

INTERLOCAL AGREEMENT
REGARDING NORTHERN STATE

THIS INTERLOCAL AGREEMENT REGARDING NORTHERN STATE (“**Agreement**”) is made and entered into as of this 13 day of January, 2014 (the “**Effective Date**”), by and between the PORT OF SKAGIT COUNTY (“**Port**”), SKAGIT COUNTY (“**County**”) and the CITY OF SEDRO-WOOLLEY (“**City**”) (hereinafter referred to individually each as the “**Party**” and collectively as the “**Parties**”).

RECITALS

A. RCW 39.34.010 envisions that local government will cooperate with the goal of providing services and facilities that meet the needs of the community.

B. RCW 39.34.080 authorizes public agencies to enter contracts with one another to “perform any governmental service, activity or undertaking which each public agency entering into the contract is authorized by law to perform.”

C. Each of the Parties to this Agreement desires to create a cooperative relationship aimed at joint review and study of the Northern State property located in Skagit County (“**Northern State**”), with the goal of establishing a collective, long-range vision for Northern State that will meet the needs of the community served by the Parties.

D. Northern State, as defined herein, consists of two landholdings. The County owns 671 acres, including an alluvial fan and wetlands on which significant habitat restoration has been performed (the “**County Property**”). The County Property is subject to a restriction on deed, requiring that the County Property be used in perpetuity for “outdoor public recreational purposes.”

E. The State of Washington owns 225 acres, which includes a variety of buildings, some of which are subject to existing long-term leases with third-party tenants (the “**State Property**”). Taken together, the State Property and the County Property are referred to herein as “Northern State”.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the mutual promises and covenants in this Agreement, the Parties agree as follows:

1. **Parties.** The Parties’ respective roles with respect to Northern State, as of the date of this Agreement, are as follows:

- a. **Port.** The Port does not presently own or manage any part of Northern State, but it has been asked by the other Parties to consider playing a

leadership role with respect to the future plans for Northern State and possibly serve as landlord of Northern State.

- b. **County.** The County is expected to play a role in overseeing the protection of Hanson Creek, determining whether the proposed use of the County Property is consistent with the restriction on deed, and whether the proposed use of the Property is consistent with County laws and regulation.
- c. **City.** Presently none of Northern State is within the City's boundaries. The City is expected to play a role in advancing the coordination of future permitting and zoning of Northern State, working with the other Parties to do so. The City is also expected to evaluate the possible partial annexation of Northern State to the City and the extension of utilities and services to Northern State, including power, water and sewer.

2. **Administration.** Pursuant to the authority granted by Chapter 39.34, the Parties hereby designate and appoint the Executive Director of the Port as "Administrator" hereof. The Administrator will be responsible for carrying out the terms and conditions of this Agreement. The County Administrator and the City Supervisor/City Attorney of the City will serve as the "County Representative" and the "City Representative," respectively. Regularly during the term of this Agreement, the Administrator will consult with the County and City Representatives concerning the activities authorized hereby. The Parties may appoint an oversight committee comprised of at least one, but not more than two members or representatives from each of the Parties, to work on one or more particular area(s) of study and/or to review and monitor the progress of the work provided for in this Agreement.

3. **Goals.** The Parties' collective goals under this Agreement, and with respect to Northern State itself, are to work together to explore their long-range vision for Northern State, to retain local ownership of Northern State and to, more specifically:

- a. Encourage the private sector to create and sustain jobs at Northern State benefitting all of Skagit County and its citizens and that are compatible with following goals;
- b. Continue and promote public recreational use of Northern State;
- c. Protect the environmentally sensitive areas of Northern State, in particular Hanson Creek; and
- d. Acknowledge and protect the historic significance of Northern State to the local community, the wider region and the State of Washington.
- e. Acknowledge and respect the neighboring Upper Skagit Indian Tribal Nation's interests in Northern State.

4. **Assumptions.** In entering into this Agreement the Parties have made the following collective assumptions which will serve as a framework for this Agreement, their review of Northern State, and their decision-making:

- a. The Parties' goal is that Northern State will remain in local, public ownership with sustained public use;
- b. Northern State is a unique, large and diverse property with a number of challenges and opportunities. Each of the Parties will have an opportunity to gather information, study, review, discuss and analyze with both one another and others the features and conditions of Northern State, as well as review possible uses and the manner in which such uses align with the Parties' long-term vision and goals for Northern State;
- c. The Parties will have an opportunity to conduct suitability, feasibility and entitlement reviews of Northern State and, as they proceed through these phases, will share their findings with one another and with others;
- d. The Parties will each share in the expenses arising from this Agreement, including consultant and professional fees and costs, as provided for in this Agreement as may be amended from time to time; and
- e. Prior to making any commitment to move forward with respect to a different structure of ownership or leasehold interest in Northern State and different uses and development models, the Parties will undertake a thorough study of Northern State as envisioned by this Agreement, which will include involvement of the public in the decision-making process.

5. **Purpose.** On behalf of the Parties, the Administrator will carry out the Parties' goals as set forth in Section 3 above. In doing so, the Parties and Administrator shall engage in the following activities, with the collective goal of understanding the nature and condition of Northern State. Such review will include, but is not limited to, the following:

a. **Property Assessment.**

- i. A review of the existing structures and improvements at Northern State for the purposes of assessing their safety, usability, feasibility and cost to maintain, as well as to determine which structures should be preserved and maintained, and which should be destroyed;
- ii. A review of the landscaping, lay-out and design of Northern State, taking into consideration their historical significance as well as future and proposed uses of Northern State, including action required to protect environmentally sensitive areas of Northern State;

iii. A review of the topographical, wetlands, sensitive areas, environmental, geotechnical, historical and archeological aspects of Northern State, which will include, but is not be limited to, procuring environmental soils reports, geotechnical reports, critical area assessment reports, archeological reports, building inspections, master planning and other similar reports and studies;

iv. A review of Hanson Creek, its alluvial and surrounding areas as they may relate to Northern State;

v. A review of existing and necessary infrastructure, utilities, storm water, and building and development regulations and access;

vi. A review of the historical significance of Northern State and its role, including future role, in the community;

vii. A title review and surveys with respect to Northern State which will include the boundaries, existing uses, existing leases, licenses, rights, restrictions and easements affecting Northern State and its use;

viii. A review of the economic and fiscal benefits of local ownership of Northern State and possible future uses and purposes of Northern State, consistent with the Parties' collective long-term vision;

ix. A review of the costs associated with owning, maintaining, leasing and developing Northern State, which will include an analysis of capitalization and financing of any future projects, and expected economic return to the Parties and the communities they serve; and

x. The preparation and implementation of a communication plan to seek input and convey information with the communities that the Parties serve.

b. **Engagement of Consultants.** Engage consultants from time to time as deemed necessary or appropriate by the Parties and the Administrator to assist them in evaluating Northern State as well as various models, strategies and joint actions considered by the Parties and the Administrator.

c. **Opportunities for Ownership, Use, Management, Recreation, Job Creation and Development.** Cooperate now and in the future regarding opportunities for joint and local ownership of Northern State and cooperative arrangements with respect to its use, maintenance, development and creation of jobs and other benefits to serve the people and communities served by the Parties and to realize cost savings and local control of Northern State.

- d. **Long-Term Administrative Oversight.** The Parties will cooperatively consider and facilitate the appropriate method and funding for the long-term management and administration of Northern State.

6. **Term and Termination.** This Agreement takes effect on the Effective Date and continues through December 31, 2015. Thereafter, this Agreement will automatically extend for additional terms of one year each, unless one Party provides notice to the other Parties of its intent to withdraw from the Agreement no later than sixty (60) days prior to the end of the then-current term. The initial term and each subsequent term are subject to earlier termination by any Party, at any time with or without cause, upon providing sixty (60) days' notice to the other Party.

7. **Powers.** The Parties, acting through the Administrator, have the following powers in carrying out the purposes of this Agreement:

- a. To make and enter into contracts and agreements within the scope of its authority as Administrator;
- b. To retain and terminate agents and independent contractors as they deem to be necessary; and
- c. To have and exercise all other powers necessary to carry out the purposes of this Agreement subject to any restrictions imposed by RCW Chapter 39.34.

8. **Scope of Authority.** No Party has any independent authority to direct the management of the other Parties' activities under this Agreement nor, unless authorized in writing by the other Parties, the joint activities of the Parties hereunder. Neither Party has any authority to bind or to act for or to assume any obligations or responsibilities on behalf of the other Parties.

9. **Property.** The Parties will not acquire personal or real property pursuant to this Agreement. Any funds required to carry out the purposes of this Agreement will, by agreement of the Parties, be held in the name of one of the Parties for payment as approved by the Parties. Upon termination of this Agreement, the Administrator will distribute among the Parties any funds held pursuant to this Agreement in such proportions as agreed to by the Parties.

10. **Budget; Funding.** The Administrator will establish a budget for the activities necessary to carry out Phase I of this Agreement. A cost sharing/time schedule for Phase I is attached as **Exhibit A**. Any costs incurred by the Administrator on behalf of the Parties, including, but not limited to, the cost of carrying out the activities described in this Agreement, will be allocated among the Parties on the basis of a methodology to be determined by the Parties.

11. **Notices.** Any and all notices or communications required or permitted to be given under any of the provisions of this Agreement must be in writing and will be deemed to have

been given upon receipt when personally delivered; the next day when sent by overnight courier; or when made via United States mail, three (3) days after deposit in the United States mail if sent by first class, certified or registered mail, return receipt requested. All notices must be addressed to the Parties at the addresses set forth below or at such other address specified by notice by one Party to the other Parties.

If to the Port of Skagit County:

Port of Skagit County
15400 Airport Drive
Burlington, Washington 98233
Attn: Executive Director

If to Skagit County:

Skagit County
1800 Continental Place, Suite 100
Mount Vernon, WA 98273
Attn: County Administrator

If to the City of Sedro-Woolley:

City of Sedro-Woolley
Sedro-Woolley City Hall
325 Metcalf Street
Sedro-Woolley, WA 98284
Attn: City Supervisor and City Attorney

12. Entire Agreement/Modification. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations and discussions with respect to the subject matter of this Agreement. This Agreement may be supplemented by additional agreements executed by the Parties, or may be amended or modified by written agreement signed by the Parties hereto. Such amendments may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the responsibilities of the Administrator.

13. Applicable Law. This Agreement, and any rights and obligations hereunder, shall be construed and interpreted in accordance with the laws of the State of Washington. Any dispute or proceeding arising out of this Agreement shall be filed in the Superior Court of the State of Washington for Skagit County.

14. Attorneys' Fees. The prevailing Party in any dispute, whether or not suit is brought, or in any action to interpret, collect or enforce this Agreement, is entitled to its reasonable attorneys' fees and costs, in addition to any other remedies, which will be paid by the non-prevailing Party promptly on demand. "Attorneys' fees" as used in this Section includes

services rendered at both the trial and appellate levels as well as services rendered subsequent to judgment in obtaining execution thereon.

15. **Assignment.** This Agreement is personal to the Parties. No Party to this Agreement may assign its rights or obligations hereunder.

16. **Authorization.** Each Party represents and warrants to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

17. **Independent Review.** This Agreement has been reviewed and revised by legal counsel for all Parties and no presumption or rule that ambiguity shall be construed against the Party drafting the document shall apply to the interpretation or enforcement of this Agreement.

18. **Severability.** In the case any term of this Agreement is held invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of the remaining terms of this Agreement will in any way be affected thereby.

19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original but all of which taken together constitute one and the same instrument.

20. **Recording/Web Site Notice.** Each Party will post this Agreement on its web site or will, at its own expense, record this Agreement with the Skagit County Auditor as required by RCW 39.34.040.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement as of the Effective Date set forth above.

PORT OF SKAGIT



Commissioner

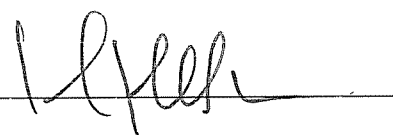


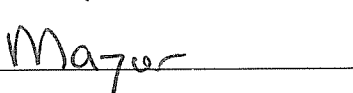
Commissioner



Commissioner

CITY OF SEDRO-WOOLLEY

By: 

Its: 

January 13, 2014

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

Ron Wesen

Ron Wesen, Chairman

Kenneth A. Dahlstedt

Kenneth A. Dahlstedt, Commissioner

Sharon D. Dillon

Sharon D. Dillon, Commissioner

Attest:

Amber Kilgini
Clerk of the Board

For contracts under \$5,000:
Authorization per Resolution R20030146

Recommended:
[Signature]
Department Head

County Administrator

Approved as to form:
[Signature]
Civil Deputy Prosecuting Attorney

Approved as to indemnification:
Jessie Nell Hoyer
Risk Manager

Approved as to budget:
Justa Joigne
Budget & Finance Director

EXHIBIT "A"
COST SHARING SCHEDULE

Port of Skagit	\$25,000
Skagit County	\$25,000
City of Sedro-Woolley	\$5,000*

*plus in-kind work to include review of rights-of-way, utilities, permitting, National Guard needs, and any other tasks as agreed to by the group including coordination of site access, etc., totaling approximately \$20,000.

TIME SCHEDULE

December 31, 2013	Sign Interlocal Agreement	Port of Skagit
December 31, 2013	Submit grant application to DOE	State of Washington
January 22, 2014	Sign Interlocal Agreement	City of Sedro-Woolley
January 27, 2014	Sign Interlocal Agreement	Skagit County

Regular monthly meetings of the Parties will be held on the 4th Thursday of the month during 2014. The first meeting will be held at the Port of Skagit on January 23, 2014.