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**INTERLOCAL AGREEMENT
BETWEEN THE CITY OF LYNNWOOD AND SNOHOMISH COUNTY
CONCERNING ANNEXATION AND URBAN DEVELOPMENT WITHIN
THE LYNNWOOD MUNICIPAL URBAN GROWTH AREA**

1. PARTIES

This Interlocal Agreement ("Agreement" or "ILA") is made by and between the City of Lynnwood ("City"), a Washington municipal corporation, and Snohomish County ("County"), a political subdivision of the State of Washington, collectively referred to as the "Parties," pursuant to Chapter 36.70A RCW (Growth Management Act), Chapter 36.115 RCW (Governmental Services Act), Chapter 43.21C RCW (State Environmental Policy Act), Chapter 36.70B RCW (Local Project Review), Chapter 58.17 RCW (Subdivisions), Chapter 82.02 RCW (Excise Taxes), and Chapter 39.34 RCW (Interlocal Cooperation Act).

2. PURPOSE, INTENT AND APPLICABILITY

- 2.1 Purpose. The purpose of this Agreement is to facilitate an orderly transition of services and responsibility for capital projects from the County to the City at the time of annexation of unincorporated areas of the County to the City. This Agreement between the City and the County also addresses joint transportation system planning and the policies and procedures for reciprocal review and mitigation of interjurisdictional transportation system impacts of land development.
- 2.2 Snohomish County Tomorrow Annexation Principles. The County and the City intend that this Agreement be interpreted in a manner that furthers the objectives articulated in the Snohomish County Tomorrow Annexation Principles. For the purpose of this Agreement, the Snohomish County Tomorrow Annexation Principles means that document adopted by the Snohomish County Tomorrow Steering Committee on February 28, 2007, and supported by the Snohomish County Council in Joint Resolution No. 07-026 passed on September 5, 2007. The Snohomish County Tomorrow Annexation Principles are attached to this Agreement as Exhibit A.

- 2.3 Establish a framework for future annexations. The City and County intend that this Agreement provide a framework for future annexations within the Lynnwood MUGA, to implement urban development standards within the Lynnwood MUGA prior to annexation, to plan for and fund capital facilities in the unincorporated portion of the Lynnwood MUGA, and to enable consistent responses to future annexations.
- 2.4 Subsequent agreements and interpretations. The City and County recognize that this Agreement includes general statements of principle and policy, and that addenda or amendments to existing interlocal agreements or government service agreements or subsequent agreements on specific topical subjects relating to annexation and service transition may be executed. By way of example only, and not by way of limitation, the City and County contemplate that such subsequent amendments or agreements might address the following types of issues: roads and traffic impact mitigation; surface water management; parks, recreation and open space; police services; fire marshal services; permit review services; revenue- and cost-sharing; common zoning and development standards; and sub-area planning. In addition, a subsequent agreement or an addendum to this Agreement might address issues related to the annexation of a specific area. In the event that any term or provision in this Agreement conflicts with any term or provision in any subsequent agreement, addendum or amendment, the term or provision in the subsequent agreement, addendum or amendment shall prevail unless specifically stated otherwise in this Agreement.
- 2.5 Applicability. This Agreement applies to all annexations by the City, within the geographic areas described in Subsection 2.6 of this Agreement, that will become effective after the effective date of this Agreement.
- 2.6 Geographic areas eligible for annexation.
- 2.6.1 Appendix B of the Snohomish County Countywide Planning Policies, as now existing or hereafter amended, identifies the Lynnwood Municipal Urban Growth Area (MUGA) in the Southwest Snohomish County MUGA Boundaries Map. The Southwest Snohomish County MUGA Boundaries Map also identifies an area that is shown to be in both the Lynnwood MUGA and the Mill Creek MUGA. (This area is also known as the "Overlap Area".) The Southwest Snohomish County MUGA Boundaries Map also identifies two areas adjacent to the Lynnwood MUGA known as the Meadowdale Gap Area and the Lake Stickney Gap Area. It is within the current Lynnwood MUGA, including the Overlap Area, the Meadowdale Gap Area and the Lake Stickney Gap Area that the City may consider future annexations under the terms of this Agreement.
- 2.6.2 If the City proposes any annexation that includes territory located outside of the Lynnwood MUGA as identified in the Southwest Snohomish County MUGA Boundaries Map, and the cities adjacent to the affected area and the City have reached formal agreement on the proposed annexation boundaries, the County

may not oppose the annexation based solely on such territory being outside the Lynnwood MUGA.

- 2.6.3 If the City proposes any annexation that includes territory located within another city's MUGA, as identified in the Southwest Snohomish County MUGA Boundaries Map, including the Overlap Area, and the city in whose MUGA such territory is located and the City have reached formal agreement on the proposed annexation boundaries, the County may not oppose the annexation based solely on such territory being included in another city's MUGA.
- 2.6.4 Pursuant to RCW 35A.14.410, the boundaries arising from an annexation of territory shall not include a portion of the right-of-way of any public street, road, or highway except where the boundary runs from one edge of the right-of-way to the other edge of the right-of-way. When such right-of-way of any public street, road, or highway is included in an annexation proposal, it shall be considered a part of the Lynnwood MUGA.

3. GENERAL PROVISIONS

- 3.1 Consistency of annexation. If the Snohomish County Council finds that a proposed annexation within the Lynnwood MUGA is consistent with this Agreement and the goals and objectives established in RCW 36.93.170 and 36.93.180, that the health, safety and general welfare of Snohomish County citizens is not adversely affected by the annexation, and that an addendum pursuant to Section 15 of this Agreement is completed or is not necessary, the County may not oppose the proposed annexation and may send a letter to the Boundary Review Board in support of the proposed annexation.
- 3.2 Public facilities and services. The City and County share a commitment to ensure that public facilities and services which are within the funding capacities of the City and County will be adequate to serve development within the MUGA at the time such development is available for occupancy and use without decreasing current service levels below locally established minimum standards.
- 3.3 Reciprocal mitigation and impact fees. The City and County believe it is in the best interest of the citizens of both jurisdictions to enable reciprocal imposition of impact mitigation requirements and regulatory conditions for improvements in the respective jurisdictions. Separate interlocal agreements on reciprocal mitigation may be negotiated after the effective date of this Agreement as described in Subsection 2.4 of this Agreement. Whether impact fees can be collected and transferred between the County and the City will depend, in part, on the circumstances of any individual annexation and the plans of the jurisdictions to provide improvements for the benefit of the annexed area.

- 3.4 Joint planning provision. The City and County recognize the need for joint planning to establish local and regional facilities the jurisdictions have planned or anticipate for the area, to identify ways to jointly provide these facilities, and to identify transition of ownership and maintenance responsibilities as annexations occur. This need may result in mutual ongoing planning efforts, joint capital improvement plans, and reciprocal impact mitigation. By way of example only, and not by way of limitation, joint planning issues may include: planning, design, funding right-of-way acquisition, construction, and engineering for road projects; regional transportation plans; infrastructure coordination; watershed management planning; capital construction and related services; parks, recreation, and open space; permit review services (particularly for urban centers); revenue and cost-sharing; adoption of common zoning and development standards; and sub-area planning.
- 3.5 City to adopt County codes and ordinances. The City agrees to adopt by reference the County codes and ordinances listed in Exhibit C of this Agreement solely for the purpose of allowing the County to process and complete permits and fire inspections in annexed areas. Adoption of the County's codes by the City in no way affects projects applied for under the City's jurisdiction. The County shall be responsible for providing copies of all the codes and ordinances listed in Exhibit C of this Agreement, in addition to all the updates thereto, to the Lynnwood City Clerk, so that the City Administrative Services Director may maintain compliance with RCW 35A.12.140.
- 3.6 City and County responsibilities. Within their own jurisdictions, the County and the City each have responsibility and authority derived from the Washington State Constitution, state statutes, and any local charter to plan for and regulate uses of land and resultant environmental impacts.
- 3.7 Intergovernmental cooperation for extra-jurisdictional impacts. The City and the County recognize that land use decisions and transportation planning can have extra-jurisdictional impacts and that intergovernmental cooperation is an effective manner to deal with impacts and opportunities that transcend local jurisdictional boundaries.
- 3.8 Coordinated planning. The City and the County recognize that sub-area planning related to interjurisdictional coordination as outlined in the Snohomish County Tomorrow Annexation Principles facilitates the transition of services from the County to the City in the event of an annexation. Addenda or amendments to existing interlocal agreements or government service agreements, or subsequent agreements on specific topical subjects relating to annexation and service transition, as described in Subsection 2.4 of this Agreement, will reflect joint planning between the City and the County relative to the Snohomish County Tomorrow Annexation Principles.

- 3.9 Taxes, fees, rates, charges, and other monetary adjustments. In reviewing annexation proposals, the City and County must consider the effect on the finances, debt structure, and contractual obligations and rights of all affected governmental units. Tax and revenue transfers are generally provided for by state statute.
- 3.10 Wetland mitigation sites and habitat projects. The City and County share a commitment to ensure the success of wetland mitigation sites and habitat improvement projects. The City and County agree that both jurisdictions will benefit from the maintenance and monitoring of wetland mitigation sites and habitat improvement projects. If such sites or projects exist in an annexation area, the City and County agree to enter into an agreement prior to the effective date of the annexation to determine responsibility and costs for maintenance and monitoring of wetland mitigation sites and habitat improvement projects.

4. GROWTH MANAGEMENT ACT ("GMA") AND LAND USE

- 4.1 Urban density requirements. Except as may be otherwise allowed by law, the City agrees to adopt land use designations and zones for the annexation areas that will accommodate within its jurisdiction the population and employment allocation assigned by the County under the GMA for the City and the Lynnwood MUGA as established in Appendix B of the Countywide Planning Policies for Snohomish County. Nothing in this Subsection 4.1 shall be deemed as a waiver of the City's right to appeal the assignment of such population and employment allocation under the GMA.
- 4.2 Urban Centers, Transit Pedestrian Village, or Urban Village requirements. The City agrees to ensure after annexation that the City comprehensive plan and development regulations will provide the land use designations and zones necessary to support areas that have been designated as an Urban Center, Transit Pedestrian Village, or Urban Village by the County in its comprehensive plan prior to annexation.
- 4.3 Imposition of City standards. The County agrees to encourage land use development project permit applicants within the Lynnwood MUGA to design projects consistent with the City's urban design and development standards; however, the City agrees that the County can require only that an applicant comply with the County's development regulations. The City agrees to review land use permit applications and may make written recommendations to the County on how proposed new land use land use permit applications could be made consistent with City standards. When approval of a development project permit is contingent upon extension of water or sewer service provided by the City, the County agrees to impose only those conditions related to the provision of such service voluntarily negotiated between the property owner or developer and the City as a condition of a water or sewer contract between the property owner or developer and the City, provided that the conditions meet minimum

County development standards and mitigation conditions. The City agrees that the County can only impose standards and conditions in addition to those that the County would impose under County codes, if the applicant agrees in writing.

- 4.4 Joint review of permit applications. The City and County recognize that it is in the best interest of both jurisdictions to engage in the shared review of County permit applications within areas anticipated for annexation. The City and County agree to consider a potential subsequent agreement relating to shared permit review.

5. PROCESSING OF PERMITS IN THE LYNNWOOD MUGA

- 5.1 City consultation on County land use permit applications. After the effective date of this Agreement, the County agrees to give the City timely written notice and review opportunity related to all land use permit applications inside the Lynnwood MUGA, as "land use permit" is defined in Subsection 5.5.1 of this Agreement. The County will invite City staff to attend meetings between County staff and the applicant relating to the permit, including pre-application meetings.
- 5.2 Review of County land use permit applications. All applications for land use permits under County jurisdiction in the Lynnwood MUGA will be reviewed consistent with all applicable laws, regulations, rules, policies and agreements including, but not limited to, the applicable provisions of this Agreement, the State Environmental Policy Act (Chapter 43.21C RCW) and the Snohomish County Code.
- 5.3 County will process permits. The County agrees to continue processing both building and land use permit applications in the annexed area for which complete applications were filed before the effective date of the annexation, as provided in Subsections 5.4 and 5.5 of this Agreement.
- 5.4 Building permits.
- 5.4.1 Definitions. For the purposes of this Agreement, the following definitions apply: "Building permit" is defined as printed permission issued by the authorizing jurisdiction that allows for the construction of a structure, and includes repair, alteration, or addition of or to a structure. "Associated permits" means mechanical, electrical, plumbing, fire alarm, fire sprinkler and sign permits for the building being permitted. "Completion" means final administrative or quasi-judicial approvals, including final inspection and issuance of an occupancy permit.
- 5.4.2 Processing of building permit applications. In areas that have been annexed, the County agrees to process building permit applications, at no cost to the City, that were deemed complete prior to the effective date of the annexation, subject to the limitations in Subsections 5.4.4 and 5.4.5 of this Agreement. In addition, the County agrees to accept, process, and conduct inspections through completion

for any associated permits for which it receives a complete application and accompanying fees before the effective date of the annexation. Where legislative approval of a land use application by the Lynnwood City Council is required, the County will provide appropriate staff for the City Council's meeting, if deemed necessary by the City. Permit renewals shall be governed by Subsection 5.6 of this Agreement.

5.4.3 Appeals of building permits. The County agrees to be responsible for defending, at no cost to the City, any administrative, quasi-judicial or judicial appeals of building permits issued by the County in the annexed area.

5.4.4 Transfer of building permit applications. The County agrees to continue processing building permit applications pursuant to Subsection 5.4.2 of this Agreement following the effective date of the annexation. On or about the effective date of the annexation, the County and City will determine, in consultation with permit applicants, whether any pending building permit applications will be transferred to the City for completion.

5.4.5 Transfer by request of permit applicant. Upon receipt of a written request by a permit applicant, the City may at any time request the County to transfer pending building permit applications to the City. The County will contact applicants for such pending permit applications to provide advance notification of the transfer date. The City will honor any intermediate approvals (such as building plan check approval) that are effective prior to transfer of the permit application. Following consultation with the County, City staff must approve extension of intermediate approvals following the annexation.

5.4.6 Transfer of permit fees. The City and County agree to proportionately share the permit application fees for any transferred building permit applications. The County agrees to transfer a proportionate share of the application fee collected to the City, commensurate with the amount of work left to be completed on the permit. The proportionate share will be based on the County's permitting fee schedule.

5.4.7 Vesting. The Parties agree that any complete building permit application submitted to the County that has vested under statutory or common law shall be subject to the Snohomish County laws and regulations in effect at the time the permit application was deemed complete by the County.

5.5 Land use permits.

5.5.1 Definitions. For the purposes of this Agreement, the following definitions apply: "Land use permit" is defined as non-single family building permits for structures greater than 4,000 square feet in size, subdivisions, planned residential developments, short subdivisions, conditional uses, special uses, rezones, shoreline substantial development permits, and variances. "Review stage" is

defined for subdivisions and short subdivisions to include the following elements which will individually be regarded as a distinct "review stage": preliminary plat approval, plat construction plan approval, inspection or final plat processing. "Review stage" for all other land use permit applications includes preliminary approval, construction plan approval, construction inspections and final sign-off, but does not include related building permit applications unless a complete building permit application is submitted to the County prior to the effective date of the annexation.

- 5.5.2 Processing of land use permit applications. The County shall continue reviewing a complete land use permit application that has been submitted to the County prior to the effective date of an annexation, through completion of any final land use decision regarding the permit application.
- 5.5.3 Vesting. The Parties agree that any complete building permit application submitted to the County that has vested under statutory or common law shall be subject to the Snohomish County laws and regulations in effect at the time the permit application was deemed complete by the County.
- 5.5.4 Land use dedications, deeds or conveyances. Final plats or other dedications of public property will be transmitted to the City for City Council acceptance of dedication of right-of-way or public easements, if dedication occurs after the effective date of annexation. Dedications, deeds or conveyances will be in the name of the City after the effective date of the annexation and will be forwarded to the City Council for acceptance by the City even if the County is continuing to process the permit application.
- 5.5.5 Appeals of land use permits. The County agrees to be responsible for defending, at no cost to the City, any administrative, quasi-judicial or judicial appeals of land use permits issued by the County in the annexed area.
- 5.6 Permit renewal or extension. After the effective date of annexation, any request to renew a building permit or to renew or extend a land use permit issued by the County in the annexation area is to be made to and administered by the City.
- 5.7 Transfer of permit fees. The City and County agree to proportionately share the permit application fees for any transferred land use permit applications. The County agrees to transfer a proportionate share of the application fee collected to the City, commensurate with the amount of work left to be completed on the permit application. The proportionate share will be based on the County's permitting fee schedule.
- 5.8 Land use code enforcement cases. Any pending land use code enforcement cases in the annexation area will be transferred to the City on the effective date of the annexation. Any further action in those cases will be the responsibility of the City at the City's discretion. The County agrees to make its employees

available as witnesses at no cost to the City if necessary to prosecute transferred cases. Upon request, the County agrees to provide the City with copies of any files and records related to any transferred case.

- 5.9 Enforcement of County conditions. Following the effective date of the annexation, the City agrees to enforce any conditions imposed by the County relating to the issuance of a building or land use permit in an area which has been annexed, to the same extent it enforces its own conditions. The County agrees to make its employees available, at no cost to the City, to provide assistance in enforcement of conditions on permits originally processed by the County.
- 5.10 Administration of bonds. Any performance, maintenance or other bond issued by the County to guarantee performance, maintenance or completion of work associated with the issuance of a permit will be administered by the County to completion. Any additional bonding required after annexation occurs will be determined, accepted and administered by the City along with responsibility for enforcement of conditions tied to said bonds. It shall be the City's responsibility to notify the County of the acceptance of said bonds in order for the County to release interest in any bonds the County may still hold.

6. RECORDS TRANSFER AND ACCESS TO PUBLIC RECORDS FOLLOWING ANNEXATION

- 6.1 Records to be transferred. Prior to and following annexation of unincorporated area into the City, and upon the City's request in writing, copies of County records relevant to jurisdiction, the provision of government services, and permitting within the annexation area may be copied and transferred to the City in accordance with the procedure identified in Subsection 6.2 of this Agreement. Said records shall include, but are not limited to, the following records from the Snohomish County Department of Public Works, the Snohomish County Department of Planning and Development Services, and the Business Licensing Department of the Snohomish County Auditor's office: all permit records and files, inspection reports and approved plans, GIS data and maps in both printed and electronic versions, approved zoning files, code enforcement files, fire inspection records, easements, plats, databases for land use, drainage, street lights, streets, regulatory and animal license records, records relating to data on the location, size and condition of utilities, and any other records pertinent to the transfer of services, permitting and jurisdiction from the County to the City. The County reserves the right to withhold confidential or privileged records. In such cases where the County opts to withhold such records, it shall provide the City with a list identifying the records withheld and the basis for withholding each record.

- 6.2 Procedure for copying. The City records staff shall discuss with the County records staff the types of records identified in Subsection 6.1 of this Agreement that are available for an annexed area, the format of the records, the number of records, and any additional information pertinent to a request of records. Following this discussion, the County shall provide the City with a list of the available files or records in its custody. The City shall select records from this list and request in writing their transfer from the County to the City. The County shall have a reasonable time to collect, copy, and prepare for transfer of the requested records. All copying costs associated with this process shall be borne by the City. When the copied records are available for transfer to the City, the County shall notify the City and the City shall arrange for their delivery.
- 6.3 Electronic data. In the event that electronic data or files are requested by the City, the City shall be responsible for acquiring any software licenses that are necessary to use the transferred information.
- 6.4 Custody of records. The County shall retain permanent custody of all original records. No original records shall be transferred from the County to the City. As the designated custodian of original records, the County shall be responsible for compliance with all legal requirements relating to their retention and destruction as set forth in Subsection 6.5 of this Agreement.
- 6.5 Records retention and destruction. The County agrees to retain and destroy all public records pursuant to this Agreement consistent with the applicable provisions of Chapter 40.14 RCW and the applicable rules and regulations of the Secretary of State, Division of Archives and Records Management.
- 6.6 Public records requests. Any requests for copying and inspection of public records shall be the responsibility of the party receiving the request. Requests by the public shall be processed in accordance with Chapter 42.56 RCW and other applicable law. The City agrees to withhold from disclosure documents which the County has requested remain confidential and not be disclosed where disclosure is not mandated by law.

7. COUNTY CAPITAL FACILITIES REIMBURSEMENT

- 7.1 Consultation regarding capital expenditures. The County will consult with the City in planning for new local and regional capital construction projects within the Lynnwood MUGA. The County and City agree to begin consultation regarding existing active County projects within sixty (60) days of approval of this Agreement. Consultation shall include discussions between the County and the City regarding the need for shared responsibilities in implementing capital projects, including the potential for indebtedness by bonding or loans. The City and County shall pursue cooperative financing for capital facilities where appropriate. Interlocal agreements addressing shared responsibilities for capital projects within the MUGA shall be negotiated, where appropriate.

- 7.2 Continued planning, design, funding, construction, and services for active and future capital projects. Separate interlocal agreements for specific projects will address shared responsibilities for local capital projects and local share of regional capital facilities within the Lynnwood MUGA and the continued provision of County services relating to the planning, design, funding, property acquisition, construction, and engineering for local capital projects within an annexation area. An annexation addendum under Section 15 of this Agreement will document appropriate interlocal agreements relating to planning, design, funding, property acquisition, construction, and other architectural or engineering services for active and future capital projects within an annexation area.
- 7.3 Capital facilities finance agreements. The City and County will discuss project-specific interlocal agreements for major new local capital facility projects and local share of regional capital facilities within the Lynnwood MUGA. Depending on which jurisdiction has collected revenues, these agreements may include: transfers of future revenues from the City to the County or from the County to the City; proportionate share reimbursements from the City to the County or from the County to the City; and City assumption of County debt service responsibility (or County assumption of City debt service responsibility) for loans or other financing mechanisms for new local capital projects and existing local capital projects with outstanding public indebtedness within the annexation area at the time of annexation. Both parties agree that there should not be any reimbursement for capital facility projects that have already been paid for by the citizens of the annexing area by means such as special taxes or assessments, traffic mitigation, or other attributable funding sources.
- 7.4 Continuation of latecomers cost recovery programs and other capital facility financing mechanisms. After annexation, the City agrees to continue administering any non-protest agreements, latecomer's assessment reimbursement programs established pursuant to Chapter 35.72 RCW, or other types of agreements or programs relating to future participation or cost-share reimbursement, in accordance with the terms of any agreement recorded with the Snohomish County Auditor relating to property within the Lynnwood MUGA. In addition to the recorded documents, the County will provide available files, maps, and other relevant information necessary to effectively administer these agreements or programs. If a fee is collected for administration of any of the programs or agreements described in this Subsection 7.4, the County agrees to transfer a proportionate share of the administration fee collected to the City, commensurate with the amount of work left to be completed on the agreement. The proportionate share will be based on the County's fee schedule.

8. ROADS AND TRANSPORTATION

- 8.1 Annexation of County road right-of-ways. Except for noncontiguous municipal purpose annexations under RCW 35.13.180 or 35A.14.300, the City agrees to

propose annexation of the entire right-of-way of County roads adjacent to an annexation boundary. As used in Section 8 of this Agreement, "County road" means "County road" as defined in RCW 36.75.010(6). The City agrees to assume full ownership, legal control and maintenance responsibility for County roads and associated drainage facilities within the annexed area upon the effective date of annexation, unless otherwise mutually agreed in writing.

- 8.2 Road maintenance responsibility. Where possible, the City agrees to annex continuous segments of County road to facilitate economical division of maintenance responsibility and avoid discontinuous patterns of alternating City and County road ownership. Where annexation of segments of County road are unavoidable, the City and County agree to consider a governmental services agreement providing for maintenance of the entire County road segment by the jurisdiction best able to provide maintenance services on an efficient and economical basis.

8.3 Traffic Mitigation and Capital Facilities

- 8.3.1 Reciprocal impact mitigation. The City and County agree to mutually enforce each other's traffic mitigation ordinances and policies to address multi-jurisdictional impacts under the terms and conditions provided in the *"Interlocal Agreement between Snohomish County and the City of Lynnwood on Reciprocal Mitigation of Transportation Impacts,"* which will be adopted at or near the time of this Agreement. In addition to reciprocal impact mitigation, the subagreement may address implementation of common UGA development standards (including access and circulation requirements), level of service standards, concurrency management systems, and other transportation planning issues.

- 8.3.2 Transfer of road impact fees. The County collects road impact fees pursuant to Chapter 30.66B of the Snohomish County Code. Where the annexation area includes system improvements for which road impact fees have been collected and which remain programmed for improvements, the County and City will negotiate transfers of all or a portion of these fees to the City to construct the improvements. Any issues relating to unbudgeted improvements for the annexation area shall be resolved prior to the transfer of any road impact fees. Road impact fees shall not be transferred to the City until maintenance and ownership responsibilities of road system improvements have been determined.

- 8.3.3 Reimbursement for transportation-related capital facilities investment. There will be no reimbursement from the City to the County for existing capital improvements. However, the County and the City may agree to develop separate agreements for cost sharing for new capital improvement projects.

- 8.4 Joint planning for transit-oriented development implementation. The City and County agree to cooperate on the development of transit-oriented development

regulations and transit supportive policies to implement County and City comprehensive planning policies.

- 8.5 Maintenance services. The City and County agree to evaluate whether an interlocal agreement addressing maintenance of roads, traffic signals, or other transportation facilities will be appropriate. Any County maintenance within an annexation area after the effective date of the annexation will be by separate service agreement negotiated between the City and County.

9. SURFACE WATER MANAGEMENT

- 9.1 Legal control and maintenance responsibilities. If an annexed area includes surface water drainage improvements or facilities that the County currently owns or maintains, the City and County agree that the legal control and maintenance responsibilities for such surface water drainage improvements or facilities shall transfer to the City by the end of the calendar year in which the annexation becomes effective, except as negotiated between the City and County in any subsequent agreements. The County agrees to provide a list of surface water drainage improvements and facilities prior to the start of negotiations. County maintenance easements over residential detention facilities shall be transferred to the City. If the County's current Annual Construction Program or Surface Water Management Division budget includes major surface water projects in the area to be annexed, the City and County will determine how funding, construction, programmatic and subsequent operational responsibilities, legal control and responsibilities will be assigned for these improvements, and the timing thereof, under the provisions of RCW 36.89.050, RCW 36.89.120 and all other applicable authorities.
- 9.2 Taxes, fees, rates, charges and other monetary adjustments. The City recognizes that service charges are collected by the County for unincorporated areas within designated Watershed Management Areas and Clean Water Districts. Watershed management service charges are collected at the beginning of each calendar year through real property tax statements. Upon the effective date of an annexation, the City hereby agrees that the County may continue to collect and, pursuant to Chapter 25.20 SCC and to the extent permitted by law, to apply the service charges collected during the calendar year in which the annexation occurs to the provision of watershed management services designated in that year's budget. These services will be provided through the calendar year in which the annexation becomes effective and will be of the same general level and quality as those provided to other property owners subject to service charges in the County.
- 9.3 Drainage Needs Report cost recovery. The City recognizes that drainage engineering studies and surface water drainage improvements and facilities have benefited the annexation area. The City recognizes that the County has incurred bonded debt to fund the engineering studies and facilities listed in the Drainage

Needs Report, prepared by the Snohomish County Department of Public Works in 2002, as updated, and agrees that the annexation area will be responsible for paying a share of that bond debt. The City recognizes that the County intends to restructure that bond debt as necessary to accomplish this appropriate cost recovery.

- 9.4 Government service agreements. The County and City intend to work toward one or more interlocal agreements for joint watershed management planning, capital construction, infrastructure management, habitat/river management, water quality management, outreach and volunteerism, and other related services.

10. PARKS, OPEN SPACE AND RECREATIONAL FACILITIES

- 10.1 Local or community parks. If an annexed area includes parks, open space or recreational facilities that are listed in the Snohomish County Comprehensive Parks and Recreation Plan as a local or community park, the City agrees to assume maintenance, operation and ownership responsibilities for the facility upon the effective date of the annexation except when, prior to annexation, the County declares its intention to retain ownership of the park, open space or recreational facility pursuant to Subsection 10.2 of this Agreement.

- 10.2 County retention of ownership. The County, in its own discretion and after consulting with the City, will determine whether to retain ownership of a park, open space or recreational facility (collectively "facility") described in Subsection 10.1 of this Agreement based on consideration of the following criteria and consistent with the Snohomish County Comprehensive Parks and Recreation Plan:

- The facility has a special historic, environmental or cultural value to the citizens of Snohomish County, as determined by the Snohomish County Department of Parks and Recreation;
- There are efficiencies with the County's operation or maintenance of the facility;
- The County has made a substantial capital investment in the facility, including but not limited to the purchase of the facility property, the development of the facility, and the construction of the facility;
- There are specialized stewardship or maintenance issues associated with the facility that the County is best equipped to address;
- The facility generates revenue that is part of the larger County park operation budget;
- The facility serves as a regional park or is part of the County's trail system and should remain a part of the County's regional network; and
- Retaining ownership of the facility is consistent with the Snohomish County Tomorrow Annexation Principles.

- 10.3 Joint planning for parks, recreation and open space. The City and County may, upon the effective date of this Agreement, establish an interlocal agreement for parks, open space and recreational facilities. Such an interlocal agreement shall be based upon the City and County's efforts to provide parks, recreational facilities and open space within the UGA and surrounding area. This agreement shall be consistent with the joint planning efforts of the City and County under the Snohomish County Tomorrow Annexation Principles, establish the nature and type of facilities the jurisdictions have planned or anticipate for the area, identify ways to jointly provide these services, and identify transition of ownership and maintenance responsibilities as annexations occur. This effort will result in a mutual ongoing planning effort, joint capital improvement plans and reciprocal impact mitigation.

11. POLICE SERVICES

As provided by law, at the effective date of annexation police services responsibility will transfer to the City; or, if necessary, the City and County may agree to discuss the need for developing a contract for police services in order to accommodate the needed transfer of police services within an annexed area and the unincorporated UGA. Upon request of the City, the Snohomish County Sheriff's Office will provide detailed service and cost information for the area to be annexed. This request to the Sheriff's Office for detailed service and cost information for police contract services does not preclude the City from seeking additional service and cost information proposals for similar services from other governmental entities. Agreements between the City and County will be made consistent with RCW 41.14.250 through 41.14.280 and RCW 35.13.360 through 35.13.400.

12. CRIMINAL JUSTICE SERVICES

All misdemeanor crimes that occur within an annexation area prior to the effective date of annexation will be considered misdemeanor crimes within the jurisdiction of Snohomish County for the purposes of determining financial responsibility for criminal justice system services, including but not limited to prosecution, court costs, jail fees and services, assigned counsel, jury and witness fees, and interpreter fees. On and after the effective date of any annexation, all misdemeanor crimes that occur in the annexation area will be considered crimes within the jurisdiction of the City for purposes of determining financial responsibility for such criminal justice system services.

13. FIRE MARSHAL SERVICES

- 13.1 County to complete certain annual fire inspections. The County agrees to process and complete only those fire inspections in an annexed area that were scheduled before the effective date of annexation and occur within four months following the effective date of the annexation. All other inspections will be conducted by the City.

- 13.2 County to complete certain fire code enforcement cases. The County will complete through final disposition any fire code enforcement cases within an annexation area pending at the effective date of an annexation. After final disposition, any further action or enforcement will be at the discretion of the City.

14. STATUS OF COUNTY EMPLOYEES

Subject to City civil service rules and state law, the City agrees to consider the hiring of County employees whose employment status is affected by the change in governance of the annexation areas where such County employees make application with the City per the City hiring process and meet the minimum qualifications for employment with the City. The City's consideration of hiring of affected sheriff department employees shall be governed by the provisions set forth in RCW 35.13.360 through 35.13.400. The County shall in a timely manner provide the City with a list of those employees expressing a desire to be considered for employment by the City.

15. ADDENDA AND AMENDMENTS

- 15.1 Addenda related to annexation. At the discretion of the Parties, an addendum to this Agreement may be prepared for each annexation by the City to address any issues specific to a particular annexation. The City and County will negotiate the addendum prior to or during the forty-five (45) day review period following the date the Boundary Review Board accepts the City's Notice of Intention for the annexation.
- 15.2 Amendments. The City and County recognize that amendments to this Agreement may be necessary.
- 15.3 Process for addending or amending this Agreement. An addendum or amendment to this Agreement must be mutually agreed upon by the Parties and executed in writing. Any addendum or amendment to this Agreement shall be executed in the same manner as this Agreement.
- 15.4 Additional agreements. Nothing in this Agreement limits the Parties from entering into interlocal agreements on issues not covered by, or in lieu of, the terms of this Agreement.

16. THIRD PARTY BENEFICIARIES

There are no third party beneficiaries to this Agreement, and this Agreement shall not be interpreted to create any third party beneficiary rights.

17. DISPUTE RESOLUTION

Except as herein provided, no civil action with respect to any dispute, claim or controversy arising out of or relating to this Agreement may be commenced until the dispute, claim or controversy has been submitted to a mutually agreed upon mediator. The Parties agree that they will participate in the mediation in good faith, and that they will share equally in its costs. Each jurisdiction shall be responsible for the costs of their own legal representation. Either party may seek equitable relief prior to the mediation process, but only to preserve the status quo pending the completion of that process. The City and County agree to mediate any disputes regarding the annexation process or responsibilities of the parties prior to any Boundary Review Board hearing on a proposed annexation, if possible.

18. HONORING EXISTING AGREEMENTS, STANDARDS AND STUDIES

In the event a conflict exists between this Agreement and any agreement between the City and the County in existence prior to the effective date of this Agreement, the terms of this Agreement shall govern the conflict.

19. RELATIONSHIP TO EXISTING LAWS AND STATUTES

This Agreement in no way modifies or supersedes existing state laws and statutes. In meeting the commitments encompassed in this Agreement, all parties will comply with all applicable state or local laws. The County and City retain the ultimate authority for land use and development decisions within their respective jurisdictions. By executing this Agreement, the County and City do not intend to abrogate the decision-making responsibility or police powers vested in them by law.

20. EFFECTIVE DATE, DURATION AND TERMINATION

- 20.1 Effective Date. This Agreement shall become effective following the approval of the Agreement by the official action of the governing bodies of each of the parties hereto and the signing of the Agreement by the duly authorized representative of each of the parties hereto.
- 20.2 Duration. This Agreement shall be in full force and effect through December 31, 2018. If the parties desire to continue the terms of the existing Agreement after the Agreement is set to expire, the parties may either negotiate a new agreement or extend this Agreement through the amendment process.
- 20.3 Termination. Either party may terminate this Agreement upon ninety (90) days advance written notice to the other party. Notwithstanding termination of this Agreement, the County and City are responsible for fulfilling any outstanding obligations under this Agreement incurred prior to the effective date of the termination.

21. INDEMNIFICATION AND LIABILITY

- 21.1 Indemnification of County. The City shall protect, save harmless, indemnify and defend, at its own expense, the County, its elected and appointed officials, officers, employees and agents, from any loss or claim for damages of any nature whatsoever arising out of the City's performance of this Agreement, including claims by the City's employees or third parties, except for those damages caused solely by the negligence or willful misconduct of the County, its elected and appointed officials, officers, employees, or agents.
- 21.2 Indemnification of City. The County shall protect, save harmless, indemnify, and defend at its own expense, the City, its elected and appointed officials, officers, employees and agents from any loss or claim for damages of any nature whatsoever arising out of the County's performance of this Agreement, including claims by the County's employees or third parties, except for those damages caused solely by the negligence or willful misconduct of the City, its elected and appointed officials, officers, employees, or agents.
- 21.3 Extent of liability. In the event of liability for damages of any nature whatsoever arising out of the performance of this Agreement by the City and the County, including claims by the City's or the County's own officers, officials, employees, agents, volunteers, or third parties, caused by or resulting from the concurrent negligence of the County and the City, their officers, officials, employees and volunteers, each party's liability hereunder shall be only to the extent of that party's negligence.
- 21.4 Hold harmless. No liability shall be attached to the City or the County by reason of entering into this Agreement except as expressly provided herein. The City shall hold the County harmless and defend at its expense any legal challenges to the City's requested mitigation and/or failure by the CITY to comply with Chapter 82.02 RCW. The County shall hold the City harmless and defend at its expense any legal challenges to the County's requested mitigation or failure by the County to comply with Chapter 82.02 RCW.

22. SEVERABILITY

If any provision of this Agreement or its application to any person or circumstance is held invalid, the remainder of the provisions and the application of the provisions to other persons or circumstances shall not be affected.

23. EXERCISE OF RIGHTS OR REMEDIES

Failure of either party to exercise any rights or remedies under this Agreement shall not be a waiver of any obligation by either party and shall not prevent either party from pursuing that right at any future time.

24. RECORDS

The Parties shall maintain adequate records to document obligations performed under this Agreement. The Parties shall have the right to review each other's records with regard to the subject matter of this Agreement, except for privileged documents, upon reasonable written notice. Public records will be retained and destroyed according to Subsection 6.5 of this Agreement.

25. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the Parties concerning annexation within the Lynnwood MUGA, except as set forth in Subsection 2.4 and Sections 15 and 18 of this Agreement.

26. GOVERNING LAW AND STIPULATION OF VENUE

This Agreement shall be governed by the laws of the State of Washington. Any action hereunder must be brought in the Superior Court of Washington for Snohomish County.

27. CONTINGENCY

The obligations of the City and County in this Agreement are contingent on the availability of funds through legislative appropriation and allocation in accordance with law. In the event funding is withdrawn, reduced or limited in any way after the effective date of this Agreement, the City or County may terminate the Agreement under Subsection 20.3 of this Agreement, subject to renegotiation under those new funding limitations and conditions.

28. FILING

A copy of this Agreement shall be filed with the Lynnwood City Clerk and recorded with the Snohomish County Auditor's Office.

29. ADMINISTRATORS AND CONTACTS FOR AGREEMENT

The Administrators and contact persons for this Agreement are:

Paul Krauss, Comm. Dev. Dir.
City of Lynnwood
City Hall
PO Box 5008
Lynnwood, WA 98046
(425) 670-5401

Richard Craig, Senior Planner
Snohomish County
Department of Planning and Development Services
3000 Rockefeller Avenue
Everett, WA 98201
(425) 388-3311

EXHIBIT A – SNOHOMISH COUNTY TOMORROW ANNEXATION PRINCIPLES

The following principles are intended as a "roadmap" for successful annexations but are not intended to require cities to annex all UGA lands. The desired outcome will reduce Snohomish County's current delivery of municipal services within the urban growth area while strengthening the County's regional planning and coordinating duties. Likewise, cities/towns will expand their municipal services to unincorporated lands scattered throughout the UGAs in Snohomish County. These principles propose altering historical funding and service delivery patterns. All parties recognize that compromises are necessary.

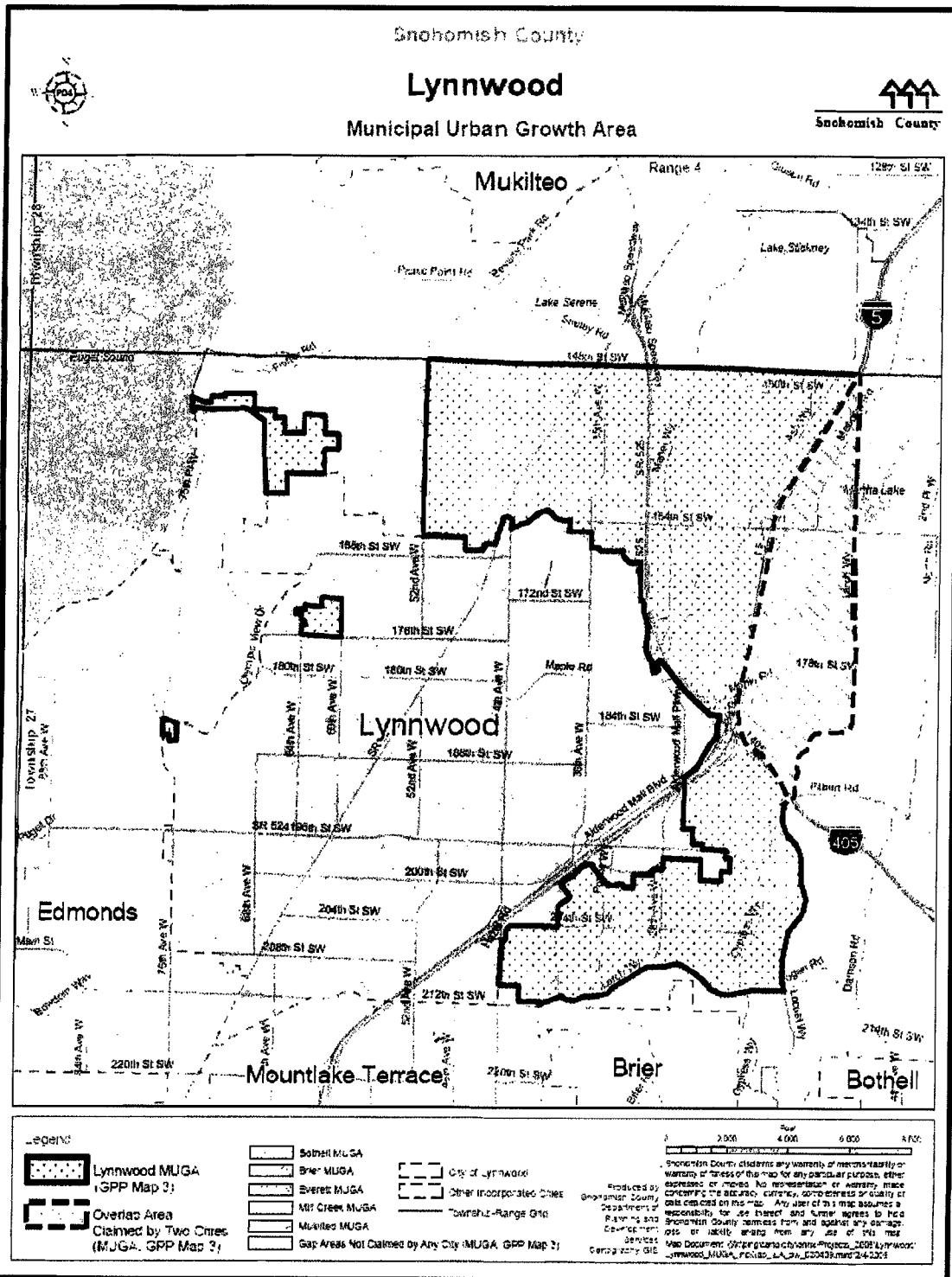
1. The County and all Snohomish County cities will utilize a six-year time schedule which will guide annexation goals. This work will be known as the Six Year Annexation Plan. As follow-up to the county's Municipal Urban Growth Area (MUGA) policies, those cities that have a (MUGA) land assignment, should designate this land assignment a priority. Each jurisdiction shall conduct its normal public process to ensure that citizens from both the MUGA areas and city proper are well informed. All Snohomish County cities have the option of opting in or out of this process. Cities that opt in will coordinate with the county to establish strategies for a smooth transition of services and revenues for the annexations proposed in the accepted Six Year Plan.
2. Each city will submit a written report regarding priority of potential annexation areas to the county council every two years, at which time each city will re-evaluate its time schedule for annexation. This report will serve as an update to the Six Year Annexation Plan.

The report to the county council should be based upon each city's internal financial analyses dealing with the cost of those annexations identified for action within the immediate two-year time period. This analysis shall include: current and future infrastructure needs including, but not be limited to, arterial roads, surface water management, sewers, and bridges. A special emphasis should be given to the financing of arterial roads, including historical county funding and said roads' priority within the county's current 6-year road plan. Where financing and other considerations are not compelling, the city and county may "re-visit" the annexation strategies at the next two-year interval.

3. To facilitate annexation within urban growth areas (UGAs), the host city and the county may negotiate an Interlocal agreement providing for sub-area planning to guide the adoption of consistent zoning and development regulations between the county and the city. Coordination of zoning densities between the county and the host city may require the revision of land use maps, adoption of transfer rights or other creative solutions. Upon completion of sub-area planning, if densities cannot be reconciled, then the issue would be directed to SCT for review and possible re-assignment to alternate sites within the UGA.

The Interlocal Agreement would also address development and permit review and related responsibilities within the UGA, apportioning related application fees based upon the review work performed by the respective parties, and any other related matters. The format for accomplishing permit reviews will be guided in part by each city's unique staffing resources as reflected in the Interlocal agreement between the host city and the county.

4. The city and the county will evaluate the financial and service impacts of an annexation to both entities, and will collaborate to resolve inequities between revenues and service provision. The city and county will negotiate on strategies to ensure that revenues and service requirements are balanced for both the city and the county. These revenue sharing and/or service provision strategies shall be determined by individual ILAs to address service operations and capital implementation strategies.
5. The county and the host city will negotiate with other special taxing districts on annexation related issues. Strategies for accomplishing these negotiations will be agreed to by the county and host city, and reflected in the host city's annexation report. (See preceding Principle #2.)
6. To implement the goals of the Annexation Principles regarding revenue sharing, service provision, and permit review transitions, the county and the cities will consider a variety of strategies and tools in developing Interlocal Agreements, including:
 - Inter-jurisdictional transfers of revenue, such as property taxes, Real Estate Excise Taxes (REET), storm drainage fees, sales tax on construction, and retail sales tax. Dedicated accounts may be opened for the deposit of funds by mutual agreement by the county and city;
 - Service provision agreements, such as contracting for service and/or phasing the transition of service from the county to the city;
 - Identifying priority infrastructure improvement areas to facilitate annexation of areas identified in Six Year Annexation Plans.



**EXHIBIT C – SNOHOMISH COUNTY CODE (“SCC”) PROVISIONS
AND SNOHOMISH COUNTY ORDINANCES TO BE ADOPTED BY CITY**

- A. The following portions of SCC Title 13, entitled ROADS AND BRIDGES: Chapters 13.01, 13.02, 13.05, 13.10 through 13.70, 13.95, 13.110 and 13.130
- B. SCC Title 25, entitled STORM AND SURFACE WATER MANAGEMENT
- C. SCC Subtitle 30.2, entitled ZONING AND DEVELOPMENT STANDARDS
- D. SCC Chapter 30.41A, entitled SUBDIVISIONS
- E. SCC Chapter 30.41B, entitled SHORT SUBDIVISIONS
- F. SCC Chapter 30.42B, entitled PLANNED RESIDENTIAL DEVELOPMENTS
- G. SCC Chapter 30.41D, entitled BINDING SITE PLANS
- H. SCC Chapter 30.44, entitled SHORELINE MANAGEMENT
- I. SCC Chapter 30.51A, entitled DEVELOPMENT IN SEISMIC AREAS
- J. SCC Chapter 30.52A, entitled BUILDING CODE
- K. SCC Chapter 30.52B, entitled MECHANICAL CODE
- L. SCC Chapter 30.52C, entitled VENTILATION AND INDOOR AIR QUALITY CODE
- M. SCC Chapter 30.52D, entitled ENERGY CODE
- N. SCC Chapter 30.52E, entitled UNIFORM PLUMBING CODE
- O. SCC Chapter 30.52F, entitled RESIDENTIAL CODE
- P. SCC Chapter 30.52G, entitled AUTOMIC SPRINKLER SYSTEMS
- Q. SCC Chapter 30.53A, entitled FIRE CODE
- R. SCC Subtitle 30.6, entitled ENVIRONMENTAL STANDARDS AND MITIGATION
- S. SCC Chapter 30.66A, entitled PARK AND RECREATION FACILITY IMPACT MITIGATION
- T. SCC Chapter 30.66B, entitled CONCURRENCY AND ROAD IMPACTMITIGATION
- U. SCC Chapter 30.66C, entitled SCHOOL IMPACT MITIGATION
- V. Ordinance 93-036, entitled SHORELINE MASTER PROGRAM, as amended