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

1 PARTIES

This Interlocal Agreement (hereinafter "AGREEMENT") is entered into pursuant to Chapter 36 70A RCW (the Growth Management Act), Chapter 36.115 RCW (the Governmental Services Act), and Chapter 39 34 RCW (the Interlocal Cooperation Act) by the City of Arlington, a Washington municipal corporation (hereinafter "CITY"), and Snohomish County, a political subdivision of the State of Washington (hereinafter "COUNTY")

2 PURPOSE AND RECITALS

2 1 As required by the Growth Management Act (GMA), the County Council has adopted an Urban Growth Area for the City of Arlington (hereinafter "AUGA") that identifies areas within the unincorporated COUNTY which the CITY may annex in the future (see Exhibit 1).

2 2 GMA encourages cities with urban services to annex unincorporated urban areas within a county

2 3 Annexations proposed by the CITY are pursued in accordance with Chapter 35A.14 RCW and intended to be consistent with RCW 36.93 157 and RCW 36.93.180.

2 4 The CITY and COUNTY recognize the need to facilitate an orderly transition of services and capital projects from the COUNTY to the CITY at the time of annexation

2 5 The CITY and COUNTY recognize that mutual coordination of land use densities and designations is necessary to reduce urban sprawl, support urban infrastructure and protect rural areas within the COUNTY

2 6 The CITY and COUNTY recognize that annexations can have extra-jurisdictional impacts and that intergovernmental cooperation is an effective way to deal with impacts and opportunities that transcend jurisdictional boundaries

2.7 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 regulations that effect improvements in both jurisdictions

2.8 The CITY and COUNTY wish to establish a generalized, framework interlocal agreement to implement urban development standards within the AUGA prior to annexation, for the planning and funding of capital facilities in the unincorporated portion of the AUGA, and to enable consistent responses to future annexations

2.9 The CITY and COUNTY share a commitment to ensure that infrastructure will be in place within the urban growth area to serve development as it is ready for occupancy and use without decreasing service levels below locally established minimum standards and which is within funding capacities of the CITY and COUNTY

2.10 The CITY and COUNTY agree that RCW 36 70A.110 provides a process for designating urban growth boundaries that begins with each county consulting with the city on its respective urban growth area, in recognition of the role that cities serve in providing public facilities and services for urban growth

2.11 The CITY and COUNTY also recognize that this framework AGREEMENT will include general statements of principle and policy for additional agreements on specific topical subjects relating to annexation and service transition such as streets, surface water, parks and open space

3 APPLICABILITY, ADDENDA AND AMENDMENTS

3.1 Applicability This AGREEMENT shall apply to all annexations for which the effective date of the annexation occurs, or the CITY files a Notice of Intent (NOI) to the Boundary Review Board (BRB), after the effective date of this AGREEMENT

3.2 Addendum for annexation. An addendum to this AGREEMENT shall be prepared for each annexation, if necessary, to address parks, transportation, surface water management, facilities, or other issues. The CITY and COUNTY will negotiate the addendum prior to or during the forty-five (45) day review period following the date the BRB accepts the CITY's NOI for the annexation. If the CITY and COUNTY are unable to reach agreement during this period, the COUNTY may request that the BRB invoke jurisdiction and hold a public hearing on the proposed annexation. Even if the COUNTY requests the BRB to invoke jurisdiction, the CITY and COUNTY may, by mutual agreement, continue to negotiate an annexation addendum to this AGREEMENT. The addendum will become effective on the effective date of the CITY ordinance approving the annexation, if approved by both parties before that date.

3.3 Amendments The CITY and COUNTY recognize that amendments to this AGREEMENT, other than those described in section 3.2 above, may be necessary to clarify particular sections or to update and expand the AGREEMENT. Either party may pursue an amendment as necessary

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3.4 Process for addendum or amending this AGREEMENT An addendum or amendment must be mutually agreed by the parties and executed in writing before becoming effective. Any addendum or amendment to the AGREEMENT shall be executed in the same manner as provided by law for the execution of the AGREEMENT.

4 LAND USE

4.1 Comprehensive Plan and Urban density requirements The CITY's GMA Comprehensive Plan establishes land use designations within the AUGA, including unincorporated areas of the AUGA. These designations provide residents and the COUNTY notice of the CITY's intentions with respect to land uses for the area. The COUNTY will continue to work with the CITY to reconcile land use designations within the unincorporated AUGA to ensure consistency with the CITY's Comprehensive Plan, Comprehensive Water Plan, Comprehensive Sewer Plan, and the City of Arlington's Rural Utility Service Area (RUSA) Plan.

4.2 Pre-Zoning The CITY agrees to pre-zone a proposed annexation area prior to or at the time that it accepts the sixty-percent petition to annex, by any method authorized by Chapter 35A 14 RCW. The CITY will provide adequate notice of the zoning hearings to affected property owners and the COUNTY. If the CITY intends to reassess the appropriateness of these land use designations and zones within one year following the annexation, the CITY agrees to notify the residents of the annexation area and the COUNTY of this intention prior to annexation.

4.3 Urban density requirements: The CITY agrees to adopt and maintain land use designations and zones for the annexation areas that will yield minimum residential densities for the AUGA of four (4) units per net acre as defined in SCC 18 42 085, except as may be otherwise allowed by law.

4.4 Land use permit application consultation After the effective date of this AGREEMENT, the COUNTY will give the CITY timely written notice and review opportunity related to all land use permit applications inside the AUGA. The COUNTY will give timely written notice to the CITY of all applications for a land use permit, as defined in section 5.6 below, as soon as the COUNTY is aware of such applications. The COUNTY will invite the staff representatives from the CITY to attend staff meetings with the applicant relating to the permit, including pre-application meetings.

4.5 CITY urban design and development standards The COUNTY, to the extent practicable, shall encourage new development within the AUGA to conform to the CITY's urban design and development standards. The CITY will make written recommendations to the COUNTY on how proposed new land use permit applications could be changed to make them consistent with CITY standards as part of the consultation process described in Section 4.4 above. The CITY and COUNTY agree to consider adoption of development standards generally equal to or better than the common urban growth area development standards proposed by the Snohomish County Cities and County Administrators group.

4.6 Review of COUNTY Land Use Permit Applications. All COUNTY land use applications subject to SEPA within the AUGA will be reviewed under the terms of the "Interlocal Agreement Between Snohomish County and the City of Arlington on Reciprocal Mitigation of Transportation Impacts," the provisions of SEPA, and any other interlocal agreements relating to

interjurisdictional coordination. Any COUNTY development within the AUGA may also be required to provide improvements, dedicate or deed right-of-way, and meet road standards consistent with minimum unincorporated UGA infrastructure standards, when adopted by the COUNTY. When the development is contingent upon extension of sewer or water services provided by the CITY, the COUNTY agrees to impose conditions voluntarily negotiated between the developer and the CITY as a condition of a sewer and water 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.

4.7 Urban Growth Area. The COUNTY agrees to consult with the CITY on any proposals to modify the AUGA since the CITY is ultimately responsible for service provision within the AUGA. The COUNTY agrees to work cooperatively with the CITY to establish a priority system for evaluating UGA amendment requests within the AUGA consistent with buildable lands requirements of the Growth Management ACT (RCW 36 70A 215), Countywide Planning Policies, and the monitoring guidelines established by Snohomish County Tomorrow as adopted by the COUNTY in its General Policy Plan. The priority system will be based on availability of public facilities and services within the existing UGA.

4.8 Endangered Species Act compliance. The COUNTY and CITY agree to work towards one or more interlocal agreements to achieve recovery of any federally-listed threatened or endangered species. These agreements may include, but are not limited to, land use planning, development regulations, code enforcement, capital projects, public involvement and education, facilities operations and maintenance, and scientific inventory and monitoring.

5 TRANSFER OF PERMITS IN PROCESS BY THE COUNTY

5.1 COUNTY will process permits. The COUNTY agrees to continue processing both building and land use permit applications in an annexed area for which complete applications were filed before the effective date of annexation, as provided below.

5.2 CITY will adopt COUNTY code. The CITY agrees to adopt the COUNTY's permitting code by reference for the purpose of allowing the COUNTY to continue processing those permits in annexed areas. Adoption of the COUNTY's code shall in no way have an effect on projects applied for under the CITY's jurisdiction. The relevant code is listed as Exhibit 2 to this AGREEMENT.

5.3 Building permits. In areas that have been annexed, the COUNTY shall complete processing of building permit applications which were deemed complete prior to the effective date of the annexation, subject to the limitations in Sections 5.4 and 5.5 of this AGREEMENT. In addition, the COUNTY shall accept, process and conduct inspections for any associated permits for which it receives an application and accompanying fees through completion. For the purposes of this AGREEMENT, "associated permits" means mechanical, plumbing and sign permits for the building being permitted. For the purposes of this AGREEMENT, "completion" means final administrative or quasi-judicial approvals, including final inspection and issuance of an occupancy permit. The COUNTY shall be responsible for defending any administrative, quasi-judicial or judicial appeals of building permits issued by the COUNTY in the annexed

area. For permit renewals, see Section 5.7. Where legislative approval by the Arlington City Council is required, the COUNTY will provide relevant staff to the Council's meeting, if deemed necessary by the CITY

5.4 Building permits may be issued up to four months following annexation in areas that have been annexed The County shall continue processing building permit applications pursuant to Section 5.3 of this AGREEMENT for up to four months following the effective date of an annexation. On or about the effective date of the annexation, the COUNTY and CITY will determine, in consultation with the applicant(s), whether any pending building permit applications will be transferred to the CITY for completion

5.5 Transfer by request of permit applicant The CITY may at any time request the COUNTY to transfer pending building permit applications upon receipt of a written request by the permit applicant. The COUNTY will contact applicants for pending permit applications to provide advance notification of the transfer date. The CITY will honor any intermediate approvals (such as building plan check approval) which are effective prior to transfer of the permit application. Extension of intermediate approvals following the annexation must be approved by the CITY following consultation with COUNTY staff

5.6 Land Use permits In areas that have been annexed, the COUNTY shall continue to process to completion any land use permits for which it received a complete permit application prior to the effective date of an annexation. Land use permits are 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. Processing to completion shall be to the end of a review process that was commenced by the COUNTY prior to the date of the annexation. The term "review process" is defined for a subdivision to include preliminary plat approval, plat construction plan approval, inspection and final plat processing. Final plats shall be transmitted to the CITY for City Council acceptance of dedication of right-of-way or other public easements, if dedication occurs after the effective date of annexation. The term "review process" for all other land use permits includes preliminary approval, construction plan approval, construction inspections, and final sign-off, but does not include building permit application unless applied for in the COUNTY prior to the effective date of the annexation. The COUNTY shall be responsible for defending any administrative, quasi-judicial or judicial appeals of land use permits issued by the COUNTY in the annexed area

5.7 Permit renewal or extension. Any request to renew a building permit or to renew or extend a land use permit issued by the COUNTY shall be made to and administered by the CITY

5.8 Land use code enforcement cases Any land use code enforcement cases in the annexation area pending in the COUNTY 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. The COUNTY agrees to make its employees available as witnesses at no cost to the CITY if necessary to prosecute transferred cases

5.9 Enforcement of COUNTY conditions Following the effective date of 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. Any performance or other bonds held by the COUNTY to guarantee performance or completion of work associated with the issuance of a permit shall be transferred to the CITY along with responsibility for enforcement of conditions tied to said bonds. The COUNTY agrees to make its employees available to provide assistance in enforcement of conditions on permits originally processed by COUNTY personnel, at no cost to the CITY.

5.10 Quarterly permit report Fifteen (15) days following the end of each calendar quarter, the COUNTY shall provide the CITY a report listing the file numbers and addresses of all land use permits, code enforcement cases and building permits inside the CITY limits that were pending during the previous quarter.

5.11 Transfer of Permit Fees The CITY and COUNTY shall proportionately share the permit application fees for any transferred cases. The COUNTY shall 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.

6 RECORDS TRANSFER

Transfer of COUNTY records will be subject to an interlocal agreement between the CITY and the COUNTY, entitled "Interlocal Agreement Between the City of Arlington and Snohomish County Concerning Transfer, Custody, and Retention of and Access to Public Records Following Annexation."

7 CONTINUED COUNTY CAPITAL FACILITIES INVESTMENT WITHIN THE AUGA

7.1 Consultation on capital expenditures for active and future projects The COUNTY will consult with the CITY in planning for new local and regional capital construction projects within the AUGA. The COUNTY and the CITY agree to begin consultation within sixty (60) days of approval of this AGREEMENT regarding existing active COUNTY projects. At the time of this consultation, or at the project planning stage, the parties will discuss the need for shared responsibilities in implementing local projects, including the potential for indebtedness by bonding or loans. The CITY and COUNTY will pursue cooperative financing for local capital facilities where appropriate. Interlocal agreements addressing shared responsibilities for local capital projects within the AUGA shall be negotiated where appropriate.

7.2 Continued planning, design, funding, construction, and services for active and future local projects Shared responsibilities for local capital projects and local share of regional capital facilities within the AUGA and continued COUNTY services relating to the planning, design, funding, property acquisition, construction, and engineering for local capital projects within an annexation area shall be addressed by separate interlocal agreement(s) for specific projects. Appropriate interlocal agreements relating to planning, design, funding, property acquisition, construction, and other architectural or engineering services for active and future local capital projects within an annexation area will be documented as part of an annexation addendum under section 3.2 of this AGREEMENT.

7.3 Capital facilities finance agreements. At a minimum, project-specific interlocal agreements for major new local capital facility projects and local share of regional capital facilities within the AUGA shall address future revenue adjustments necessary to maintain the local capital facility financing mechanism, including transfers of future revenues from the CITY to the COUNTY, proportionate share reimbursements from the CITY to the COUNTY, and/or CITY assumption of COUNTY debt service responsibility for loans or other financing mechanisms for new local capital projects and local capital projects with outstanding public indebtedness within the annexation area at the time of annexation. Both parties agree in principle that there should not be any reimbursement for projects that have already been paid for by the citizens of the annexing area (e.g., through 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, latecomers 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 AUGA. The CITY's agreement to do so, however, is conditioned on the COUNTY providing adequate files, maps, and other relevant information necessary to effectively administer these agreements or programs.

8 ROADS

8.1 Ownership, maintenance and maintenance services. Except for noncontiguous municipal purpose annexations under RCW 35A 14 300, the CITY will propose annexation of the entire right-of-way of COUNTY roads adjacent to an annexation boundary and will assume full ownership and maintenance responsibility for roads within the annexed area upon the effective date of annexation unless otherwise mutually agreed in writing. The CITY and COUNTY agree to evaluate whether an interlocal AGREEMENT addressing maintenance of streets, traffic signals, or other transportation facilities would 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. If the CITY and COUNTY currently have agreements for street maintenance, traffic signal maintenance and operations, or other municipal services, the CITY and COUNTY agree to review whether streets/roads within the newly annexed areas will be subject to the existing services and whether any revisions to existing agreements or interlocals are necessary or appropriate.

8.2 Uncommitted proportionate share mitigation payments. The COUNTY collects proportionate share mitigation payments (GMA impact fees and road-related State Environmental Policy Act (SEPA) capacity mitigation payments) as a condition of land development permits pursuant to Title 26B SCC. Proportionate share mitigation payments collected by the COUNTY from developments within an annexation area shall be transferred to the CITY subject to the following criteria:

- a) Transfers shall include payments collected by the COUNTY in accordance with the formula identified below and payment obligations imposed by the COUNTY but not yet paid,

b) Transfers shall only include payments that have been collected within the five-year period prior to the annexation date to ensure compliance with the expenditure time limitations of RCW 82 02 020 and RCW 82 02 070,

c) Transfers shall not include payments expended or budgeted by the COUNTY for Transportation Service Area (TSA) A as of the effective date of an annexation on condition that the COUNTY expends the payments for the authorized purpose in the TSA, and

d) Transfers shall occur within ninety (90) days following either the effective date of an annexation or the date of payment receipt, whichever occurs later

The COUNTY shall provide documentation to the CITY of such mitigation funds by defining the time periods and conditions for expenditure of the funds under the requirements of RCW 82 02 020 and RCW 82 02 070, and will assist the CITY in auditing mitigation payment records. The CITY acknowledges that mitigation funds must be spent or refunded in accordance with state law. The CITY shall assume all responsibility and liability for reimbursement of any mitigation amounts transferred to the CITY, with any required interest, if the funds are not expended or encumbered within the time required by law. The amount of such mitigation funds transferred shall be determined at the time of annexation by the following formula.

RA = (EC1 / EC2) x MP, where

RA = The amount of mitigation funds to be transferred to the CITY,

EC1 = Estimated Costs of Improvements to Annexed Roads in the Impact Fee Cost Basis,

EC2 = Estimated Costs of Improvements to All Roads in the Impact Fee Cost Basis for Transportation Service Area (TSA) A, and

MP = The Total of Uncommitted Capacity Mitigation Payments Collected within the Annexation Area for Transportation Service Area (TSA) A within the past Five Years

Estimated Costs will be based on amounts contained in the Snohomish County Transportation Needs Report (TNR) and its technical appendices, as now existing or hereafter amended, which determine the impact fee cost basis for proportionate share mitigation payments made pursuant to COUNTY code

8.3 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 as provided for in the "Interlocal AGREEMENT Between Snohomish County and the City of Arlington 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

8.4 Circulation planning and implementation The reciprocal traffic impact mitigation agreement referenced in Section 8.3 will address access and circulation provisions by new developments. Implementing the reciprocal traffic agreement is necessary to provide safe and convenient access and circulation for the occupants and users of the new developments and to

mitigate impacts of new developments on access and network circulation. Criteria related to access and circulation issues may be included in the countywide design and development standards to be developed under Section 4.5 above. Where appropriate, circulation planning and implementation of development standards and policies shall include pedestrian and other non-motorized transportation facilities. The CITY and COUNTY agree to cooperate on the development of a regional arterial network plan or other efforts to coordinate regional arterial planning and transportation circulation.

8.5. Reimbursement of historical capital expenditures The CITY recognizes the potential need to reimburse the COUNTY for the depreciated value of certain capital road expenditures made in the five-year period preceding the effective date of this AGREEMENT on roads annexed into the CITY during the five-year period following the effective date of this AGREEMENT. The initial projects are identified and a schedule of potential reimbursements by calendar year are shown in Exhibit 3. After the effective date of this AGREEMENT, as a part of the process of addendum for each annexation described in Section 3.2 above, the CITY and COUNTY will review the projects in Exhibit 3 to determine if any are included in the proposed annexation area. If so, the CITY and COUNTY will meet to decide what recovery compensation, if any, the CITY will pay to the COUNTY for those projects on the effective date of the annexation. Actual reimbursement amounts and appropriate repayment schedules shall be negotiated between the CITY and the COUNTY at the time of annexation. The parties recognize that the potential reimbursement amounts are not mandated by the terms of this AGREEMENT and should be considered at the time of a specific annexation along with any other factors relevant to adjustment of a reimbursement amount, if any.

8.6. Continued planning, design funding, construction, and engineering services for active and future projects Shared responsibilities for road projects within the AUGA and continued COUNTY services relating to the planning, design, funding, ROW acquisition, construction, and engineering for projects within an annexation area shall be addressed by separate interlocal agreement(s) for specific projects in accordance with Section 7.2 of this AGREEMENT. The CITY and the COUNTY agree to pursue partnership interlocal agreements with relevant agencies such as the Washington State Department of Transportation (WSDOT), Community Transit (CT), and other appropriate agencies to facilitate and coordinate regional transportation facilities and goals.

9. SURFACE WATER MANAGEMENT

9.1. Fees, Rates and Charges Generally. The COUNTY collects watershed management fees for unincorporated areas that lie within COUNTY designated Watershed Management Areas (WMAs). Watershed management fees are collected at the beginning of each year through real property tax statements. Upon the effective date of an annexation which occurs within a County WMA, the CITY hereby agrees that the COUNTY will continue to collect and apply the fees pursuant to Chapter 25.20 SCC in providing watershed management services and programmed improvements and maintenance through the end of the year in which an annexation becomes effective, unless the CITY shall have its own surface water utility in place sooner or unless an interlocal agreement is developed for the COUNTY to collect and apply fees for the CITY longer than the end of the year in which an annexation becomes effective. These services shall be the same as those provided to other fee payers in the COUNTY, including drainage complaint response.

9.2 Maintenance and Ownership Responsibilities. If an annexed area includes drainage improvements or facilities the COUNTY currently owns or maintains, the CITY and COUNTY shall agree to the disposition of maintenance and ownership responsibilities by the end of the year in which the annexation becomes effective. The responsibilities resulting from such discussions shall be included as part of an annexation-related addendum as provided in Section 3.2 of this AGREEMENT. If the COUNTY's current Annual Construction Program includes major drainage improvements in the area to be annexed, the CITY and COUNTY shall agree how funding, construction, and subsequent operational responsibilities will be assigned for these improvements, taking into account the total WMA and source of funds, and historical improvement expenditures within the WMA and area to be annexed.

9.3 Improvement Responsibilities. The revenues for any surface water management activity which were collected by the COUNTY from within the territory to be annexed to the CITY shall be completely expended within that WMA as part of any surface water management activity for which the revenues were designated in that year.

9.4 Local and Regional Services. The CITY and COUNTY recognize that watershed management planning is ongoing and that all needed surface water improvements and solutions have not been identified. The CITY and COUNTY intend to work towards one or more interlocal agreements for joint watershed management planning, capital construction and other related services. The CITY and COUNTY also agree to address regional service issues as a part of one or more of these future agreements. By June 15, 2000, the COUNTY and CITY agree to have developed a framework for one or more interlocals to provide for storm and surface water services in the AUGA as annexations occur.

10 PARK, OPEN SPACE AND RECREATIONAL FACILITIES

10.1 Ownership and maintenance. If an annexed area includes parks, open space or recreational facilities listed as a local or community park, the CITY shall assume maintenance, operation and ownership responsibilities for the facility upon the effective date of the annexation, unless prior to the annexation, the COUNTY declares its intention to retain ownership of the park. The COUNTY, in consultation with the CITY, will make this decision based on the following criteria:

- a) The park has a special historic, environmental or cultural value associated with the Snohomish County Department of Parks and Recreation and to the citizens of Snohomish County;
- b) There are efficiencies with the COUNTY's operation and/or maintenance of the park property;
- c) The COUNTY has made a substantial capital investment in the park property including the purchase of the property, the development of the park, and the construction of facilities;
- d) There are specialized stewardship or maintenance issues associated with the park that the COUNTY is best equipped to address,

e) The property generates revenue that is part of the larger COUNTY park operation budget, and

f) The facility serves as a regional park and would be better included in the COUNTY's regional network

Any agreed partnership, division of responsibility or other terms and conditions of the transfer of the park shall be documented in an addendum to this interlocal agreement within the forty-five (45) day review period following the CITY's NOI to the BRB, as described in Section 3.2 above

10.2 Uncommitted park mitigation payments Funds for park mitigation payments and park or open space related SEPA mitigation payments received by the COUNTY as a condition of land development permit approval pursuant to Title 26A SCC collected by the COUNTY from property within the annexation area which, as of the effective date of an annexation, are committed to local or community parks or unbudgeted will be transferred to the CITY.

10.3 Calculation of fund amounts The amount of park mitigation funds transferred shall be equal to those funds collected in the annexation area, minus those funds committed to regional parks. The COUNTY will provide to the CITY documentation of such mitigation funds by defining the time periods for expenditure of the funds under RCW 82.02.020 and will assist the CITY in auditing mitigation payment records.

10.4 Reciprocal park impact mitigation The CITY and COUNTY shall adopt a separate interlocal agreement on reciprocal park impact mitigation.

10.5 Joint planning for parks, recreation and open space The CITY and COUNTY shall, after the effective date of this AGREEMENT, establish an interlocal agreement for parks, open space and recreational facilities. This AGREEMENT shall be based upon the CITY and COUNTY's efforts to provide parks, recreational and open space within the AUGA and surrounding area. This AGREEMENT shall 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

11.1 Transfer of police services As necessary, the CITY and COUNTY shall discuss the needs for contracting or transfer of police services within annexed area and unincorporated AUGA. Agreements between the CITY and COUNTY shall be made consistent with RCW 41.14.250 through 41.14.280 and RCW 35.13.360 through 35.13.400. The County Sheriff's Department, upon request by the CITY, shall provide detailed service and cost information for the area to be annexed.

11.2 Form of agreement Any agreements on transfer of police service will be documented as part of an annexation-related addendum to this AGREEMENT, as described in Section 3.2 above.

12 FIRE MARSHAL SERVICES

12.1 COUNTY to complete annual fire inspections The COUNTY agrees to process and complete fire inspections in an annexed area which were scheduled before the effective date of annexation and occur within four months following the effective date of the annexation. The CITY and COUNTY may develop a separate interlocal agreement on Fire Marshall Services that would supersede the language in Section 12 of this AGREEMENT.

12.2 CITY will adopt COUNTY code The CITY agrees to adopt the COUNTY's codes listed in Exhibit 2 by reference for the purpose of allowing the COUNTY to process and complete fire inspections in annexed areas. Adoption of the COUNTY's codes shall in no way have an effect on projects applied for under the CITY's jurisdiction.

12.3 Fire code enforcement cases The COUNTY shall complete any fire code enforcement cases pending in the annexation area until final disposition of the case. Any further action in those cases will be the responsibility of the COUNTY.

13 ANNEXATION SUPPORT

If the COUNTY legislative authority finds that a proposed annexation is consistent with this AGREEMENT and that preparation of an addendum pursuant to Section 3.2 of this Agreement is not necessary, the COUNTY will not oppose the annexation, and will send a letter to the Boundary Review Board in support of annexations within the AUGA that are processed during the term of this AGREEMENT.

14 DISPUTE RESOLUTION

The CITY and COUNTY mutually agree to use a formal dispute process such as mediation, through an agreed upon mediator and process, if agreement cannot be reached regarding interpretation or implementation of any provision of this AGREEMENT. All costs for mediation services would be divided equally between the CITY and COUNTY. Each jurisdiction would be responsible for the costs of their own legal representation. 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. The parties shall use the mediation process in good faith to attempt to come to agreement early in the annexation process, and prior to any hearings that may be required before the Boundary Review Board.

15 RELATIONSHIP TO EXISTING LAWS AND STATUTES

This AGREEMENT in no way modifies or supersedes existing laws and statutes. In meeting the commitments encompassed in this AGREEMENT, all parties shall comply with the requirements of the Open Meetings Act, Growth Management Act, State Environmental Policy Act, Annexation Statutes, and other applicable federal, 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 purport to abrogate the decision-making responsibility vested in them by law.

16. EFFECTIVE DATE, DURATION AND TERMINATION

16.1. 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

16.2. This AGREEMENT may be terminated upon mutual agreement of the parties. Any mutual termination shall become effective ninety (90) days following written amendment to the AGREEMENT executed by both parties. Either party may terminate its obligations under this AGREEMENT upon 180 days advance notice to the other party and under the following conditions. The party seeking the unilateral termination, the "aggrieved party," shall agree to professional mediation with the other party if so requested. The other party must make its request in writing within 60 days of receipt of the written notice from the aggrieved party. Under this AGREEMENT, both parties agree to share equally in the expense of mediation in such cases. Following a termination, the COUNTY and CITY are mutually responsible for fulfilling any outstanding obligations under this AGREEMENT incurred prior to the effective date of the amendment or termination.

17. CONTINGENCY

The obligations of the 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 contract, the County may terminate the contract under Part 16 of this AGREEMENT, subject to renegotiation under those new funding limitations and conditions.

18. INDEMNIFICATION AND LIABILITY

18.1. 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 solely caused by the negligence or willful misconduct of the COUNTY, its elected and appointed officials, officers, employees or agents.

18.2. 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 solely caused by the negligence or willful misconduct of the CITY, its elected and appointed officials, officers, employees or agents.

18.3. 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 only be to the extent of that party's negligence.

18.4 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 any failure by the CITY to comply with RCW 82.02.020 or RCW 82.02.070.

19 SEVERABILITY

Should a court of competent jurisdiction declare any clause, phrase, sentence or paragraph of this AGREEMENT invalid or void, the remaining provisions of this AGREEMENT not so declared shall remain in full force and effect.

20 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.

21 RECORDS

Both parties shall maintain adequate records to document obligations performed under this AGREEMENT. Both parties shall have the right to review the other party's records with regard to the subject matter of this AGREEMENT, upon reasonable notice. Such rights last for six (6) years from the date of permit issuance for each specific development subject to this AGREEMENT.

22 ENTIRE AGREEMENT

This AGREEMENT constitutes the entire AGREEMENT between the parties with respect to the framework issues for annexations. It is anticipated that the parties will enter into further interlocal agreements on specific subject areas, as indicated in the text of the AGREEMENT.

23 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.

24 CONTACTS FOR AGREEMENT. The contact persons for this AGREEMENT are

Cliff Strong
Planning Director
City of Arlington
238 N Olympic Avenue
Arlington, WA 98223
(360) 435-0724

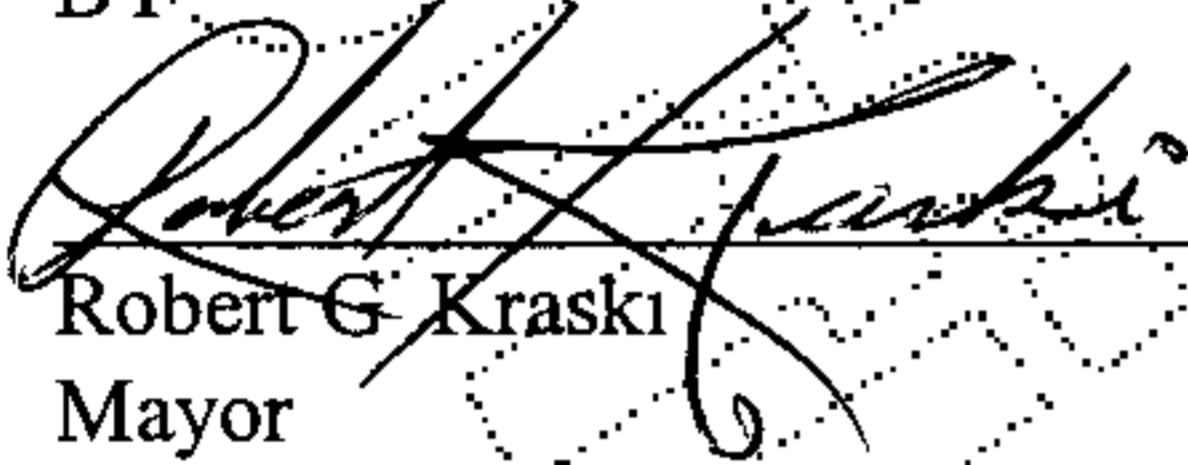
Karen Watkins
Snohomish County
Department of Planning and Development Services
3000 Rockefeller Avenue
Everett, WA 98201
(425) 388-3311

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IN WITNESS WHEREOF, the parties have signed this AGREEMENT, effective on the later date indicated below


Dated this _____ day of _____, 19____

CITY OF ARLINGTON
BY

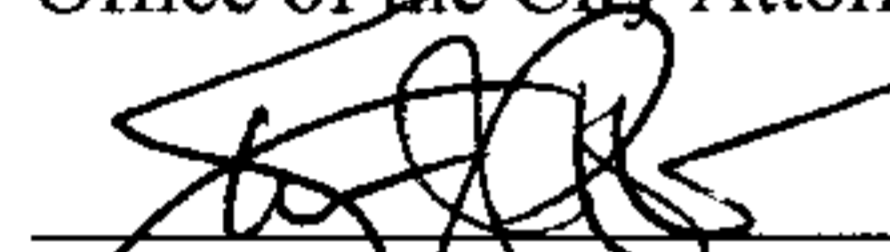

Robert G. Kraski
Mayor

Date 9/29/99

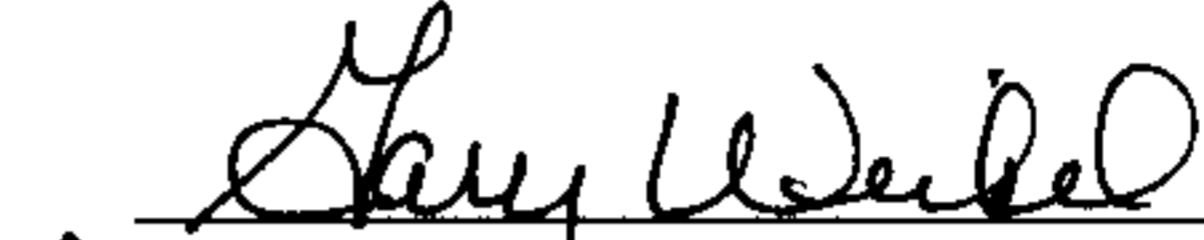
ATTEST


Kathy Peterson
City Clerk

Approved as to form
Office of the City Attorney



Steven J. Peiffle
Attorney for the City of Arlington

SNOHOMISH COUNTY
BY


Robert J. Diewel
County Executive **GARY WEIKEL**
Executive Director

Date 9.22.99

ATTEST


for Kathryn Bratcher
Clerk of the County Council

Approved as to form
Snohomish County Prosecutor


Deputy Prosecuting Attorney for
Snohomish County

199909290882

EXHIBIT 2 - COUNTY LEGISLATIVE MEASURES AND CONTRACTUAL AGREEMENTS

Snohomish County Land Use and Development Codes which need to be adopted by the City All codes are "as amended"

- A SCC Title 13, entitled ROADS AND BRIDGES, Chapters 13 01, 13 02, 13 05, and 13 10 through 13 70, 13 95, 13 110 and 13 130
- B SCC Title 16, entitled FIRE CODE, Chapter 16 04
- C SCC Title 17, entitled BUILDINGS, Chapters 17, 17 04, 17 16, 17 18, and 17 40
- D SCC Title 18, entitled ZONING CODE
- E SCC Title 19, entitled SUBDIVISION CODE
- F SCC Title 19A, entitled BINDING SITE PLAN
- G SCC Title 20, entitled SHORT SUBDIVISION CODE
- H SCC Title 21, entitled SHORELINE MANAGEMENT PERMITS FOR DEVELOPMENT
- I SCC Title 23, entitled ENVIRONMENTAL POLICY
- J SCC Title 24, entitled DRAINAGE
- K SCC Title 25, entitled STORM AND SURFACE WATER MANAGEMENT
- L SCC Title 26A, entitled PARKS MITIGATION
- M SCC Title 26B, entitled TRAFFIC MITIGATION
- N SCC Title 26C, entitled SCHOOLS MITIGATION
- O SCC Title 27, entitled FLOOD HAZARD
- P SCC Title 28, entitled CODE ENFORCEMENT
- P Ordinance 93-036, entitled SHORELINE MASTER PROGRAM
- Q SCC Chapter 32 10 Critical Areas Regulations
- R SCC Chapter 32 11 Interim Ground Water Protection Regulations
- S SCC Chapter 32 50 Permit Processing

All applicable state building and construction codes as adopted and amended by Snohomish County, including, but not limited to

- a) 1997 Uniform Building Code
- b) 1997 Uniform Plumbing Code

- c) 1997 Uniform Mechanical Code
- d) Washington State Energy Code adopted April 1, 1990

Other Contractual Agreements

Interlocal Agreement Between Snohomish County and the Washington State Department of Transportation Relating to Policies and Procedures for Interjurisdictional Review of Land Development Impacts Related to Transportation, and for Reciprocal Impact Mitigation for Interjurisdictional Transportation System Impacts," July, 1997, as amended

EXHIBIT 3 - COUNTY ROAD PROJECTS REQUIRING POTENTIAL REIMBURSEMENT

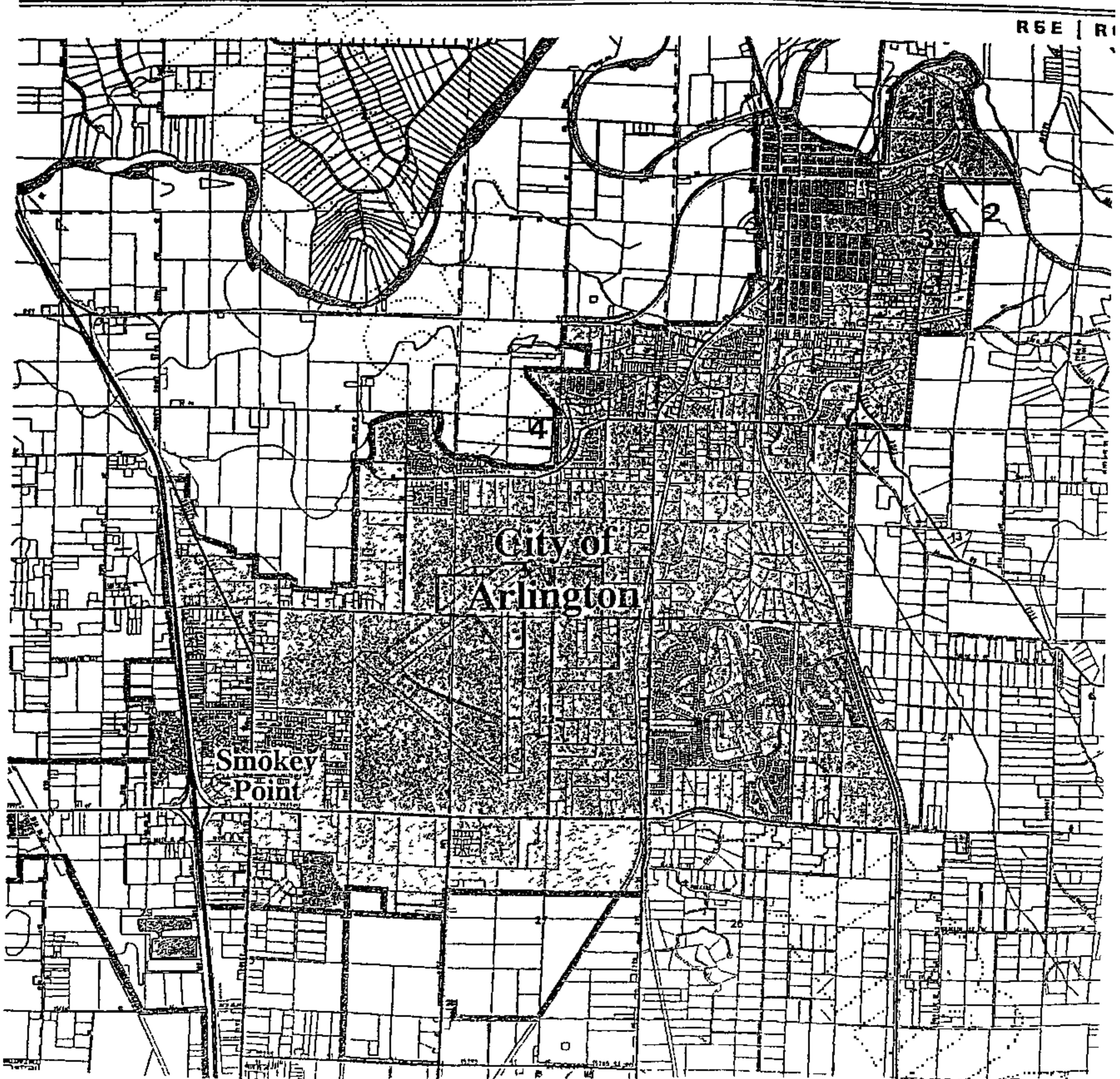
Exhibit 3 - Arlington UGA
County Historical Capital Expenditures
Completed 1994 - 1998

PROJECT DESCRIPTION	Project Category	Year Complete	Project Expenditures by source			Reimbursement Per Depreciation Schedule (2)																																																					
			County funds Expended To Date	County Road Funds	Additional Paying Road Funds	City of Arlington Funds	1999 Annexation	2000 Annexation	2001 Annexation	2003 Annexation																																																	
172nd St NE (SR 531) & 67th Ave NE	Major Rd	1998	\$ 540,959	65,959	400,000	75,000	52,787	49,489	45,512	42,214	38,916																																																
			\$ 540,959	\$ 65,959	\$ 400,000	\$ 75,000	\$ 52,787	\$ 49,489	\$ 45,512	\$ 42,214	\$ 38,916																																																
<p>Depreciation Schedules for Payoff of Capital Expenditures (2)</p> <table border="1"> <thead> <tr> <th>Year (1)</th> <th>Bridge</th> <th>Major Road</th> <th>Minor Road</th> <th>Non-motorized</th> <th>Drainage</th> <th>Pavement Preservation</th> <th>Misc Engr & Studies</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>90%</td> <td>80%</td> <td>80%</td> <td>80%</td> <td>80%</td> <td>70%</td> <td>70%</td> </tr> <tr> <td>2</td> <td>88%</td> <td>75%</td> <td>72%</td> <td>69%</td> <td>72%</td> <td>58%</td> <td>47%</td> </tr> <tr> <td>3</td> <td>86%</td> <td>69%</td> <td>64%</td> <td>57%</td> <td>64%</td> <td>42%</td> <td>23%</td> </tr> <tr> <td>4</td> <td>85%</td> <td>64%</td> <td>56%</td> <td>46%</td> <td>56%</td> <td>28%</td> <td>0%</td> </tr> <tr> <td>5</td> <td>83%</td> <td>59%</td> <td>48%</td> <td>34%</td> <td>48%</td> <td>14%</td> <td>0%</td> </tr> </tbody> </table> <p>NOTES: (1) Beginning of Year (2) Depreciation schedule from transition process submits</p>												Year (1)	Bridge	Major Road	Minor Road	Non-motorized	Drainage	Pavement Preservation	Misc Engr & Studies	1	90%	80%	80%	80%	80%	70%	70%	2	88%	75%	72%	69%	72%	58%	47%	3	86%	69%	64%	57%	64%	42%	23%	4	85%	64%	56%	46%	56%	28%	0%	5	83%	59%	48%	34%	48%	14%	0%
Year (1)	Bridge	Major Road	Minor Road	Non-motorized	Drainage	Pavement Preservation	Misc Engr & Studies																																																				
1	90%	80%	80%	80%	80%	70%	70%																																																				
2	88%	75%	72%	69%	72%	58%	47%																																																				
3	86%	69%	64%	57%	64%	42%	23%																																																				
4	85%	64%	56%	46%	56%	28%	0%																																																				
5	83%	59%	48%	34%	48%	14%	0%																																																				
<p>Project Categories</p> <ul style="list-style-type: none"> Bridge Replacement - replace existing bridge with new structure Major Road Improvements - concurrency safety new alignments & signalization Minor Road Improvements - spot safety & operational and guardrail Non-motorized - pedestrian facilities bicycle recreational trails & transportation demand management Drainage improvements within county road right-of-way or correction of drainage problems related to county road right-of-way Pavement Preservation - pavement restoration including overlay and major reconstruction of pavement. Miscellaneous Engineering & Studies - Pre-design studies feasibility studies concurrency studies, etc 																																																											

Other Major Road Infrastructure Investment
within the UGA
1994 - 1998

PROJECT DESCRIPTION	Project Category	Year Complete	County funds Expended To Date	County Road Funds
Cemetery Road (43rd Ave NE to 47th Ave NE (0.24))	Paving	1995	\$ 25,000	25,000
35th Ave NE (188th St NE to Swokey Pt Blvd)	Paving	1998	\$ 20,000	20,000
47th Ave NE/188th St NE (Cemetery Rd to End of County Road)	Paving	1998	\$ 141,600	141,600
140th Street/31 Ave NE (Swokey Pt Blvd to new pavement)	Paving	1998	\$ 38,400	38,400
			\$ 225,000	\$ 225,000

EXHIBIT 1 - CITY OF ARLINGTON URBAN GROWTH AREA (UGA)



9/23/99

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