

SERVICE AGREEMENT

CITY OF LACEY and THURSTON COUNTY FIRE DISTRICT NO. 3

THIS AGREEMENT is made and entered into this 15TH day of APRIL, 1999 by and between Thurston County Fire Protection District Three (hereafter referred to as DISTRICT) and the City of Lacey (hereafter referred to as CITY), both municipal corporations created and existing under the laws of the State of Washington.

WHEREAS the DISTRICT presently furnishes certain basic fire protection services within its boundaries, including fire suppression, rescue, fire investigation, fire vehicle maintenance, fire prevention, new construction inspections, public education and basic life support services as well as the administrative services necessary to support said programs; and

WHEREAS the CITY is desirous of contracting for essential fire and emergency medical protection services for the City of Lacey; and

WHEREAS Chapter 39.34 of the Revised Code of Washington authorized local governments to enter into agreements for joint or cooperative action in furnishing area-wide emergency services, including fire and safety inspections; and

WHEREAS the parties desire to provide for a more economic and efficient means of providing fire fighting and fire protection services within the respective jurisdiction boundaries of each party by maximizing the use of their personnel, material and equipment;

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises hereinafter set forth, the parties do hereby agree as follows:

1. TERM

The term of this agreement shall be for a period of six years, commencing on January 1, 1999 and ending on December 31, 2004, unless said term shall be extended by mutual agreement.

2. SERVICE AREA

The services contracted for herein shall be provided within the corporate limits of the City of Lacey, State of Washington.

3. THE CITY SHALL:

- a. Pay to the DISTRICT for the calendar year 1999 a total base compensation of \$1,637,489. Such payment shall be made in equal monthly installments of \$136,457.41 commencing January 8, 1999, and no later than the 10th day of each month thereafter. Each year, commencing with the calendar year 2000, the base compensation will be adjusted by the July to July Implicit Price Deflator (IPD) for personal

consumption expenditures for the United States as published by the Bureau of Economic Analysis of the Federal Department of Commerce not to exceed six percent (6%).

- b. After calculating the annual compensation specified in Article 3 (a) above, the base contract amount will be further adjusted by \$60,946 on January 1, 2000 and \$60,946 on January 1, 2001.
- c. In addition to the annual compensation payments specified in Article 3 (a) and (b) above, periodic payments will be made to the DISTRICT under the following terms and conditions:

(1) Change in Service Area Due to Annexation

There shall be no compensation to the DISTRICT for unimproved property annexed to the CITY. Compensation to the DISTRICT for improved real property annexed to the CITY shall be determined at the time of each annexation by:

- (a) Establishing the current equivalent rate per thousand dollars of assessed value the CITY is paying for fire protection services, provided that in no event shall the rate be greater than one dollar and fifty cents (\$1.50) per thousand dollars of assessed value; and then,
- (b) Multiplying the assessed value of the improved real property within the annexed area by the equivalent rate per thousand set by (a) above. The assessed value of the property annexed shall be that amount established by the Thurston County Assessor at the time of annexation.

The effective date of this additional compensation shall be in the first year that the annexed property is subject to the CITY'S regular levy and shall be adjusted annually each year thereafter for the term of this agreement by the IPD. Annual payments to the DISTRICT shall be in two equal installments due on June 30 and December 31 of each calendar year.

(2) Adjustment for New Construction

The DISTRICT shall be compensated for annual adjustments in the CITY'S assessed value due to new construction. Adjustments for new construction value shall be based on the amount certified by the Thurston County Assessor for taxes to be levied in 2000, 2001, 2002, 2003, and 2004, and shall be limited to the first \$80 million in value each year.

Compensation to the DISTRICT shall be at the same rate per

thousand dollars of assessed value that the CITY is paying for fire protection services, multiplied by the assessed value of new construction. The effective date of this additional compensation shall be in the year following certification by the County Assessor and shall be adjusted annually each year thereafter for the term of this agreement by the IPD. Annual payments to the DISTRICT shall be in two equal installments due on June 30 and December 31 of each calendar year.

(3) "H" Occupancy Adjustment

Compensation to the DISTRICT for new "H" occupancy construction that creates an unanticipated and additional workload on the DISTRICT shall be determined by negotiation. Unless otherwise agreed, development proposals within the CITY'S service area having the potential of a "H 1, 2 or 3" occupancy classification shall be submitted to the DISTRICT for evaluation immediately following the Pre-submission Conference conducted by the CITY. Upon review and within ten (10) working days, the DISTRICT shall present to the CITY their estimate of cost for providing services identified in Article 4 (a). In addition to the cost estimate, the DISTRICT will provide the CITY at least three alternative methods of mitigating the impact the proposed "H" occupancy may have upon the DISTRICT'S service delivery capacity and the estimated costs associated with each proposed mitigation. The effective date for compensation under this section shall be the date of the certificate of occupancy issued by the CITY.

(4) Regulatory Mandates

Compensation to the DISTRICT for implementation of federal, state or local mandatory regulations shall be determined by negotiation. Unless otherwise agreed, the DISTRICT shall present to the CITY three alternative methods of implementing the mandated changes within the CITY'S service area and their estimated costs. The effective date for compensation under this section shall be the date the provisions of said regulations are implemented by the DISTRICT.

- d. Participate with the DISTRICT in a coordinated excess levy election proposal for the purpose of constructing facilities and acquiring capital equipment necessary to meet service delivery needs. The amount of the CITY's excess levy election will be determined by assigning a fifty-five percent (55%) share of the applicable costs to the CITY for the items listed below and in no event shall this amount exceed \$5 million unless otherwise agreed by the CITY.

<u>Description</u>	<u>Est. Cost (1998 \$)</u>
Replacement of Station 36 (Ruddell & Yelm)	\$ 1,700,000
Replacement of Station 31 (Headquarters)	\$ 3,500,000
Replace/Upgrade Station 37 (Meridian Campus)	\$ 1,300,000
First Response Engines (3)	\$ 810,000
Aid Units (2)	\$ 190,000
Ladder Apparatus (1)	\$ 500,000
Self-contained Breathing Apparatus	\$ 100,000
Mobile Digital Data Terminals	\$ 100,000

The facilities and equipment listed above shall not be built or purchased until such time as the CITY's and the DISTRICT'S excess levy election is validated and the CITY and DISTRICT mutually agree that service demands warrant said improvements.

- e. Furnish without charge such quantities of water and the use of fire hydrants as the DISTRICT may require or be able to use in its emergency response and training operations, wherever and so far as such water is available from the CITY'S system.
- f. Give the DISTRICT written notice at least ninety (90) days in advance of any proposed changes in its ordinances, laws or regulations which would significantly affect the DISTRICT'S ability to provide the services set forth herein or which would substantially increase or change the level of services required.

4. THE DISTRICT SHALL:

- a. Respond to all fire and emergency medical alarms within the CITY, provide code management, rescue, fire prevention, plan review, new construction inspection, building inspection, valve check, hydrant flow, fire vehicle maintenance, investigation, public education, community services and such other usual and customary services and fire and emergency medical protection services as are provided within the DISTRICT.

The DISTRICT agrees to provide the listed services above in such a manner as necessary to maintain an I.S.O. protection class rating of four (4) for the CITY and to work cooperatively with the CITY to ensure such rating is continued. It is specifically understood and agreed by the CITY that the DISTRICT may, in responding to specific incidents or request for assistance, rely on support provided through mutual aid or interlocal cooperation agreements in addition to its own personnel, vehicles and equipment.

- b. House, insure for replacement value and provide regular upkeep and maintenance for all CITY owned equipment in the care and custody of the DISTRICT, including:

- (1) Mack 1,500 g.p.m. engine, Serial Number CF115(15)1419, together with its equipment;
- (2) Aerial Scope, Serial Number CF685FAP1328, together with its equipment;
- (3) Pierce 1,500 g.p.m. engine, Serial Number 1P9CT02J5KAD40734 together with its equipment; and,

The repair and maintenance services referred to above shall include any enhancements or improvements to the equipment described. Upon termination of this agreement, vehicles described in 1, 2, and 3 above shall be returned to the CITY.

In the event that the annual repair costs, for any individual piece of equipment listed in 1, 2, and 3 above exceeds an amount equivalent to ten percent (10%) of the original acquisition cost of the apparatus, adjusted annually by 6%, the CITY shall be responsible for fifty percent (50%) of such costs. Such costs shall not include regular, preventative maintenance costs and shall be limited to those repairs necessary to maintain the legal, effective and safe operation of said apparatus. Whenever possible, the CITY shall be consulted prior to undertaking such repairs in order to discuss alternative solutions and to plan for said expenditure.

- c. Insure for replacement value and provide regular upkeep and maintenance for all facilities and equipment in the care and custody of the DISTRICT which were acquired under Article 3 (d) above.
- d. Discuss with the CITY prior to implementation any operational changes or new programs which may impact future costs of fire service to the CITY.
- e. Maintain suitable records of all services provided herein (including monthly maintenance records on CITY owned equipment) and all inspections performed in accordance with this agreement for a minimum of three years from the date said services were provided. All such records shall be available for inspection or audit by the CITY or its authorized agent, upon reasonable notice, during the DISTRICT'S regular business hours.

5. USE OF EQUIPMENT

It is further mutually understood and agreed that the fire fighting equipment owned by the CITY and the fire fighting equipment owned by the DISTRICT will be used both within the CITY and within the DISTRICT and for automatic response on a non-exclusive basis.

6. INDEMNIFICATION/HOLD HARMLESS

Each party agrees that, insofar as it is authorized to do so, from time to time, under the laws of the State of Washington, it will protect, save and hold harmless the other party from all claims, costs, damages, or expenses arising out of the negligence of its agents, employees, servants, or representatives, in connection with acts performed in accordance with the terms of this Agreement. The parties further agree that in the case of negligence by both, any damages, costs, or other expenses allowed shall be levied in proportion to the percentage of negligence attributable to each party.

7. LIABILITY INSURANCE

During the term of this agreement, the DISTRICT shall provide the CITY with a certificate of insurance indicating the limits of liability indemnification and the coverage period.

8. DEFAULT

Failure by either party to perform its obligations under the terms and conditions of this Agreement shall be deemed a breach and shall entitle the other party to declare a default. Should either party file suit, commence any other legal or equitable proceeding against the other for breach of this agreement or should arbitration proceedings be commenced, the prevailing party shall be entitled to recover all of its expenses, including attorney's fees, court costs and arbitration expenses in addition to any damages or other judgement allowed.

9. WAIVER

Failure by either party to strictly enforce any provision hereof or to declare a breach shall not constitute a waiver thereof, nor shall it have said party's right to demand strict performance of that or any other provision of this agreement any time thereafter.

10. CONTRACT RENEWAL

Eighteen (18) months prior to the expiration of this agreement, the DISTRICT shall provide the CITY with a proposal for renewal of this agreement which includes a three-year comprehensive plan for services to be provided to the CITY as defined in Article 4 (a) above and the cost of providing said services to the CITY. Negotiations for renewal of this agreement shall commence not later than twelve months prior to the expiration of this agreement.

11. ENTIRE CONTRACT

The parties agree that this document incorporates their entire agreement and supersedes any previous agreement of the parties. The parties further acknowledge that any oral representations or understandings not included herein are excluded and agree that any modification of this agreement shall

have no force or effect unless in writing signed by both parties.

12. SEVERABILITY

Should any portion, clause, term, article or other provision of this agreement be declared invalid, illegal, void or otherwise unenforceable by a court of competent jurisdiction, the validity of the remaining sections shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain the particular clause or provision held to be invalid.

13. NOTICES

Any notices required to be given pursuant to the provision of this agreement shall be given in writing by certified mail, return receipt requested, by enclosing said notice in a postage prepaid envelope addressed as follows:

To the District:

Thurston County Fire District Three
P.O. Box 3366
Lacey, WA 98509-3366

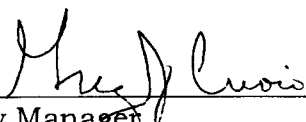
To the City:

City of Lacey
P.O. Box 3400
Lacey, WA 98509-3400

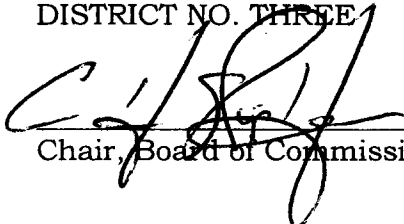
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 15TH day of APRIL, 1999.

THE CITY OF LACEY

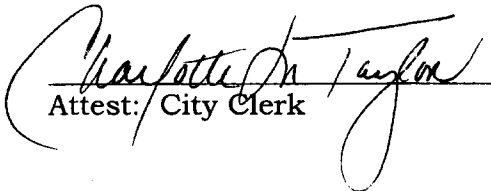
THURSTON COUNTY FIRE DISTRICT NO. THREE



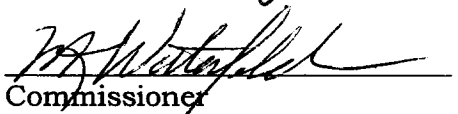
City Manager



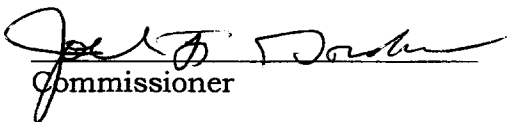
Chair, Board of Commissioners



Attest: City Clerk



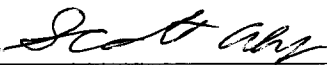
Commissioner



Commissioner

Approved as to Form:

Approved as to Form:



City Attorney

Attorney for the District