

POULSBO AGREEMENT DISTRIBUTION SCHEDULE

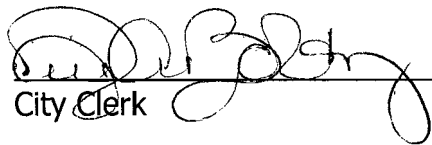
SUBJECT: **Kitsap County – Ownership Interest in Poulsbo City Hall for District Court and Other County Operations**

CONFORM AS TO DATES & SIGNATURES

- (X) Approved by the City Council: 09/09/2009
- (X) Effective: 10/09/2009
- (X) Completion: Minimum 5 years / Until Termination
- () Recorded: N/A

DISTRIBUTE CONFORMED COPIES AS FOLLOWS:

- () City Attorney
- (1) Clerk's Department: Original
- (X) Posted to Library Drive
- (X) Posted to Web Site
- () Finance:
- () Fire District #18
- () Mayor
- () Municipal Court
- () MRSC
- () Parks/Recreation
- () Planning/Building
- () Police:
- () Public Works/Engineering:
- () Kitsap Fire Prevention District No. 18



City Clerk

October 20, 2009

Date

INTERLOCAL COOPERATION AGREEMENT BETWEEN KITSAP COUNTY AND CITY OF POULSBO FOR OWNERSHIP INTEREST IN POULSBO CITY HALL FOR DISTRICT COURT AND OTHER COUNTY OPERATIONS

WHEREAS, Kitsap County (the “County”) predicts population growth requiring continued District Court and other county services for the County’s north end; and

WHEREAS, the County adopted a capital facilities plan providing a funding strategy for that North End District Court, recognizing the existing court facility’s life span is limited; and

WHEREAS, the City of Poulsbo (the “City”) is building a new city hall (the “New City Hall”) and has, in the immediate term, space to share with other governmental entities; and

WHEREAS, the City also desires to see County regional services offered to north end residents, including District Court services; and

WHEREAS, the parties previously entered into a Memorandum of Understanding Between City of Poulsbo and Kitsap County Re District Court Facility (the “Memorandum of Understanding”), effective July 27, 2009, with the intention of later entering into a definitive interlocal cooperation agreement pursuant to the Interlocal Cooperation Act, chapter 39.34, RCW; and

WHEREAS, the parties now wish to enter into this Interlocal Cooperation Agreement (this “Agreement”), which will supersede the Memorandum of Understanding upon becoming effective as provided herein;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Purpose. The purpose of this Agreement is to provide the terms and conditions under which the County shall purchase an interest in the New City Hall. The County will own approximately 7.7% of the New City Hall or 2,332 square feet as set forth in the floor plan attached to this Agreement as Exhibit 1 (the “Court Facility”).

2. Construction Costs. The cost of constructing the Court Facility shall be shared equally by the parties, but in no event shall the County’s contribution exceed \$1,250,000. Such costs shall include a portion of the City’s land acquisition costs, systems costs and mitigation costs for the New City Hall. Construction and financing of the New City Hall, including the Court Facility, will be the responsibility of the City. The County will pay its share of the construction costs upon substantial completion of the New City Hall, provided that in the event there are any outstanding claims involving the Court Facility construction at the time of substantial completion, or claims are filed subsequently, the County will be responsible for payment of its share of any such claims upon settlement or adjudication, but in no event shall the County’s total contribution exceed \$1,250,000.

3. Approval of Plans. The County has reviewed and approved plans and specifications as they pertain to the Court Facility prior to advertisement of the New City Hall project for construction. The County will also timely review and approve any change orders related to the Court Facility as construction progresses. During construction, the County may submit proposed changes in the approved plan and specifications or the approved scope of work to the City for the City's review and approval. All such changes and the responsibility to pay for the same must be mutually agreed upon. The County shall not communicate directly with, instruct, or initiate changes or change orders directly with the City's contractor.

4. Ownership. Upon completion of the New City Hall, the County and the City will each have an ownership interest in the land and building in proportion to their contribution to the project costs. The City and County will agree upon, execute and record any necessary instruments to reflect the parties' ownership interests.

5. County Use. The County will use its designated space for District Court, general county administrative functions and such other County operations as the County and City may from time to time agree upon.

6. Existing City Hall and Courts Property. The existing Poulsville city hall and courts property will be sold as surplus property. Each party will complete any necessary process to declare the property surplus. The parties will agree on the timing and a price for which the parties will offer to sell the property and will ultimately agree on a sales price with any prospective buyer. The proceeds of the sale will be shared by the parties according to their ownership interests in the property: 75% to the City and 25% to the County. The sale proceeds may be used as a financing source for the New City Hall.

7. Maintenance, Utilities and Operating Costs. The City will be responsible for maintaining, operating and paying for utility service for the New City Hall, including for the Court Facility, upon completion of construction. The County will pay its share of such maintenance, utility and operations costs according to its ownership share in the New City Hall. The County will reimburse the City for the County's share of costs on a monthly basis after receiving an invoice from the City, either based upon actual billings and charges or upon a mutually agreed upon square footage fee.

8. Staffing and Operation. Each party will be responsible for the staffing and conduct of its own operations and activities, including providing security personnel, judges, administrative staff, prosecutors, public defenders, interpreters and related personnel.

9. County to Remain for At Least Five Years. The County will maintain an ownership interest and occupancy in the New City Hall for a minimum of five years after final occupancy of the Court Facility. At any time after expiration of the initial five-year period, the County or City may terminate this Agreement upon giving written notice of its intentions at least one full fiscal year in advance, provided that the parties may by mutual written agreement reduce the notice period.

10. City's Obligation to Purchase County's Interest Upon Termination. In the event that the County or the city terminates this Agreement as provided in Section 9, the City agrees to purchase the County's interest in the New City Hall and the County agrees to sell that interest to the City. The County shall not have the authority to sell its interest to any person, firm, or corporation other than the City. The purchase price to be paid by the City will be determined by the following method:

a. The City and the County will endeavor to agree upon an appraiser to determine the fair market value of the New City Hall. If the parties agree on an appraiser, the parties shall enter into a joint contract for the appraiser's services and shall each pay fifty percent (50%) of the appraiser's fees and costs. The parties agree that the valuation amount established by the jointly selected appraiser will constitute the value of the New City Hall for purposes of establishing a purchase price.

b. In the event that the parties cannot agree upon an appraiser, each party may retain its own appraiser to value the New City Hall. If the value arrived at by the appraiser arriving at the highest value is within ten percent (10%) of the value arrived at by the appraiser arriving at the lowest value, the parties agree that the mid-point between the two appraisals will constitute the value for purposes of establishing the purchase price. If the value arrived at by the appraiser arriving at the highest value exceeds the value arrived at by the appraiser arriving at the lowest value by more than 10%, the two appraisers shall select a third appraiser who shall then appraise the New City Hall. The parties agree that the third appraiser's opinion of value will constitute the value of the New City Hall for purposes of establishing the purchase price. The parties will each pay the costs of their initial appraisals under this subsection and shall each pay fifty percent (50%) of the costs of the third appraiser.

c. Upon completion of the appraisal process and establishment of the value of the New City Hall, the purchase price to be paid by the City will be the County's proportionate share of the value based on the County's ownership interest in the New City Hall. The City will pay the full amount due the County at the time the termination of this Agreement becomes effective, unless the parties mutually agree otherwise.

11. Administration. This Agreement will be jointly administered by the officials identified in the Notices section. This Agreement does not create any separate legal or administrative entity.

12. Notices. Notice by one party to the other party must be in writing and addressed as follows:

If to the County:

Kitsap County Board of Commissioners
614 Division Street, MS-4
Port Orchard, WA 98366
Attention: Nancy Buonanno Grennan, County Administrator

If to the City:

City of Poulsbo
City Hall
19050 Jensen Way N.E.
P.O. Box 98
Poulsbo, WA 98370
Attention: Kathryn H. Quade, Mayor

Either party may change its contact or address for notices by providing written notice to the other party.

13. Governing Law; Jurisdiction; Venue. This Agreement will be governed by the laws of the State of Washington and any legal proceeding arising under it may be brought and maintained only in a court of competent jurisdiction in Kitsap County, Washington.

14. Amendment. This Agreement may be amended only upon the written agreement of the parties executed with the same formalities as this Agreement.

15. Waiver. The failure by either party to enforce any term or condition of this Agreement will not be construed to constitute a waiver of any other term or condition, or of any subsequent breach of any provision, of this Agreement.

16. Entire Agreement; Superseding Agreement. This Agreement includes the entire agreement of the parties with respect to any matter addressed herein. Upon taking effect, this Agreement will supersede the parties' previously executed Memorandum of Understanding regarding the same subject matter.

17. Effective Date; Filing. This Agreement will take effect upon full signature by both parties. Prior to entry into force, this Agreement will be filed with the Kitsap County Auditor or, alternatively, listed by subject on a public agency's website or other electronically retrievable public source.

//

//

//

//

//

//

//

//

//

IN WITNESS WHEREOF, THE PARTIES HAVE DULY AFFIXED THEIR SIGNATURES HERETO.

**BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON**

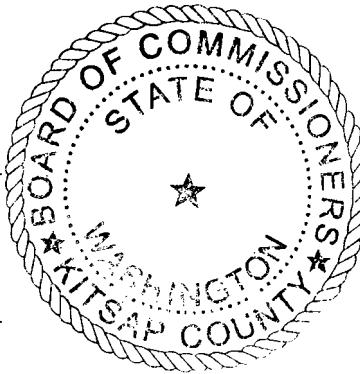
Charlotte Garrido
Charlotte Garrido, Chair

Steve Bauer
Steve Bauer, Commissioner

John Brown
John Brown, Commissioner

ATTEST:

Opal Robertson
Opal Robertson, Clerk of the Board



Date 9/28/09

CITY OF POULSBO

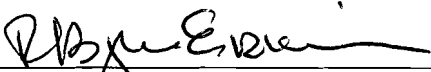
Mayor:

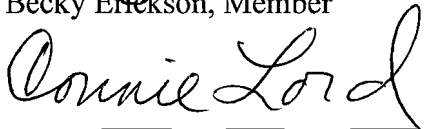
Kathryn H. Quade
Kathryn H. Quade

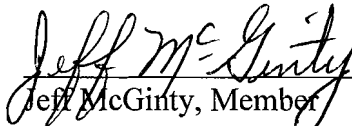
City Council:

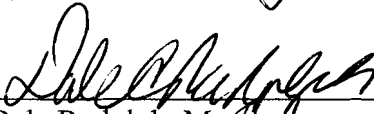
Linda Berry-Maraist
Linda Berry-Maraist, Member

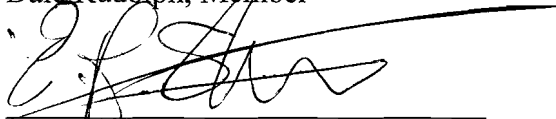
Kimberlee Crowder
Kimberlee Crowder, Member


Becky Erickson, Member


Connie Lord, Member


Jeff McGinty, Member


Dale Rudolph, Member


Ed Stern, Member

ATTEST:


Jill A. Boltz, City Clerk

Date 10-09-2009