

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN KING COUNTY AND THE CITY OF NORTH BEND
FOR CONSERVATION FUTURES-FUNDED
OPEN SPACE ACQUISITION PROJECTS**

THIS INTERLOCAL COOPERATION AGREEMENT is a grant agreement entered into between the CITY OF NORTH BEND (“City”) and KING COUNTY (“County”).

Article I. Recitals

On February 27, 1989, the King County Council passed Ordinance 8867, which established a process to allocate the proceeds of the Conservation Futures Fund.

On September 21, 1989, the King County Council passed Ordinance 9128, which established a Conservation Futures Levy Fund to provide for the receipt and disbursement of Conservation Futures tax levy proceeds and established conditions for use of the Fund, including conditions covering allowable costs and expenses.

On July 21, 2003, the King County Council passed Ordinance 14714, authorizing funding allocation procedures for King County Conservation Futures tax levy collections and amending Ordinance 8867, Section 2, as amended.

The Conservation Futures Advisory Committee has recommended an allocation of Conservation Futures proceeds to specific projects from the Conservation Futures Levy Fund following notification to the cities that proceeds were available, provision of an opportunity for the cities to respond and receipt by the committee of requests for funding, all pursuant to Ordinance 8867, as amended by Ordinance 14714.

Starting in 1990 and through 2017, the King County Executive, as authorized by the King County Council, executed Interlocal Cooperation Agreements with the cities of Auburn, Bellevue, Black Diamond, Bothell, Burien, Carnation, Covington, Des Moines, Duvall, Enumclaw, Federal Way, Issaquah, Kenmore, Kent, Kirkland, Lake Forest Park, Mercer Island, Milton, Newcastle, Normandy Park, North Bend, Pacific, Redmond, Renton, Sammamish, Seattle, Shoreline, Snoqualmie and Tukwila, and Vashon Park District. Many of these agreements were amended over time to add new projects.

The existing Interlocal Cooperation Agreements remain in place with an indefinite term for the projects for which Conservation Futures proceeds were disbursed. The agreements require the properties to be maintained as open space in perpetuity.

The King County Council, by Ordinance 18978, has approved a new Interlocal Cooperation Agreement for future projects in order to add terms for the use of bond proceeds for certain projects, achieve consistency between the agreement and the King County Code, and make other technical changes.

Pursuant to chapter 39.34 RCW, the parties agree to the following:

Article II. Definitions

1. Open Space

The term “open space” or “open space land” means: (a) any land area so designated by an official comprehensive land use plan adopted by any city or county and zoned accordingly; or (b) any land area, the preservation of which in its present use would (i) conserve and enhance natural or scenic resources, or (ii) protect streams or water supply, or (iii) promote conservation of soils, wetlands, beaches or tidal marshes,

or (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife reserves, natural reservations or sanctuaries, or other open space, or (v) enhance recreational activities, or (vi) preserve historic sites, or (vii) preserve visual quality along highway, road, and street corridors or scenic vistas, or (viii) retain in its natural state tracts of land of not less than one acre situated in an urban area and open to public use on such conditions as may be reasonably required by the legislative body granting the open space classification, or (c) any land meeting the definition of “farm and agricultural land” conservation under subsection (8) of RCW 84.34.020. As a condition of granting open space classification, the legislative body may not require public access on land classified under (b) (iii) of this subsection for the purpose of promoting conservation of wetlands.

2. Project

The term “Project” means the specific projects described in Exhibit A or added by follow-on amendments to disburse proceeds pursuant to Section 8.2 of this agreement.

3. Conservation Futures

The term “Conservation Futures” means developmental rights which may be acquired by purchase, gift, grant, bequest, devise, lease or otherwise, except by eminent domain, and may consist of fee simple or any lesser interest, development right, easement, covenant, or other contractual right necessary to protect, preserve, maintain, improve restore, limit future use of, or otherwise conserve open space land, all in accordance with chapter 84.34 RCW and K.C.C. chapter 26.12.

Article III. Purpose of the Agreement

The purpose of this agreement is to create a cooperative arrangement between the City and the County relating to the Project and to define the terms and conditions governing both parties' obligations created by this agreement.

Article IV. Term of Agreement

This agreement shall be continued in full force and effect and binding upon the parties hereto upon execution of the agreement by both parties. The terms of the agreement shall be indefinite. The agreement will be terminated if the City is unable or unwilling: 1) to expend the proceeds provided through this agreement; 2) to satisfy the matching requirements contained in this agreement; and 3) upon reimbursement by the City to the County of all unexpended proceeds provided by the County pursuant to this agreement in the manner and amounts described below and payment of all amounts due pursuant to Section 8.1.

Article V. Conditions of Agreement

Section 5.1 – Project Descriptions. Proceeds available pursuant to this agreement may be used only for the Projects listed in Exhibit A, such substituted Projects as may be approved by the County as set forth below, or Projects added by follow-on amendments to disburse proceeds pursuant to Section 8.2 of this agreement. All County funded Projects must meet open space criteria as described in chapter 84.34 RCW and K.C.C. chapter 26.12.

Section 5.2 – Use of Proceeds. Proceeds provided to the City pursuant to this agreement as well as moneys provided by the City as match pursuant to this agreement may be used only to pay capital costs related to property acquisition. Those costs include

appraisals, title searches, negotiations, administrative overhead, and the cost of actual acquisition or purchase options, and all other costs meeting the requirements of K.C.C. 26.12.010. The City shall have the property valued by an appraisal performed by an independent state-certified real estate appraiser with a current general real estate appraiser license, and reviewed by an independent state-certified general real estate appraiser. In requesting reimbursement of proceeds for the Project, the City shall demonstrate to the County compliance with this Section 5.2. Proceeds utilized pursuant to this agreement may not be used to purchase land obtained through the exercise of eminent domain.

Section 5.3 – Completion/Substitution/Deletion of Projects. The City shall complete the Project described in Section 5.1 of this Agreement within a two year period from the effective date of the County ordinance appropriating funding for the Project. If the City does not meet this two year requirement, unless the City demonstrates to the Advisory Committee a compelling reason for continuance of CFT funding for the Project beyond the two-year limit or a reprogramming request is timely approved as provided for below, the County shall be released from any obligation to fund the Project, and the County in its sole discretion may reallocate such proceeds for other projects in other jurisdictions. The City may submit specific requests for project reprogramming to the County for its approval within the two-year period. All projects proposed for reprogramming must meet open space criteria as described in chapter 84.34 RCW and K.C.C. chapter 26.12, be submitted for recommendation by the County’s Advisory Committee or its successor, and be approved by action of the King County Council. All

reprogramming requests shall be submitted to the County's Department of Natural Resources and Parks, Open Space Acquisitions Unit, or its successor.

Section 5.4 – Eminent Domain. If any Project requires the exercise of eminent domain to acquire the property, all proceeds provided pursuant to this agreement plus accrued interest on such proceeds shall be reprogrammed as provided in this agreement or repaid to the County.

Article VI. Responsibilities of the City

Section 6.1 – Matching Requirements. Except for acquisitions of property interests in opportunity areas, as defined by K.C.C. 26.12.003, any Project funded by Conservation Futures Levy proceeds shall be supported by the City in which the Project is located with a matching contribution, which is no less than the amount of Conservation Futures Levy proceeds allocated to the Project. This contribution may be in the form of cash, land match with a valuation verified by an appraisal by an independent state-certified real estate appraiser with a current general real estate appraiser license, or the cash value, excluding King County conservation futures contributions, of other open spaces acquired within the previous two years from the date of submittal of the application by the City. The appraisal, to be reviewed, shall have been performed within two years of the application deadline set for the annual allocation of conservation futures tax levy proceeds under which the Property received funding. Properties considered as land match or cash value of other open space acquisitions should be directly linked to the property under application. Any City match, other than cash, shall require County

approval. County approval and County acceptance of the City's match will be transmitted in writing to the City by the County's Designated Representative.

Section 6.2 – Reporting. All proceeds received pursuant to this agreement and accrued interest therefrom will be accounted for separately from all other City moneys, accounts and moneys. Until the property described in the Project is acquired and all proceeds provided pursuant to this agreement have been expended, the City shall provide the reports required by K.C.C. 26.12.035.

Section 6.3 – Disposition of Remaining Proceeds. If the City does not expend all proceeds obligated to be provided through this agreement and no substitute project is requested or approved as to the excess proceeds, such proceeds, if held by the City, shall be refunded to the County. For purposes of this section, "proceeds" shall include all moneys obligated to be provided by the County plus interest accrued by the City on such moneys. Any proceeds in excess of those required to be provided by the County for the actual costs of the Project shall remain with the County for use in its sole discretion.

Section 6.4 – Maintenance in Perpetuity. Except as provided in this Section 6.4, the City, and any successor in interest, agree to maintain properties acquired with proceeds provided pursuant to this agreement as open space in perpetuity and, as required by the County, to include in the real property records notice of this restriction. Projects carried out by the City in whole or in part with funds provided for under the terms of this agreement shall not be transferred or conveyed except by agreement with an agency or nonprofit organization as defined in K.C.C. 26.12.003, which shall provide that the land

or interest in land shall be continued to be used for the purposes of K.C.C. chapter 26.12, and in strict conformance with the uses authorized under chapter 84.34 RCW.

The City shall not change the status or use of properties acquired with proceeds provided pursuant to this agreement unless the City provides equivalent lands or cash in exchange for the land to be changed to a different use. The land shall be valued in its changed status or use, and not based upon its value as open space, and the replacement land or payment amount must be approved by the County. If requested by the County, at its own cost the City will provide the County an appraisal performed within the previous year by an independent state-certified real estate appraiser with a current general real estate appraiser license. The value established by the appraisal will not be binding on the County. If the County approves replacement land, the City shall complete the replacement within one year of approval. If the County approves cash reimbursement, the City shall pay the County within 90 days of approval.

Section 6.5 – Tax Covenants. The City acknowledges that proceeds provided by the County for a Project may be proceeds of tax-exempt bonds (the “Bonds”) subject to certain requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”), including any implementing regulations and any administrative or judicial interpretations. The City will comply with Tax Code requirements, including those set forth in Exhibit B, which is incorporated herein, applicable to Bond-financed Projects identified in Exhibit A, which is incorporated herein, as well as Bond-financed Projects identified in subsequent amendments to this agreement.

Article VII. Responsibilities of the County

Subject to the terms of this agreement, the County will provide Conservation Futures Tax Levy proceeds in the amounts and for the Projects identified in Exhibit A as well as in those amounts and for those Projects identified in subsequent amendments to this agreement. The City may request additional proceeds; however, the County has no obligation to provide proceeds to the City in excess of the amount shown in Exhibit A. The County assumes no obligation for future support of the Project described herein except as expressly set forth in this agreement.

Article VIII. Other Provisions

Section 8.1 – Hold Harmless and Indemnification.

A. The County assumes no responsibility for the payment of any compensation, fees, wages, benefits or taxes to or on behalf of the City, its employees, contractors or others by reason of this agreement. The City shall protect, indemnify, and save harmless the County, its officers, agents and employees from any and all claims, cost and whatsoever occurring or resulting from: 1) the City's failure to pay any compensation, fees, wages, benefits, or taxes; and 2) the supplying to the City of work, services, materials or supplies by City employees, agents, or other contractors, or suppliers in connection with or in support of performance of this agreement.

B. The City further agrees that it is financially responsible for and will repay the County all indicated amounts following an audit exception, which occurs due to the negligent or intentional acts of this agreement by the City, its officer, employees, agents, or representatives arising out of the performance of the terms of this agreement.

C. The City shall protect, indemnify, and save harmless the County from any and all costs, claims, judgments, or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of the City, its officers, employees, or agents in the performance of its obligations under the terms of this agreement. For the purposes of this agreement only, the City agrees to waive the immunity granted it for industrial insurance claims pursuant to Title 51 RCW to the extent necessary to extend its obligations under this paragraph to any claim, demand, or cause of action brought by or on behalf of any employee, including judgments, awards, and costs arising therefrom including attorney's fees.

D. To the extent permitted by law, and except to the extent caused by the sole negligence of the County, the City agrees, at its expense, to pay, and to indemnify and hold the County, its officers, employees or agents harmless of, from and against, any and all claims, damages, demands, losses, liens, liabilities, penalties, fines, taxes, lawsuits, and other proceedings and costs and expenses (including attorneys' fees) of every conceivable kind, character or nature whatsoever, arising directly or indirectly from or out of, or in any way connected with any examination or audit of any Bond issued to finance or refinance costs of any Bond-financed Project identified in Exhibit A as well as Bond-financed Projects identified in subsequent amendments to this agreement by the Internal Revenue Service, or any determination by the Internal Revenue Service or a court of competent jurisdiction that the interest on any such Bond is or should be subject to federal income taxation; provided, however, that the City shall not be liable for any payment made by the County with respect to any settlement of any such examination or

audit, or of any other proceeding related thereto, entered into without the consent of the City.

Section 8.2 – Amendment. The parties reserve the right to amend or modify this agreement. Amendments or modifications to disburse proceeds approved by the County Council must be by written instrument signed by the parties substantially in the form of Exhibit C. Other amendments also must be approved by the respective City and County Councils.

Section 8.3 – Contract Waiver. No waiver by either party of any term or condition of this agreement shall be deemed or construed to be a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or different provision of this agreement. No waiver shall be effective unless made in writing.

Section 8.4 – Entirety. This agreement is the complete expression of the terms hereto and any oral representations or understandings not incorporated are excluded. This agreement merges and supersedes all prior negotiations, representations and agreements between the parties relating to the Project and constitutes the entire agreement between the parties. The parties recognize that time is of the essence in the performance of the provisions of this agreement.

IN WITNESS WHEREOF, authorized representatives of the parties hereto have signed their names in the spaces set forth below:

KING COUNTY

CITY OF NORTH BEND

Dow Constantine
King County Executive

Rob McFarland
Mayor

Date: _____
Acting under the authority of
Ordinance 18978

Date: _____
Acting under authority of City
Council motion on 05/04/21

Approved as to form:

Approved as to form:

Dan Satterberg
King County Prosecuting Attorney

Michael R. Kenyon
City Attorney

EXHIBIT A

**2020 CONSERVATION FUTURES LEVY
CITY OF NORTH BEND ALLOCATION**

| Jurisdiction | Project | Allocation |
|--|---------------------------|------------------|
| North Bend, as co-sponsor with Si View Park District | Community Park at Exit 32 | \$350,000 |
| TOTAL | | \$350,000 |

Project Description:

Project #1134923, Award #1136986: Si View Metropolitan Park District & North Bend – Community Park at Exit 32

The Si View Metropolitan Park District and the City of North Bend partnered to protect portions of the former Cascade Golf Course at Exit 32, purchasing 28 acres of land in late 2018/early 2019. The site has since been renamed South Fork Landing. Si View holds a 75% interest and North Bend holds a 25% interest in the property. The CFT project footprint will be on the western ~7.6 acres of the site on portions of two parcels, retaining more flexibility for other recreational uses on the remainder of the park. This is a reimbursement project, and CFT funds will be matched with funding from the district’s recently approved capital bond and city capital project funds. Project funding was authorized in King County Ordinances 18987 and 19021, initially awarded just to Si View Metropolitan Park District. The City of North Bend was added as a project sponsor to this award by King County Ordinance 19210.

Is this a Bond-financed Project? Yes

EXHIBIT B

Tax Covenants

The City acknowledges that proceeds provided by the County for the Project may be proceeds of Bonds subject to certain requirements of the Tax Code. The City will take all actions with respect to the Project, and proceeds received for the Project, necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds, including but not limited to the following:

(a) Expenditure of Proceeds. The City will expend proceeds of the Bonds received from the County for capital expenditures for federal income tax purposes within the meaning of Section 1.150-1(b) of the Tax Code. Bond proceeds may be expended to pay, or reimburse the City for, Project capital expenditures or to repay interim indebtedness incurred for capital expenditures of the Project.

(b) Notice. The City will provide notice of action taken or planned to issue any tax-exempt indebtedness, including bonds, bank loans, or other tax-exempt indebtedness, to finance Project costs.

(c) Treatment as Grant.

- (1) The City is a governmental entity possessing substantial taxing, eminent domain and police powers and constituting a political subdivision of the State.
- (2) The City is not acting as an agent of the County.
- (3) The grant of proceeds for the Project does not impose any obligation or condition to directly or indirectly repay any amount to the County (excluding obligations or conditions intended solely to assure expenditure of the transferred moneys in accordance with the governmental purpose of the transfer).
- (4) The grant is required to be used for open space as required under Article II but does not impose any conditions relating to the use of the Project or other property of the City by the County or any of its agencies or authorities.
- (5) This agreement is a grant agreement.

(d) Limitations on Disposition of Project. The City will not sell or otherwise dispose of any components of the Project without prior approval by the County and compliance with timeframes for completion of land replacement or cash reimbursement as provided in Section 6.4.

(e) Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Bond proceeds received and with respect to the

Project for at least three years after the Bonds mature or are redeemed as provided in the amendment granting such Bond proceeds to the City.

(f) Cooperation. The City will provide tax certificates when and as requested by the County or County's bond counsel in order to establish or maintain the tax-exempt status of the Bonds. The City will cooperate in any audit of the Bonds by the Internal Revenue Service, including disclosure of any record, contracts and other materials relating to the Bond proceeds received by the City and the Project.

EXHIBIT C

**AMENDMENT TO THE CONSERVATION FUTURES
INTERLOCAL COOPERATION AGREEMENT
BETWEEN KING COUNTY AND THE CITY OF _____
FOR OPEN SPACE ACQUISITION PROJECTS**

Preamble

The King County Council, through Ordinance 9128, has established a Conservation Futures Levy Fund and appropriated proceeds to King County and certain cities. This amendment is entered into to provide for the allocation of additional proceeds made available for open space acquisition.

THIS AMENDMENT is entered into between the CITY OF _____ and KING COUNTY, and amends and attaches to and is part thereof of the existing Interlocal Cooperation Agreement entered into between the parties on the _____ day of (Month), (Year), as previously amended.

The parties agree to the following amendment:

The Interlocal Cooperation Agreement is hereby amended by adding Exhibit 1, attached hereto.

In all other respects, the terms, conditions, duties and obligations of both parties shall remain the same as agreed to in the Interlocal Cooperation Agreement as previously amended.

Once fully executed, this Amendment shall be incorporated into the existing Interlocal Cooperation Agreement as if fully set forth, and shall become Amendment ____.

IN WITNESS WHEREOF, authorized representatives of the parties hereto have signed their names in the spaces set forth below:

KING COUNTY

CITY OF _____

Dow Constantine
King County Executive

Mayor

Date: _____

Date: _____

Approved as to form:

Approved as to form:

Dan Satterberg
King County Prosecuting Attorney

City Attorney

EXHIBIT 1

**[YEAR] CONSERVATION FUTURES LEVY PROCEEDS
CITY OF _____ ALLOCATION**

| Jurisdiction | Project Name (Project Number) | Allocation |
|--------------|-----------------------------------|------------|
| [City Name] | [Project Name] ([Project Number]) | \$ |
| TOTAL | | \$ |

Project Description:

[Project Number] [City Name] – [Project Name]
[Project Description used in legislation approving proceeds]

Is this a Bond-financed Project?