



**CITY OF STANWOOD  
CITY COUNCIL  
AGENDA STAFF REPORT**

<p><b>SUBJECT:</b></p> <p>Library Annexation</p>	<p><b>FOR AGENDA OF:</b> Finance Committee August 23, 2012</p> <p><b>DEPARTMENT OF ORIGIN:</b></p> <p><b>DATE SUBMITTED:</b></p>
<p><b>ATTACHMENT(S):</b></p> <p>A – Draft Amendment No. 1 Library Services Agreement B – Draft Annexation Agreement</p>	<p><b>CLEARANCES: (check box)</b></p> <p><input type="checkbox"/> City Attorney _____</p> <p><input type="checkbox"/> City Clerk/HR _____</p> <p><input type="checkbox"/> Community Development _____</p> <p><input type="checkbox"/> Fire _____</p> <p><input type="checkbox"/> Finance _____</p> <p><input type="checkbox"/> Police _____</p> <p><input type="checkbox"/> Public Works _____</p> <p><b>APPROVED FOR SUBMITTAL BY THE CITY ADMINISTRATOR: _____</b></p>
<p><b>COST OF PROPOSAL:</b></p> <p>Unknown at this time</p>	<p><b>AMOUNT BUDGETED:</b></p> <p>\$298,141 for 2013 library services contract</p>

**SUMMARY STATEMENT**

At the budget retreat on July 11, 2012, the city council discussed the whether to place a measure on the 2013 ballot asking voters to annex into the Sno Isle Library District. The city council discussed the issue at length and directed the city administrator to meet with the Executive Director of the Sno-Isle Library District, Jonalyn Woolf-Ivory to discuss the timing and potential terms of an annexation agreement.

The council was particularly concerned about the following issues:

1. The cost of putting the measure on the ballot
2. Ensuring the Stanwood library would remain in the downtown
3. The votes needed to pass the measure.

This agenda cover outlines the key issues in the draft amendment to the library services agreement (Attachment A) and the draft annexation agreement (Attachment B). City staff are seeking direction from the finance committee prior to bringing both agreements

to the city council for discussion at the September 14, 2012 meeting. The finance committee could recommend the city council hold a public hearing at the September 27, 2012 meeting prior to taking action on the draft agreements.

If the city council approves an annexation agreement outlining the terms between the library district and the city if the annexation measure should pass, the next step would be to pass a resolution to place the measure on the ballot in 2013.

**DISCUSSION**

**Cost.** The city council was concerned about the cost of putting the measure on the ballot. Ms. Woolf-Ivory agreed to speak with the Library Board about sharing the cost of the ballot measure between the city and the district.

Section 2.2 of Amendment No. 1 to the Library Services Agreement (Attachment A) states,

*“The City and the Library District shall equally share the cost of submitting a ballot proposition on \_\_\_\_\_, 2013.”*

If the city council chooses to proceed with the annexation levy, the next step is to determine which election the ballot proposition to annexation should appear on for voter consideration. In order to collect tax revenues in 2014, the measure must be approved no later than August 1, 2013. This leaves the city with two alternatives:

1. February 12 Special Election
2. April 23, 2013, Special Election

**2013 ELECTION DEADLINE & TIMELINES**

	<b>February 12, 2013 Special Election</b>	<b>April 23, 2013 Special Election</b>	<b>August 6, 2013 Primary Election</b>	<b>November 5, 2013 General Election</b>
<b>Snohomish County Auditor Files Resolution</b>	December 28, 2012	March 1	May 15	August 8
<b>Snohomish County Council Approves Resolution</b>	December 19, 2012	February 27	May 8	July 31
<b>Sno-Isle Board of Trustees Approves Resolution</b>	November 26, 2012	January 28	April 22	June 24
<b>City of Stanwood Approves Resolution</b>	November 8, 2012	January 24	April 11	June 13

**Annual Assessment.** The library is proposing to phase in the district's full levy rate over a two-year period (2013-2014). One-third (\$.04) in 2013 and two-thirds (\$.08) in 2014. The amount would be determined each year by multiplying the Levy Rate by the Tax Base.

The current levy rate is .38/\$1,000 AV. The maximum levy rate charged to property owners within the library district is \$.50/\$1,000. The difference is \$.12. If the Library District's levy rate decreased because assessed values are rising, the city would pay the same rate as property owners within the district.

Year	Levy Rate	Assessed Value	Stanwood Contract Payment
2012	\$.38	\$639,696,397	\$243,974
2013	\$.42	\$596,261,012	\$250,430
2014	\$.50	\$555,774,884	\$277,887

**Ensuring the library remains in the downtown.** Director Woolf-Ivory indicated the Sno-Isle Library District is committed to keeping the Stanwood Library in the downtown if the council prefers a downtown location.

The draft Annexation Agreement (Attachment B) includes a new section, section 7.0 which states,

*“The Stanwood Library is an important public facility. In the event that the current library building located at 9701 271<sup>st</sup> Street NW is destroyed, or suffers catastrophic loss, or the District wishes to construct a new library within the City limits, the District agrees for up to seven years from the date of annexation to locate the Stanwood Library within the City’s downtown center as defined by the area incorporating East Stanwood, the 271<sup>st</sup> Street Corridor, and West End unless otherwise agreed upon by the parties. After the annexation to the Library District has been effective for more than seven years, and the current library building is destroyed, or suffers catastrophic loss, or the District wishes to construct a new library, the City and the District shall meet and negotiate in good faith concerning different terms as appropriate for this agreement.”*

**Votes needed to pass the annexation measure.** The city council was concerned that the vote would require a minimum number of the voters in the previous election to participate in the annexation election in order to certify the election results. In the case of a library annexation, only a majority of the voters participating in the annexation election is required to pass the measure.

**FINANCIAL IMPACT**

As discussed with the city council at the retreat, it is clear that a decision not to proceed with the annexation will negatively impact the city’s budget. The cost of the contract is anticipated to increase by \$6,456 in 2013 and \$27,448 in 2014.

Voter approval to annex into the library district would result in a \$125,049 increase in revenue as opposed to a \$27,448 increase in expenses.

	<b>2012</b>	<b>2013</b>	<b>2014 w/ contract</b>	<b>2014 w/ annexation</b>	
Assessed Value	\$ 639,696,397.00	\$ 596,261,011.64	\$ 555,774,889	\$ 555,774,889	
Property Tax Collected	\$ 1,944,037.35	\$ 1,975,000.00	\$ 1,875,740.25	\$ 1,722,902.16	
Property Tax Levy Rate	\$ 3.039	\$ 3.312	3.375	3.100	
EMS Levy Rate	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	
EMS Tax	\$ 319,848.20	\$ 298,130.51	\$ 277,887.44	\$ 277,887.44	
Library Contract	\$ 243,974.00	\$ 250,429.62	\$ 277,887	0	
"Levy Rate"	\$ 0.38	\$ 0.42	0.5	0	
<b>Property Tax Avail to City</b>	<b>\$ 1,700,063.35</b>	<b>\$ 1,724,570.38</b>	<b>\$ 1,597,852.81</b>	<b>\$ 1,722,902.16</b>	<b>\$ 125,049.35</b>

### **CITY COUNCIL OPTIONS**

1. Authorize staff to proceed with bringing the draft contract amendment and annexation agreement with the Sno-Isle Library District to the city council for discuss and direction to notice a public hearing on September 27, 2012.
2. Do not authorize staff to proceed with bringing the draft contract amendment and an annexation agreement to the city council for discussion. Direct staff to areas of concern.

### **RECOMMENDATION**

Authorize staff to proceed with bringing the draft contract amendment and annexation agreement with the Sno-Isle Library District to the city council for discuss and direction to notice a public hearing on September 27, 2012.

**AMENDMENT NO. 1 TO LIBRARY SERVICES AGREEMENT**  
**DATED \_\_\_\_\_, 2012**

This Amendment is made this \_\_\_\_\_ day of \_\_\_\_\_, 2012 by and between the CITY OF STANWOOD, a Washington municipal corporation (hereinafter "City") and the SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT, (hereinafter "Library District") as follows:

WHEREAS, the City and the Library District entered into a Library Services Agreement dated as of January 1, 1998, (executed by the City on August 8, 1998, and by the Library District on August 31, 1998) (hereinafter "Agreement") pursuant to which the Library District provides library services to residents of the City; and

WHEREAS, the City and the Library District wish to provide for an Amendment to the above-referenced Agreement, to provide for the submission of a ballot proposition to the qualified voters in the City as to whether or not the City should be annexed to the Library District, and to provide for payment by the City for said library services on a basis equivalent to that which would be paid by the taxpayers of the City if the City were annexed to the Library District;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants hereinafter set forth, the sufficiency of which is hereby acknowledged, the City and the Library District agree to amend the Agreement as follows:

1. **Effective Date.** This Amendment shall be effective on \_\_\_\_\_, 2012.

2. **Submission of Ballot Proposition.**

2.1 The City shall submit to an election on the \_\_\_\_ day of \_\_\_\_\_, 2013, pursuant to RCW 27.12.370, the question of whether the City shall be annexed to the Library District.

2.2 The City and the Library District shall equally share the costs of submitting a ballot proposition held on \_\_\_\_\_, 2013.

2.3 If a majority of the persons, voting at the election, vote in favor of such annexation, the City shall be annexed to and become part of the Library District.

3. **Compensation for Services.** Unless the City is annexed to the Library District and until the end of the calendar year in which the City is annexed to the Library District, Section 6.0 and Subsections 6.1 and 6.2, the respective Subsections of the Agreement shall be replaced in their entirety with the following:

6.1 **Annual Assessments:**

6.1.1 **Calendar Year 2013:** Commencing January 1, 2013, the City shall pay to the Library District an Assessment in the following amount:

(a) The amount determined for said year by using the formula set forth in Section 6.1 of the Agreement as stated prior to this Amendment; plus

(b) One-third (1/3) of the difference between the amount determined pursuant to paragraph (a) of this Subsection 6.1.1 and the amount of the Annual Assessment that would otherwise be payable as determined under Subsection 6.1.3 below if it were then in effect.

6.1.2 **Calendar Year 2014:** Commencing January 1, 2014, the City shall pay to the Library District an Assessment in the following amount:

(a) The amount determined for said year by using the formula set forth in Section 6.1. of the Agreement as stated prior to this Amendment; plus

(b) Two-thirds (2/3) of the difference between the amount determined under paragraph (a) of this Subsection 6.1.2 and the amount of the Annual Assessment that would otherwise be payable as determined under Subsection 6.1.3 below if it were then in effect.

6.1.3. **After Calendar Year 2014:** The City shall pay to the Library District, each year during the term of this Agreement, after calendar year 2014 referenced in subsection 6.1.2, above, an Annual Assessment equal to the amount determined by multiplying the Library District's then current uniform tax levy rate for the Library District pursuant to RCW 27.12.150 for all approved Library District levies, including without limitation, all regular and excess levies (the "Levy Rate") by the taxable value of all property located within the corporate boundaries of the City, as determined by the Snohomish County Assessor (the "Tax Base"). The amount determined each year by multiplying the Levy Rate by the Tax Base shall be the "Annual Assessment" and shall be paid by the City to the Library District not later than July 15 of each year during the term of this Agreement.

6.2 **Payment:** The Library District shall send invoices to the City for the amount of the Annual Assessment at least thirty (30) days prior to the payment due date. Late payments

shall be assessed interest at the rate of twelve percent (12%) per annum until paid, on the unpaid portion of such Annual Assessment remaining unpaid more than fourteen (14) days following the payment due date.

4. **Duration.** Upon the effective date of this Amendment, Section 10.1 Subsections 10.1 and 10.2 and Section 11.8 shall be deleted in their entirety and replaced with the following Section 10.0 entitled "Term".

The term of this Agreement commence on the effective date of this Amendment No. 1 to the Agreement and shall continue thereafter until either party elects to terminate this Agreement by delivering written notice to the other party at least one hundred eighty (180) days prior to the end of the calendar year in which the electing party desires to terminate this Agreement; **provided, however,** if the City is annexed into the Library District, the City and the Library District shall immediately thereafter enter into an Annexation Agreement, in the form attached hereto and by this reference incorporated herein, and this Agreement shall thereafter terminate without further notice or action by either party upon the Effective Date of said Annexation Agreement.

5. **Deleted Provisions.** The following provisions are hereby deleted from the Agreement: Sections 3.0 and subsections thereof; the last sentences of Subsection 7.1 and all of Subsection 7.2 and the last sentence of Subsection 11.8.

6. **Miscellaneous.** Except as modified herein, all terms and conditions of the Agreement shall remain in full force and effect,

WHEREFORE, the parties enter into this Amendment No. 1 to the Library Services Agreement and agree to be bound by its terms and conditions and to faithfully adhere to the same.

SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT

By: \_\_\_\_\_  
Its President

CITY OF STANWOOD

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Approved As to Form:

By: \_\_\_\_\_  
City Attorney

**ANNEXATION AGREEMENT  
BETWEEN THE CITY OF STANWOOD  
AND  
SNO-ISLE INTERCOUNTY RURAL LIBRARY DISTRICT**

**1.0 Parties**

This Annexation Agreement (hereinafter “Agreement”) is entered into on the last date set forth below between Sno-Isle Intercounty Rural Library District (“District”) and the City of Stanwood, a Washington municipal corporation (“City”).

**2.0 Recitals**

2.1 The City owns a facility, which is currently serving as the Stanwood Library. The City and the District entered into a Library Services Agreement dated as of January 1, 1998 (signed by the City on August 8, 1998 and by the District on August 31, 1998) as amended by Amendment No. 1, dated \_\_\_\_\_, 2012, and pursuant to which the City provides to the District said facility. Said Library Services Agreement terminates, by its terms, upon the Effective Date of this Agreement.

2.2 The City has been lawfully annexed to and became part of the District as of \_\_\_\_\_, 2012.

2.3 Since the annexation was approved by the requisite voters on [date approved], the purpose of this Agreement is to define the terms, conditions and obligations of the parties commencing January 1, \_\_\_\_\_ [year following voter approval] with respect to the provision of the library facility and library services within the City.

Therefore, in consideration of the mutual benefits and promises of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the City and the District agree as follows:

**3.0 City Obligations**

3.1 Library Building. The City shall continue to provide the District with the building space at no rental cost, together with current furnishings, at the City-owned facility known as the Stanwood Library (“Library Building”).

3.2 Repairs and Maintenance. The City shall keep the Library Building in good order and repair, excluding reasonable wear and tear.

3.3 Utility and Landscaping Services. The City shall provide utility services and landscaping services necessary for the Library Building and its surrounding grounds.

3.4 City Library Board. The City may appoint and maintain a local library board in accordance with the Stanwood Municipal Code.

#### **4.0 District Obligations**

4.1 Operations. The District shall continue to provide library services at the Library Building, including without limitation books, staff, equipment, etc. which services shall be in accordance with RCW Chapter 27.12 (“Library Services”). The District shall make its best effort to maintain the minimum level of service in effect at the time of annexation. The District will notify the City in writing at least 180 days prior to any reduction in the level of service. The city may request a meeting with District representatives prior to a reduction in service to discuss reasonable alternatives for maintaining levels of service at the Stanwood Branch. (Proposed by city staff, not yet reviewed by library district)

4.2 Furnishings. The District shall provide all new or replacement furnishings, shelving, office equipment, fixtures and equipment as it determines they are needed to provide Library Services.

4.3 Janitorial Services and Payment for Utility Services. The District shall be responsible for providing janitorial services to the Library Building. The District shall reimburse the City for its reasonable costs of providing utility services to the Library Building. The City shall periodically invoice the District for such costs, providing reasonable backup documentation as needed. The District shall pay such invoices in accordance with its usual procedures, but not more than 30 days after receipt of the City’s invoice.

#### **5.0 Responsibility for Personnel**

5.1 The City and the District, for themselves, their officers, elected and appointed officials, employees and agents (collectively “personnel”) shall each at all times be 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.

#### **6.0 Insurance**

6.1 Property Insurance. The District and the City shall each procure, provide annual proof of, and maintain for the duration of this Agreement, property insurance coverage for their respective property, except for the 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 basis.

6.2 Liability Insurance. The District and the City shall each procure, provide annual proof of, 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 have minimum coverage limits of not less than two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury and property damage.

6.3 Public Officials Liability Insurance. The District and the City shall each procure, provide annual proof of, and maintain for the duration of this Agreement, public officials liability insurance with coverage limits not less than one million dollars (\$1,000,000) per occurrence.

6.4 Deductible. Any payment of deductible or self-insured retention shall be the sole responsibility of the party procuring the insurance.

6.5 Coverage. 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. All the insurance required of the City under this Section 6.0 shall be considered fulfilled by the City's membership in the Washington Cities Insurance Authority (WCIA), provided such membership provides required coverage for all the identified liability risks.

6.6 Mutual Waiver of Claims. The 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.

## **7.0 Library Building Reconstruction, Destruction, and/or Relocation**

The Stanwood Library is an important public facility. In the event that the current library building located at 9701 271<sup>st</sup> Street NW is destroyed, or suffers catastrophic loss, or the District wishes to construct a new library within the City limits, the District agrees for up to seven years from the date of annexation to locate the Stanwood Library within the City's downtown center as defined by the area incorporating East Stanwood, the 271<sup>st</sup> Street Corridor, and West End unless otherwise agreed upon by the parties. After the annexation to the Library District has been effective for more than seven years, and the current library building is destroyed, or suffers catastrophic loss, or the District wishes to construct a new library, the City and the District shall meet and negotiate in good faith concerning different terms as appropriate for this agreement.

## **8.0 Effective Date, Duration and Termination**

8.1 Effective Date. This Agreement shall become effective January 1 [of the first year that property taxes may be levied, by or on behalf of the Library District, upon the taxable property within the annexed territory of the City, in accordance with RCW 84.09.030] (the "Effective Date") since the proposition to annex the City into the District described in Section 2.3 above was approved by the voters of the City on \_\_\_\_\_[year of voter approval].

8.2 Duration and Termination. Once effective, this Agreement shall remain in effect until (a) terminated by mutual written agreement of the parties; or (b) the effective date upon which the annexation of the City to the District shall be withdrawn or terminated as provided by state law, at which time this Agreement shall automatically terminate.

## **9.0 General Terms**

9.1 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.

9.2 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 party 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.

9.3 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 then current or at such other address as the party may designate at any time in writing.

9.4 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. Any defect in such performance or authorization shall not release that party from its obligations under this Agreement.

9.5 No Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the 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.

9.6 Dispute Resolution. In the event of a dispute relating to the interpretation, application or performance of this Agreement, the principals of each party shall 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 seek professional mediation and/or jointly or individually apply to the Superior Court for Snohomish County for such relief as may be deemed appropriate.

9.7 Attorney's 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.

9.8 Re-Opener. Upon mutual agreement of the parties, any provision of this Agreement may be reopened for possible modification.

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

SNO-ISLE INTERCOUNTY RURAL  
LIBRARY DISTRICT:

CITY OF STANWOOD

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Debra Knight, City Manager  
Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Clerk  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

---

City Attorney