

**EMERGENCY SERVICES OPERATING AGREEMENT
BETWEEN
THE CITY OF REDMOND AND KING COUNTY FIRE PROTECTION DISTRICT #34**

January 1, 2017 - December 31, 2022

I. Parties

The parties to this agreement are the City of Redmond, a State of Washington Municipal Corporation, referred to herein as the City, and King County Fire Protection District #34, a State of Washington Municipal Corporation, referred to herein as the District.

II. Purpose

Both Parties are authorized under the provisions of RCW 39.34.9080 and 52.08.030 to contract with each other to establish fire prevention, education, suppression, emergency preparedness and emergency medical care services for the citizens within their respective boundaries. The purpose of this agreement is to set out terms of such service. Both parties desire to improve the service within their respective boundaries and believe that this will be most efficiently furnished by establishing services on a contractual basis in the manner provided herein.

III. Definition of Terms and Phrases

Apparatus includes fire engines, aid cars, ladder trucks, rescue vehicles, support and staff vehicles.

Assessed Valuation refers to total assessed value of real property and improvements to real property for tax purposes as determined by the King County Assessor's Office.

Assets include all real property and improvements thereto, apparatus and equipment normally maintained or utilized in the facilities located in each jurisdiction.

Calls for service are based on the distribution of calls between the District and the City. Calls for Service exclude calls outside the City or the District boundaries. Aid call data shall be used for allocating ambulance budget, and fire call data shall be used for suppression budget.

Fire Equipment Reserve refers to a fund that has been established for the Fire Department to fund for the purpose of replacing older vehicles and equipment.

Overhead is regular operating expenses that support City operations as related to Fire Department Operations. It includes such items as general maintenance and operation, space, computer, human resources, finance, legal support, and insurance. Overhead costs relating to City Council costs are not included in the overhead charges to the District.

Station staffing level refers to how many line personnel (firefighters, driver/operators, officers and battalion chiefs) are assigned to each station.

IV. Level of Service

The City shall provide emergency services within the jurisdictional limits of both parties' boundaries pursuant to this agreement and to the extent required by law. In providing such service, the City shall endeavor to maintain a rating from the Washington Survey and Rating Bureau or any successor agency at least as favorable as that which is now held by each of the parties. The Washington Survey and Rating Bureau's current rating for the parties at the time of the signing of this agreement are:

City of Redmond – Class 3

King County Fire District 34 – Class 4

Provided, however, that the level of service shall be established through the Fire Department's operational plan adopted as part of the City of Redmond's budgeting process, which shall be approved, by the Board of Commissioners and City Council. In preparing the biennial budget for fire services, the City of Redmond shall prepare and/or revise an operational services plan for the District's review. The plan shall define the department's divisional services (administration, operations, training, emergency medical services, prevention/inspections, public education, emergency preparedness, apparatus maintenance), report on prior biennial accomplishments, outline the prospective biennium's work plan initiatives by divisional services, and summarize departmental budget and staff resources. Fire services capital needs shall also be included in the plan for District review.

V. Fire Services Forum

Joint meetings between the City's and the Fire District's elected officials shall be known as the Fire Services Forum. All elected officials of the City and District shall meet as necessary, but not less often than semi annually to discuss issues of importance or concern to one or both of the parties. These joint meetings will include the Mayor, City Council Members, and Fire District Commissioners. The authority of this group will be consistent with the powers and authority of the elected officials as established by law.

The purpose of the Fire Services Forum is to assist elected officials in providing for the delivery of services under the conditions of this agreement, serve as a conduit for the exchange of information and discussion of issues of mutual interest.

Forum meetings shall be in compliance with the Open Public Meetings Act, RCW 42.30. Each party shall be responsible for ensuring that the requirements of the Open Meetings Act are met. The City Fire Chief and his or her designee will serve as staff support to the Forum. The responsibility of staff support is to advise the elected officials on issues concerning the fire department. The City will maintain all required records of the Forums.

VI. Fire Chief

The Fire Chief shall be an employee of the City under the direction of the Mayor. It is understood that the authority to hire, discipline, commend, or terminate the Fire Chief is the Mayor's. However, inasmuch as the Fire Chief is the primary contact and administrator of services provided to the District, it is in the interest of both parties to allow input into the process of hiring, discipline, commendation, or termination of the Chief. The Mayor shall include the district commissioners, to the extent possible, in the interview process for hiring any new Chief, and shall also include the commissioners in the performance evaluation process by meeting with the district commissioners at least annually to discuss the position and performance of the Fire Chief. Any input by the

commissioners may be used in making decisions. The content of any discussion shall remain confidential due to the personnel nature of the discussion. The elected officials shall be notified of any significant decisions regarding the hiring, discipline, commendation, or termination of the Fire Chief prior to the information becoming public.

VII. Administration

A. General. The parties mutually agree:

- 1) To execute all documents necessary to give effect to this agreement.*
- 2) The City shall exercise discretion and determination over the quality and quantity of supplies, vehicles, equipment, materials, or character of work performed in the construction, alteration, or repair of any fire service facilities consistent with the operational plan.*
- 3) All claims against the other party for compensation for any loss, damage, personal injury, or death occurring on consequence of the performance of this agreement are hereby waived.*
- 4) Administration of this agreement shall be the responsibility of the Mayor, under the policies of the governing bodies of the parties to this contract as set forth in the operational plan. Under the direction of the Mayor, the Fire Chief shall implement this agreement to its fullest extent in order to provide the services identified herein.*

B) Meetings. The Mayor and or the Mayor's representative shall meet with the commissioners no less than quarterly as part of the District's regular meetings to ensure that this agreement is being administered in the best interest of both parties and consistent with the operational plan.

C) Modifications. No modification or amendment shall be valid unless evidenced in writing, properly agreed to, and signed by both parties. During the term of this agreement, either party may request in writing to renegotiate specific provisions of the agreement or to settle other differences of the parties. In the event such a request is made, the parties agree to negotiate such provisions in good faith.

In this regard, the parties acknowledge that there may be actions by others that could impact the delivery of emergency services. Such actions may be annexations, incorporations, and tax reform, new county government(s) being formed. It is therefore in the best interest of both parties to fully examine these types of actions and jointly take steps to mitigate or eliminate any negative effects of such actions. To that end it shall be a requirement of the parties to meet and discuss potential actions that could adversely affect either party and if such action(s) are taken by a third party, it shall be mandatory for the parties to meet and take steps to mitigate or eliminate the impacts for the benefit of both agencies.

A request made under the provisions of this paragraph shall not be considered a notice of intent to terminate the agreement.

D) Dispute Resolution.

- 1) Participation. In the event that any dispute arises between the parties as to the interpretation or application of any term of this agreement, or as to the validity of any claim made by either party against the other as a result*

of this agreement, and the parties are unable to resolve the dispute through negotiations, the parties agree to participate in a nonbinding, neutral evaluation and mediation of their dispute at a mutually agreeable location prior to commencing legal action. Either party may request that any dispute be submitted to neutral evaluation and mediation at any time upon the giving of written notice to the other party.

- 2) *Selection of Mediator. Upon the giving of notice by either party as provided above, the parties shall attempt to select a neutral person to evaluate and mediate the dispute. If, after thirty (30) days, the parties cannot agree on any of the persons named, or if acceptable persons are unable to serve, or if for any reason the appointment of a neutral person cannot be made, either party may terminate the dispute resolution process or the parties may, by agreement, seek other means of resolution.*
- 3) *Conflicts of Interest. Each party shall promptly disclose to the other any circumstances known by it that would cause justifiable doubt as to the independence or impartiality of any individual under consideration or appointed as a neutral mediator. Any such individual shall promptly disclose such circumstances to the parties. If any such circumstances are disclosed, the individual shall not serve as neutral mediator unless both parties agree in writing.*
- 4) *Compensation of Mediator. The neutral mediator's charges shall be established at the time of appointment. Unless the parties otherwise agree, the fees and expenses of the neutral mediator shall be split equally and each party shall bear its own costs and expenses.*
- 5) *Mediation Session. The mediation session is intended to provide each party with an opportunity to present its best case and position to the other party and the neutral mediator and for the parties to receive opinions and recommendations from the neutral mediator. The neutral mediator shall facilitate communications between the parties, identify issues, and generate options for settlement. The neutral mediator shall also discuss with each party separately the neutral mediator's opinion and evaluation of the strengths and weaknesses of that party's position. The terms of any settlement made by the parties as the result of the mediation shall be set out in a written addendum to this agreement.*
- 6) *Confidentiality. The dispute resolution process identified in this paragraph is a compromise negotiation. The parties agree to maintain in confidence all offers, promises, conduct, and statements, oral or written, made in the course of the mediation by either of the parties, their agents, employees, experts, representatives or attorneys, or by the neutral mediator and agree that the same shall be deemed negotiations in pursuit of settlement and compromise and not admissible or discoverable in subsequent legal proceedings pursuant to Washington Evidence Rule 408. The neutral mediator shall be disqualified as a trial or deposition witness, consultant, or expert of either party.*
- 7) *Reservation of Rights. In the event that the parties are unable to resolve the dispute through the dispute resolution process established in this paragraph, the parties reserve any and all other rights and remedies available to each of them regarding such dispute.*

- E. *Term of Agreement.* The term of this agreement shall commence on January 1, 2017, and shall end on December 31, 2022 and shall supersede and replace any and all existing agreements between the parties. . The terms and conditions of this agreement shall be fully renegotiated, and agreement reached regarding renewal or replacement of the agreement, at least six (6) months prior to the expiration date, unless this agreement is previously terminated as provided in Section F, below.
- F. *Early Termination.* This agreement may be terminated prior to December 31, 2022 by either party, effective as of the end of any bi-annual budget period, upon giving written notice thereof to the other party not less than 30 months prior to the end of any bi-annual budget period.

VIII. Assets

- A. *Intent.* It is the intent of this agreement that all such facilities, properties, equipment, and items shall be used for the purpose of this agreement by the City and shall be maintained and insured on substantially the same basis as other property owned and maintained by the City. Said maintenance shall be overseen by the City's public works department, with the cost of repairs to Fire Stations located in the District being allocated between the parties, with the District paying for upgrades or improvements which materially extends the useful life of the facility under repair. The cost of regular maintenance shall be borne by the City and the District, according to the cost of services cost allocation model.
- B. *Ownership and Title of Assets.* All Fire Department assets used throughout the service area shall be titled in the City of Redmond. Any titles to real property, apparatus and equipment not so vested shall be immediately transferred as part of this agreement.
- C. *Surplus Property.* All proceeds from surplus real property and improvements thereon shall be paid to the jurisdiction in which the real property and improvements are located. All proceeds from surplus personal property shall be paid into the appropriate fire department fund for either capital acquisitions or apparatus replacement. (For purposes of this agreement Station 12 shall be deemed to be located in the City of Redmond).
- D. *Division of Assets upon Termination of Agreement.* In the event this agreement is terminated and/or dissolved, real property and improvements thereon shall be transferred to the jurisdiction in which the real property and improvements are located, if not titled in that jurisdictions name. (For purposes of this agreement Station 12 shall be deemed to be located in the City of Redmond). All other assets shall be divided based on the percentage which the value of the assets bear to the percentage of each party's contributions to the Department Budget averaged over the preceding five years. A third party selected by mutual agreement shall inventory and determine the value of the assets. If the City and District are unable to agree on the third party to inventory and value the assets, the dispute resolution process set forth in Paragraph VII D above shall be utilized to select a third party valuator or a process in which a valuator may be selected.

IX. Financing

- A. *General Obligation Bonds.* Each party shall be responsible for any general obligation bonds it issues or has issued for acquisition of equipment, real property, and improvements for the benefit of emergency services.

B. *Fire Department Budget.* The Fire Department budget shall include expenses for the operation and facilities maintenance. This shall include general fund expenses, capital improvement program, apparatus replacement fund, as well as overhead costs as agreed to by the City and District, calculated as provided below. Each party will contribute funds to support the operation and maintenance needs of the department on an annual basis and as defined in the Departments operational plan, established as part of the bi-annual budget process, pursuant to the formula established as part of the Cost of Service Analysis, Attachment A,, and generally described as follows:

1) *Suppression, Ambulance and Facilities:* Cost for each station shall be determined based on staffing levels. One half of the cost of each station shall be fully allocated to the jurisdiction where the station is located. The remaining half shall be divided between the City and District based on the percentage of calls for service which each jurisdiction receives from that particular station. Provided that when no historical data exists, such as for station changes (openings and closures) cost contributions shall be based on projected run data developed by the Fire Department.

2) *Emergency Preparedness, Fire Prevention/Investigation and Public Education:* Consistent with the prior studies, the budget shall be allocated 90% to the City and 10% to the District, reflecting the benefit received by each jurisdiction. Pending King County's approval of the City's assuming Fire Prevention responsibilities within the District, inspection services shall be limited to the number of inspections for permitted occupancies that can be covered within the contract amount (as of 2013, there were 27). Any additional inspections can be contracted for by amendment to this agreement).

3) *Training and Citywide Overhead:* These expenses shall be allocated based on total staffing assigned to each jurisdiction. The Fire Department's portion of citywide overhead shall be based on the City's 2010 overhead study, as updated annually and reviewed with Commissioners.

4) *Capital Improvement Program:* Each project shall be allocated based on project location and benefit, and allocations shall be determined on a project-by-project basis, provided however that projects and estimated costs shall be approved by each jurisdiction prior to being added to the Capital improvement program.

5) *Vehicle Maintenance and Replacement:* These costs shall be distributed based on a combination of factors: vehicle function (i.e., apparatus, prevention), location, and calls.

6) *This cost allocation analysis shall be completed as part of the biennial operational services plan review and budget preparation.*

C. *District Budget.* In a separate budget, the District shall provide for payment of employee salaries and expenses of the commissioners, the cost of state examinations, elections, and other expenses peculiar to the District as a separate legal entity. These expenses shall be paid for out of District revenues and shall not be considered part of this Agreement.

D. District Credits. The District shall receive the following as credits against its payments to the City:

- 1) That portion of King County Emergency Medical Service funds received by the City and attributable to the District,

X. Capital Improvements

- A. Both parties shall contribute funds toward Capital Improvement Projects as provided in Section VIII(B) of this agreement, but the City shall be responsible for utilizing such funds to design and construct said projects. Capital improvements shall be identified in the City of Redmond's Capital Improvement Program and/or Capital Facilities Plan. In the event of dissolution of this agreement the District shall be entitled to all unexpended contributions made together with interest thereon.
- B. The location, design, cost and construction of New Facilities shall be determined by agreement of the parties.
- C. The parties agree that capital and maintenance costs shall be characterized as follows:

Maintenance costs are expenses for routine actions that are performed on a frequent or ongoing basis to keep a building's assets in their original condition. Both routine and preventative maintenance are performed to restore the asset's physical condition and/or operation to a specified standard, prevent further deterioration, serve as an immediate but temporary repair and assess ongoing maintenance requirements. Work that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken to maintain the asset so that repair does not become necessary. Examples include inspection, cleaning, testing and replacing parts.

Capital costs or expenditures/improvements are investments to increase the value of the asset. These improvements enhance an asset's condition beyond its original or current state by increasing an asset's useful function or service capacity, enhancing the quality of services, reducing future operating costs and upgrading essential parts of the asset. Examples include, creating an addition, physical enlargement or expansion, creating an increase in capacity, productivity or efficiency, fixing a defect or design flaw, rebuilding property after the end of its economic life, adapting a property to a new or different use and replacing a major component or structural part of the property.

The following table summarizes criteria for characterizing capital vs maintenance costs, although not exhaustive, the following factors are to be considered in distinguishing between capital expenditures and maintenance or repairs:

<i>Capital</i>	<i>Repair</i>
<i>Improvements that "put" property in a better operating condition</i>	<i>Improvements that "keep" property in efficient operating condition</i>
<i>Restores the property to a "like new" condition</i>	<i>Restores the property to its previous condition</i>
<i>Addition of new or replacement components or material sub-components to property</i>	<i>Protects the underlying property through routine maintenance</i>
<i>Addition of upgrades or modifications to property</i>	<i>Incidental Repair to property</i>

<i>Enhances the value of the property in the nature of a betterment</i>	
<i>Extends the useful life of the property</i>	
<i>Improves the efficiency of the property</i>	
<i>Improves the quality of the property</i>	
<i>Increases the strength of the property</i>	
<i>Increases the capacity of the property</i>	
<i>Ameliorates a material condition or defect</i>	
<i>Adapts the property to a new use</i>	

References

Tartaglia, CPA (Mar, 2012) IRS Clarifies Capital Improvement vs Repair Expense, June 24, 2015, <http://www.dbblc.com/newsletters/focus/mar2012/irs-clarifies-capital-improvement-vs-repair-expense>

Municipal Research and Services Center (May 2013) The City Bidding Book – Washington State, Report Number 52, <http://mrsc.org/getmedia/5F218416-8D03-4AB2-B1AF-EB86E42B3E87/citybb13.aspx>

XI. District Employee

Any and all costs for the wages and benefits of an employee hired by the City of Redmond to support the District's administrative needs shall be agreed to annually as part of the annual budgeting process established by the parties.

XII. Insurance

The District shall maintain liability insurance. The City shall maintain liability property and casualty insurance on all personnel, facilities, apparatus, and other assets as needed and shall include each other as a named additional insured. The City shall provide proof of insurance to the District when requested.

XIII. Severability

If any provisions of this agreement or its application are held invalid, the remainder shall not be affected.

XIV. Notices

All notices provided for in this agreement shall be in writing, signed by an authorized official, and sent either by registered or certified mail, return receipt requested.

A. Notice to the City of Redmond shall be sent as follows:

*City of Redmond
Attn: Mayor
15670 N.E. 85th Street
P.O. Box 97010
M/S 4NEX
Redmond, WA 98073-9710*

B. Notice to Fire District 34 shall be sent as follows:

King County Fire District 34
Attn: Chairperson
8450 – 161st Avenue N.E.
Redmond, WA 98052

XV. Enforcement

Should either party bring suit against the other to enforce any provision of this Agreement or to redress any breach thereof, the prevailing party in such litigation shall be entitled to recover its costs and reasonable attorney's fees. No action shall be commenced prior to completion of the dispute resolution process set forth in section VII D above. Any such action shall be brought in the Seattle Division of King County Superior Court.

Dated this _____ day of _____, 2016.

King County Fire Protection District 34 City of Redmond, Washington

Thomas Johnston, Chair

John Marchione, Mayor

Peter Lucarelli, Commissioner

Michelle McGehee, City Clerk

Fred Shanafelt, Commissioner

Approved By:

Approved By:

Kinnon W. Williams, District Attorney

James Haney, City Attorney