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Instructions for Originator:

Fiona E Starr submitted this request on

Tracking Number	FESR-8TNTRU
Type	Other (Defined in Title)
Dept:	Planning & Community Development
Title:	Interlocal Agreement between City of Bellingham & Whatcom County re: Annexation & Development in the UGA

Comments / Special Instructions:

There are 4 copies to sign, please contact Greg Aucutt with any questions X8344, and return to Fiona in Planning when complete, thank you.

JS

Routing List:

4/25

Approval Cycle Settings

Term 6/30/2022

- Approval conditions: 100 % approval
- Routing method: Serial (one at a time)
- Allow Approver comments: Yes
- Automatically Delegate to Assistant.. Yes No
- Automatically Skip Approvers... Yes No

Days until skipped/delegated

Notification

Access

4/26/12 Rec'd Finance, ret - for execution

5/2/12 " " "

5/3/12 Scan

 ORIGINAL

CITY OF BELLINGHAM

CONTRACT#

2012-0329

WHATCOM COUNTY CONTRACT NO. 201204013

INTERLOCAL AGREEMENT

BETWEEN

THE CITY OF BELLINGHAM AND WHATCOM COUNTY
CONCERNING PLANNING, ANNEXATION AND DEVELOPMENT
WITHIN THE BELLINGHAM UGA

This agreement is made by and between the City of Bellingham (herein after referred to as the City) and Whatcom County (herein after referred to as the County), political subdivisions of the State of Washington, pursuant to the Interlocal Cooperation Act, RCW 39.34.

WHEREAS, cooperative relationships between the City and County benefit both organizations as well as residents and stakeholders of incorporated and unincorporated neighborhoods; and

WHEREAS, the Growth Management Act (GMA) adopted goals to guide the process of developing comprehensive plans and directed counties to adopt urban growth areas; and

WHEREAS, the *Whatcom County County-wide Planning Policies* direct each jurisdiction to acknowledge these policies and implement them through Interlocal Agreements; and

WHEREAS, review of development within the City's urban growth area (UGA) should anticipate future annexation into the City; and

WHEREAS, the Whatcom County Comprehensive Plan has identified a UGA that includes land within unincorporated Whatcom County which the City may annex in the future; and

WHEREAS, annexations proposed by the City are pursued in accordance with RCW 35A.14 and intended to be consistent with RCW 36.93.180; and

WHEREAS, the City and County recognize that there is a need to facilitate the proper transition of services and capital projects from the County to the City at the time of annexation; and

WHEREAS, 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 and resource lands within the County; and

WHEREAS, consistent regulations and cooperative development review facilitate creation of a vibrant, attractive and economically healthy urban area with distinct neighborhoods; and

WHEREAS, both the City and County comprehensive plans require the establishment of interlocal agreements between the County and City in order to accomplish a variety of growth-related goals; and

WHEREAS, the City and the County recognize the City's responsibility to annex lands needed for urban residential, commercial and industrial use; and

WHEREAS, the City and County recognize that as the City tax base grows, the County will share in that growth through revenue sharing mechanisms; and

WHEREAS, the City and County recognize that annexation of developed land will reduce County tax revenues used to support County services; and

WHEREAS, the City and County have established a formula to mitigate the impact on the County of revenue losses and to equitably compensate the County for certain capital facility expenditures in annexed areas; and

WHEREAS, the City and County recognize that annexations can have extra-jurisdictional impacts and that intergovernmental cooperation is an effective manner to address those impacts; and

WHEREAS, it is in the best interest of the citizens of both jurisdictions to coordinate plans and manage growth in the UGA prior to annexation; and

WHEREAS, the City and County desire to develop a general interlocal agreement that will apply to all annexations;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the City and County agree as follows:

Section 1. Applicability and Amendments to this Agreement

A. The City and the County agree that the contents of this interlocal agreement shall apply to growth management planning, development within the City's UGA and annexations.

B. This interlocal agreement will be amended for individual annexations under the following circumstances:

- i. When the City is required by this agreement to reimburse the County for road or stormwater capital improvements pursuant to Section 6 of this agreement. As part of the annexation review process, the County shall notify the City when a proposed annexation area includes a capital project that is eligible for reimbursement, and the amount of the reimbursement per the formula set out in Section 6C of this agreement. Reimbursement shall only be required for road or stormwater capital projects that are done in coordination with the City and built to either City design and development standards or an alternative standard agreed to by the County Road Engineer and the City Engineer;
- ii. When agreements relating to maintenance or ownership of stormwater or drainage facilities, parks, open space or recreational facilities are needed pursuant to sections 7 or 8 of this agreement; or
- iii. When the City and County mutually agree to the amendment to address issues of concern.

C. Whenever possible, annexation-related amendments should be executed by the City and County prior to expiration of the County's 45-day annexation review period established pursuant to RCW 36.93.100. However, if the City and County can not come to agreement concerning any annexation-related issues, the County or City may request a Boundary Review Board hearing, and the City and County may continue to negotiate annexation amendment language.

D. Annexation-related amendments to this interlocal agreement should include the following:

- i. The annexation's name and boundary review board number;
- ii. A map and legal description of the annexation area;
- iii. The annexation method, resolution number and date of City acceptance of a petition or determination to pursue elections for the annexation area;

- iv. Compensation or reimbursement formulas for major capital improvements;
- v. Capital facilities and parks, open space, and recreational facility maintenance and ownership agreements;
- vi. Transfer of development rights (TDR) and/or purchase of development rights (PDR) agreement if a TDR and/or PDR procedure has been adopted under section 11.B of this interlocal agreement;
- vii. Agreements regarding impact mitigation, including but not limited to traffic mitigation;
- viii. Agreements regarding balance between residential and commercial/industrial land;
- ix. Identification of the existing and intended service providers for the area (water, sewer, fire/EMS), including any interlocal agreements or contracts between the City and Special Purpose Districts; and
- x. Signatures by the City's Mayor and County Executive and effective date of the annexation-related amendment.

E. The City and County recognize that other amendments to this interlocal agreement may be necessary to clarify the requirements of particular sections or update the agreement. These amendments may be pursued as necessary by both parties.

Section 2. Growth Management Planning

A. Inter-jurisdictional Coordination. The County and the City will coordinate the comprehensive plan and UGA reviews required by RCW 36.70A.130(1) and (3) through the following:

- i. Approving, by resolution of the respective legislative bodies, a schedule for joint County and City review of the UGA.
- ii. City and County planners will coordinate and review issues associated with growth management planning.
- iii. Convening a group of elected officials from the County and cities to discuss and review issues associated with growth management planning.

B. Periodic Review. During the periodic review of comprehensive plans undertaken pursuant to RCW 36.70A.130 (1), the County and City will coordinate and share proposals for comprehensive plan amendments relating to the UGA and/or adjacent areas.

C. Urban Growth Area. Whatcom County will review the UGA in accordance with the schedule in RCW 36.70A.130 to ensure that the UGA can accommodate the urban growth projected to occur in the 20-year planning period established by the Whatcom County Comprehensive Plan. The County and City will collaborate throughout the UGA review process. The City will submit recommendations to the County in accordance with the schedule for joint County and City review of the UGA and the County will consider the recommendations prior to making any changes to the City's UGA. In conjunction with the UGA review, the City and County agree to jointly review the densities permitted, achieved and assumed within the City and UGA, and the extent to which the urban growth has occurred within the City and unincorporated portions of the UGA. Should additional land be added to the UGA and rezoned to allow urban levels of development, the County will consider requiring certain public amenities as a condition of the rezone. The County will consult with the City regarding appropriate public amenities.

D. Land Capacity.

- i. The City and County agree to review and jointly approve, in conjunction with the other cities, the Whatcom County Land Capacity Analysis Detailed Methodology.
- ii. The City and County agree to jointly review land capacity and needs for the UGA in conjunction with the next UGA review.
- iii. In general, for property within the City limits, the comprehensive plan designations, planned densities adopted in the City's GMA-compliant comprehensive plan, city zoning classifications and/or achieved densities will be utilized in the land capacity analysis unless mutually agreed by the parties or the County identifies clear and compelling rationale for deviating from these designations and densities.
- iv. For property within the UGA but outside the City limits, assumed densities will be determined through a collaborative process between the County and City, consistent with the Whatcom County Land Capacity Analysis Detailed Methodology, as now exists or hereafter may be amended.

E. Population and Employment. The County and City will work together to develop proposed population and employment projections and allocations that are within the range of the Washington State Office of Financial Management projections. The proposed projections and allocations should be developed in conjunction with the other cities. The proposed projections and allocation will be forwarded to the respective legislative bodies for consideration.

F. City Comprehensive Plan. The City will adopt comprehensive plan designations for annexation areas consistent with the GMA.

G. Accommodation of Growth. The City and County agree, through a collaborative process, to plan for and accommodate the population and employment growth allocated to Bellingham and the UGA in the Whatcom County Comprehensive Plan.

H. Capital Facility and Urban Service Planning. At a minimum, the City will utilize Whatcom County Comprehensive Plan population and employment projections, for the planning horizon year in the County Plan, when developing or updating capital facility and/or urban service plans. The City, at its discretion, may plan for growth above that contained in the Whatcom County Comprehensive Plan, provided that such growth is contained within the designated UGA, UGA Reserve or future study areas. City capital facility and/or urban service plans may also project and plan for growth beyond the 20-year planning period established in the Whatcom County Comprehensive Plan, but such additional growth projections do not obligate Whatcom County to modify its projections or Comprehensive Plan.

I. Water and Sewer.

i. The City will develop and maintain capital facility plans, in compliance with the requirements of the GMA, to provide urban levels of water and sewer service within the UGA upon annexation. The City is under no obligation, however, to provide water and sewer service to property in the UGA prior to annexation.

ii. Ensure that the city does not extend sewer or urban levels of water service to serve new areas of urban densities outside the urban growth area unless emergency or health hazards exist or as otherwise allowed by law.

iii. The City should ensure that its water system plan is consistent with the Coordinated Water System Plan.

J. Stormwater Plans. The City will review, and if necessary, adopt a new or updated stormwater plan for the UGA.

K. Transportation Plan. The City will review and, if necessary, adopt a new or updated transportation plan or element for the UGA.

L. Critical Areas. The City will maintain development regulations to protect critical areas consistent with the GMA.

M. County-wide Planning Policies. When the County-wide Planning Policies are updated, the City and County agree to work together to develop a set of policies that are acceptable to, and adopted by, both jurisdictions.

Section 3. Annexations

A. Role of Boundary Review Board. The Boundary Review Board (BRB) was established prior to adoption of the Growth Management Act, prior to the establishment of UGA boundaries, and prior to the adoption of a City/County interlocal agreement that addresses issues associated with the potential impacts of annexations and includes a process for resolving disputes. As a result, the City and County agree to jointly review with the other jurisdictions and service providers the potential for modifying the role of BRB in the annexation process.

B. Annexation Planning. Annexations may only take place for land within the UGA designated in the Whatcom County Comprehensive Plan. Annexations shall be based on policies adopted in the City's Comprehensive Plan and Annexation Phasing Plan, be consistent with adopted County-wide Planning Policies and Whatcom County Comprehensive Plan Goal 2P, and Policies 2N-5, 2N-6, 2P-1, 2P-2, 2P-3 and 2P-4. Annexations shall include logical boundaries and be timed in a way which allows for transition of services between the City and County (and Special Purpose District, if applicable). Considerations in defining logical physical boundaries shall include one or more of the following:

- i) Size and shape of the area to be annexed;
- ii) Preservation of neighborhoods and communities;
- iii) Use of physical boundaries, including but not limited to, bodies of water, roads, and land contours;
- iv) Creation and preservation of logical service areas;
- v) Prevention of abnormally irregular boundaries;
- vi) Dissolution of inactive Special Purpose Districts;
- vii) Adjustment of impractical boundaries;
- viii) Annexation of unincorporated areas which are urban in character;
- ix) Consistency with the City's Annexation Phasing Plan;
- x) The City's ability to provide the full range of urban services.

In order to facilitate communication and review of annexations, the City will notify the County Director of Planning and Development Services and County Director of Public Works, or their designees, prior to the City Council's consideration of a Notice of Intent to Commence Annexation. The City will also notify the County Director of Planning and Development Services and County Director of Public Works, or their designees, within 10 days of approving or denying an ordinance approving the petition for annexation. The County Public Works Department will notify the City if compensation for road construction or stormwater facilities will be sought under section 6 of this Interlocal Agreement.

C. Balanced Annexations. Consistent with the City's Annexation Phasing Plan, the City agrees to employ its annexation authority in a manner that strives to maintain a balance of commercial, industrial and residential properties inside the City and within successive annexation plans and proposals.

D. City Zoning. The City agrees to identify appropriate city zoning at the time it accepts the initial annexation petition submitted by residents and/or property owners of the proposed annexation area. The City will adopt the zoning to be applied to the area at the same time the annexation ordinance is adopted. The City will adopt zoning for the annexed area consistent the County zoning, unless specifically changed by the City Council in the annexation review process. Zoning changes adopted within annexation areas shall be considered in evaluating the balance of residential, commercial and industrial properties.

E. Appropriate Urban Densities. For residential zoning districts in annexation areas, the City agrees to adopt appropriate urban densities consistent with the State GMA, City Comprehensive Plan, the Urban Fringe Subarea Plan and the overall density goals of the County Comprehensive Plan.

F. Administration of Special Assessments. When annexations occur which encompass less than the entirety of a local improvement district (LID), utility local improvement district (ULID), local utility district (LUD), road improvement district (RID) or local road improvement district (LRID), the assessments for those parcels within the annexation area will continue to be administered by the County Treasurer. If an annexation includes the entirety of an LID, ULID, LUD, RID or LRID future administration will be mutually agreed upon by the City and County.

G. Developer Reimbursement Agreements. The City will assume administrative duties for any developer reimbursement agreement, including but not limited to latecomer agreements, for the portion of the affected area that the City annexes. For developer reimbursement agreements involving property located partially or wholly within the City's UGA, the County will include a provision in the agreement stating that upon annexation, the administrative functions under the agreement for the annexed area will transfer to the City with no additional action needed by the parties, and further stating that said transfer of administrative responsibilities will include the authority to collect any associated administrative fees as established in the agreement. Upon execution of any developer reimbursement agreement where the affected area is located wholly or partially within the City's UGA, the County will provide to the City a copy of the agreement.

H. Records Transfer. The County agrees to make every effort to transfer all relevant records for properties in an annexation area within 60 days of receiving written notice from the City of an approved annexation.

Section 4. Processing Applications Prior to Annexation

A. Zoning. Whatcom County zoning will apply within the City's unincorporated UGA until annexation.

B. Rezones within the UGA. The County will not approve rezone requests for property within the UGA without consideration of City input, which should include an evaluation of consistency with the City Comprehensive Plan. The County recognizes that rezones of property in the City's UGA can potentially have a significant impact on City facilities, services and residents, and that UGA property will someday be annexed to the city. As such, the County agrees to:

- i. notify the City of any rezone applications received within the UGA within 14 days of receiving a complete application or issuing a determination of completeness; and
- ii. provide notice of the time, date and location of the public hearing at least ten days prior to the public hearing; and
- iii. meet with City staff to share information and discuss issues regarding any proposed rezone;
- iv. strongly consider the City's comments and recommendations prior to approving or denying a rezone.

The City agrees to provide written comments and recommendations to the County prior to any public hearings on a proposed rezone.

C. Administrative Approval and Conditional Uses. The County agrees to notify the City of administrative approval use and conditional use permit applications for land within the City's UGA. Such notice will be provided concurrent with the notice of application. The City agrees to provide written comments when appropriate.

D. Subdivisions and PUDs. The County agrees to notify the City of all subdivision, binding site plan and PUD applications inside the UGA. Such notice will be provided concurrent with the notice of application. The County agrees to invite the City to participate and respond in Technical Review Committee meetings regarding such projects. Once adopted by the County, City subdivision standards shall be applied when appropriate. The City agrees to review subdivision plans for consistency with City design standards and development regulations and to participate in the TRC review process.

E. Commercial/Industrial Building Permits. The County should notify the City within fifteen days of receipt of an application for a building permit for a commercial or industrial structure within the UGA that does not require an administrative approval use or conditional

use permit. In addition, the County will invite the City to participate in pre-application and technical review meetings regarding commercial and industrial building permit applications. The City agrees to participate in the review process when appropriate.

F. Development Standards. The County will conduct a formal process, including County Council review, to consider adopting City development standards for development with the urban growth area by December 30, 2013. The City will make specific recommendations regarding which development standards to apply. The County will retain the final authority to determine whether or not to adopt City development standards. If the County adopted City development standards, the City agrees to review development in the UGA and make recommendations to the County relating to whether the development complies with City development standards.

G. Impact Fees. The City and County agree to discuss the potential for a comprehensive, county-wide system of impact fee collection, including the collection of school impact fees for school districts that meet the requirements of WCC 20.75.

Section 5. Permit Processing After Annexation.

The City and County agree as follows:

A. Building Permits. As the agent of the City, the County shall continue to process to completion any building permits and associated permits for which it received a fully complete permit application and accompanying fee prior to the effective date of the annexation. Associated permits shall be defined as clearing, grading, mechanical, plumbing, fire sprinkler, and occupancy permits related to those projects being processed by the County. Completion shall mean final administrative approvals.

Except as provided below for permit extensions, in the case of building permits issued prior to the date of an annexation, the applications and permits shall be processed through final inspection and/or issuance of an occupancy permit by the County. The final inspection for building permits should be a joint City/County inspection when City design and development regulations have been required as part of the review process.

B. Administrative and Discretionary Permits. As the agent of the City, the County shall continue to process to completion any administrative and discretionary development permit proposals, including those for short plats, administrative approval use permits, shoreline permits, long plats, binding site plans and conditional use permits, for which it received a fully complete permit application and accompanying fee prior to the effective date of an annexation. Completion shall mean final administrative or quasi-judicial approvals. Such permit applications will be transferred to the City for processing if mutually agreed by the City and County. In the case of action required by the legislative body, the City Council shall take final action relating to property that has been annexed.

The City and County agree to review the uses allowed by each jurisdiction through administrative and discretionary permits in the Lake Whatcom Watershed and should ensure consistency in the types of uses allowed and the regulations and standards that are applied to watershed development projects. The City and County also agree to continue to work to improve the joint review process for development projects in the UGA.

C. Permit Extensions. Any request for extension of a permit issued by the County which is received after the annexation date shall be made to and administered by the City.

D. Enforcement of Conditions. To the extent authorized by law, the City agrees to enforce any conditions imposed by the County unless waived or modified by the City. The City should notify the County and provide the County with the opportunity to comment prior to waiving or modifying any conditions originally imposed by the County. The County will make its employees available to provide assistance in any enforcement action relating to conditions originally prepared by County personnel.

E. Development Securities or Financial Guarantees. For permits that are transferred to the City for processing after annexation, performance and maintenance securities, landscape securities, critical area or shoreline mitigation sureties, and other associated securities received by the County prior to annexation will be assigned to the City, if such securities allow assignment. As of the effective date of this interlocal agreement, the County will ensure that all such securities allow assignment to the City without further approval by any party, if allowed by the security provider.

For permits that the County continues to process after annexation, the County will continue to hold the associated securities.

In the event that the securities are not assigned to the City, the City and the property owner will be notified that the County will continue to hold the securities until:

- i. The jurisdiction processing the permit under section 5A or 5B above confirms that the securities may be released; or
- ii. The jurisdiction processing the permit under section 5A or 5B above determines that the developer has not complied with the condition of approval, at which time the County agrees to exercise the security and transfer the funds to the City to fulfill the condition of approval; or
- iii. The securities automatically expire.

F. Permit Status Review. At the request of the City or County, the jurisdictions will meet to discuss the status of permits in an annexation area remaining under review by the County and determine whether or not responsibility for continued processing should be transferred to the City. Any change in permit processing responsibility shall be provided by written agreement, acceptable to both parties.

Section 6. Roads and Stormwater Facilities

A. Maintenance and Ownership Responsibilities. Unless the County agrees to retain a specific road in County jurisdiction, the City will annex the entire right-of-way of County roads adjacent to an annexation boundary and will assume full maintenance responsibility for those roads upon the effective date of the annexation. It may also be desirable to include in an annexation adjacent road sections to avoid dead-end segments or portions of roads that meander in and out of jurisdictions. Such situations may be negotiated on a case by case basis.

B. Unexpended Mitigation Payments. Funds for road related mitigation payments or impact fees received by the County for projects within an annexation area which remain unexpended as of the effective date of the annexation will be transferred to the City, if allowed by law, within six months of the effective date of the annexation.

C. Compensation for Capital Construction Projects. The City agrees to reimburse the County for the depreciated value of capital road and stormwater construction projects that are either built to City standards or an alternative standard agreed to by the County Road Engineer and the City Engineer and completed during the ten-year period prior to annexation as shown on Exhibit A, which will be updated at the time of annexation if necessary.

The City agrees to reimburse the County for depreciated County costs incurred by the County in the projects listed in Exhibit A based on a 10 year, straight line depreciation. The City may reserve the right to inspect roadways and infrastructure in order to determine compliance with approved engineered civil construction plans, prior to payment.

This reimbursement will be for the value of the County's share of funds spent for the construction of major public facilities, excluding grant funding or other outside funding sources, including but not limited to new roads and sidewalks or those roads which have undergone a major reconstruction. It shall not include routine maintenance expenditures for such facilities.

Actual reimbursement amounts and timing of payments shall be negotiated between the City and County Public Works Department prior to annexation. The agreement shall be included as part of an amendment to this interlocal agreement. Exhibit A lists the County capital road and stormwater construction projects that have been completed within 10 years prior to the

effective date of this agreement. Exhibit A will be updated as necessary to incorporate any new projects. These projects are to be included within the reimbursement mentioned in this section. Reimbursement shall not include routine maintenance expenditures. A project listed on Exhibit A shall be automatically removed from the list at the end of the tenth budget year following final acceptance of the project.

The County also agrees to consult with the City in planning for new capital road and stormwater construction projects within the City's UGA. At the time of consulting with the City, both parties will discuss the need for shared responsibilities in implementing a project, including the potential for grant funding, bonding or loans. Any agreements related to shared responsibilities for road projects within the City's UGA shall be added as amendments to Exhibit A of this interlocal agreement.

Section 7. Water Resource Management

A. Stormwater Management. The City and the County, and where appropriate, special purpose districts, will coordinate development of and funding for stormwater management and drainage plans and standards. The City and the County will also work together to develop and implement the Comprehensive Flood Hazard Management Plan.

B. Watershed Planning. The County and the City recognize that watershed management planning is ongoing. The County and City may develop and adopt interlocal agreements for joint watershed management planning, groundwater protection, capital construction and other related services.

C. Maintenance and Ownership of Drainage Facilities. If an annexed area includes stormwater or drainage improvements or facilities the County currently owns or maintains, the City and County shall agree to the maintenance and ownership responsibilities prior to annexation. The responsibilities resulting from such discussions shall be included as part of an annexation-related amendment to this agreement, except for facilities located in right-of-way annexed by the City that will be maintained by the City.

Section 8. Parks, Open Space and Recreational Facilities

A. Open Space and Parks. Open space and parks will be identified through advanced, joint planning and review of development projects within the City UGA and should be based upon the City's adopted park and/or trail plan and City design and development standards.

B. Maintenance and Ownership Responsibilities. If an annexed area includes park, open space or recreational facilities the County currently owns listed in Exhibit B, the City and County shall agree to the maintenance, operation and ownership responsibilities prior to annexation. The responsibilities resulting from such discussions shall be included as part of an annexation-related amendment to this agreement.

Section 9. Provision of Services

A. Police Services. Law enforcement services shall transfer from the Sheriff’s Department to the City Police Department upon annexation.

B. Special Purpose Districts. Prior to each annexation, the County and/or the City may negotiate interlocal agreements with Special Purpose Districts providing services inside and outside urban growth areas to address issues such as financial concerns and level of service.

C. Fire and Emergency Medical Services. Upon annexation, the City shall assume responsibility for delivery of fire and emergency medical services within the annexed area or contract with the appropriate fire district.

D. Urban Services. In general, cities are the units of local government most appropriate to provide urban governmental services. It is not appropriate that urban governmental services be extended to or expanded outside the UGA, except in those limited circumstances shown to be necessary to protect basic public health and safety and the environment and when such services are financially supportable at non-urban densities permitted by existing County zoning and do not permit urban development.

Section 10. Sales Tax Revenue Sharing

City and County agree to share in the sales tax revenues for annexations of significant developed commercial and/or industrial land. In those cases, sales tax revenues will be computed and shared on the following basis:

To determine Base Value for the local sales tax revenue, Base Value for the 1st, 2nd and 3rd years equals total sales tax revenue from the 1% local sales tax collected in the 12 full calendar months following the effective date of the annexation and following the first and second anniversaries, respectively, so that the Base Value is established on the actual sales tax collected during the time between payments.

1st year County receives .80
of Base Value

2 nd year County receives of Base Value	.50
3 rd year County receives of Base Value	.20

The County shall receive .15 directly from the State. The City will reimburse the difference (.65 Base Value 1st year, .35 Base Value 2nd year, and .05 Base Value 3rd year) to the County.

The first payment from the City to the County shall be due and payable within ninety days of the first anniversary of the effective date of the annexation with subsequent payments due and payable within ninety days of the second and third anniversary dates of the effective date of the annexation. It is agreed that upon completion of payments as scheduled, each party will have been fairly, fully and adequately compensated for their respective annexation impacts under this section.

For the purposes of this interlocal agreement “significant developed commercial and/or industrial land” shall be those properties which together generated \$50,000 or more in annual sales tax revenue over the one year period prior to annexation. Said one year period shall include the 12 full calendar months preceding the effective date of the annexation. In these cases sales tax revenues will be computed and shared on the basis described above.

Section 11. Resource Lands and the Lake Whatcom Watershed

A. Designated Natural Resource Lands. Whatcom County has established a goal of protecting at least 100,000 acres of agricultural land (Resolution 2009-040). In order to implement this goal and the Whatcom County Comprehensive Plan, the County and City are outlining the respective roles of the County and City in protecting designated natural resource lands:

i. Notification. The City will consider adopting right to practice forestry and right to farm notification procedures pursuant to RCW 36.70A.060(1)(b) by December 31, 2012.

ii. Setbacks. The City will assure that the use of lands adjacent to designated natural resource lands will not interfere with the continued use, in the accustomed manner and in accordance with best management practices, of these designated lands for the production of natural resource products, pursuant to RCW 36.70A.060(1)(a). The City will conduct a formal process, including consultation with the County, City Planning Commission review and City Council review, to consider adopting setbacks for development adjacent to natural resource lands designated on the Whatcom County Comprehensive Plan

map by June 30, 2016. The City will retain the final authority to determine whether or not to adopt such setbacks.

B. Lake Whatcom Watershed Transfer of Development Rights. The City agrees to participate in a County initiated effort to further develop a TDR/PDR program for the Lake Whatcom Watershed.

Section 12. Other Provisions

A. GIS Data Sharing. The City and the County will cooperate in data sharing.

B. Transfer of Land: The City and County will consult on the possibility of transfer of land from County to City ownership if included in an annexation.

C. Offsite Mitigation Improvements: The City and County should cooperate on establishing a program that would allow development activities within the City to transfer wetland mitigation to locations within the unincorporated County, in order to permit development sufficient to achieve urban densities within the City and accomplish the best ecological outcome, subject to the following:

- i. Whatcom County will not assume any new administrative responsibilities, such as approving and monitoring wetland mitigation, unless explicitly approved by the Whatcom County Council.
- ii. Prior to proposing a wetland mitigation program that includes areas designated as Agriculture on the Whatcom County Comprehensive Plan map, the City and the County will consider recommendations of the Agricultural Advisory Committee.
- iii. The County and City will consider any mutually agreeable changes to their respective development regulations addressing off-site wetland mitigation.
- iv. In some cases, such offsite mitigation may include the transfer or purchase of development rights.

Section 13. Existing Agreements, Standards and Studies

The City and County mutually agree to identify and evaluate all existing mitigation agreements, interlocal agreements, appropriate inter-jurisdictional studies and agreed upon standards affecting an annexation area to which the City or County is a party.

Section 14. Relationship to Existing Laws and Studies

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 the requirements of the Open Public Meeting Act, State Environmental Policy Act, annexation statutes and other applicable State or local law. The ultimate authority for land use and development decisions is retained by the County and City 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.

Section 15. Hold Harmless

The City shall protect, save harmless and indemnify 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. The County shall protect, save harmless and indemnify 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.

Section 16. Dispute Resolution

The City and County mutually agree to use mediation for a minimum of 90 days if agreement cannot be reached on any provision of this agreement. After the 90 day period, any party may elect to utilize binding arbitration. In the event that arbitration is needed, one member of the arbitration team shall be selected by the City, one member shall be selected by the County and the third member shall be selected by the other two members. The decision of the arbitration team on the issue shall be final.

Section 17. Implementation

Whatcom County and the City will strive to engage in collaborative discussions in order to implement this interlocal agreement. When these discussions lead to proposed legislative action, such as amendments to a comprehensive plan, the County Council and City Council are not bound to take any specific future action.

Section 18. Effective Date, Duration and Termination

This agreement shall be effective upon signature by both the Mayor of the City and Whatcom County Executive. This agreement shall remain in effect until June 30, 2022 unless modified or terminated by written agreement of both parties.

Section 19. Severability

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

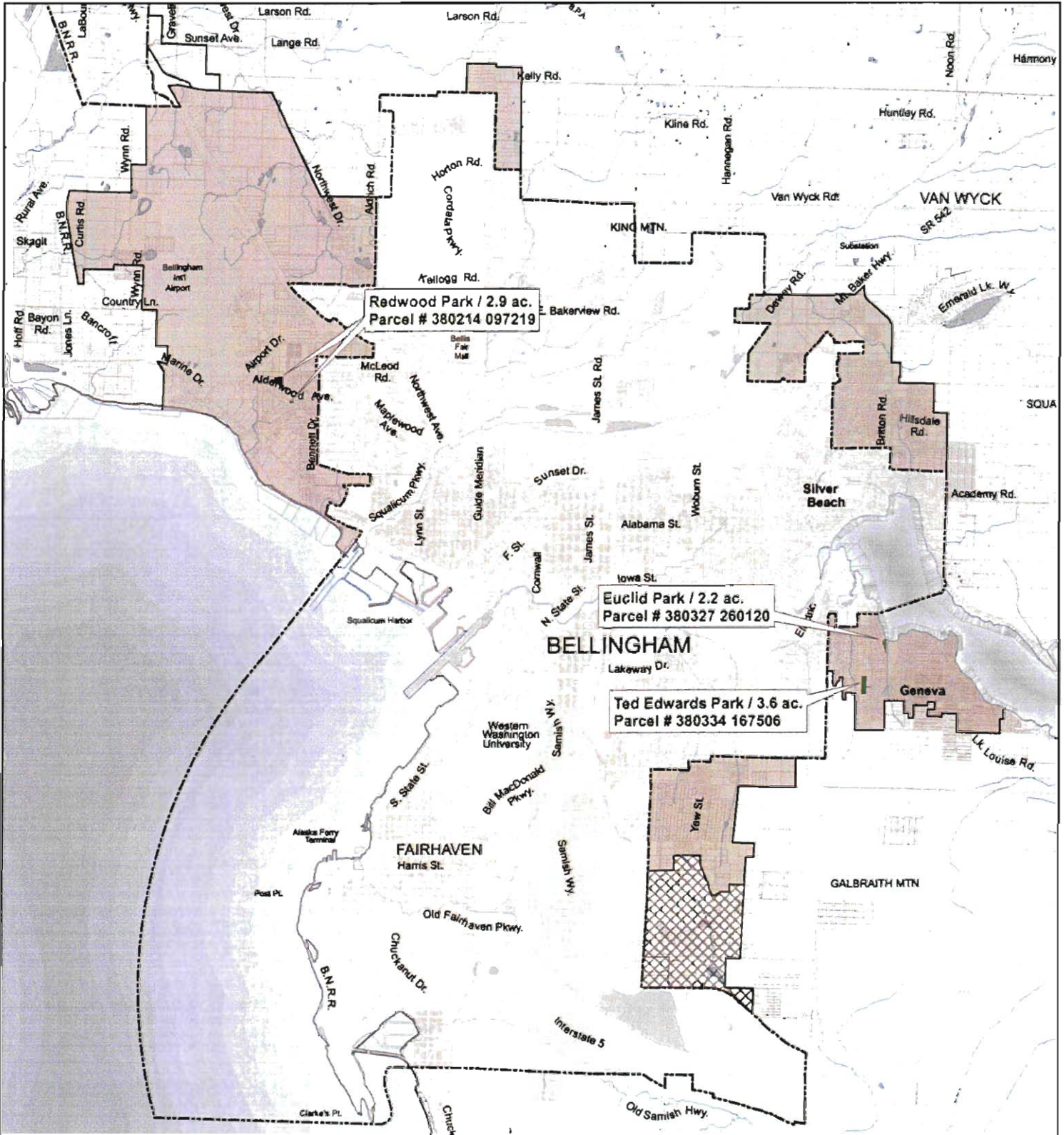
EXHIBIT A - COUNTY ROAD PROJECTS

Project Name and Location	Year Complete	Total Cost	Local Share	County Cost for Portion of the Project in Bellingham UGA
Alderwood/Airport Dr./W. Bakerview Roadway Improvements	2002	\$1,503,468	\$447,583	\$447,583
Lakeway Dr. /Terrace Ave. Overlay	2004	\$304,936	\$304,936	\$304,936
Marine Dr. Improvements & Culvert Rehab.	2007	\$1,883,285	\$1,394,605	\$1,394,605
Subdivision Overlay Espana Estates	2008	\$171,818	\$171,818	\$171,818
Northwest Dr. Culvert Replacement at Bear Creek	2010	\$431,924	\$71,882	\$71,882
W. Illinois/Timpson Way	2010	\$212,266	\$66,753	\$52,613
Yew St. Rd., Phase II	2011	2,398,932	\$699,292	20% of project in UGA = \$145,453

EXHIBIT A - COUNTY STORMWATER PROJECTS

Project	Year Complete	Total Cost	Local Share	Notes
Geneva Stormwater Retrofits	2006	\$1,109,251	\$1,109,251	
Cable St. Reconstruction and Stormwater Improvements	2007	\$3,206,310	\$3,206,310	
Lahti Dr. Stormwater Improvements	2010	\$217,882	\$86,862	
Silver Beach Creek Improvements, Brownville Dr. to E. 16 th Place	2011	\$1,108,771	\$597,947	

Exhibit B: County Owned Parkland in the Bellingham UGA



- Bellingham Urban Growth Area

October 2011

-  2011 City Limits
-  Urban Growth Area
-  Major Port/Industrial UGA
-  Urban Growth Area Reserve
-  County Owned Park and Recreational Facilities

USE OF WHATCOM COUNTY'S GIS DATA IMPLIES THE USER'S AGREEMENT WITH THE FOLLOWING STATEMENT:

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