

**INTERLOCAL AGREEMENT FOR ANNEXATION
OF THE CITY OF LACEY INTO THURSTON COUNTY
FIRE PROTECTION DISTRICT NO. 3**

THIS AGREEMENT is entered into by and between the City of Lacey, a municipal corporation of the State of Washington ("City") and Thurston County Fire Protection District No. 3, a municipal corporation of the State of Washington ("District").

RECITALS

- A. The City and District are both located in Thurston County, Washington and have contiguous boundaries.
- B. The parties jointly own fire stations known as Stations 31, 33, 35 and a portion of Station 34 and certain capital equipment all pursuant to that certain agreement entitled Fire Protection Acquisition and Ownership Agreement – Fire Protection District No. 3 and City of Lacey dated April 24, 2003.
- C. The District currently provides fire and emergency medical services to the City pursuant to that certain agreement entitled Service Agreement – City of Lacey and Thurston County Fire District No. 3, dated June 8, 2006 as Amended.
- D. The City and the District are authorized by Chapter 52.04 RCW to cause an election to be held in order for the voters of the City and the voters of the District to decide whether or not the City should be annexed to and become part of the District. The City and the District have had ongoing discussions concerning whether, and under what terms, they would agree to submit this issue to the voters. The City and the District have now reached agreement on the said terms and conditions and desire to reduce their agreement to writing.

AGREEMENT

IN CONSIDERATION OF the terms and conditions set forth below, the parties agree as follows:

1. **Annexation Process.**
 - A. **Pursuit of Annexation.** Pursuant to the provisions of Chapter 52.04 RCW, the parties agree to pursue annexation of the City to the District according to the terms and conditions set forth in this Agreement and any amendments thereto, subject to approval of such annexation by the Thurston County Boundary Review Board (TCBRB) and the voters of the City and District. Contemporaneously with its execution of this Agreement, the City has passed an ordinance requesting annexation to the District. Contemporaneously with its execution of this Agreement, the District has accepted the City's annexation request.
 - B. **Boundary Review Board Notices and Proceedings.** The parties agree to join together in pursuing a notice of intent to be filed with the TCBRB seeking annexation of the

City to the District. The City shall take the lead in filing the notice of intent with the TCBRB, pursuant to Chapter 36.93 RCW. The City shall also act as lead agency for SEPA purposes in connection with the annexation. The parties agree that they will not request the TCBRB to review the annexation. In the event that a request for review is filed by any person or persons authorized to do so under RCW 36.93.100, the District and the City agree to jointly coordinate, prepare, and present testimony to the TCBRB in favor of the annexation and to take all necessary actions to obtain TCBRB approval of the annexation.

C. **Notification of County Commissioners – Election.** The parties agree to take all necessary steps to notify the Thurston County Commissioners of the proposal by the City and the acceptance by the District and to request that the Commissioners call a special election to be held on April 27, 2010 to place before the voters of the City and the voters of the District the proposition of whether the City should be annexed to the District.

D. **Cooperation as to Other Matters.** The parties agree to cooperate as to any other matters necessary to effectuate the annexation of the City to the District.

2. **Post-Annexation Fire Service.**

A. Upon annexation of the City to the District, the District shall be solely responsible for providing fire protection, fire suppression and emergency medical services within the incorporated boundaries of the City and the boundaries of the District. Additionally, the District shall provide within the corporate boundaries of the City fire prevention services including commercial occupancy fire code safety inspections, fire investigative services and community safety education services. Upon annexation and subject to the City making the payments expressly provided for in this Agreement, the District shall assume all responsibility for providing such services. The term “annexation” shall mean the date on which the election results are certified by the Thurston County Canvassing Board.

B. The authority and responsibility for code enforcement and prosecutorial activity within the City boundaries shall remain with the City.

C. Nothing in this Agreement shall give rise to a special duty to any individual or entity other than the respective parties with respect to the governmental services called for herein.

3. **2010 Payments by the City.** It is understood by the parties that the first real property taxes payable to the District by City residents will be for those taxes levied in 2010 for collection in 2011. Therefore, subsequent to the annexation, the City shall continue to pay to the District those sums called for in the Service Agreement between the parties dated June 8, 2006 as amended by Settlement Agreement between the City of Lacey and Lacey Fire District No. 3 effective on May 18, 2009, for the remaining portion of the calendar year 2010.

4. **Transfer of City’s Interest in Stations and Equipment.** Effective upon the date of annexation, the City hereby conveys and quit claims to the District all of its interests in those certain stations identified as Station 31 or Headquarters Station located on Franz Street SE, Station 34 and the Vehicle Repair Facility located thereon on Steilacoom Road SE, Station 33 located on Mullen Road SE and Station 35 located on Willamette Drive NE and all of the

interests of the City in the ladder truck apparatus and the two first response engines all as purchased or constructed by the parties pursuant to the Fire Protection Acquisition and Ownership Agreement between the parties. The parties shall execute such quit claim deeds or other documents necessary to complete such ownership transfers. The consideration for such conveyance shall be the terms of this Agreement and no further charge will be payable to the City. Upon the transfer of such interests from the City to the District, the District shall assume sole responsibility for the maintenance, operation and repair of the same and the City shall in no event be liable for any such maintenance, operation or repair, except for the payments called for in Section 3.

5. **Fire Hydrants and Water.** The City agrees to allow the District to utilize City fire hydrants both within and without the City and use water from such hydrants to provide fire suppression services and bona fide fire fighter training. Such use and water consumption shall be without charge to the District by the City, the consideration for the same being the terms of this Agreement.

6. **Tax Levies.**

A. It is understood between the parties that due to statutory restrictions, the tax levy set by each of the parties in 2010 for collection of taxes in 2011 will, in the absence of voter approval, restrict the amount of taxes which can be levied for subsequent years. Therefore, in light of such restrictions, the parties shall set their tax levy in 2010 for taxes to be collected in 2011 in the manner set forth in this section.

B. The City shall reduce its real property tax levy in 2010 for taxes to be collected in 2011 by an amount equal to the sum the City would otherwise have paid to the District for fire services pursuant to the Service Agreement between the parties dated June 8, 2006, as amended, had the term of said Agreement been set to expire at the end of calendar year 2011. It is estimated at the time of this Agreement that such dollar amount will be in the sum of \$4,774,683.00.

C. The District shall set its 2010 levy for real property taxes against all real property in the enlarged District for taxes to be collected in 2011 to be in the total sum of \$9,836,973.00. It is estimated that a levy in this amount will result in a levy rate of 1.070689 per thousand dollars of assessed evaluation within the enlarged District.

7. **Bonded Indebtedness.** Both the District and the City, pursuant to approval of their respective voters, issued tax general obligation bonds in the sum of \$5,990,000.00 for the City and \$5,990,000.00 for the District and used the proceeds of such bond issues for the construction and remodeling of fire stations and the purchase of equipment. It is agreed between the parties that it is fair and equitable for the residents of the existing District to continue to pay the excess levies for retirement of the District indebtedness and for City residents to continue to pay the excess levies to retire the City indebtedness. Further, it is understood that for the District to restrict its excess tax levy to portions of the District located outside of the City, state legislation will be necessary. Therefore, the parties will cooperate in proposing such legislation and with the passage of such legislation, the District shall extend its excess tax levy for the retirement of its outstanding bonds only to that real property located in portions of the District

which lie outside of the City boundaries. Further, the City agrees to continue to levy excess taxes for retirement of its outstanding bonds upon residents of the City.

8. **Indemnity.** The District agrees to indemnify, hold harmless, and defend the City, its officers, agents, and employees, from and against any and all claims, losses, or liability for injuries, sickness, or death of persons, including employees of the District, or damage to property, occurring prior or subsequent to the effective date of annexation and arising out of any negligent act, error or omission of the District, its officers, agents, or employees, in providing those services under existing contracts or as called for in Section 2 hereof.

9. **Acquisition and Ownership Agreement.** Upon annexation of the City to the District and transfer of the jointly owned property, that certain Agreement entitled Fire Protection Acquisition and Ownership Agreement between the parties dated April 24, 2003, shall be automatically terminated and of no further effect.

10. **Board of Commissioners.** It is agreed that so long as the Board of Fire Commissioners consists of three (3) members, two (2) advisory members shall be added who shall be appointed by the City. The two (2) advisory members shall not have a vote in the affairs of the Commission, however, shall be given notice of all meetings together with all materials presented to the Board of Fire Commissioners and shall have an opportunity to be heard on each issue coming before the Commissioners. Further, the District agrees that no later than the general election to be held in 2010, the District shall submit to a vote of the residents of the enlarged District the question of whether the Commission shall be expanded to five (5) members.

11. **Obligations Contingent.** The obligations of the parties under all previous sections of this Agreement are expressly contingent upon receipt of a favorable vote on annexation at the April 27, 2010 election. In the event this proposition does not receive a favorable vote in both the District and the City, this Agreement shall terminate and the parties shall have no further obligations under it except as set forth in Section 12 hereof.

12. **Service Agreement Extension.** In the event that the annexation proposal does not receive a favorable vote in both the District and the City, the parties agree that that certain Service Agreement between the parties dated June 8, 2006, as amended, shall be extended through July 31, 2011.

13. **Costs.** Each of the parties shall bear their individual costs for the special annexation election called for herein. All other costs incurred by the parties, including the preparation of this Agreement and the notification of and processing through the Boundary Review Board, including attorney fees, consultant fees and staff time shall be borne by the party experiencing said costs.

14. **Integrated Agreement.** This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and may be modified only by a written instrument signed by all parties.

15. **Third Party Rights.** Nothing contained in this Agreement shall be interpreted to create third party rights in any person or entity not a party hereto.

16. **Notices.** All notices to be given under this Agreement shall be delivered in person or mailed to the parties at the following addresses:

To the City:

Mayor
City of Lacey
420 College St. SE
P.O. Box 3400
Lacey, WA 98509

City Manager
City of Lacey
420 College St. SE
P.O. Box 3400
Lacey, WA 98509

To the District:

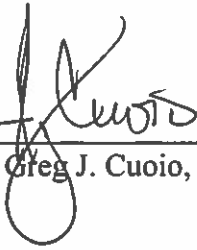
Chair
Board of Commissioners
Thurston County Fire Protection District No. 3
Lacey Fire District 3
1231 Franz Street
Lacey, WA 98503

Chief
Thurston County Fire Protection District No. 3
Lacey Fire District 3
1231 Franz Street
Lacey, WA 98503

17. **Posting of Agreement.** This Agreement shall be posted on the website of the City and/or the District in a manner designed to satisfy the requirements of RCW Chapter 39.34 regarding either recording or website posting.

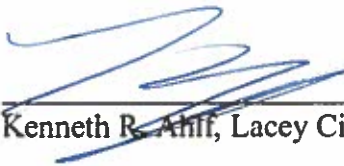
18. **Effective Date.** This Agreement shall be effective upon execution by both parties and the posting of the same as called for herein.

CITY OF LACEY

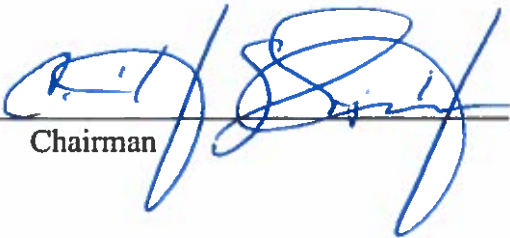
By  _____
Greg J. Cuoio, City Manager

Date 12-16-09

Approved as to form:

 _____
Kenneth R. Ahlf, Lacey City Attorney

THURSTON COUNTY FIRE PROTECTION DISTRICT NO. 3

By  _____
Chairman

Date 12-17-09

Approved as to form:

 _____
P. Stephen DiJulio, Attorney for the District

