

## INTERLOCAL AGREEMENT

THIS AGREEMENT (this “**Agreement**”) between the City of Kirkland, Washington (the “**City**”), a code city organized under title 35A RCW, and the Kirkland Aquatics and Recreation District, a municipal corporation organized under chapter 35.61 RCW (the “**Park District**”) (together, the “**Parties**”) is effective as of \_\_\_\_\_, 2015, and is for the purposes described herein.

### RECITALS

A. Since 2001 the City of Kirkland’s Comprehensive Park, Recreation, and Open Space Plan has identified the need for more multi-use recreation space in the community. The 2007 Kirkland Indoor Recreation Feasibility Study described a prototype multi-use recreation center which would respond to community needs and interests and which included an aquatics facility component.

B. Kirkland lacks recreation and aquatic facilities to more broadly serve its general population, especially in comparison with national statistics and trends. Aquatic facilities have been an essential part of the Kirkland community and culture for over 45 years, beginning with construction of Peter Kirk Pool in 1968, followed in 1971 with the construction of the Juanita Aquatics Center at Juanita High School. However, according to the standards of the National Recreation and Parks Association, the current Kirkland public aquatic facilities do not meet local needs.

C. The Juanita Aquatics Center is the sole public indoor, year-round aquatic facility in the Kirkland community which provides a variety of critical recreational, educational, competitive, and health and wellness activities for residents of all ages. However, the Lake Washington School District has determined that the Juanita Aquatics Center has reached the end of its useful life and has furthermore decided that the Aquatics Center will not be retained at the time of Juanita High School’s modernization or replacement.

D. On September 16, 2014, the Parks and Community Services Department and Park Board presented findings and recommendations to the City Council for a proposed Aquatics, Recreation, and Community Center (the “ARC”), including recommendations on facility components and siting preferences. Based on these recommendations and other information provided to the City Council, the City Council believes a new public recreation and aquatic facility must serve all members of the public from children to seniors and must provide programming, including instruction, recreation and competition opportunities as well as wellness, fitness and rehabilitation options.

E. The City therefore passed Ordinances O-4484 and O-4485 proposing formation of a metropolitan park district under chapter 35.61 RCW and expressing its intent to cooperate with such a district to develop, construct and operate a proposed ARC and to maintain, operate and improve parks and recreational facilities and programs for the future.

F. A majority of the voters voting at an election held on November 3, 2015 approved the formation of the Park District and the Park District was formed immediately upon

certification of the election results, pursuant to RCW 35.61.040, possessing all powers available to a metropolitan park district under state law.

G. The City and the Park District are each, acting independently or jointly, authorized by RCW 67.20.010 and other state law, *inter alia*, to construct, improve, control, operate and maintain parks, playgrounds, gymnasiums, swimming pools, field houses, bathing beaches, roads and public camps and other recreational facilities.

H. Chapter 39.34 RCW (Interlocal Cooperation Act) permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage.

I. By Ordinance O-4485 of the City, the City Manager is authorized to execute this Agreement on behalf of the City.

J. By Resolution \_\_\_\_ of the Board of Commissioners of the Park District (the "District Board"), the Chair of the District Board is authorized to execute this Agreement on behalf of the Park District.

K. The City and the Park District desire to enter into this Agreement pursuant to chapters 39.34 and 67.20 RCW in order to establish the framework for cooperation to develop, construct, operate and maintain the ARC and to provide ongoing and stable funding to maintain, operate and improve parks and recreational facilities and programs for the future.

## AGREEMENT

The Parties enter into this Agreement in order to coordinate their efforts as authorized by chapter 67.20 RCW and the Interlocal Cooperation Act:

1. **Purpose and Interpretation.** The City and the Park District are each, acting independently or jointly, authorized by chapters 67.20 and 39.34 RCW, *inter alia*, to construct, operate, maintain and improve parks and recreational facilities, including a proposed Aquatics, Recreation, and Community Center facility. The purpose of this Agreement is to make the most efficient use of public funds and to avoid duplication of efforts.

2. **The Aquatics, Recreational and Community Center (the "ARC").** The City and the Park District agree to pursue the joint and cooperative development, operation and maintenance of an aquatics, recreation and community center to be known as the ARC, including without limitation: a competition and exercise pool, a warm water recreation pool, a gymnasium, fitness rooms, exercise studios, classrooms for arts and education, and community gathering and banquet spaces (the "Project"). The City will obtain financing for the design, siting (including land acquisition) and construction of the Project, pursuant to state law and city code regarding construction of public works projects. The method of financing is to be determined by the City, and may include, without limitation, the issuance of bonds, loans or other forms of indebtedness. The Park District and the City will determine the timing of any financing and the order and the terms for the financing of the Project. The Park District agrees to pay to the City from tax revenues amounts sufficient to repay any indebtedness (or portion thereof allocated to the Park District) and to reimburse the City for Project costs to be agreed upon by the Parties. The amounts to be paid to the City may include both direct and incidental costs incurred in connection with the financing, operations and maintenance of the Project. Project costs may include, but are not limited to: design

costs; construction costs; necessary and related architectural, engineering, planning, environmental, legal and other consulting services; permitting, inspection and testing expenses; administrative and relocation expenses; site acquisition or improvement; demolition; procurement of liability insurance; on- and off-site utilities, road improvements and other related improvements; payments for financing costs, including costs related to the issuance, sale and delivery of bonds or other indebtedness, payments for financial and legal services, obtaining ratings and bond insurance, if applicable; the acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances in the foregoing; printing, advertising, establishing and funding accounts; payment of interest due on any bonds, loans or other indebtedness (including capitalized interest for up to six months after completion of construction); operations and maintenance; and, other similar activities or purposes. The City may modify details of the Project as necessary or advisable, and the Project shall be undertaken, insofar as is practicable, with available money and in such order of time as shall be deemed necessary or advisable by the City.

3. **Siting the ARC.** By Resolution R-5124, the City permanently removed Juanita Beach Park from consideration as a site for the ARC and the Park District agrees that it will not consider Juanita Beach Park as a site for the ARC.

4. **Park District Support Services.** Pursuant to this Agreement and as part of the consideration provided hereunder, the City will provide all support services to implement the projects, programs and services identified in the adopted Park District budget and shall provide necessary related support to the Park District, including without limitation, administrative staffing, treasury management services, legal services and similar support. These support services may be provided either in-house or through contracts with private contractors, firms or nonprofit organizations. To avoid duplication of services, the Park District shall not hire separate staff or separately contract for support services.

4.1 **City Clerk to Serve as Public Records Officer.** The Park District agrees to take such action necessary under RCW 42.56.580 to appoint the City Clerk to serve as Public Records Officer for the Park District. The City Clerk agrees to accept appointment as Public Records Officer for the Park District in accordance with RCW 42.56.580. In such capacity, the City Clerk shall serve as a point of contact for members of the public requesting disclosure of public records and oversee Park District compliance with the public records requirements of chapter 42.56 RCW.

4.2 **City to Maintain Webpage.** The City will prepare and maintain a Park District webpage, on behalf of the Park District, to facilitate public access to records, information about Park District activities and contact information for the Park District.

5. **Finances and Budgeting.** The Parties agree to participate in the budgeting process described in Section 5.1 of this Agreement. The Park District agrees to pay all property taxes collected by it to the City, in furtherance of the purposes set forth herein. The City agrees to apply any funds received by it from the Park District in accordance with this Agreement. The City will continue to apply all funds received by it as a result of the levy lid lift approved by the voters in 2012, in furtherance of the purposes of that levy lid lift.

5.1. **Budget Process.** The Parties agree to the following process for limiting and controlling the Park District's annual budget and property tax levy:

5.1.1. **Six-Year Budget Plan.** The District Board shall establish and update annually a six-year financial plan. The plan for the first six years shall be dedicated solely to providing funds for the Project, including all capital expenses incurred in developing, constructing and equipping the ARC and all Project costs chargeable to the District as described in Section 2 of this Agreement.

5.1.2 **City to Prepare Budget Request.** In conjunction with development of its own budget request, the City administration shall identify the amount of funding required from the Park District, based on the Six-Year Budget Plan, and shall prepare a Park District budget request to be presented to the District Board. The budget request shall describe the proposed expenditures of Park District revenues and shall be accompanied by an annual report documenting the status of the park and recreation projects, programs and services undertaken pursuant to this Agreement.

5.1.3 **Citizen Advisory Committee Review.** The Park District shall establish a Citizen Advisory Committee to review and provide advice to the City Council and to the Board of Park District commissioners regarding Park District operations and budget requests.

5.1.4 **Adoption of Budget and Levy by Park District.** The Board of Park District commissioners shall review the budget proposal and approve a final Park District budget in accordance with state law. The Park District agrees to levy property taxes annually under RCW 35.61.210, within applicable statutory and constitutional rate and amount limitations, in amounts sufficient to fund its adopted budget. The Board shall set the initial property tax rate to generate sufficient revenue to cover the annual costs described in the Six-Year Budget Plan. Based on the Parties' current expectations regarding ARC capital costs (including financing costs and acknowledging interest rate risk), the District's 2017 tax levy (using reasonable projections of assessed value) is estimated to be approximately \$0.25 per \$1,000 of assessed value. Park District revenues will not be used to supplant funds or service levels previously funded by the City's general fund or special levy funds. After the initial levy by the District, the Board agrees not to increase the levy rate in any one year for purposes, other than financing the ARC (including but not limited to operations and maintenance, repair and replacement, capital facility and improvements), by more than \$.05 cents per \$1,000 of assessed value without first placing before the voters an advisory ballot measure regarding such increase.

5.1.5 **Meetings.** The District Board is subject to the Open Public Meetings Act, chapter 42.30 RCW, and shall conduct regular and special meetings, consistent with the Open Public Meetings Act, as often as necessary to complete the Board's work. The Board shall conduct a public hearing prior to the approval of a final Park District budget.

5.2. **City Director of Finance and Administration to Serve as *ex officio* Treasurer.** The Park District agrees to take such actions as are necessary under RCW 35.61.180 to appoint the City Director of Finance and Administration to serve as *ex officio* Treasurer for the Park District. The City Director of Finance and Administration agrees to accept appointment as *ex officio* Treasurer for the Park District in accordance with RCW 35.61.180. In such capacity, the City Director of Finance and Administration shall maintain financial records on behalf of the Park

District, kept in accordance with applicable generally accepted accounting principles and other applicable governmental accounting requirements.

6. **Annual Accountability Report.** The parties shall produce an annual accountability report to the public documenting activities and actions.

7. **Condemnation and other Exercise of Governmental Powers.** The Park District shall not exercise condemnation powers within the City of Kirkland. If condemnation of property is required for Park District purposes, the City may exercise condemnation powers on the Park District's behalf. The Park District shall form no local improvement district within the City. If formation of a local improvement district is required for Park District purposes, the City may carry out the formation and may levy and collect assessments on the Park District's behalf.

8. **Interlocal Cooperation Act Provisions.**

8.1. **Ownership of Property.** No joint property ownership of existing property is contemplated under the terms of this Agreement. To the extent that future properties are developed pursuant to this Agreement, the Parties contemplate that ownership of such properties will be determined based on the method(s) of financing selected for such development. It is the intent of the Parties that the City control and operate any such future facilities, regardless of technical ownership, unless separately agreed to in writing by the Parties.

8.2. **No Joint Board.** No provision is made for a joint board.

8.3. **No Indemnity.** No indemnification is provided by this Agreement. The Parties agree to bear their respective liability for any acts or omissions resulting under this Agreement, as those liabilities are determined under the laws of the state of Washington or any mutually approved settlement agreement.

9. **Termination.** This Agreement may be terminated by either Party upon the provision of 180 calendar days' notice. Additionally, this Agreement expires upon the future dissolution of the Park District. Upon dissolution of the Park District, it is the intent of the parties that all assets be turned over to the City.

10. **Compliance with Other Law.** The Parties shall comply with all applicable state and federal law, including without limitation those regarding contracting, labor relations, minimum and prevailing wage, open public meetings, public records, ethics, and nondiscrimination.

11. **Severability.** In the event that any provision of this agreement is held to be in conflict with existing state statute or any future amendment thereof, such provisions shall be severable, and the remaining provisions of this agreement shall remain in full force and effect.

12. **Effective Date.** This Agreement will be effective after listing on the City's official website or other electronically retrievable public source, or filing with King County as provided by law.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF KIRKLAND, WASHINGTON

KIRKLAND AQUATICS AND  
RECREATION DISTRICT

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Chair of the Board

ATTEST:

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Secretary of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney