

After Recording Return To:
Snohomish County Council
Attn:
3000 Rockefeller Avenue
Everett, Washington 982012

ORIGINAL

**INTERLOCAL AGREEMENT BETWEEN SNOHOMISH COUNTY AND THE CITY
OF MUKILTEO CONCERNING THE DEVELOPMENT OF THE DREAMLIFTER
OPERATIONS CENTER AT THE SNOHOMISH COUNTY AIRPORT**

This Interlocal Agreement (hereinafter "Agreement") is entered into pursuant to Chapter 39.34 RCW (the Interlocal Cooperation Act) by the City of Mukilteo, a Washington municipal corporation (hereinafter "City") and Snohomish County, a political subdivision of the State of Washington (hereinafter "County").

WHEREAS, the County, through the Snohomish County Airport – Paine Field, is proposing to develop the Dreamlifter Operations Center (DOC) to support the Boeing Company's manufacturing of commercial airplanes. The new Dreamlifter Operations Center would be located on approximately 18 acres in an area south of the Future of Flight Aviation Center at Paine Field. It would include three operational stalls and one future expansion stall for Boeing 747 Dreamlifters, approximately 25,000 square feet of warehouse space, approximately 10,000 square feet of office space, an aviation fueling system to include multiple fueling stations, a road system providing access to Paine Field Boulevard, and a parking lot. Together, the airplane stalls, warehouse and office space, fueling system, road system and parking lot are to be known, for purposes of this Agreement, as the "Project"; and

WHEREAS, the Project will straddle the jurisdictional lines of the City and County; and

WHEREAS, pursuant to chapter 14.08 RCW, the Revised Airports Act, the Snohomish County Airport is applying to the County for development permits for the DOC; and

WHEREAS, both the City and the County agree that the Project is important to their respective jurisdictions and want to see the Project proceed expeditiously; and

WHEREAS, the parties executed a Memorandum of Understanding promoting governmental coordination in support of the adjacent development of the Future of Flight on July 29, 2004 which also straddles the City and County jurisdictional boundaries. By that Memorandum, the parties agreed that an Interlocal Agreement was the appropriate mechanism to legally address the issues agreed to in the Memorandum; and

WHEREAS, the parties entered into an Interlocal Agreement regarding the development and sharing of taxes and fees for the Future of Flight project on December 28, 2005; and

WHEREAS, the development of the Dreamlifter Operations Center raises similar issues between the City and County as the Future of Flight Center; and

WHEREAS, the City and County desire to use the methodologies and formulas for addressing development issues, fees, and taxes used for the Future of Flight Center;

NOW, THEREFORE, in consideration of the promises in this Interlocal Agreement, it is mutually agreed as follows:

A. SCOPE OF AGREEMENT

This Agreement only addresses issues arising out of the development of the Project. The definition of "Project" used throughout this Agreement is that set forth in the recitals above, which is incorporated herein by reference as if set forth in full. The parties intend to discuss broader development issues, such as police and fire services, in coordination with other potential stakeholders in the future.

B. OBJECTIVES AND RESPONSIBILITIES

1. The County and the City share a mutual objective of ensuring that the development of the Project proceeds expeditiously.

2. The parties agree that all permits relating to the Project will be processed and acted upon by the County in accordance with the County's exclusive jurisdiction authorized by the Revised Airports Act, Chapter 14.08 RCW. However, the parties agree that the Project will not set a jurisdictional precedent for future airport or County development projects at the airport. The County, to the extent practicable under this Agreement, agrees to include the City in the development and design phases of project prior to formal submittal to the County as follows:

(a) After the effective date of this Agreement, the County agrees to give the City timely written notice and review opportunity related to the DOC development. The City may make written recommendations to the County within two weeks of City receipt. The County will invite staff representatives from the City to attend staff meetings with the applicant relating to the permit, including design meetings. The City agrees that the City will not be participating in lease related meetings between the Airport and Lessees where development standards may also be discussed.

(b) The County, in consultation with the City, will review and issue all permits for construction, including but not limited to building, grading, sign, and associated permits governed under this Agreement.

3. Frontage Improvements. To mitigate impacts from the Project, the County will provide frontage improvements as part of the Project as follows:

(a) Paine Field Boulevard Landscaping. The Project is volunteering and the County will include in its development approval a landscaped and irrigated buffer that averages a width of 50 feet. This buffer will create an inviting greenscape along the entire westerly Project boundary fronting onto Paine Field Blvd and shall include a dense vegetated berm to provide visual separation and screening between the industrial development and Paine Field Blvd. The landscape buffer averaging 50 feet may include the undeveloped public right-of-way between Paine Field Blvd and the property line. The property owner shall be responsible for the maintenance of all such plantings, whether it does the maintenance itself or causes the same by way of contract or lease requirements. The parties are satisfied that the properly installed and maintained landscape frontage improvements will adequately address related visual impacts from the Project.

The purpose of proposed Landscape improvements is to provide aesthetic landscape improvements, to help minimize and breakup the visibility of parking lots, and to provide some visual separation between development and the adjacent Paine Field Blvd and shall consist of the following:

- i. A mix of 75% evergreen and 25% deciduous trees with the total quantity averaging 20' on center for the lineal frontage of streetscape area. Street tree varieties shall be selected from the Snohomish County plant list and/or as approved by Snohomish County Airport Wildlife Manager.. Tree sizes required: deciduous - 2 1/2" caliper; evergreen - 60% 6-8' height, 25% 8-10' height, 15% 10-12' height.
- ii. Trees may be clustered in groups or spread out along the linear frontage so long as the vegetation density is maintained. If the design includes tree clusters, clusters shall be located to break up the appearance of large blank walls and / or parking lots.
- iii. The landscaping may be irregular and natural in layout.
- iv. A mix of evergreen and deciduous shrubs and or hedge type plants will be planted in the landscape area to help break up visibility of parking lots and traffic on Paine Field Blvd. A mix of shrub species with the total quantity averaging three to five feet on center for the lineal frontage of the buffer shall be provided. Native and drought tolerant species are encouraged.
- v. Evergreen ground covers shall be planted to achieve 90% coverage within 3 years of the time of planting. Lawn may be used for up to 50% of the plant buffer area.

Snohomish County Airport agrees that extra aesthetic landscaping treatment will be applied to Paine Field Boulevard since that corridor is a prime entrance into the City of Mukilteo, and the Boulevard also visually presents a major section of Airport's westerly boundary to the public. As such, the Airport agrees to invest approximately \$55,000 in landscaping above and beyond County code requirements, to include increased density of plantings and installation of a landscaping irrigation system.

(b) *Traffic Mitigation.* In 1991 The Boeing Company paid \$47.3 million dollars in traffic mitigation fees for the expansion of the Everett Plant. A binding mitigation agreement was approved which allowed Boeing to increase their employment over time up to 35,000 employees at the Everett Plant. The employment capacity at Everett Plant has been increasing over the last few years, but has not yet reached the 35,000 employment threshold. Fourteen transportation projects were funded from the traffic mitigation fees paid by Boeing, including several projects that directly benefited the City of Mukilteo.

Secondly, Boeing will be relocating the Large Cargo Freighter (LCF) operations and associated employees from their Boeing Everett campus to the Paine Field site so no new trips will be generated by the project. The office and manufacturing space that the LCF operations currently occupy will be reassigned to other existing uses. Based on the binding mitigation agreement and the reassignment of work space, Snohomish County has determined that all of the trips to be generated by Project presently exist and are adequately accommodated by the present road system. Thus, County and City agree that there are no traffic mitigation fees to be paid from Project to either County or City.

4. **Surface Water Management Fees.** The parties agree that the City will collect and retain surface water management fees at City rates for the portion of Project land within the City's boundaries and that the County will collect and retain surface water management fees at County rates for the portion of Project land within unincorporated Snohomish County.

5. **Allocation of Tax Revenue.** Because the Project straddles the jurisdictional boundaries of the City and the County, it is necessary for the parties to agree on a formula to allocate, between the parties, certain tax revenues from the Project. Taxes shall be allocated as follows, beginning with the commencement of construction of the Project.

(c) **Allocation of Local Sales and Use Tax Revenue.** The parties agree that the Dreamlifter Operations Center will not generate any on-going operational sales or use tax and as such there will be no shared operational sales tax or use tax revenues generated by the project. However, if in the future, the use of the site changes from that described in this ILA, the City and County agree to allocate the Local Sales and Use Tax revenues collected pursuant to RCW 82.14.030 in the manner mutually agreed upon by both parties. Any such agreement shall be made in writing as an addendum to this ILA. The parties further agree that construction of the Dreamlifter Operations Center will generate a one time occurrence of sales tax that will be shared between the City and County. Pursuant to RCW 82.14.030, the County is authorized to receive 1% of the Dreamlifter construction sales tax. The parties agree that, according to engineering site plan attached as Exhibit A that 42% of the leased and licensed area is within the City. Therefore, the City shall be entitled to 42% of 1% of the sales tax generated from construction of the Dreamlifter Operations Center. For purposes of this Agreement, the County shall

be designated to receive 1% of the construction sales tax and remit 42% of such 1% sales tax receipt to the City within 30 days of the last of the quarter for which remittance is being made.

- (d) Allocation of Leasehold Excise Tax (LET). The parties agree to allocate the Leasehold Excise Tax remitted by the State based upon the percentage of the Project leasehold land area within the respective jurisdictions as determined by the project survey map which shows 42% in the City and 58% in the County. The parties agree that the County is designated to receive the State remittance of the leasehold excise tax and disburse to the City its share within 30 days of last day of the quarter for which remittance is being made.
- (e) Business License. The Project shall comply with the City's ordinances governing business licensing and registration.
- (f) Other Taxes and License Fees. The parties agree that all other taxation and fees, including without limitation admissions taxes, commercial parking taxes, and franchise taxes and fees, may be imposed as authorized by law. The County agrees not to oppose the imposition of any such taxes by the City on third parties.

4. Nothing in this Agreement shall be construed as prohibiting either of the parties from imposing or collecting any other taxes, fees, or charges on the Project which that party may be authorized to impose by law.

C. HOLD HARMLESS/INDEMNIFICATION

Each party agrees to indemnify, defend, and hold harmless the other party, its employees, agents, and appointed and elected officials from any and all claims, demands, damages, suits, penalties, judgments, losses or costs which may be made against them to the extent that such claim is caused by each party's own negligence.

D. EFFECTIVE DATE, DURATION, MODIFICATION AND TERMINATION

- 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.
- 2. This Agreement shall remain in effect for 15 years or until such time as this agreement is extended, terminated or modified as set forth below.
- 3. This Agreement may be modified or terminated upon mutual agreement of the parties. Any mutual termination shall become effective 90 days following written amendment to the Agreement executed by both parties. Any amendments or

mutual termination shall be in writing and executed in the same manner as provided by law for the execution of this Agreement.

4. This Agreement shall automatically renew for additional five (5) year periods unless terminated at the conclusion of a term by either party upon one (1) year advance written notice to the other party and under the following conditions. The party seeking the unilateral nonrenewal 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 party seeking unilateral nonrenewal. Under this Agreement both parties agree to share equally in the expense of mediation in such cases. The purpose of the mediation is to explore the issue(s) prompting the desire for a unilateral nonrenewal, and, if practicable and mutually desirable, negotiate an amendment to this Agreement, rather than a termination.
5. Following any amendment or termination, the County and City shall remain responsible for fulfilling any outstanding obligations under this Agreement incurred prior to the effective date of the amendment or termination.
6. The County and the City shall comply with all applicable federal, state and local laws in performing this Agreement.
7. This Agreement shall terminate upon annexation by the City of the property underlying the Project currently within the County's jurisdiction.

E. 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.

F. 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 termination of this Agreement.

G. SEVERABILITY

Should any clause, phrase, sentence or paragraph of this Agreement or its application be declared invalid or void by a court of competent jurisdiction, the remaining provisions of this Agreement or its application of those provisions not so declared shall remain in full force and effect.

H. 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 King, Snohomish, or Skagit County.

I. CONTACTS FOR AGREEMENT

The contact persons for this Agreement are:

City of Mukilteo
11930 Cyrus Way
Mukilteo, WA 98275
(425) 263-8041

Snohomish County Airport
3220 – 100th Street SW
Everett, WA 98204
(425) 388-5100

J. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties with respect to the matters contained herein.

Dated this 23rd day of July 2012.

CITY OF MUKILTEO

BY:

Joe Marine
Joe Marine
Mayor

SNOHOMISH COUNTY

BY:

Aaron Reardon
for Aaron Reardon
County Executive

PETER B. CAMP
Executive Director

ATTEST:

CBouhima

ATTEST:

Cora E. Palmer

City Clerk

Approved as to form:
Office of the City Attorney

Amy [Signature] 6/6/12

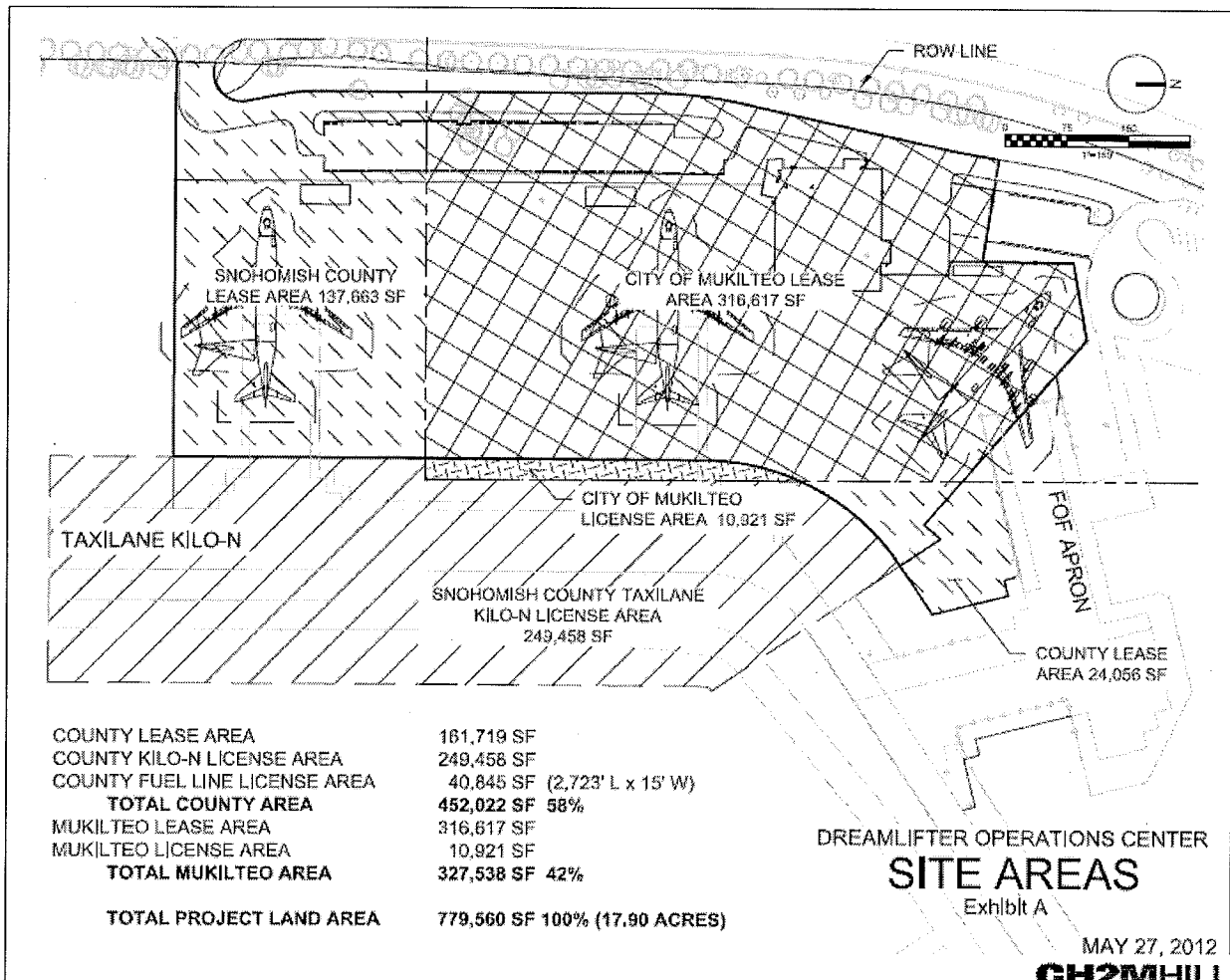
Attorney for the City of
Mukilteo

Approved as to form:
Snohomish County Prosecutor

[Signature] 6/7/2012

Deputy Prosecuting Attorney for
Snohomish County

Exhibit A



DREAMLIFTER OPERATIONS CENTER
SITE AREAS

Exhibit A

MAY 27, 2012

CH2MHILL

SNOHOMISH COUNTY COUNCIL
SNOHOMISH COUNTY, WASHINGTON

ORDINANCE NO. 12- 050

AUTHORIZING THE COUNTY EXECUTIVE TO SIGN AN INTERLOCAL AGREEMENT
WITH THE CITY OF MUKILTEO CONCERNING THE DEVELOPMENT OF THE
DREAMLIFTER OPERATIONS CENTER AT THE SNOHOMISH COUNTY AIRPORT

WHEREAS, Snohomish County (the "County") and the City of Mukilteo (the "City") are authorized by the Interlocal Cooperation Act, Chapter 39.34 RCW, to enter into agreements to make the most efficient use of their powers by cooperating with each other on a basis of mutual advantage to provide services and facilities in a manner that will best meet the needs of the local community; and

WHEREAS, the development and construction of a Dreamlifter Operations Center (the "Project") will straddle the boundary line between the City and County in the northwest corner of the Snohomish County Airport; and

WHEREAS, the Project will provide facilities that will service large cargo aircraft meeting the needs of the local community and make efficient use of the cooperative powers of the City and County; and

WHEREAS, the City and County have negotiated an equitable interlocal agreement (the "Agreement") implementing coordinated development standards and tax revenue sharing; and

WHEREAS, it is in the best interest of the County to execute the Agreement with the City; and

WHEREAS, the County held a public hearing on July 11, 2012, to consider approving the Agreement for execution by the County Executive on behalf of the County.

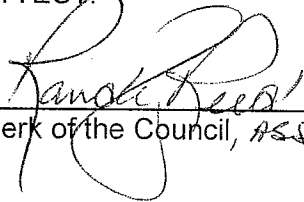
NOW, THEREFORE, BE IT ORDAINED:

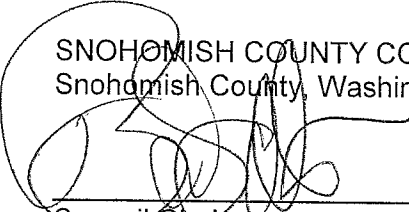
Section 1. The County Council hereby adopts the foregoing recitals as findings of fact and conclusions as if set forth in full herein.

Section 2. The Snohomish County Council authorizes the County Executive to sign the *Interlocal Agreement Between Snohomish County and The City of Mukilteo Concerning The Development Of The Dreamlifter Operations Center at Snohomish County Airport*, a copy of which is attached to this ordinance.

PASSED this 11th day of July, 2012.

ATTEST:


Clerk of the Council, *ASST*


SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

Council Chair


APPROVED

EMERGENCY

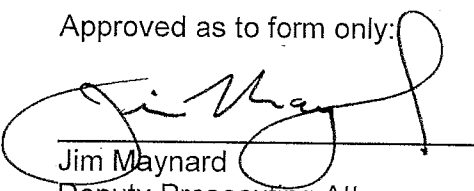
VETOED

DATE: 7/18/12

ATTEST: 
7/18/12


Aaron G. Reardon
County Executive

Approved as to form only:


Jim Maynard
Deputy Prosecuting Attorney