In the event that panel mediation does not resolve a dispute between the Parties, the dispute shall be submitted to arbitration pursuant to Chapter 7.04, RCW except as hereafter modified. It is the intent of the parties that arbitration shall be the sole forum and venue for all disputes concerning the interpretation or administration of this AGREEMENT. Such arbitration shall be before one disinterested party mutually agreed to by both Parties. If a mutually acceptable arbitrator cannot be appointed within thirty (30) days after a written request for arbitration served by one party on the other party, either party may apply to the Douglas County Superior Court, upon not less than five (5) days written notice to the other Party, for appointment of an arbitrator. The judicial appointment shall be final, conclusive and binding. The controversy shall be resolved and determined by the arbitrator in accordance with the laws of Washington as applied to the facts found. Remedies, both equitable and legal, including injunctive relief, may be granted by the arbitrator. Each party shall pay one-half of the costs of the arbitrator, including but not limited to the arbitrator’s fee. Each party shall bear its own attorney’s fees and costs. The decision of the arbitrator shall be final, conclusive and binding on the Parties and a judgment confirming the decision may be entered in the Douglas County Superior Court.

18.3 Governing Law. This AGREEMENT shall be governed exclusively by the laws of the State of Washington.

SECTION 19. ASSIGNMENT/SUBCONTRACTING. Neither the CITY nor the COUNTY shall transfer or assign, in whole or in part, any or all of their respective rights or obligations under this AGREEMENT.

SECTION 20. NO THIRD PARTY BENEFICIARY. The CITY does not intend by this AGREEMENT or by any amendments or attachments to this AGREEMENT to assume any contractual obligations to anyone other than the COUNTY. The COUNTY does not intend by this AGREEMENT or by any amendments or attachments to this AGREEMENT to assume any contractual obligations to anyone other than the CITY. There are no third party beneficiaries to this AGREEMENT, and this AGREEMENT shall not be interpreted to create such rights.

SECTION 21. FINANCIAL RESPONSIBILITY. Except as otherwise noted in this AGREEMENT, each party shall bear financial responsibility for its own respective share of work performed pursuant to this AGREEMENT.

SECTION 22. WAIVER. No waiver by either party of any term or condition of this AGREEMENT shall be deemed or construed to constitute a waiver of any other term or condition or of any subsequent breach, whether of the same or different provision.

SECTION 23. INTERLOCAL COOPERATION ACT COMPLIANCE. This is an agreement entered into pursuant to Chapter 39.34 RCW (Interlocal Cooperation Act).
Its duration is as specified in Section 3. Its purpose is as set forth in Section 2. Its manner of financing and of establishing and maintaining a budget therefore is described in Sections 9 and 14. Its method of termination is set forth in Section 3. The method for disposing of property upon partial or complete termination is set forth in Sections 3 through 14.

SECTION 24. RELATIONSHIP TO EXISTING LAWS AND STATUTES. This AGREEMENT in no way modifies or supersedes existing state laws and statutes. In meeting the commitments encompassed in this AGREEMENT, all parties will comply with the requirements of the Open Meetings Act, Growth Management Act, State Environmental Policy Act, Annexation Statutes and other applicable state or local law. The COUNTY and CITY retain the ultimate authority for land use and development decisions within their respective jurisdictions as provided herein. By executing this AGREEMENT, the COUNTY and CITY do not purport to abrogate the decision making responsibility vested in them by law.

SECTION 25. ADDENDA AND AMENDMENTS

25.1 Process for Future Amendments. The CITY and COUNTY recognize that amendments to this AGREEMENT may be necessary to clarify or change the requirements of particular sections or update the AGREEMENT. Any modification of or amendment to this AGREEMENT shall be executed in the same manner as provided by law for the execution of this AGREEMENT.

25.2 Mutual Consent. The provisions of this AGREEMENT may be amended with the mutual consent of the parties. No additions to, or alterations of, the terms of this AGREEMENT, shall be valid unless made in writing and formally approved and executed, as provided for in Section 27, by the duly authorized agents for both parties.

SECTION 26. APPLICABILITY. The CITY and COUNTY agree that this AGREEMENT shall apply to the unincorporated area generally described in the attached Attachment 1, which is incorporated herein by reference and referred to herein as “potential annexation areas.”

SECTION 27. DOCUMENT EXECUTION AND FILING. The CITY and COUNTY agree that there shall be duplicate originals of this AGREEMENT procured and distributed for signature by the necessary officials of the CITY and COUNTY. Upon execution, the executed duplicate of this AGREEMENT shall be returned to the East Wenatchee City Clerk who shall file copies of this AGREEMENT with the Douglas County Auditor and the Washington State Secretary of State. Upon receipt by the CITY Clerk of the duplicate originals, each such duplicate original shall constitute an AGREEMENT binding upon both the CITY and COUNTY. The CITY Clerk shall transmit one executed original to the Douglas County Clerk of the Board.
SECTION 28. INDEMNIFICATION AND LIABILITY.

28.1 The CITY shall protect, save and hold harmless and indemnify at its own expense, the COUNTY, its elected and appointed officials, officers, employees and agents, from any loss or claim for damages of any nature whatsoever arising out of the CITY’s performance of this AGREEMENT, including claims by the CITY’s employees or third parties, except for those damages caused solely by the negligence or willful misconduct of the COUNTY, its elected and appointed officials, officers, employees, or agents.

28.2 The COUNTY shall protect, save and hold harmless and indemnify at its own expense, the CITY, its elected and appointed officials, officers, employees and agents from any loss or claim for damages of any nature whatsoever arising out of the COUNTY’s performance of this AGREEMENT, including claims by the COUNTY’s employees or third parties, except for those damages caused solely by the negligence or willful misconduct of the CITY, its elected and appointed officials, officers, employees, or agents.

28.3 In the event of liability for damages of any nature whatsoever arising out of the performance of this AGREEMENT by the CITY and the COUNTY, including claims by the CITY’s or the COUNTY’s own officers, officials, employees, agents, volunteers, or third parties, caused by or resulting from the concurrent negligence of the COUNTY and the CITY, their officers, officials, employees and volunteers, each party’s liability hereunder shall only be to the extent of that party’s negligence.

28.4 No liability shall be attached to the CITY or the COUNTY by reason of entering into this AGREEMENT except as expressly provided herein. The CITY shall hold the COUNTY harmless and defend at its expense any legal challenges to the CITY’s failure to comply with RCW 82.02.020 or RCW 82.02.070.

SECTION 29. ENTIRE AGREEMENT. This AGREEMENT, constitutes the entire AGREEMENT between the parties with respect to the framework issues for annexations covered or mentioned therein. It is anticipated that the parties will enter into subsequent interlocal agreements on specific subjects, as indicated in the text of this AGREEMENT.

SECTION 30. SEVERABILITY. If any provision of this AGREEMENT is held by a court to be invalid, either party may, at its option, terminate this AGREEMENT on thirty (30) days prior written notice to the other party.

Adopted: ________________  CITY OF EAST WENATCHEE

___________________________________
Steven C. Lacy, Mayor
Attest:

___________________________
Dana Barnard, City Clerk

Approved as to Form:

___________________________
Charles D. Zimmerman
City Attorney

Adopted: _______________
DOUGLAS COUNTY, WASHINGTON
BOARD OF COUNTY COMMISSIONERS

___________________________
Mary Hunt, Chair

___________________________
Dane Keane, Vice Chair

___________________________
Ken Stanton, Member

Attest:

___________________________
Marilyn Northrup
Clerk to the Board

Approved as to Form:

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Steven M. Clem
Prosecuting Attorney
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FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT
BETWEEN THE CITY OF EAST WENATCHEE AND DOUGLAS COUNTY
REGARDING ANNEXATION DELIVERY OF SERVICES
AND REVENUE SHARING

This Agreement is made by and between Douglas County, Washington (hereinafter referred to as “County”) and the City of East Wenatchee (hereinafter referred to as “City”).

WHEREAS, the County and City previously entered into an Interlocal Agreement regarding Annexation Delivery of Services and Revenue Sharing which was adopted June 11, 2001 by the County and June 26, 2001 by the City and filed of record with the Douglas County Auditor on July 17, 2001 as document no. 3040321 (for the purpose of ensuring the continuation of high quality and uninterrupted services to the residents during annexation transition periods and to provide a funding arrangement to mitigate financial impacts relating to transfers of tax revenue (hereinafter the “Interlocal Agreement”); and

WHEREAS, the County and City having completed annexations according to the process outlined in said Interlocal Agreement and having identified procedural issues relative to the collection and dissemination of information relative to potential annexations; and

WHEREAS, the procedure for reimbursement of capital expenditures on road projects needs to be further clarified and debt service payments addressed; and
WHEREAS, the County and the City wish to adopt the first amendment to the previously executed Interlocal Agreement to address the issues relating to information collection and dissemination and the procedure for capital expenditure reimbursement;

NOW, THEREFORE, in consideration of the premises and promises, terms and conditions set forth below, the County and City hereby agree as follows:

1. Section 6 of the Interlocal Agreement titled, “Annexation Procedure,” is hereby amended to read as follows:

SECTION 6. ANNEXATION PROCEDURE. To insure that the CITY and COUNTY have sufficient information to determine the potential financial impact and effect to levels of service that may result from a proposed annexation, information must be gathered, analyzed, and shared. Since many financial records are available only to the COUNTY, it will be necessary for the COUNTY to provide information to the CITY in order for the CITY to prepare the analysis. The following procedure will assist the CITY in providing a comprehensive analysis of the annexation impacts for review by the CITY and COUNTY.

The COUNTY agrees that it will not charge a fee for providing information to the CITY which may be necessary for the procedure outlined in this Section 6 of this Agreement.

6.1 The potential Capital Expenditure Reimbursement for a potential annexation area and the expense of providing services may have a significant impact on the current expense budget of the CITY. As a first step in planning for annexation, the CITY needs an estimate of the cost of the Capital Expenditure Reimbursement. Providing this preliminary information will insure that the CITY and COUNTY do not expend resources preparing the Notice of Intention for an area which the CITY may not desire to annex due to the cost of the reimbursement amount. To assist the CITY in determining the potential financial costs that the CITY will incur for Capital Expenditure Reimbursement for a proposed annexation, the COUNTY agrees to provide an estimate of the potential reimbursement amount to the CITY, itemized by road, within forty-five (45) days of receiving a detailed map of the potential annexation area if the annexation is being processed using the petition method or within sixty (60) days if the annexation is being processed using the election method.

6.2 The CITY agrees that prior to any official Council action regarding a possible annexation, it will notify the COUNTY of said proposal with a notice of intent to annex (NOI) and request comment from the COUNTY. The NOI to the COUNTY shall be accompanied by the following estimated information:

   a. annual revenue impacts, which shall include property tax, sales tax, state shared revenue, local option transportation tax and COUNTY Road tax;

   b. population;
c. list of businesses and approximate number of jobs transferred;
d. road miles transferred; and
e. brief narrative report addressing the anticipated potential impacts to existing levels of service for both the CITY and the COUNTY.

6.3 The COUNTY agrees to provide the CITY with written comment on the proposal within thirty (30) days of receiving the complete NOI.

2. Section 9 of the Interlocal Agreement titled, “Roads and Transportation Systems,” is hereby amended and shall read as follows:

SECTION 9. ROADS AND TRANSPORTATION SYSTEMS. It is the intention of the CITY to annex all roads adjacent to an area proposed for annexation, to adequately compensate the COUNTY for completed capital improvements on such roads, and to work with the COUNTY to complete capital road projects that have been funded but not completed as of the effective date of a proposed annexation.

9.1 Annexation of Right of Way and Maintenance. The CITY and COUNTY agree that the entire right of way for all streets and roads adjacent to land proposed to be annexed shall be made part of the annexation. As of the effective date of the annexation, the CITY shall assume responsibility for the maintenance of all streets and roads included within the annexed area.

9.2 Capital Expenditure Reimbursement.

9.2.1 Formula and procedure for reimbursement. The CITY shall reimburse the COUNTY for capital expenditures on roads and transportation systems (excluding routine maintenance) completed prior to the effective date of the annexations. The reimbursement shall include only actual expenditures (excluding all grant funds). The reimbursement shall be calculated using the following formula:

\[
\text{Reimbursement from CITY} = \left( \frac{\text{length of project actually annexed}}{\text{length of project}} \right) \times \text{COUNTY's total expenditures} \times \left( \frac{\text{remaining project life expectancy, i.e. 15 years for construction/reconstruction and overlays and 7 years for seal coat projects, as per WSDOT and ASHTO design standards, as a percentage, at time of annexation}}{100} \right)
\]

Example: Where the CITY annexes 1,000 feet of a completed 6,000 foot improvement, with a COUNTY cost totaling $130,000, 2 years after the completion of the project, where the road has a total life expectancy of 15 years, the calculation would be as follows:

\[
(1,000 \text{ ft.} / 6,000 \text{ ft.}) \times $130,000 \times (13 \text{ years}/15 \text{ years}=86\%)=\$18,633
\]
The COUNTY agrees to provide the following detailed information to the CITY to document the Capital Expenditure Reimbursement Amount:

(a) the amount of COUNTY funds spent for road construction, reconstruction or overlay projects, during the fifteen (15) years, or seven (7) years in the case of seal coat projects, prior to the estimated effective date of the annexation;

(b) a brief explanation of the work completed, date and location; and

(c) the reimbursement amount due, using the formula and procedures outlined in this Section 9 of this Agreement.

9.2.2 Assumption of Indebtedness. Any capital road projects that have been funded in whole or in part by a loan or other obligation that provides for the assumption of said indebtedness by another jurisdiction shall not be included in the reimbursement amount calculated above, EXCEPT that the principal and interest that has already been repaid shall be subject to the reimbursement formula above. The CITY has the option to (1) assume or pay off the remaining unpaid balance of said indebtedness as per subsection 9.2.1, or (2) pay the COUNTY the amount owed pursuant to subsection 9.2.1. In the event the capital road project funded by a loan or other obligation is not assumable or is not annexed in its entirety, the CITY shall pay its fair share of the COUNTY’s payment upon said debt based upon the formula in Subsection 9.2.1 above.

9.2.3 Payment of the reimbursements due on capital expenditures (excluding assumptions of indebtedness) shall be made no later than sixty (60) days after the CITY receives revenue from uncollected road taxes or property taxes in the total amount of said collections until the amount to be reimbursed is paid in full. The COUNTY shall be entitled to collect interest upon the outstanding amount due based upon the current Washington State investment pool rate from the date the annexation is effective until the balance due has been paid by the CITY. Notwithstanding the forgoing, the CITY may pay the full amount of the principal reimbursement due and any interest due at any time, without prepayment penalty.

9.3 Road Maintenance Services. The CITY may contract with the COUNTY, as needed, to provide maintenance of newly annexed roads. A separate interlocal agreement shall be negotiated for such services.

9.4 Design and Construction Engineering Services. It is the intent of the CITY to contract with the COUNTY, on an individual project basis, to provide services for the design and construction engineering of specialty road projects. Services may also include contract administration. A separate interlocal agreement shall be negotiated for such services.

9.5 Joint Construction Projects. In determining jurisdictional responsibility for costs on joint road construction projects, the COUNTY will prepare a cost
estimate for the various phases of the project (design, right of way and construction). Each party is responsible for the unfunded portion of the construction costs within its respective jurisdiction, as agreed by the parties for each such road project. The CITY agrees to pay for additional design and/or project costs resulting from CITY revisions to the scope of work after the cost estimate has been agreed upon. Prior to proceeding on each such project, the CITY and COUNTY shall enter into a written agreement.

9.6 Mitigation Funds. Funds, bonds or other sureties, received for mitigation payments and road related SEPA mitigation payments received by the COUNTY for property within the annexation area that remain unbudgeted or unexpended as of the effective date of the annexation shall be transferred to the CITY within 90 days following the effective date of the annexation. The COUNTY shall provide copies of documents relating to the funds and explaining the purpose for which the funds were collected.

3. All other terms and conditions of the Interlocal Agreement not modified herein shall remain in full force and effect and are hereby confirmed.

CITY OF EAST WENATCHEE

Approved and adopted by the City Council of the City of East Wenatchee, WA, this ____ day of __________, 20____

____________________________
Steven C. Lacy, Mayor

ATTEST:

____________________________
City Clerk

APPROVED AS TO FORM:

____________________________
City Attorney

DOUGLAS COUNTY
BOARD OF COUNTY COMMISSIONERS

Approved and adopted by the Board of County Commissioners for Douglas County this _____ day of __________, 20____

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