

**PRE-ANNEXATION INTERLOCAL AGREEMENT
BETWEEN THE CITY OF WENATCHEE
AND CHELAN COUNTY FIRE PROTECTION DISTRICT NO.1**

THIS PRE-ANNEXATION INTERLOCAL AGREEMENT ("Agreement") is entered into by and between the **CITY OF WENATCHEE**, a Washington State municipal corporation ("City") and **CHELAN COUNTY FIRE PROTECTION DISTRICT NO. 1** ("District") for the purposes set forth herein.

RECITALS

WHEREAS, on January 8, 2015, the City adopted Ordinance No. 2015-001 for annexation of the City into the District (the "Annexation") which provides, in part, that the City of Wenatchee intends to reduce property tax collections, thereby affecting overall levy rates, to reflect the transfer of fire protection services to Chelan County Fire Protection District No. 1; and

WHEREAS, on January 14, 2015, the District adopted Resolution No. 2015-001 concurring in the Annexation; and

WHEREAS, the City and the District are authorized by Chapter 52.04 RCW to cause an election to be held in order for the voters of the City and the District to decide whether or not the City should be annexed into the District; and

WHEREAS, the City and the District, acting through their duly elected officials, submitted a ballot measure (the "Annexation Measure") to the residents of the City and the District, and therein proposed the annexation of the City into the District; and

WHEREAS, on and before April 28, 2015, the voters of the City and the District, at a special election (the "Election"), voted on whether to approve the Annexation with an effective date of July 30, 2015 ("Annexation Effective Date"); and

WHEREAS, the voters' approved the Annexation ballot measure; and

WHEREAS, the City and the District desire to enter into a pre-annexation agreement regarding services, facilities, equipment, employees, revenues, liabilities, and related matters.

NOW, THEREFORE, pursuant to Chapter 39.34 RCW, and in consideration of the terms and conditions set forth herein, the parties agree as follows:

1. **Provision of Fire and Emergency Medical Services.** The City shall continue to provide fire and emergency medical services to the City until the Annexation Effective Date. As of the Annexation Effective Date, the District shall assume responsibility for the provision of fire suppression and emergency medical services within the incorporated boundaries of the City and the boundaries of the District. After the Annexation Effective Date, the City shall thereafter have no responsibility for providing such services, except as expressly provided in this Agreement.

1.1 Fire Chief responsibilities. The District will assume the duties of Fire Chief for the City from June 20, 2015 until the Annexation Effective Date of July 30, 2015. The District's Fire Chief and Administration will work with the City's administration during this time to ensure a smooth transition of services.

1.2 Payment for Services. The parties recognize that the District will not be able to collect its levy on properties within the City until 2016. Accordingly, the City agrees to pay to the District the unused balance of its fire department budget for calendar year 2015. This payment, which is estimated to be \$1.5 million, shall be made in four (4) equal monthly installments of \$300,000 commencing on August 1 with a final "true up" payment of the remaining budget on December 1, 2015.

2. Fire Marshal Services. The City shall retain Fire Marshal responsibilities within the City limits through 2015. Starting January 1, 2016 the District will assume, responsibilities for fire prevention education, hydrant inspections, existing occupancy inspections, and fire cause and origin investigations. This may require an additional contract for services for the fire cause and origin investigations and hydrant inspections. The City will maintain responsibility for plan review, new construction inspections, hydrant maintenance, and code enforcement.

The City and District recognize that a partnership involving close coordination of staff and sharing of data is required to effectively implement inspection programs, business license compliance, investigations, code enforcement, plan review and hydrant maintenance. For example, the District will be reliant on City code enforcement to effectively carry out fire prevention programs through occupancy inspections and the City is highly reliant on occupancy inspections to ensure business license compliance is achieved. Both parties recognize that coordinated inspection programs provide the best service to the public.

3. Fire Stations. Concurrently with the Annexation Effective Date, the City shall lease to the District the City's fire stations (Stations 41 and 42), including any and all furnishings and fixtures within the same, pursuant to the Lease attached hereto as **Exhibit A**.

3.1 Subsequent to the Annexation Effective Date, the District intends to pursue the development of a new fire facility located within the boundaries of the City. Once this new facility is constructed and occupied by the District, the City shall promptly surplus and sell either Station 41 and/or 42 in a commercially reasonable manner. The net proceeds from such sale shall be paid to the District. Payment will be the greater of net proceeds or \$400,000, subject to commercial estimate of value.

4. Apparatus and Equipment. Upon the Annexation Effective Date, the City shall donate to the District the City's entire interest in any and all fire, medical, and other emergency apparatus, including, without limitation, all fire engines, fire vehicles, trailers, and other firefighting and emergency equipment utilized by the fire department of the City, including, but not limited to, office equipment, computers, radios, and other miscellaneous items utilized by the City Fire Department (collectively referred to herein as the "City Fire Department Assets"). To the extent that any excise tax is owed as a result of the foregoing transfer, the District shall be responsible for payment of such tax. The City will make available to the District any and all interest it may have in any manufacturer's, contractor's, or vendor's warranties related to the items to be transferred. The District hereby accepts the items identified in this Agreement in an "as is" condition and the City

makes no warranties or guarantees of any kind as to the condition of the same or the fitness of the same for any particular use, intended or unintended. The District shall re-label and identify all personal property provided by the City as District owned property within a reasonable time after the Annexation Effective Date not to exceed 120 days.

5. Transfer of City Employees.

5.1 All City Employees Become District Employees. Upon the Annexation Effective Date, all employees of the City's Fire Department ("City Fire Department Employees") listed on **Exhibit B** shall cease to be employees of the City, and all such City Fire Department Employees who wish to be employed by the District will be hired by the District provided that adequate funding exists. Any City Fire Department Employees not hired by the District because of inadequate funding shall be eligible for hire as provided in RCW 52.04.121 as funding becomes available. The uniformed City Fire Department employees will be integrated into Local 3835 of the IAFF by agreement ratified June 4, 2015. Labor-represented employees will continue in their current positions, if the position is available, and job assignments as recognized by the District, or as agreed through collective bargaining prior to the implementation of this Agreement. Administrative uniformed employees may be reassigned to job positions that meet the needs of the District. Any civilian City Fire Department employee who is reassigned to a new position with the District shall be entitled, as of the Commencement Date of this Agreement, to receive the compensation levels and benefits negotiated by the District and such employee.

5.2 Seniority. Each IAFF member of the City Fire Department shall assume employment with the District with seniority as agreed by the respective labor unions and the District. Except as provided below, no additional probationary periods, medical evaluations, drug testing, criminal or civil background checks, physical ability/agility testing, psychological testing or other testing shall be required of any current City Fire Department Employee to become employed with the District. Each City Fire Department Employee who transfers to the District must pass a federal background check per the District's agreement with the Chelan County Sheriff for the use of the computer aided dispatch system also known as Spillman; use of the Spillman system is an essential job function. Accordingly, any employee who is denied access to the Spillman dispatch system by the Chelan County Sheriff's Office based on the results of this federal background check will be ineligible for transfer of employment to the District.

5.3 Transfer of Sick, Compensatory, and Vacation Leave. Sick, compensatory, and vacation leave of City Fire Department Employees shall be transferred to the District provided that they do not exceed District leave caps or maximums. **Exhibit C** sets forth the amount of anticipated leave which each City Fire Department Employee desires to have transferred to the District; however, the parties recognize that this will fluctuate depending on usage and potential cash-out requests by employees. No later than September 1, 2015, the City shall provide a statement to the District showing the precise amount of leave transferred to the District for each transferred employee.

a. If an employee elects to cash out some of their accrued leave banks prior to transfer, the City shall be solely responsible for the cash out of such leave, subject to the limits identified on Exhibit C.

b. For all compensatory and vacation leave transferred to the District, the City shall, no later than September 1, 2015, pay to the District sixty-five percent (65%) of the value of such transferred leave as of the last date of employment with the City. This payment is intended to close out the City's obligations with respect to transferred, accrued leave banks; provided, however, that if a transferred employee retires within two (2) years of the date of the transfer and the Washington State Department of Retirement Systems ("DRS") treats any portion of the leave bank pay-outs as excess compensation, the City shall be liable for its proportionate share of such excess compensation cost as determined by DRS. "Proportionate share" shall be determined based on the last wage paid by the City and the leave pay-out cap in effect as of the date of the transfer and the excess compensation assessment attributable thereto.

c. Holiday compensation earned by City Fire Department Employees is not transferable to the District, but will be paid by the City, as appropriate, according to the City's existing holiday benefits policy.

d. Leave Balances. Once leave balances are transferred to the District, further accruals, usage and cash out of such leaves will be governed by the terms of the employee's employment relationship with the District.

5.4 LEOFF 1 Employees. Notwithstanding anything to the contrary herein, the City shall, prior to and following the Annexation Effective Date, remain solely responsible for all LEOFF 1 obligations of any City Fire Department Employees who are members of the LEOFF 1 retirement system.

6. Wages and Benefits of Transferred Employees.

6.1 IAFF Local 453. City Fire Department Employees who are represented by IAFF Local 453 as of the Annexation Effective Date shall become members of IAFF Local 3835. As members of IAFF Local 3835 bargaining unit, the District shall compensate transferred employees at the same level of wages and benefits as other District employees according to job classifications. Thereafter, the wages and benefits of such employees shall be in accordance with the terms and provisions of the District's collective bargaining agreement and the District's personnel Policies and Procedures as applicable. Upon the Annexation Effective Date, and to the fullest extent permitted by law, the District shall be wholly responsible for the management, compensation and benefits of the transferred City Fire Department Employees; and the City shall have no further rights or obligations with respect to such employees, except as may be necessary to defend against any claim by any said employee or employee's exclusive representative arising out of events occurring prior to transfer. Notwithstanding anything to the contrary in this paragraph, the City shall pay the wages and benefits for the transferred IAFF Local 453 employees for July 30-31, 2015 and shall issue such payment concurrently with the final paycheck to such employees.

6.2 Non-Represented Personnel. Wages for non-represented employees shall be determined by the District. Other terms and conditions of employment by the District shall be in accordance with the District's Personnel Policies and Procedures. This provision is not intended to create an express or implied employment contract between the transferred employee and the District. Upon the Annexation Effective Date, and to the fullest extent permitted by law, the City

shall have no further rights or obligations with respect to such employees, except as may be necessary to defend against any claim by said employee arising out of events occurring prior to transfer.

7. Effect of Employee Transfer.

7.1 Generally. Upon transfer of the City Fire Department Employees to the District, and except as otherwise provided herein, the District shall be solely responsible for all obligations of an employer with respect to such employees, including, but not limited to, salaries, wages, and benefits. Upon transfer, the City shall have no further obligations with respect to such employees, except as to any salaries, wages, and benefits accrued but not yet paid, any COBRA obligations, and any obligations expressly provided for in this Agreement.

7.2 Claims of Former City Employees. The City has provided proof of coverage that it has maintained insurance against claims by former City Personnel for incidents and occurrences which may have occurred prior to the Annexation Effective Date, including but not limited to, injuries, employment claims, labor grievances, and other work-related claims. Such insurance was at all times in an amount not less than two million dollars (\$2,000,000.00) per occurrence with a deductible of not more than \$25,000. The City will defend, indemnify and hold harmless the District and its insurance provider for any such claims, lawsuits or accusations that occurred prior to the Annexation Effective Date. It is further the parties' intent that any L & I claim which is open, or has been closed but which is reopened, after employment is transferred to the District shall not affect the District's experience rating, and the parties shall cooperate in this regard to effectuate this intent.

7.3 Any former City employee who is on an open L & I claim, or reopened claim, will be brought back to light duty by the District as soon as the employee is cleared for duty by a physician. It will be the goal of the District to bring the employee back to their hired position as soon as possible, recognizing the potential negative impact to the City's experience rating and the District shall cooperate in regard to moderate the impact and communicate process and outcomes with the City.

8. Liabilities—Indemnity.

8.1 By City.

8.1.1 Anything contained in this Agreement notwithstanding, the City shall remain solely liable for all liabilities, claims, damages, demands or other expenses of any kind or nature, known or unknown, including, but not limited to, the payment of general obligations and other bonds: (a) arising out of, in connection with or stemming from the City's ownership and usage of the City Fire Department Assets and fire stations prior to the Annexation Effective Date, and/or (b) arising out of, in connection with, or stemming from the City's operation of the Wenatchee Fire Department prior to the Annexation Effective Date. The City is not transferring, and the District is not assuming, any of the foregoing liabilities, claims, demands, damages or other expenses.

8.1.2 To the extent permitted by law, the City agrees to indemnify, hold harmless, and defend the District, its officers, agents, and employees, from and against any and all

claims, losses, or liability for injuries, sickness, or death of persons, including employees of the City, or damage to property, occurring prior to the Annexation Effective Date and arising out of any negligent act, error, or omission of the City, its officers, agents, or employees, in providing fire and emergency medical services. The indemnity under this section is intended to protect the District from claims by third parties stemming from events in connection with City Fire Department operations occurring prior to the Annexation Effective Date.

8.1.3 To the extent permitted by law, the City agrees to indemnify, hold harmless, and defend the District, its officers, agents, and employees, from and against any and all losses, liabilities or other expenses arising out of any claims, demands or any other losses resulting to the District: (a) by reason of or arising out of the duties or liabilities of the City reserved to the City under this Agreement; or (b) that arise out of or are incurred by the District by reason of the incorrectness or breach by the City of any agreement, representation, or warranty contained in this Agreement.

8.2 By District.

8.2.1 To the extent permitted by law, the District agrees to indemnify, hold harmless, and defend the City, its officers, agents, and employees, from and against any and all claims, losses, or liability for injuries, sickness, or death of persons, including employees of the City, or damage to property, occurring on or after the Annexation Effective Date and arising out of any negligent act, error, or omission of the District, its officers, agents, or employees, in providing fire and emergency medical services. The indemnity under this section is intended to protect the City from claims by third parties stemming from events in connection with District fire department operations occurring after the Annexation Effective Date and shall be limited thereto.

8.2.2 To the extent permitted by law, the District agrees to indemnify, hold harmless, and defend the City, its officers, agents, and employees, from and against any and all losses, liabilities or other expenses arising out of any claims, demands or any other losses resulting to the City: (a) by reason of or arising out of the duties or liabilities of the District assumed by the District under this Agreement; or (b) that arise out of or are incurred by the City by reason of the incorrectness or breach by the District of any agreement, representation, or warranty contained in this Agreement.

9. **Availability of Records.** The City agrees to cooperate with the District in making available public records in the City's possession and control regarding the fire department operations created prior to the Annexation Effective Date.

10. **Costs.** Except as otherwise provided hereinabove, each party agrees to bear and pay its own expenses in connection with the negotiation and implementation of this Agreement, including, but not limited to, its attorneys' fees and consultant fees.

11. **Notices.** Any notices to be given under this Agreement shall be delivered in person or mailed to the parties at the following addresses:

To the City: Mayor
City of Wenatchee
140 South Mission Street
Post Office Box 519
Wenatchee, WA 98807

To the District: Fire Chief
Chelan County Fire Protection District No. 1
206 Easy Street
Post Office Box 2106
Wenatchee, WA 98807

12. **Dispute Resolution.**

12.1 **Non-Binding Mediation.** It is the intent of the City and the District to resolve all disputes between them without litigation. The City and the District shall mutually agree upon a mediator. Any expenses incidental to mediation, including the mediator's fee, shall be borne equally by the City and the District. If the City and the District cannot agree upon a mediator, the City and the District shall submit the matter to the Judicial Arbitration and Mediation Service (JAMS) or a similar dispute resolution service, and request that a mediator be appointed. This requirement to mediate the dispute may only be waived by mutual written agreement before a party may proceed to litigation as provided within this Agreement.

12.2 **Litigation.** In the event either party herein finds it necessary to bring an action against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement by reason of any breach or default hereunder or thereunder, each party shall bear its' own attorney's fees and costs incurred therein. Jurisdiction and venue for this Agreement shall lie exclusively in Chelan County, Washington.

13. **Duty to File Agreement with County Auditor.** The City shall, after this Agreement is executed by both parties, but before the Effective Date, record this Agreement with the Chelan County Auditor or post it on its website.

14. **No Third-Party Beneficiary Created.** Nothing in this Agreement, whether expressed or implied, is intended to confer any right, remedy or other entitlement upon any person other than the parties hereto, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third-party, nor shall any provision herein give any third-party any right of action against any party hereto.

15. **Waiver.** Waiver by any party of the right to strict performance of any provision of this Agreement or any breach thereof shall not constitute a waiver of any other provision or breach.

16. **Severability.** In the event that any sentence, clause or provision of this Agreement is held invalid or otherwise unenforceable by a court of competent jurisdiction, such invalidation shall not affect any other sentence, clause or provision hereof.

17. **No Separate Entity Created.** No separate legal entity is formed by this Agreement.

18. **Counterparts.** This Agreement may be executed in counterparts and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same agreement.

19. **Drafting.** Each party has fully participated in the drafting of this Agreement. Therefore, the Agreement shall be construed according to its fair meaning without regard to which party drafted a particular provision.

20. **Further Cooperation.** The parties shall cooperate in good faith and execute such documents as necessary to effectuate the purposes and intent of this Agreement.

21. **Withdrawal.** The parties acknowledge that in entering this Agreement and in working together to achieve a successful annexation and seamless transition of services, significant financial and personnel resources have been expended. Therefore, the City agrees, for a period of ten years following the Annexation Effective Date, not to commence withdrawal proceedings as provided in RCW 52.04.101.

22. **Public Duty Doctrine.** This Agreement shall not be construed to provide any benefits to any third parties. Specifically, and without limiting the foregoing, this Agreement shall not create or be construed as creating an exception to the Public Duty Doctrine. The City and District shall cooperate in good faith and execute such documents as necessary to effectuate the purposes and intent of this Agreement.

23. **Entire Agreement.** The entire agreement between the parties hereto is contained in this Agreement and exhibits attached hereto; and this Agreement supersedes all of the parties' previous understandings and agreements, written and oral, with respect to this transaction. This Agreement may be amended only by written instrument executed by the parties subsequent to the date hereof.

24. **Effective Date.** This Agreement shall become effective upon approval and execution by both parties.

DATED this 17th day of June, 2015.

CHELAN COUNTY FIRE PROTECTION DISTRICT NO. 1

CITY OF WENATCHEE

By: [Signature]
Commissioner

By: [Signature]
Mayor

By: [Signature]
Commissioner

Attest: [Signature]
City Clerk

By: [Signature]
Commissioner

EXHIBIT A

[LEASE]

CITY OF WENATCHEE FIRE STATION
LEASE AGREEMENT WITH
CHELAN COUNTY FIRE PROTECTION DISTRICT NO. 1

THIS LEASE AGREEMENT ("Lease Agreement") is made and entered into this 17th day of June, 2015 by and between the CITY OF WENATCHEE ("City") and CHELAN COUNTY FIRE PROTECTION DISTRICT NO. 1 ("District").

ARTICLE I
Recitals

- 1.1 **PRELIMINARY STATEMENT:** This Lease Agreement is made with reference to the following facts:
- a. The City is annexing into the District effective July 30, 2015 (the "Annexation Effective Date");
 - b. The parties have entered into a Pre-Annexation Agreement dated June 17, 2015 (hereinafter referred to as the "Interlocal Agreement");
 - c. The City is the owner of certain real properties in Wenatchee, Washington which have been used as fire stations by the City (the "Premises"); and
 - d. The District needs to have use of the Premises in order to provide services effectively to the City.
- 1.2 **DEFINED TERMS:** The following terms shall have the meanings specified in this article, unless otherwise specifically provided herein. Other terms may be defined in other parts of this Lease Agreement.

City: City of Wenatchee
129 S. Chelan Street
Post Office Box 519
Wenatchee, WA 98807-0519

District: Chelan County Fire Protection District No. 1
206 Easy Street
Post Office Box 2106
Wenatchee, WA 98807-2106

Description of Premises: Fire Station 41, Fire Station 42

Description of Premises: Fire Station 41: Approximately 11,100 sq ft of building, plus associated land located at 136 S. Chelan, Wenatchee, Washington; Fire Station 42: Approximately 4,348 sq ft of building, plus associated land located at 1420 Maple Street, Wenatchee, Washington.

Use of Premises: Fire Stations

Exhibits: Exhibit "A" – Legal Description of Premises
Exhibit "B" – Map of Premises

The above-described exhibits are attached to this Lease Agreement and by this reference are made a part hereof.

ARTICLE II

Premises and Term

- 2.1 **PREMISES:** In consideration of the Interlocal Agreement and the District's maintenance obligations herein, the City hereby grants to the District exclusive use and possession of the Premises on the terms and conditions herein.
- 2.2 **TERM:** The term of this Lease Agreement shall initially be for five (5) years commencing on the Annexation Effective Date. This Lease Agreement shall be automatically renewed for additional (5) periods so long as the Premises are needed by the District for use as a fire station. This Lease Agreement shall terminate if the District ever ceases to use the Premises as a fire station.

ARTICLE III

Charges and Utilities

- 3.1 **RENT:** No rent shall be assessed to the District. The parties agree that the rights and contractual obligations contained within the Interlocal Agreement and this Lease Agreement for Fire and Emergency Medical Services constitute adequate consideration for the District's use and possession of the Premises.
- 3.2 **UTILITIES AND SERVICES:** The District shall be responsible for the cost of all utilities used on the Premises.

- 3.2.1 The City will ensure the supply of all utilities necessary for the Use of the Premises, which shall include: water, sewer, garbage, electrical power, gas, and telephone.

ARTICLE IV

Use of Premises, Condition of Property, Improvements, Removal of Property, Maintenance, and Utilities

- 4.1 **USE OF THE PREMISES:** The District shall be entitled to use the Premises for a Fire Station.
- 4.2 **CONDITION OF PREMISES:** The City leases the Premises to the District in an "as is" condition and stipulates that it has examined the Premises.
- 4.3 **REMOVAL OF PERSONAL PROPERTY:** If the District fails to remove any of its personal property from the Premises within sixty (60) days of the termination of this Lease Agreement, such property shall revert to the City and the City may dispose of all or any part of such property in any manner the City shall deem proper.
- 4.4 **MAINTENANCE BY THE CITY:** The City shall maintain in good condition the structural and exterior components of the building. The City shall not be obligated to repair or replace any fixtures or equipment installed by the District and the City shall not be obligated to make any repair or replacement occasioned by act or omission of the District, its employees, agents, invitees or licensees. The City shall maintain in good condition and repair the HVAC, plumbing and electrical systems. The City shall keep the sidewalks adjacent to the premises at all times in good repair. The District shall notify the City of any major and significant defects that the City may be required to repair or address pursuant to this provision.
- 4.5 **MAINTENANCE BY THE DISTRICT:** The District, at its sole cost and expense, shall provide the routine and normal maintenance of the Building, the Premises and all improvements thereon. All janitorial services for cleaning the Building shall be at the expense of the District. The District shall keep the sidewalks adjacent to the premises free from snow, ice or debris in accordance with Wenatchee City Code. The District shall be responsible for the maintenance and care of the landscaping and plantings located on or adjacent to the premises. The District shall be responsible for any snow removal at the premises including driveways and parking lots.

- 4.5 **ALTERATIONS AND IMPROVEMENT:** The District shall make no structural alterations to the buildings on the Premises or construct any building or make other material improvements on the Premises without the prior, expressed, and written consent of the City, which shall not be unreasonably withheld, conditioned or delayed. Additionally, Station 41 is a Historic Structure and any proposed alterations, improvements or expansions of the facility shall be subject to provisions of the City's Historic Preservation Code (WCC 2.36). All alterations, changes, and improvements built, constructed, or placed on the Premises by the District with the exception of fixtures removable without damage to the Premises, and moveable personal property, shall, unless otherwise provided by written agreement between the District and the City, be the property of City and remain on the Premises at the expiration or earlier termination of this Lease Agreement.
- 4.6 **DEFAULT:** If any default is made in the performance of or incompliance with any term or condition of this Lease Agreement, the City may terminate the Lease but only if the District fails to cure the default within the sixty (60) day period after the City has provided the District with a detailed notice of such default. The City shall not be entitled to terminate if the default cannot be practicably cured within such sixty (60) day period and the District is taking reasonable steps to cure such default within a reasonable time.

ARTICLE V

Insurance and Financial Security

- 5.1 **CASUALTY LOSS:** The parties hereto agree that the City shall not be responsible to the District for any property loss or damage done to the District's personal property occasioned by reason of any fire, storm or other casualty whatsoever beyond the control of the City. They City shall insure the Building for casualty loss.
- 5.2 **LIABILITY INSURANCE:** The District shall, at the District's expense, maintain public liability and property damage insurance insuring against any and all claims for injury to or death of persons and loss of or damage to property occurring upon, in or about the premises. Such insurance shall have liability limits of not less than One Million Dollars (\$1,000,000) in respect of injury or death to any one person, not less than One Million Dollars (\$1,000,000) in respect of any one occurrence or accident, and not less than Five Hundred Thousand Dollars (\$500,000) for property damage with a maximum deductible amount of Twenty Five Thousand Dollars (\$25,000).

All such insurance shall contain a provision whereby the carrier agrees not to cancel or modify the insurance without twenty (20) days prior written notice to the City.

On or before taking possession of the premises pursuant to the Lease, the District shall furnish the City with a certificate evidencing the aforesaid insurance coverage, and renewal certificates shall be furnished to the City at least thirty (30) days prior to the expiration date of each policy for which a certificate was theretofore furnished.

- 5.3 The District shall, at the District's expense, maintain on all of District's personal property and leasehold improvements and alterations on the premises a policy of standard fire insurance, with extended coverage, in the amount of their replacement value. All proceeds of any such insurance shall be applied to the restoration of fixtures, improvements and alterations

ARTICLE VI

Environmental Liability

- 6.1 **INDEMNIFICATION FOR ENVIRONMENTAL CLAIMS**: Each party shall indemnify and hold the other party harmless from any and all claims, demands, judgments, orders, or damages resulting from the release of Hazardous Substances on the Premises caused in whole or in part by the activity of the indemnifying party, its agents, employees, licenses or invitees. The term "Hazardous Substances," as used herein, shall mean any substance heretofore or hereafter designated as hazardous under the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1257 et seq.; the Clean Air Act, 42 U.S.C. Sec. 2001 et seq.; the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq.; or the Hazardous Waste Cleanup-Model Toxic Control Act, RCW 70.105D all as amended and subject to all regulations promulgated thereunder.

ARTICLE VII

Miscellaneous Provisions

- 7.1 **INDEMNIFICATION AND HOLD HARMLESS**: Each party agrees to protect, save, defend, hold harmless, and indemnify the other party, its officers, employees and agents from any and all demands, claims, judgments, or liability for loss or damage arising as a result of accidents, injuries, or other occurrences on the Premises, occasioned by either the negligent or willful conduct of the indemnifying party, regardless of who the injured party may be.
- 7.2 **ASSIGNMENT OF AGREEMENT**: The District may not assign this Lease Agreement, except to a successor entity to the District, subject to approval of the City, which will not be unreasonably withheld.
- 7.3 **TERMINATION**: At the expiration of the lease term, or as may be sooner terminated pursuant to this Lease Agreement, the District shall quit and surrender the Premises in as good as state and condition as they were at the commencement of this Lease Agreement, reasonable use, wear and tear excepted.

- 7.4 **NOTICES:** All notices, demands, requests, consents, and approvals which may, or are required to be given by any party to any other party hereunder, shall be in writing and shall be deemed to have been duly given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered mail, return receipt requested, postage prepaid to the addresses set forth above or to such other address as the foregoing parties hereto may from time-to-time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.
- 7.5 **QUIET ENJOYMENT:** The City covenants that the District shall have quiet enjoyment of the Premises during the term of this Lease Agreement so long as the terms are complied with by District and subject to City's right of entry onto the Premises as set forth herein.
- 7.6 **CITY MAY ENTER PREMISES:** It is agreed that the duly authorized officers or agents of City may enter to view the Premises; provided that the City shall do so in such manner as not to materially interfere with the District's normal and usual operations.
- 7.7 **INTERPRETATION:** This Lease Agreement has been submitted to the scrutiny of the parties hereto and their counsel, if desired. In any dispute between the parties, the language of this Lease Agreement shall in all cases be construed as a whole according to its fair meaning and not for or against either the City or the District solely on the basis of which party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one party or the other, then such finding shall in no way affect the remaining provisions of this Lease Agreement.
- 7.8 **GOVERNING LAW:** This Lease Agreement, and the right of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the parties agree that in any such action jurisdiction and venue shall lie exclusively in Chelan County, Washington.
- 7.9 **ENTIRE AGREEMENT:** This Lease Agreement and the Interlocal Agreement contain all of the understandings between the parties concerning the matters set forth herein. Each party represents that no promises, representations or commitments have been made by the other as a basis for this Lease Agreement which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease Agreement executed with all necessary legal formalities by the parties hereto.

DATED this 17th day of June, 2015.

**CHELAN COUNTY FIRE
PROTECTION DISTRICT NO. 1**

By: [Signature]
Commissioner

By: [Signature]
Commissioner

By: [Signature]
Commissioner

CITY OF WENATCHEE

By: [Signature]
Mayor

Attest: [Signature]
City Clerk

Approved as to form:

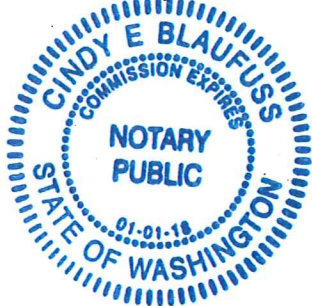
By: _____
City Attorney

//
//
//

STATE OF WASHINGTON)
) ss.
COUNTY OF CHELAN)

On this day personally appeared before me Mike Compton, Phil Dormaier and Herb Troxel, to me known to be the Commissioners of **CHELAN COUNTY FIRE PROTECTION DISTRICT NO. 1** and on oath verified that they were authorized to execute this document on behalf of the District for the uses and purposes therein mentioned.

Given under my hand and official seal this 17th day of June 2015.



Cindy E. Blaufuss
Name: Cindy E. Blaufuss
NOTARY PUBLIC in and for the State of
Washington, residing at E. Wenatchee

STATE OF WASHINGTON)
) ss.
COUNTY OF CHELAN)

On this day personally appeared before me Frank J. Kuntz, to me known to be the City Manager and the City Clerk, respectively, of the **CITY OF WENATCHEE** and on oath verified that they were authorized to execute this document on behalf of the City for the uses and purposes therein mentioned.

Given under my hand and official seal this 15th day of June 2015.



Tammy L. Stanger
Name: Tammy L. Stanger
NOTARY PUBLIC in and for the State of
Washington, residing at E. Wenatchee

EXHIBIT "A"
LEGAL DESCRIPTION OF PREMISES

EXHIBIT B

[CITY FIRE DEPARTMENT EMPLOYEES]

City of Wenatchee
Wenatchee Fire and Rescue
Departmental Personnel Transferring to Chelan County Fire District 1

ARMITAGE, DUSTIN J
ATKINSON, MICHAEL
BAILEY, JAMES E.
BASS, DANIEL J
BROWNLEE, ROBERT K
CLARK, DOUGLAS K
DAVIDSON, ANDREW P
GASKELL JR., WILLIAM G
GRINDE, CRAIG A
LINDEMANN, KELLY J
MCBRIDE, RICHARD W
MCCALLISTER, EVAN J
MONAHAN, JOSEPH T
NOBLE JR, DAVID H
PAUL, CHRIS A
RADCLIFFE, DARIN
RIGELMAN, PETER G
SMITH, GLENN R
STEWART, LYLE C
TORRES JR., ALBERT
WEBLEY, MICHAEL CLINT
WIDENER, GLEN H

EXHIBIT C

[CITY EMPLOYEES - ANTICIPATED LEAVE]