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CITY OF SEATTLE
2015 SEP 22 AM 10: 21
CITY CLERK

AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF SEATTLE, WASHINGTON AND NORTH HIGHLINE FIRE DISTRICT

This Interlocal Agreement ("Agreement") is made by and between the City of Seattle, Washington, a first-class city and municipal corporation of the State of Washington organized under the laws of the state of Washington ("the City"), and the North Highline Fire District, a municipal corporation organized under chapter 52.02 RCW and the laws of the state of Washington (the "Fire District"), collectively referred to as the "Parties," pursuant to Chapter 39.34 RCW (Interlocal Cooperation Act).

RECITALS

WHEREAS, on February 10, 2014, the Seattle City Council adopted Resolution 31502 calling for the annexation, by election, of contiguous unincorporated territory referenced as the Duwamish Annexation Area, identified in Exhibit A; and

WHEREAS, the Fire District has the authority to collect property taxes and benefit charges on property in the Duwamish Annexation Area and the proposed annexation of the Duwamish Annexation Area, by the City, would result in a loss of these revenues to the Fire District; and

WHEREAS, the resultant loss of revenue to the Fire District would impose a financial strain on the Fire District and require it to reduce the level of fire protection and emergency response services to the Fire District's remaining service area; and

WHEREAS, the City and Fire District have held negotiations in an effort to find a solution to mitigate the financial impact of the City's proposed annexation of the Duwamish Annexation Area; and

WHEREAS, under the terms negotiated by the parties, the City will make semi-annual payments, up to a period not to exceed ten (10) years, to the Fire District to mitigate the loss of revenues associated with the annexation of the Duwamish Annexation Area; and

WHEREAS, the Fire District will use the revenue to maintain its fire protection and emergency response service levels in the Fire District's remaining service area; and

WHEREAS, on June 15, 2015, the Fire District passed a motion to accept the terms and conditions as presented in the "Framework for Interlocal Agreement between the City of Seattle and the North Highline Fire District for the Duwamish Annexation Area," identified in Exhibit B; and

WHEREAS, the City and the Fire District desire to enter into this Agreement in order for the City to provide funding to mitigate the impact of revenues lost as a result of the annexation of the Duwamish Annexation Area and help the Fire District maintain its fire protection and emergency response service levels in its remaining service area after the effective date of the Duwamish Annexation Area by the City; and

WHEREAS, the City and the Fire District also desire to enter into this Agreement to establish other terms and conditions regarding representation in support of the City's annexation efforts before appropriate entities, employee transfer rights, assumption of liability, and transfer of assets; and

WHEREAS, the City and the Fire District are authorized under Chapter 39.34 RCW to enter into an interlocal agreement to carry out the terms and conditions of this agreement.

AGREEMENT

NOW THEREFORE, in consideration of mutual benefits to be derived, to coordinate their efforts, and to mitigate the financial impact associated with the annexation of the Duwamish Annexation Area, the City and Fire District enter into this agreement.

The purpose of this Agreement is to establish a mechanism to transfer specific revenues generated in the Duwamish Annexation Area, after an annexation by the City, to the Fire District in order to help the Fire District maintain its fire protection and emergency response service level in its remaining service area. In addition the Agreement establishes other terms and conditions regarding representation in support of the City's annexation efforts before appropriate entities, employee transfer rights, assumption of liability, and transfer of assets.

All Exhibits attached to this Agreement are incorporated into this Agreement.

I. OBLIGATIONS OF THE CITY

In the event of a successful annexation of the Duwamish Annexation Area by the City and after the effective date of the annexation established by resolution of the City, the following shall occur:

1. Payments to the Fire District. During the term of the Agreement, the City shall pay to the Fire District an amount equal to the lesser of: (a) the amount generated in the Duwamish Annexation Area that is based on the Fire District's combined property tax rate, as determined by the King County Assessor on an annual basis, plus the amount of the recently imposed benefit charge authorized under Chapter 52.18 RCW; or (b) the amount generated in the Duwamish Annexation Area, after the effective date of the annexation, based on the City's regular property tax rate as determined by the King County Assessor on an annual basis. A provision for a credit against the amount due under this Section is provided in Section I (4) of this Agreement.

2. Term of the Payments to the Fire District. The City shall make payments to the Fire District starting after the effective date of the annexation of the Duwamish Annexation Area, as established by City resolution, for a period not to exceed the lesser of:

(a) A consecutive ten (10) year period after the effective date of the annexation of the Duwamish Annexation Area, as established by City resolution; or

(b) Upon the annexation of the remainder of the Fire District's service area by another local government; or

(c) Upon the annexation or assumption of the remainder of the Fire District's service area by another fire protection district.

3. Timing of Payments to the Fire District. The amount due from the City to the Fire District, as described in Section I (1) of this Agreement, shall be due and payable in two (2) equal payments on January 1st and July 1st of each calendar year beginning on the effective date of the annexation of the Duwamish Annexation Area.

4. Credit against amounts collected by the Fire District. There shall be credited against the amount paid by the City to the Fire District, under Section I (1) of this Agreement, the amount of North Highline Fire District property taxes and benefit charges that were levied and collected by King County and paid to the Fire District, on property located in the Duwamish Annexation Area for the tax year of the

effective date of the annexation of the Duwamish Annexation Area. Except in no event, shall such credit exceed the amount the City would be required to pay the Fire District under Section I (1) in the tax year of the effective date of the annexation. The Fire District shall provide the City with adequate documentation to establish the amount of the credit against the payment required under Section I (1) of this Agreement.

II. OBLIGATIONS OF THE FIRE DISTRICT

1. Support for the City's Duwamish Annexation Area Proposal. The Fire District shall support the City in its efforts to annex the Duwamish Annexation Area in any administrative hearings before the Washington State Boundary Review Board of King County and/or any other entity that has authority to approve or deny the proposed annexation of the Duwamish Annexation Area. This support shall include filing a written statement of support and may include verbal testimony or filing of declarations before appeal boards.

III. OBLIGATIONS OF BOTH PARTIES

In the event of a successful annexation of the Duwamish Annexation Area by the City and after the effective date of the annexation established by resolution, the Parties agree to the following:

1. Assumption of Fire District Liability. The City is not required to assume a proportionate share of any of the Fire District's outstanding liabilities associated with the annexation of the Duwamish Annexation Area. Provided, however, this provision shall not be construed to alter the responsibility of the properties in Duwamish Annexation Area to continue to pay their share of outstanding indebtedness as provided under RCW 35.13.249 and RCW 35.13.270(5).

2. Transfer of Fire District Assets. Despite the provisions of RCW 35.02.200, the Fire District is not required to make a payment in cash, properties or contracts for fire protection services to the City that is associated with the annexation of the Duwamish Annexation Area. If, prior to the City annexing the Fire District's service area, there is a merger between the Fire District and the Burien-Normandy Park Fire Department, the City will work with the appropriate entity to develop an equitable asset transfer taking into consideration the increase in assets and liabilities associated with the merger.

3. Transfer of Fire District Employees. In addition to the Fire District employee rights authorized in Chapter 35.13 RCW, the City shall consider the transfer of Fire District personnel classified as "Lieutenants" to City employment as "Lieutenants" in the Seattle Fire Department depending on: (i) the need for the position at the station; and (ii) qualifications of the individual. All Fire District fire protection personnel subject to loss of employment due to annexation may transfer into the City's civil service system under the provisions RCW 35.13.215 - .235.

IV. DURATION AND TERMINATION OF AGREEMENT

This Agreement shall become effective upon signatures of both parties and upon the effective date of the annexation as established by resolution by the City if the annexation is approved by the voters. This agreement shall not become effective if the annexation is not approved by the voters. The Agreement shall remain in full force and effect until the date of the payment of the last amount due to be paid under Section I (2) of this Agreement at which time this agreement terminates.

V. GENERAL TERMS

1. Dispute Resolution. If a dispute arises between the City and the Fire District concerning the performance of any provision of this Agreement or the interpretation thereof, and the City and the Fire District are unable to resolve their differences through informal discussions, the parties will endeavor to settle the dispute by mediation under such mediation rules as shall be agreeable to the parties. Such mediation will be non-binding but a condition precedent to having the dispute resolved pursuant to litigation.

In the event any action is brought to enforce any provisions of this Agreement, the parties agree to be subject to exclusive jurisdiction in King County Superior Court, and agree that in any such action venue shall lie exclusively in King County.

2. Relationship of Parties. The Parties to this Agreement are independent and nothing in this Agreement is intended to create a partnership, joint venture or other entity.

3. No Assignment. The terms, covenants and conditions set forth in this Agreement shall be deemed personal to the parties hereto and may not be assigned or transferred to any other person.

4. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto, and no third party shall be entitled to claim or enforce any rights hereunder except as specifically provided herein.

5. Severability. In the event any part of this Agreement is declared void or invalid, the remaining portions of this Agreement shall not be affected, but shall remain in full force and effect.

6. Modification. The obligations of the parties to this Agreement may not be modified, amended or waived except by written agreement executed by both parties.

7. Notices. All notices, demands or other communications required or permitted to be given pursuant to the provisions of this Agreement shall be in writing and shall be considered as properly given if delivered personally or sent by United States Postal Service first class or overnight express mail or by overnight commercial courier service, postage and other charges prepaid. Notices so sent shall be effective three days after mailing, if mailed by first class mail, and otherwise upon receipt at the address set forth below, *provided, however,* that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication, if addressed as follows, or as later designated in writing:

City of Seattle
ATTN: Director, City Budget Office
600 Fourth Avenue
Post Office Box 94745
Seattle, Washington 98124-4745

North Highline Fire District
ATTN: Fire Chief
1243 SW 112th Street
Seattle, Washington 98146

8. Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same contract.

9. Entire Agreement. The parties hereto agree that this Agreement constitutes the only agreement between them with respect to financial mitigation in the event of annexation of the Duwamish

Annexation Area by the City, and no oral representations or no prior written extrinsic to this instrument shall have any force or effect.

10. Administration. The Director of the Seattle City Budget Office is the administrator responsible for administering the tasks undertaken in accordance with this agreement. This agreement does not create any separate legal or administrative entity or a joint board.

11. Property Ownership. All property presently owned or hereafter acquired by either party to enable it to perform its obligations under this agreement shall remain the property of that party at the termination of this agreement. No property will be jointly owned as a result of this agreement.

12. Financing. The City and the Fire District shall each finance their own activities to fulfill their obligations under this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement.

THE CITY OF SEATTLE

Edward B. Murray
Mayor of Seattle

Date: 8-11-15

According to City Council adoption of
Ordinance No. _____

APPROVED AS TO FORM:

By: Eric Rhoades
Eric Rhoades
Assistant City Attorney

NORTH HIGHLINE FIRE DISTRICT

Ray Austin
Chair, Board of Commissioners

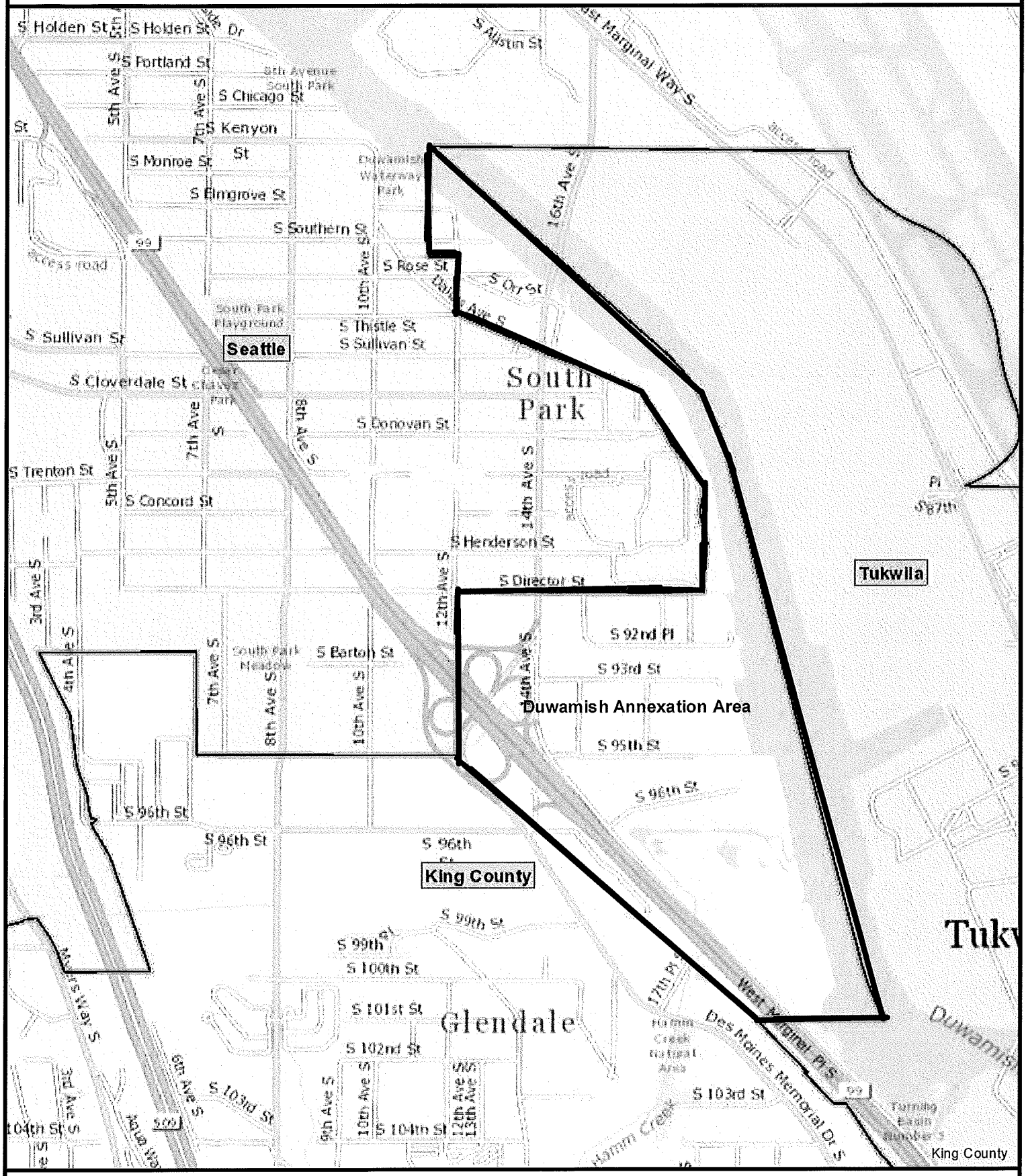
Date: 7-22-15

According to Board of Commissioners
adoption of Motion dated 7-22-15

APPROVED AS TO FORM:

By: _____
Brian Snure
North Highline Fire District Attorney

Duwamish Annexation Area - Exhibit A



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King County GIS Center

Date: 7/10/2015 Notes:

Exhibit B

Framework For
Interlocal Agreement between City of Seattle and North Highline Fire District #11 for the Duwamish Annexation Area
June 8, 2015

Agreement Section	Proposed Terms
1. Term	Agreement effective (term) for a period not to exceed the lesser of: • Ten (10) years after the effective date of the annexation; or • When the remainder of NHFD area is annexed by another local government (City); or • When the remainder of the NHFD area is annexed by another fire protection district.
2. District Representations	NHFD will support Seattle's proposed annexation of the area before the Washington State Boundary Review Board of King County and/or before any other entity that has authority to approve/delay the proposed annexation by filing a written statement in support of the proposed annexation.
3. Payment by City	Payment to the NHFD is based on the following: Payment during the Term of the agreement shall be the **lessor** of: • Combined amount generated in the area based on NHFD's property tax rate & benefit charges – to be documented annually; **or** • Amount generated in the area based on Seattle's regular property tax rate per $1,000 of assessed valuation as determined by the County Assessor on an annual basis.
4. Liability Assumption	City of Seattle will not assume any proportionate share of NHFD outstanding liability associated with the annexation of the Duwamish Annexation Area (e.g. LEOFF 1). This would not apply to the proportionate share of the annexed area property owners' outstanding bond indebtedness approved prior to the effective date of the annexation.

Agreement Section	Proposed Terms
5. Asset Transfer	• There will be **no** transfer of assets from NHFD (KCFD #11) to the city of Seattle under the proposed Duwamish Annexation. • If, prior to the Duwamish Annexation or prior to any future annexation by the city of Seattle of the North Highline Annexation Area (aka 'Area Y'), the NHFD (KCFD #11) merges with Burien-Normandy Park Fire Department (KCFD #2), Seattle will work with the appropriate entity to develop an equitable asset transfer taking into consideration the increase in assets/liabilities associated with the merger.
6. Employee Transfer	Seattle position is that Lieutenants would transfer as Lieutenants depending on (1) the need for the position at the station and (2) qualifications of the individual. All fire protection personnel subject to loss of employment due to annexation and needed to staff the fire station in the annexation area are offered employment and retain their seniority – employees not immediately needed are placed at the top of the city's hire list for a 36-month period (state law).