**RESOLUTION NO. 14-02**

**A RESOLUTION OF THE CITY OF COVINGTON APPROVING AN INTERLOCAL AGREEMENT BETWEEN THE COVINGTON TRANSPORTATION BENEFIT DISTRICT AND THE CITY OF COVINGTON, KING COUNTY, WASHINGTON.**

**WHEREAS,** pursuant to Ordinance No. 02-13, the City of Covington established the Covington Transportation Benefit District ("District") and authorized funding for any purpose allowed by law including to operate the District and to make transportation improvements consistent with existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels pursuant to Chapter 36.73 RCW; and

**WHEREAS,** the District will collect revenue in accordance with Chapter 36.73 RCW but lacks internal staff to manage its daily affairs; and

**WHEREAS,** Covington and the District desire to better coordinate their efforts in order to pursue their individual, joint, and mutual rights and obligations to fulfill the intent of Ordinance No. 02-13;

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Covington as follows:

**Section 1.** The Interlocal Agreement between the City of Covington and the Covington Transportation Benefit District attached hereto as Exhibit 1 and incorporated herein by this reference is hereby approved and the City Manager is hereby authorized to execute the Agreement on behalf of the City.

**PASSED** by the City Council of the City of Covington this 11th day of February, 2014.

APPROVED:

Margaret Harto

Margaret Harto, Mayor

Attest:

Sharon Scott, City Clerk

Approved as to Form:

Sara Springer, City Attorney

**RESOLUTION NO. 14-02**
**EXHIBIT 1**

# INTERLOCAL AGREEMENT BETWEEN COVINGTON TRANSPORTATION BENEFIT DISTRICT AND THE CITY OF COVINGTON

**THIS AGREEMENT** is entered into this 11th day of February, 2014, by and between the City of Covington, Washington (the "City" or "Covington"), and the Covington Transportation Benefit District ("District"), each of which is organized as a municipal corporation under the laws of the State of Washington.

**WHEREAS,** Chapter 39.34 RCW permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage; and

**WHEREAS,** Covington is empowered to operate, maintain, construct, and reconstruct, public street infrastructure within its city limits in accordance with the power granted pursuant to RCW 35A.11.020 and Chapter 35A.47 RCW; and

**WHEREAS,** pursuant to Ordinance No. 02-13, Covington established the District for any purpose allowed by law, including to operate the District and to make transportation improvements consistent with existing state, regional, and local transportation plans;

**NOW THEREFORE,** in consideration of the of the mutual benefits to be derived and to coordinate their efforts through the structure provided by the Interlocal Cooperation Act, Chapter 39.34 RCW, the parties hereby agree as follows.

1. **Purpose and Interpretation.** Covington is empowered by Title 35A RCW to construct, reconstruct, maintain, and preserve city streets and other related public infrastructure either by contract or through the use of city labor forces. The District has been constituted in accordance with state law to provide a source of funding for the maintenance and preservation of streets and related infrastructure within the city limits of Covington. The District has no employees and its officers are either Covington city council members serving in an *ex officio* capacity or are city employees designated to serve under the provisions of state law and the District. In order to make the most efficient use of public monies, to avoid duplication of effort, and to coordinate their efforts, the parties have entered into this Agreement. In the event of ambiguity or if the need for guidance arises, this Agreement shall be interpreted in accordance with Chapter 36.73 RCW, the Organizational Rules and Bylaws of the District, and the provisions of the Governmental Accounting Act and RCW 43.09.210 as the same exists or shall hereafter be amended. In the event that any provision of this Agreement is held to be in conflict with existing state statute or any future amendment thereof, such provisions shall be severable and the remaining provisions of this Agreement shall remain in full force and effect.

**2. Obligations of the District.** In accordance with the requirements of Chapter 36.73 RCW, Covington Ordinance No. 02-13, and the District's Organizational Rules and Bylaws, the District agrees to:

2.1 Provide to Covington all funding received from any and all lawful sources that the District, in its sole discretion, may levy for the purpose of completing the District's authorized projects.

2.2 Continue the annual provision of funding for the projects approved by the District, so long as the District remains in existence. Such funding shall be in accordance with and limited by the provisions of Ordinance No. 02-13, the District's Organizational Rules and Bylaws, and Chapter 36.73 RCW.

**3. Undertakings of Covington.** Covington shall:

3.1 Provide all staff and necessary related support to the District. The costs of such support shall be accounted for as a part of Covington's annual report to the District. District funding shall first be applied to the reasonable charges incurred in establishing and staffing the District. Annual services provided may include the services provided by the City Attorney, the City Clerk when serving as the Clerk of the District, the City's Finance Director when serving as its Treasurer, the City Manager when serving as the Chief Executive Officer (CEO), any other employees of Covington that serve the District, and any associated costs, including, but not limited to, the preparation of an annual work plan, reporting, advertising, engineering design, project bidding, contracting, construction management, accounting, and any and all other actual charges or Covington/District agreed upon percentage of charges associated with the proper application of District funding in accordance with state law and Covington ordinance. In consideration of the benefits derived by Covington, overhead charges including, but not limited to, utilities, information technology, office supplies, and equipment shall be a contribution of Covington to the parties' joint goals and objectives and need not be directly charged back to the District. All costs of annual audits shall be borne by the District. All costs associated with the issuance of debt shall be paid by the District.

3.2 Maintain financial records for the period established by the State Archivist's retention schedule and kept in accordance with generally accepted accounting practice and governmental accounting requirements, as necessary, to document that any and all funding received through the District is used only for the projects authorized in accordance with state law and Covington ordinance.

3.3 Immediately alert the District of any material changes in scope, schedule, or cost increases of twenty percent (20%) or greater to improvements funded in part or whole with District funds.

3.4 Utilize funding provided for projects shown on the District's annual work plan in accordance with the District's material charge policy, state law, and Covington ordinance.

**4. Ownership**. Streets and related transportation infrastructure preserved and maintained with District funds are and shall remain the property of the Covington. No joint property ownership is contemplated under the terms of this Agreement.

**5. No Joint Board.** No provision is made for a joint board. The District shall exercise its function in accordance with its organizational rules and bylaws, using staff as provided by Covington pursuant to state law and to this Agreement.

**6. Insurance; Indemnity.**

6.1 The parties agree to participate in the Washington Cities Insurance Authority (WCIA) insurance pool in accordance with their respective interlocal agreements with the WCIA. The original charge or premium for inclusion of the District in the WCIA insurance pool will be borne by Covington as a cost for establishing the District, pursuant to Section 3.1 herein, and shall be paid for with funds received from or through the District. In the event that either or both parties cease to participate in the WCIA pool, the party or parties agree to obtain comparable insurance coverage for the duration of this Agreement.

6.2 Each party agrees to indemnify and hold harmless the other party, its officers, agents, employees, and volunteers from any claim, loss, or liability arising from or out of the that party's negligent, tortious, or illegal actions under this Agreement.

**7. Termination.**

7.1 This Agreement may be terminated by either party upon the provision of one hundred and eighty (180) calendar days written notice. A final reconciliation of costs, payment, and a current report of completed activities shall be completed by Covington within such period following notice by either party.

7.2 Unless sooner terminated by either party, this Agreement shall expire on the date when the District is automatically dissolved in accordance with provisions of Chapter 36.73 RCW and Covington Ordinance No. 02-13, as the same exists or is hereafter amended.

**8. Effective Date.** This Agreement shall be effective upon the last authorizing signature affixed hereto and when listed by subject on the City of Covington's website or other electronically retrievable public source as required by RCW 39.34.040.

SIGNATURES PROVIDED ON THE NEXT PAGE.

**IN WITNESS WHEREOF,** the parties have executed this Agreement on the date first written above.

COVINGTON TRANSPORTATION BENEFIT DISTRICT

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Margaret Harto, Chair

CITY OF COVINGTON

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Derek Matheson, City Manager

Attest:

_____

Sharon Scott, City Clerk

APPROVED AS TO FORM

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Sara Springer, City Attorney