SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

ITEM NO: A-4

DATE: September 27, 2007

SUBJECT: Ordinance No. 957-07 requesting an election regarding annexation by the Sno-Isle Regional Library District

CONTACT PERSON: Deborah Knight, City Administrator D. Knight

ISSUE:

The issue before the City Council is to have First Reading of Ordinance No. 957-07 requesting an election to annex into the Sno-isle Regional Library District.

STAFF RECOMMENDATION:

Have First Reading of Ordinance No. 957-07 (Attachment A) requesting an election to annex into the Sno-isle Regional Library District.

SUMMARY:

During discussions of the short-fall in the General Fund budget, the City Council discussed annexing into the Sno-isle Regional Library District (Sno-isle Library) as an alternative to reduce expenses in the General Fund.

Under the existing arrangement, the City owns the building that houses the library, but contracts for staff, materials and library services with the Library District by paying an annual fee. In 2007, that fee is $92,788.

The City Council directed staff to explore the options of annexing into the Library District. City staff met with members of Sultan Sno-isle Library Board to discuss annexation on September 13, 2007. The Sultan Sno-isle Library Board is supportive of the annexation effort and will work with the City as needed.

The first steps in the annexation process are:

1. Officially notify the library district of the City's intent to terminate the contract (Attachment B).

- Staff received direction from the City Council at its August 23, 2007 meeting to notify the district of the City's intent to terminate the contract.
- Under the contract, the City would pay for library services through 2008.
- If voters approve the annexation, library services would continue for Sultan residents in 2009 without interruption.
- If voters do not approve the annexation, Sultan residents would not be able to remove materials (books, videos, DVDs, CDs, etc.) from libraries within the district.

2. Initiate the annexation process by passing an ordinance requesting annexation into the library district.

RCW 27.12.360 (Attachment C) requires annexation to be initiated by an ordinance stating the City's intent to join the District and finding that the public interest will be served thereby.

RCW 27.12.360 authorizes the City Council to initiate the submittal of a ballot proposition to the voters of the City to authorize annexation of the City to the Sno-Isle Regional Library District.

If the District concurs in the annexation, notification thereof shall be transmitted to the Snohomish County Council to call for an election per RCW 27.12.370.

DISCUSSION:

How does Sultan currently get library service?

Under the existing arrangement, the City owns the building that houses the library, but contracts for staff, materials and library services with the Library District by paying an annual fee. In 2007, that fee is approximately $92,788. City residents pay no library taxes, but library users who live outside the City pay property taxes directly to the Library District. The Library District takes the City's annual fee and combines it with these property tax dollars to pay for operating the library.

If Sultan residents agreed to annex into the Library District, the City would discontinue the annual fee for service, and the same property tax levy now paid by residents in the unincorporated area would be added to the property tax bill of City property owners.

What is annexation?

Annexation allows cities and towns to join the Library District, rather than contract for services. Citizens are taxed directly for library services, in the same way citizens in unincorporated Snohomish County fund library services.

The levy rate in 2007 for Sno-Isle residents is 35.3¢ per $1,000 assessed property value. This maximum levy rate of 50¢ was set by the Legislature, and can only be increased or decreased by a vote in the Legislature.

Thirteen Sno-Isle communities are annexed: Edmonds, Mukilteo, Mountlake Terrace, Marysville, Mill Creek, Oak Harbor, Snohomish, Brier, Arlington, Coupeville, Gold Bar, Granite Falls and Monroe.

How is annexation decided?

Annexation is decided by a simple majority election. The current proposal is to put a measure on the February 2008 primary ballot. If the measure is approved by Sultan residents, the levy would go into affect on January 1, 2009.

The City of Sultan would continue to pay for library services under the existing contract until midnight on December 31, 2008.

What does annexation do?

Annexation provides for long-term library service to a community. Decisions as to the operation of the library building itself will continue to be made by a locally appointed library board.

Annexation to the Library District equalizes the amount paid for library services by unincorporated county and City residents, and also fosters greater long-term stability by allowing the Library District to make long-range plans for library services in Sultan. Decisions as to the operation of the library building itself will continue to be made at the local level, with a locally-appointed library board working with the City Council.

The Sno-Isle Libraries serve more than 600,000 residents in Snohomish and Island counties. Sno-Isle has community libraries in Arlington, Brier, Clinton, Coupeville, Darrington, Edmonds, Freeland, Granite Falls, Lake Stevens, Langley, Lynnwood, Marysville, Mill Creek, Monroe, Mountlake Terrace, Mukilteo, Oak Harbor, Snohomish, Stanwood, and Sultan, as well as Mobile Services for the homebound and local daycares.

Services and materials include 1.3 million items, reference services, electronic databases and computer equipment, Internet access, outreach programs for the homebound and local daycares, and story times for children.

Will library service change if annexation is successful?

No. Sno-Isle Libraries will continue to provide library services to Sultan. The only difference is that the money to pay for this service will come exclusively from Sno-Isle's property tax receipts, and will not include an annual payment from the City. Sultan residents would be taxed for library services beginning in January 2009.

Will library service change if annexation failed?

Yes. The City of Sultan would cancel the agreement for library service and library services would not be available to Sultan residents on January 1, 2009. For example, if the annexation fails, residents of the City of Sultan would not be able to check out materials from other Sultan or other Sno-Isle libraries.

Will my property taxes go up if annexation is approved?

Yes. This would be a new tax for residents of the City of Sultan. This year the Library District regular tax levy is 35.3¢/$1,000 of assessed value. Under state law, this regular tax levy rate is capped at 50 cents/$1,000. Owners of a home assessed at $207,700 (the average residential value in Sultan per the Snohomish County Assessor) would pay $73 in 2007 for library service.

Why is the City Council considering library annexation?

The loss of revenue associated with recent State legislative actions and tax limitation initiatives is causing a significant gap between revenues and expenses for the City. The City has been able to postpone the need for dramatic or significant service level reductions because it has modified its business practices to reduce expenses where possible. However, these actions have only provided a temporary solution to the growing gap between expenses and revenues. The City's long-term financial base model projections indicate the gap between revenues and expenses will continue for the next five years. The escalating cost of services continues to outpace the City's revenue collection ability creating an even wider gap in the future between revenues and expenses.

The Mayor and City Council have discussed the option of allowing the voters to decide the issue of annexation into the Library District, thereby providing some relief to the City's long-term financial situation. The Council also examined other means of new and additional taxes but chose to allow the voters to decide upon library annexation as a method to align a direct City service with a specific source of revenue.

What will happen with the money the City has been using to pay for the library contract?

Revenues previously dedicated to the library contract fee will be used to fund and maintain other, existing City services.

How can the City afford to build more parks (such as the Skate Park) if the City is having difficulty balancing the budget?

Capital improvements, such as the Skate Park are paid for with funds specifically restricted for those purposes. These funds include grants, and real estate excise tax that cannot be used for City operations.

FISCAL IMPACT:

A decision to discontinue the library contract will reduce General Fund expenses by approximately $92,788 which could be used for other General Fund purposes such as public safety, park and street maintenance.

This year the Library District regular tax levy is 35.3¢/$1,000 of assessed value. Under state law, this regular tax levy rate is capped at 50 cents/$1,000. Owners of a home assessed at $207,700 (the average residential value in Sultan per the Snohomish County Assessor) would pay $73 in 2007 for library service.

RECOMMENDED ACTION:

1. Direct staff to officially notify the library district of the City's intent to terminate the contract effective January 1, 2009.

2. Direct staff to submit Ordinance No. 957-07 (Attachment A) to the Sultan library board requesting an election to annex into the Sno-isle Regional Library District.

RECOMMENDED MOTION:

I MOVE TO HAVE FIRST READING OF ORDINANCE NO. 957-07 (ATTACHMENT A) REQUESTING AN ELECTION TO ANNEX INTO THE SNO-ISLE REGIONAL LIBRARY DISTRICT.

ATTACHMENTS:

Attachment A – Ordinance No 957-07
Attachment B – Library contract
Attachment C – RCW 27.1.360 - .390
Attachment D – Annexation Facts

COUNCIL ACTION:
DATE:

City of Sultan
ORDINANCE NO. 957-07

AN ORDINANCE of the City of Sultan, Washington, requesting an election regarding annexation by the Sno-Isle Regional Library District.

WHEREAS, RCW 27.12.360 authorizes the City Council to initiate the submittal of a ballot proposition to the voters of the City to authorize annexation of the City to the Sno-Isle Regional Library District ("District"); and

WHEREAS 27.12.360 requires annexation to be initiated by an ordinance stating the City's intent to join the District and finding that the public interest will be served thereby; and

WHEREAS, the Sultan Library Board recommended at its September 13, 2007 meeting that the City Council adopt Ordinance No. 957-07, proposing that the City be annexed to the District;

WHEREAS, if the District concurs in the annexation, notification thereof shall be transmitted to the Snohomish County Commissioners to call for an election per RCW 27.12.370; and

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SULTAN, WASHINGTON as follows:

Section 1

The City of Sultan hereby declares its intent to join and be annexed to the Sno-Isle Regional Library District effective January 1, 2009, subject to voters' approval after election in accordance with RCW 27.12.370. After consideration of the options for providing library service to City residents, the City Council finds that the public interest will be best served by annexation to the said District and requests that the Snohomish County Council place the election on a future date to submit a ballot proposition to the voters of Sultan, asking if the City shall be annexed to the Sno-Isle Regional Library District.

Section 2

The City Council hereby requests that the Board of Trustees of the Sno-Isle Regional Library District concur in the proposed annexation of the City by the District. The Administrator is directed to provide to the District any and all documents as may be required, and to take such action as may be required including but not limited to approving and executing agreements, to facilitate and effect the annexation.

Section 3

The City shall enter into an agreement with the Board of Trustees of the Sno-Isle Regional Library District for the purpose of assuring quality library services to residents of the City and to provide for a City Library Board to coordinate with, and provide input to, the Board of Trustees as to library operations and facilities within the City.

Section 4

The City of Sultan hereby further declares that if and when it is annexed into the District, the District's property tax levy rate shall be separate and in addition to the City's regular property tax levy rate in each year subject to limitations established by state law.

Section 5

This ordinance shall be in full force and effect immediately after its passage and publication as required by law.

PASSED by the City Council and APPROVED by the Mayor this _____ day of September _____.

CITY OF SULTAN

_____

Benjamin Tolson, Mayor

ATTEST:

_____

Laura Koenig, City Clerk

APPROVED AS TO FORM:

_____

Tom Graafstra, City Attorney

Filed with the City Clerk:

Passed by the City Council:

Published:

Effective Date:

Ordinance No.: xxxx

LIBRARY SERVICES AGREEMENT
BETWEEN
THE CITY OF SULTAN, WASHINGTON
AND
SNO-ISLE REGIONAL LIBRARY

Attachment B

1.0 Parties

THIS LIBRARY SERVICES AGREEMENT (hereinafter "Agreement") is entered into on the date set forth below between Sno-Isle Regional Library, the Intercounty Rural Library District of Snohomish and Island counties (hereinafter "Library District") and the City of Sultan, a Washington municipal corporation (hereinafter "City").

2.0 Recitals

2.1 Under the provisions of RCW 27.12.180, the Library District shall render library services to the City, and in furtherance thereof, the residents of the City are entitled to the same library privileges as are provided for the residents of the Intercounty Rural Library District of Snohomish and Island counties. For purposes of this Agreement, "Library Service" is defined in the attached Exhibit A, "Policy Relative to Library Service Extended to Community Libraries."

2.2 The City desires, and the Library District agrees to continue to provide and maintain library services to the City at or above the level of service and performance the City has received to date.

2.3 Accordingly, the purpose of this Agreement is to designate the Library District as the agency responsible for providing library services for the City on a long-term basis and to set forth the terms, conditions, and scope of the library services to be provided.

2.4 The Library District and the City have determined that this Agreement is in the best interests of both Parties because it will enhance the certainty of receiving library services for the City, the long-term cost and efficiency of supplying such services by the Library District, the provision

of a library facility in the City, and will carry out the growing demand for effective, regionalized government, all for the benefit of the City's and the Library District's residents.

2.5 In addition, this Agreement will enable the City to advise upon major decisions concerning the library services provided by the Library District, enabling the City to fulfill its responsibilities to ensure that desired library services are provided to the City and its residents.

Therefore, to carry out the purposes of this Agreement and in consideration of the mutual benefits to be received by each Party, receipt of which is acknowledged, the Parties agree as follows:

3.0 Contract Cities Advisory Board

3.1 Board Established; Membership. The Parties have established and shall maintain a Contract Cities Advisory Board (hereinafter "Cities Board") to facilitate this Agreement and the operations of the Library District in carrying out this Agreement. The Cities Board shall consist of one member from each city that continues to contract for library services with the Library District. The City's designated member to the Cities Board shall be the Mayor, City Administrator/Manager, or high level administrators or manager reporting directly to either the Mayor, City Administrator/Manager or Governing Body, as the case may be. Notice of change in any member assigned to the Cities Board shall be made in writing to the Library District and the other cities at least thirty (30) days prior to any changes being made.

3.2 Advisory Authority. The Board shall serve in an advisory role to the Library District and shall have the following responsibilities:

3.2.1 Review and comment on an Annual Budget for the Library District.

3.2.2 Review and comment on all proposals for changes in Library District service levels that are proposed to be effective throughout the entire Library District.

3.2.3 Review the activities and level of service occurring under, and the requirements of, this Agreement to ensure that both Parties are receiving the benefits intended by this Agreement.

3.2.4 Review and comment on adjustments to the financial statements, methods of cost allocation, limits of insurance, and other elements of this Agreement.

3.2.5 Written proposals or comments shall be delivered to the Library Board of Trustees.

3.3 Meetings. The Cities Board shall meet not less than annually. The time and place for the meetings shall be established by mutual agreement of the Library District and the Cities Board to permit attendance by both. A quorum of the Cities Board shall be a majority of those cities who continue to contract for library services with the Library District.

3.4 Limitation On Authority. The Cities Board has only an advisory function and is not intended to replace or replicate the functions or service provided by the Library District Board of Trustees, or individual City's Library Boards and/or Friends of the Library. Sole and exclusive management of the Library District shall remain the responsibility of the Library District Board of Trustees.

4.0 Library Services

4.1 Description of Library Services. The Library District shall continue to provide the library services defined in the attached Exhibit A (incorporated by this reference) within the boundaries of the City at the same or better level as currently provided, including any areas that may be annexed to the City during the term of this Agreement.

5.0 Facilities

5.1 City Facilities. The City shall provide the Library District with building space, furnishings and shelving to provide Library Services as described in Exhibit A.

5.2 Repairs and Maintenance. The City shall keep the library building in good order and repair at all times and provide janitorial services. Each party shall be responsible for maintaining its own furnishings and equipment.

6.0 Compensation

6.1 Contract Fee

6.1.1 Contract Fee. In consideration of the library services provided by the Library District , the City shall be assessed a sum of money determined by (1) multiplying the City's previous year's Contract Fee by the percentage rate increase of the Library District's property tax levy, limited to one hundred three percent (103%), plus (2) the value of new construction and annexation within the City multiplied by the Library District's previous year's levy rate. In no event shall the Contract Fee, on a property tax equivalent basis, exceed fifty (50) cents per one thousand dollars ($1,000) evaluation within the City.

6.1.2 Adjustment for Utility & Janitorial Expenses. After the City's Contract Fee has been determined each year, all actual expenditures by the City for utility and janitorial expenses associated within any City library facility used by the Library District for the prior year shall be deducted from the City's Contract Fee.

At three (3) year intervals starting January 2000, the Library District may request the City to provide documentation that janitorial expenses are within market conditions. Such documentation may include, but shall not be limited to, periodic advertisements for, solicitations of, and/or responses from the best qualified provider of janitorial services at competitive prices.

The City shall submit to the Library District on or before May 1 of each year a detailed record of all utility and janitorial expenses associated with any City library facility used by the Library District for the previous year in which a credit is being claimed. The Library District may review the supporting invoices and other documentation for utility and janitorial expenses for which credit is claimed. All credits for utility and janitorial

expenses shall start January 1, 1997 to be deducted from the City's 1998 Contract Fee.

6.1.3 Sample Formula. Exhibit B to this Agreement, attached and incorporated by this reference, is a mock calculation demonstrating the application of the terms of this Section 6.1.

6.2 Payment

6.2.1 Payment. The City shall pay the Annual Assessment to the Library District by the payment due date in accordance with the following schedule:

City of Lynnwood	April 15
City of Lake Stevens	July 15
City of Mill Creek	July 15
All Other Contract Cities	December 15

The Library District shall send invoices to the City for the amount of the Annual Assessment at least thirty (30) days prior to the applicable due date. Late payments shall be assessed an interest penalty at the rate of twelve percent (12%) per annum on any balance unpaid fifteen (15) days or more following the payment due date.

6.2.2 1998 Adjustment In recognition that the Cities of Lake Stevens, Lynnwood and Mill Creek will make their Annual Assessment payments as one lump-sum payment instead of two equal semi-annual payments, they will receive a credit for anticipated lost interest revenue for the year 1998. For purposes of this credit calculation the estimated interest earnings rate shall be six percent (6%). The credit shall reduce the Annual Assessment paid by each of the cities for 1998.

The following formula will be used to determine the credit:

	Estimated Interest Earnings on Assessment Paid on Semi-Annual Basis
Less:	Estimated Interest Earnings on Assessment Paid on Annual Basis
Result:	Interest Credit for 1998

6.2.3 Standard Terms of Compensation. The parties have established and agree to maintain the "standard" terms of compensation as defined in section 6.0 of this Agreement for each city that contracts for library services ("Contracting City") with the Library District. The "standard" terms of compensation are not applicable to any agreements between the Library District and cities annexed to the Library District or cities that have formed a library capital facility area with the Library District. Any change provided to a Contracting City by the Library District, as it relates to Section 6.0 of this agreement, shall be reported promptly to the Cities Advisory Board and the same benefits and burdens shall be offered to all Contracting Cities with those exceptions listed in Section 6.2.4.

6.2.4 Exceptions.

6.2.4.1 New Contracting City. The Library District may modify or alter the "standard" terms of compensation for an interim period with a newly incorporated city until such time as said city is eligible to receive its regular property tax levy.

6.2.4.2 Existing Contracting City. The Library District may modify or alter the "standard" terms of compensation for an interim period for a Contracting City that can demonstrate an undue financial hardship in meeting the financial or facility obligations in accordance with this Agreement.

6.2.4.3 Interim Period Defined. In no case shall a modification or alteration to the "standard" terms of compensation exceed a duration greater than eighteen (18) months.

6.2.5 Effect of Annexation. In the event the City formally becomes part of the Library District through annexation during the term of this Agreement, the City's Annual Assessment due for the year in which annexation occurs shall continue to be paid, unless the Library District is authorized to collect taxes for library services in the City during the year in which annexation occurs. This Agreement shall then terminate as set forth in Section 10.2 below.

7.0 Annual Budget

7.1 Scope. The Annual Budget shall include only reasonable and necessary expenditures for the provision of Library Services as described in Exhibit A. For the year 1998, the Annual Budget shall include only the budget categories set forth on Exhibit C attached hereto and by this reference incorporated herein.

7.2 Schedule and Responsibility. The Library District shall submit a proposed budget to the Cities Board at the time the Library District Board first reviews the budget proposal and no later than November 1 of each year. The Cities Board shall review the proposed budget and submit written comments within twenty-five (25) days after receipt of the proposed budget. The Library District shall adopt a final Annual Budget on or before December 31 for the following year which shall be the Annual Budget for purposes of this Agreement, except for Budget Amendments as may be necessary to account for unforeseen exigencies. In such event(s) any proposed Budget Amendment will be submitted to the Cities Board with the proposed date of action noted thereon.

7.3 Budget Administration and Accountability. The Library District shall be responsible for the total administration of the Annual Budget. The Library District shall provide regular and accurate Budget reports to the City and to the Cities Board as requested, including reports of any and all amendments to the Annual Budget.

7.4 Accounting Standards. The Annual Budget shall be prepared in accordance with the statutory requirement relating to library districts and the Budgeting and Reporting System (BARS) Manual as established by the Washington State Auditor's Office.

8.0 Allocation of Liability; Indemnification

8.1 The City and the Library District, for themselves, their officers, elected and appointed officials, employees and agents (collectively "personnel") shall each at all times be solely responsible for their own acts and omissions and for all acts and omissions of their own personnel, when

any such acts or omissions arise from or are connected with performance of this Agreement.

8.2 The City and the Library District agree to save, hold harmless and indemnify the other from all cost, expense, loss, liability and/or damage, including without limitation bodily injury or damage to property or the cost of consultants, defense or reasonable attorneys' fees, which may be incurred in connection with or as a result of any act or omission of the indemnifying party.

8.3 For purposes of this section, each Party expressly waives its immunity under RCW Title 51, to the extent necessary to give full effect to the provisions of Subsection 8.2.

9.0 Insurance

9.1 Property Insurance. Each Party shall procure and maintain for the duration of this Agreement property insurance coverage for their respective property, except the Library District-owned collection utilized in providing Library Services, on a replacement cost basis if available at commercially reasonable rates and otherwise on a fair market value basis.

9.2 Liability Insurance. The Library District and the City shall each procure and maintain for the duration of this Agreement liability insurance against claims for injuries to persons or damage to property which may arise from their respective actions in connection with this Agreement. The liability insurance shall minimally conform to the following requirements:

9.2.1 Certificate of Insurance. Each Party shall provide a certificate of insurance to the other Party evidencing each of the required liability coverages. The City shall be named as an additional insured on the Library District's Commercial General Liability and Public Officials Liability insurance policies, and a copy of the endorsement naming the City as an additional insured shall be attached to the certificate of insurance.

9.2.2 Automobile Liability insurance covering all vehicles of each Party shall be maintained with coverage limits of no less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

9.2.3 Commercial General Liability insurance written on an occurrence basis shall be maintained with coverage limits of no less than one million dollars ($1,000,000) combined single limit per occurrence and two million dollars ($2,000,000) aggregate for personal injury, bodily injury and property damage. Coverage shall include but not be limited to: blanket contractual; products/completed operations; broad form property damage; explosion, collapse and underground (XCU), if applicable; and employer's liability.

9.2.4 Public Officials Liability insurance, including coverage for personal liability, shall be maintained with coverage limits no less than one million dollars ($1,000,000) per claim.

9.3 Deductible. Any payment of deductible or self insured retention shall be the sole responsibility of the Party procuring the insurance.

9.4 Coverage. The insurance shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The insurance shall be primary insurance with respect to the other Party in accordance with insurance industry conventions. Each Party shall be given thirty (30) days prior written notice of any cancellation, suspension or material change in coverage of the other Party. In the event of a default by either Party in providing the insurance set forth above, the other Party may procure any such insurance and deduct or add the cost thereof from its next Contact Fee as the case may be. All the insurance requirements of the City under 9.2, 9.2.1, 9.2.3 and 9.2.4 are considered fulfilled by the City's membership in the Cities Insurance Association of Washington, provided such membership provides required coverage for all such liability risks.

9.5 Mutual Waiver of Claims. The Library District and the City each release and relieve the other, and waive their right of recovery against the other, for loss or damage to their respective property which arises out of the occurrence of any peril normally insured against in a standard "all risk" property insurance policy. Each Party shall have its respective insurer endorse the applicable insurance policies to reflect the foregoing waiver, provided that such endorsement shall not be required if the applicable

insurance policy permits the named insured to waive rights of subrogation on a blanket basis, in which case such blanket waiver shall be acceptable.

10.0 Effective Date: Duration

10.1 Original/Renewal Terms. This Agreement shall be effective on January 1, 1998, and shall continue thereafter until terminated by either Party as follows. For a period of three (3) years following the effective date of this Agreement, either Party may terminate the Agreement on any Anniversary Date (January 1) by delivering written notice not less than three hundred sixty (360) days prior to such Anniversary Date; and thereafter, either Party may terminate this Agreement by delivering written notice to the other Party not less than one hundred eighty days (180) days prior to an Anniversary Date.

10.2 Termination by Annexation. If the City annexes into the Sno-Isle Regional Library District during the term of this Agreement, then this Agreement shall be terminated following the annexation at the beginning of the first year in which the Library District begins to receive tax revenue from the annexed areas.

11.0 General Terms and Conditions

11.1 Severability. If any provision of this Agreement or its application is held invalid, the remainder of this Agreement and its application shall not be affected.

11.2 Integration; Modification. This Agreement represents the entire agreement between the Parties and supersedes all other agreements whether oral or written. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding on either of the Parties unless executed in writing by authorized representatives of the Party against whom the change, termination or waiver is claimed. This Agreement shall not be modified, supplemented or otherwise affected by course of dealings between the Parties.

11.3 Notices. All notices, requests, demands and other communications required by this Agreement shall be in writing and, except

as expressly provided elsewhere in this Agreement, shall be deemed to have been given at the time of delivery if personally delivered, or at the time of mailing if mailed first class, postage prepaid and addressed to the Party at its address as stated in this Agreement or at such address as any Party may designate at any time in writing.

11.4 Authority. By and through their signatures below, each Party warrants to the other that it is fully authorized to enter into this Agreement and has performed all of the actions required for such authorization, provided that any defect in such performance or authorization shall not release that Party from its obligations under this Agreement.

11.5 No Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the Library District and the City. This Agreement shall confer no benefits, direct, indirect or implied, on or to any third persons, and no third persons shall claim any such benefits.

11.6 Dispute Resolution. In the event of a dispute relating to the interpretation or application or performance of this Agreement, the Parties agree to meet within twenty (20) days of written notice of the dispute to negotiate a resolution in good faith. In the event the dispute remains unresolved thirty (30) days after such meeting, the Parties may jointly or individually apply to the Superior Court for Snohomish County for such relief as may be deemed appropriate.

11.7 Attorneys' Fees. The prevailing Party in any dispute arising under or in connection with this Agreement shall be entitled to an award of its reasonable costs and attorney fees against the non-prevailing Party.

11.8 Re-Opener By mutual agreement of the Parties, any provision of this Agreement may be re-opened for possible modification. In the event that the Library District provides another Contracting City with a modification or alteration from Section 5–Facilities, or Section 10–Duration, the Library District shall agree to re-open negotiations related to said sections with all Contracting Cities.

WHEREFORE, the Parties enter into this Agreement and agree to be bound by its terms and conditions and to faithfully adhere to same.

SNO-ISLE REGIONAL LIBRARY:

_____
President

_____
Date

CITY OF SULTAN, WA

By: _____
Mayor

_____
8/15/98
Date

ATTEST:

By: _____
Clerk/Treasurer

APPROVED AS TO FORM:

By: _____

Attachments: Exhibits A, B, and C

B-12

Attachment C

RCW 27.12.360

Annexation of city or town into rural county library district, island library district, or intercounty rural library district -- Initiation procedure.

Any city or town with a population of one hundred thousand or less at the time of annexation may become a part of any rural county library district, island library district, or intercounty rural library district lying contiguous thereto by annexation in the following manner: The inclusion of such a city or town may be initiated by the adoption of an ordinance by the legislative authority thereof stating its intent to join the library district and finding that the public interest will be served thereby. Before adoption, the ordinance shall be submitted to the library board of the city or town for its review and recommendations. If no library board exists in the city or town, the state librarian shall be notified of the proposed ordinance. If the board of trustees of the library district concurs in the annexation, notification thereof shall be transmitted to the legislative authority or authorities of the counties in which the city or town is situated.

[1982 c 123 § 13; 1981 c 26 § 3; 1977 ex.s. c 353 § 1.]

RCW 27.12.370
Annexation of city or town into library district -- Special election procedure. ***(Effective until January 1, 2007.)***

The county legislative authority or authorities shall by resolution call a special election to be held in such city or town at the next date provided in *RCW 29.13.010 but not less than forty-five days from the date of the declaration of such finding, and shall cause notice of such election to be given as provided for in *RCW 29.27.080.

The election on the annexation of the city or town into the library district shall be conducted by the auditor of the county or counties in which the city or town is located in accordance with the general election laws of the state and the results thereof shall be canvassed by the canvassing board of the county or counties. No person shall be entitled to vote at such election unless he or she is registered to vote in said city or town for at least thirty days preceding the date of the election. The ballot proposition shall be in substantially the following form:

"Shall the city or town of . . . . . be annexed to and be a part of . . . . . library district?

YES . . . . . ☐

NO . . . . . ☐"

If a majority of the persons voting on the proposition shall vote in favor thereof, the city or town shall thereupon be annexed and shall be a part of such library district.

[1982 c 123 § 14; 1977 ex.s. c 353 § 2.]

NOTES:

***Reviser's note:** RCW 29.13.010 and 29.27.080 were recodified as RCW 29A.04.320 and 29A.52.350, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320 and 29A.52.350 were subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320 and 29A.52.350, see RCW 29A.04.321 and 29A.52.351, respectively.*

RCW 27.12.370
Annexation of city or town into library district -- Special election procedure. ***(Effective January 1, 2007.)***

The county legislative authority or authorities shall by resolution call a special election to be held in such city or town at the next special election date according to RCW 29A.04.321, and shall cause notice of such election to be given as provided for in RCW 29A.52.351.

The election on the annexation of the city or town into the library district shall be conducted by the auditor of the county or counties in which the city or town is located in accordance with the general election laws of the state and the results thereof shall be canvassed by the canvassing board of the county or counties. No person shall be entitled to vote at such election unless he or she is registered to vote in said city or town for at least thirty days preceding the date of the election. The ballot proposition shall be in substantially the following form:

C-2

"Shall the city or town of . . . . . be annexed to and be a part of . . . . . library district?

YES . . . . . ☐

NO . . . . . ☐"

If a majority of the persons voting on the proposition shall vote in favor thereof, the city or town shall thereupon be annexed and shall be a part of such library district.

[2006 c 344 § 19; 1982 c 123 § 14; 1977 ex.s. c 353 § 2.]

NOTES:

Effective date -- 2006 c 344 §§ 1-16 and 18-40: See note following RCW 29A.04.311.

C-3

RCW 27.12.380
Annexation of city or town into library district -- Withdrawal of annexed city or town.

The legislative body of such a city or town which has annexed to such a library district, may, by resolution, present to the voters of such city or town a proposition to withdraw from said library district at any general election held at least three years following the annexation to the library district.

[1982 c 123 § 15; 1977 ex.s. c 353 § 3.]

C-4

RCW 27.12.390
Annexation of city or town into library district -- Tax levies.

The annual tax levy authorized by RCW 27.12.050, 27.12.150, and 27.12.420 shall be imposed throughout the library district, including any city or town annexed thereto. Any city or town annexed to a rural library district, island library district, or intercounty rural library district shall be entitled to levy up to three dollars and sixty cents per thousand dollars of assessed valuation less any regular levy made by such library district in the incorporated area, notwithstanding any other provision of law: PROVIDED, That the limitations upon regular property taxes imposed by chapter 84.55 RCW shall apply.

[1982 c 123 § 16; 1977 ex.s. c 353 § 4.]

C-5

RCW 27.12.395
Annexation of city or town into library district -- Assumption of liabilities.

(1) All liabilities of a city or town that is annexed to a rural county library district or intercounty rural library district, which liabilities were incurred for the purpose of or in the course of acquiring, operating, or maintaining a library or libraries, may, if provided for in the ordinance providing for annexation and in the resolution of the district consenting to annexation, pass to and be assumed by the rural county library district or intercounty rural library district. Notwithstanding the foregoing, if the city or town has incurred any voted bonded indebtedness for the purpose of acquiring, operating, or maintaining a library or libraries, and if the indebtedness is outstanding at the time of the annexation, the voted bonded indebtedness shall not be assumed by the annexing district.

(2) Notwithstanding subsection (1) of this section, if the annexed city or town has outstanding at the time of the annexation any voted bonded indebtedness incurred for the purpose of acquiring, operating, or maintaining a library or libraries, a special election may be called by the board of trustees of the rural county library district or intercounty rural library district, to be held at the next general or special election held in the applicable county or counties, for the purpose of affording the voters residing within the area of the district outside the annexed city or town an opportunity to assume the voted bonded indebtedness of the annexed city or town upon the assent of three-fifths of the voters.

[1985 c 392 § 1.]

C-6

ANNEXATION FACTS

Attachment D

WHAT IS ANNEXATION?

Annexation allows cities and towns to join the Library District, rather than contract for services.

Citizens are taxed directly for library services, in the same way citizens in unincorporated Snohomish County fund library services:

- Annexation equalizes the amount paid for library services by unincorporated and Town residents.
- The levy rate in 2007 for Sno-Isle residents is 35.3¢ per $1,000 assessed value. By state law, property owners will pay no more than 50¢ per $1,000 assessed property value. This maximum levy rate was set by the Legislature, and can only be increased or decreased by a vote in the Legislature.

Currently, 14 cities and towns in Snohomish and Island County have passed elections to annex to the Library District: Arlington, Brier, Coupeville, Edmonds, Gold Bar, Granite Falls, Lynnwood, Marysville, Mill Creek, Monroe, Mountlake Terrace, Mukilteo, Oak Harbor, and Snohomish.

HOW IS ANNEXATION DECIDED?

Annexation is decided by a simple majority election.

WHAT WILL ANNEXATION DO?

Annexation provides for long-term library service to a community. In times of reduced city funds, some towns have asked residents to annex to the Library District. By annexing to the Library District, the City no longer pays a contract fee for service. This allows the City Council to allocate the amount the City had previously paid for library service to support other city services (i.e., police, fire and public works). Examples of cities / towns that have annexed to the Library District in order to allocate funds in such a manner are Oak Harbor in 1983, Coupeville in 1999, Edmonds in 2002, Mill Creek in 2006, and Lynnwood in 2006 (effective 2007).

HOW DOES SUILTAN CURRENTLY GET LIBRARY SERVICE?

Under the existing arrangement, the City owns the library building, but contracts for staff, equipment, materials, and library services with the Library District by paying an annual contract fee. Sultan's 2007 contract fee is $92,788. City residents pay no direct library taxes, but library users who live outside the City pay property taxes directly to the Library District.

The Library District uses the City's annual contract fee along with property tax dollars to pay for operating the library.

SNO-ISLE LIBRARIES
7312 - 35th Avenue NE, Marysville, WA 98271-7417 • (360) 651-7000 or (877) 766-4753

Will Property Taxes Go Up If Annexation is Approved?

Yes. This would be a new tax for residents of the City of Sultan. This year, the Library District levy is 35.3¢ / $1,000 of assessed value. Under state law, this levy rate is capped at 50¢ / $1,000. Therefore, owners of a home assessed at $207,700 (the average residential value in Sultan per the Snohomish County Assessor) would pay $73 in 2007 for library service.

What Will Happen to the Contract Fee?

That decision is entirely up to the City of Sultan. Many other annexed cities have used the revenue previously dedicated to the library contract fee to offset budget shortfalls in order to maintain other, existing city services, or to provide new services to their residents.

Will Library Service Be Reduced?

No. Sno-Isle Libraries will continue to provide complete library services to the City of Sultan. The only difference is that the money to pay for this service will come exclusively from Sno-Isle's property tax receipts, and will not include an annual contract fee payment from the City.

Will the Sultan Library Board Continue?

Yes. The City can continue to appoint library board members. Decisions as to the operation of the library building itself will continue to be made by the library board.

Annexation Procedure

- The City Council adopts a resolution stating its intent to join the Library District and asking for an annexation election.
- The Sno-Isle Libraries Board of Trustees adopts a resolution concurring with the annexation.
- The City and the Library District approve and sign the Library Annexation Agreement.
- The City submits a request to the Snohomish County Council asking that a special election be set in accordance with dates provided for in RCW 298.13.010, but not less than 45 days before the election is scheduled. The City assumes all costs related to an annexation election.
- A simple majority of the persons voting on the proposition determines the outcome of the election.

D-2