

**INTERLOCAL COOPERATIVE AGREEMENT
REGARDING RCW 82.14.370 "PUBLIC FACILITIES"**

THIS INTERLOCAL COOPERATIVE AGREEMENT REGARDING RCW 82.14.370 "PUBLIC FACILITIES" is entered into this 16th day of Nov, 2004, between the City of Omak, Washington (the "Local City"), and Okanogan County, Washington (the "County").

WHEREAS, the County is authorized by RCW 82.14.370 to impose a sales and use tax not to exceed eight one-hundredths of one percent (0.08%) for the purpose of financing public facilities in the County (the "Rural County Tax");

WHEREAS, the County has imposed the Rural County Tax pursuant to Ordinance No. 98-7, adopted by the Board of County Commissioners (the "Board") on July 21, 1998, as amended by Ordinance No. 99-2, adopted by the Board on June 15, 1999;

WHEREAS, through the above-referenced ordinances, the County imposes the Rural County Tax at the maximum statutory rate for a period ending on July 21, 2023, or such earlier date that the County no longer qualifies as a "rural county" under RCW 82.14.370;

WHEREAS, RCW 82.14.370 authorizes the County to deduct the amount of the Rural County Tax from the amount of tax otherwise required to be collected or paid over to the Department of Revenue under chapter 82.08 or 82.12 RCW;

WHEREAS, the County has relied on the Legislature's express intent that the County impose the Rural County Tax and use it to finance public facilities for not longer than 25 years;

WHEREAS, the County does not plan under RCW 36.70A.040 and has not adopted an overall economic development plan;

WHEREAS, the Local City has requested financial assistance from the County in the amount of \$225,000 to finance the acquisition, construction, installation and/or equipping of a new Stampede Arena (as further described in Exhibit "A" hereto, the "Project"), which facilities will be owned by the Local City, and has further requested that the County finance such costs through the issuance of bonds payable from Rural County Tax proceeds;

WHEREAS, the County would not agree to provide financial assistance to the Local City pursuant to this Agreement if the Legislature had not authorized the County to impose the Rural County Tax and use it to finance public facilities for not longer than 25 years;

WHEREAS, the County's ability to impose and collect the Rural County Tax is a significant component of the financial framework of the Project;

WHEREAS, the Local City and the County, by their respective governing bodies, have determined that it is in the best interest of each jurisdiction to cooperate in the financing of public facilities through the issuance of bonds payable from Rural County Tax proceeds;

WHEREAS, pursuant to the Interlocal Cooperation Act (chapter 39.34 RCW), the Local City and County are authorized to exercise their powers jointly and thereby maximize their abilities to provide services and facilities which will best fulfill common needs; and

WHEREAS, the Local City is authorized by State law to undertake the Project, and the County is authorized by RCW 82.14.370 to finance the Project; and

WHEREAS, the Project currently is included in the Local City's capital facilities plan;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Local City and the County agree as follows:

Section 1. Purpose.

The purpose of this Agreement is to formalize a commitment whereby the County will transfer to the Local City the sum specified in Section 3 hereof, and whereby the Local City will complete the Project upon the terms and conditions described herein.

Section 2. Schedule.

Work on the Project shall commence within 90 days of the effective date of this Agreement and shall be substantially complete by December 31, 2005. For purposes of RCW 39.34.030(3)(d), the Local City will establish and maintain a Project construction budget and, for so long as the Project is owned and operated by the Local City, will consider the needs of the Project when preparing the Local City's annual operating budget. The Local City will be responsible for acquiring, holding and disposing Project property. Unless otherwise agreed by the parties by subsequent written instrument, the County shall not own any real or personal property acquired with the Bond proceeds distributed to the Local City hereunder.

Section 3. Amount Allocated.

The County will transfer up to \$225,000 (the "Grant Amount") to the Local City to finance costs of the Project. The Grant Amount will be paid in installments pursuant to requisitions submitted by an authorized representative of the Local City to the County Treasurer not more often than once each calendar month. The requisitions shall be submitted in substantially the form attached as Exhibit A to Resolution No. 25-2003, adopted by the Board of County Commissioners on April 28, 2003, together with copies of relevant invoices and/or requests for payments attached thereto. The County will use its best efforts to honor requisitions within 7 business days after their receipt; however, (i) the County Treasurer may deny any requisition that is not completed properly or that does not have copies of invoices and/or requests for payments attached thereto; and (ii) the County will not transfer any portion of the Grant Amount on account of any requisition received by the County Treasurer after December 31, 2005. The Local City shall pay the invoices and requests for payment attached to the requisition within five days after receiving money from the County hereunder.

Section 4. Tax Representations and Covenants.

The Local City acknowledges that the Grant Amount will be derived from the proceeds of tax-exempt bonds issued by the County on May 14, 2003 (the "Bonds"). The Local City covenants that:

(1) The Local City has entered into a contract or otherwise incurred a substantial binding obligation toward commencement of the Project involving an amount equal to at least 5% of the Grant Amount, or will have entered into such a contract or other substantial binding obligation within six months after the date hereof. Construction of the Project is expected to begin in 2003. Work on the Project and expenditure of the Grant Amount are expected to proceed with due diligence to the completion of the Project.

(2) The Local City expects that all of the Grant Amount will be spent for the Project by December 31, 2005, and that no portion of the Grant Amount will be invested by the Local City.

(3) The Local City will provide such documentation as the County reasonably requests in connection with complying with the federal income tax requirements pertaining to the Bonds.

Section 5. Inspection of Work; Reporting.

The County may inspect the progress on the Project at reasonable times, and with reasonable advance notice to the Local City. The Local City shall file a report with the County in January of each year succeeding completion of the Project, for three years, reflecting the estimated number of jobs created and retained as a result of the Project, along with other related information reasonably required by the County to measure the economic impact of its financial assistance.

Section 6. Inspection of Records.

The records and documents with respect to all matters covered by this Agreement shall be subject to inspection by each party during the term of this Agreement and for two years after Project completion.

Section 7. Time of Essence.

For the purposes of this Agreement, time is of the essence. Should any dispute arise concerning the enforcement, breach or interpretation of this Agreement, venue shall be placed in Okanogan County, Washington, and the laws of the State of Washington shall apply.

Section 8. Modification of the Agreement.

This Agreement may be modified only by the written consent of each party.

Section 9. Term of Agreement and Termination.

This Agreement shall become effective on full execution hereof, and shall expire upon the latest of: (i) the final payment on the Bonds (and any bonds issued to refund the Bonds), (ii) the payment in full to the County of the amount, if any, owed by the Local City pursuant to Section 11 of this Agreement, and (iii) the completion of the Project. Upon the termination of this Agreement, all property acquired by the Local City with the Bond proceeds shall remain Local City's property, with no obligation to pay the County therefor.

Section 10. No Separate Legal Entity.

It is not the intention that a separate legal entity be established to conduct this cooperative undertaking. For purposes of RCW 39.34.030(4)(a), the Local City's legislative authority (or its designee) shall administer of the Project.

Section 11. Indemnification of the County.

The Local City agrees to indemnify the County and its commissioners, officers, employees and agents for and hold the County and its commissioners, officers, employees and agents harmless from all claims, actions, causes of action, judgments, liabilities, expenses, costs and reasonable attorneys' fees and all limitations, restraints, penalties or obligations pertaining to the County or its commissioners, officers, employees or agents arising out of any act, omissions, or neglect in connection with the Local City's (including the Local City's employees, agents, officers, licensees, invitees or other occupants of the Property) acquisition, construction, installation, equipping, use, operation or maintenance of the Project, except where such is a result solely of the negligence or willful misconduct of the County or its commissioners, officers, employees or agents.

Section 12. Joint Prosecution.

In the event the Legislature repeals or modifies RCW 82.14.370 prior to full repayment of the bonds, the Local City agrees to join the County in appropriate legal action necessary to maintain the County's ability to impose and collect the Rural County Tax at the maximum statutory rate until July 21, 2023, or such earlier date that the County no longer qualifies as a "rural county" under RCW 82.14.370.

Section 13. Severability.

In the event any term or condition of this Agreement or application thereof to any person, entity or circumstance is held invalid, such invalidity shall not effect any other terms, conditions or applications of this Agreement which can be given effect without the invalid term, condition, or application. To this end, the terms and conditions of this Agreement are declared severable.

Exhibit "A"
Project Description

WA-CERT Project Proposal

Project Title

Stampede Arena and Grounds Redevelopment Project

WACERT ID#

WA23197-4

Applicant

Omak

Active
Priority
6

App Date
10/8/2004

County

Okanogan

Project Type

Engineering Report/Environmental Permitting

Contact Info

Trish Butler
PO Box 72
Omak, WA 98841

Total Cost
\$6,000,000

Amount Raised to Date
\$350,000

Gap Funding?

Funds Requested
\$250,000

Ph: (509)826-1170

Fax:

Email:

Phased?

Phase # 2
of 3
over 5 years

GMA

Tech Assist/Cap Building

Months to

Pre-Permitted

Feasibility/Engineering Rpt

Complete 12

Brief Project Description:

The replacement of the Stampede Arena as been the subject of an ongoing WA-CERT application since 1998. The project entails the cooperative efforts of the Omak Stampede Inc., the City of Omak, the Omak Rodeo & Native American Center Association, the Colville Tribes and the Suicide Race Owners and Jockeys Association.

The scope of the three phase project is: Phase 1 - feasibility study and conceptual design; Phase 2 - final planning, engineering, design, environmental review and permitting; and, Phase 3 - project construction.

Description of Economic Diversification Strategy:

The Omak Stampede and Suicide Race has been the largest tourism draw in Okanogan County for over 70 years. Enhancing existing strengths is one of the primary strategies for diversifying the area's economy. The redevelopment of the Stampede Arena and Grounds will provide new and expanded opportunities that will not only draw visitors for the Stampede, but for a variety of year-round events that the redeveloped facilities will provide.

Summarize Planning for Project:

The City, Stampede, Omak Rodeo and Native American Center Association and Tribes have been working cooperatively on completion of Phase 1 of this project. This phase will be complete later this fall.

Is project associated with any of these plans?

Business Plan

Comprehensive Plan

Capital Facility Plan

Describe Reports that have been prepared:

Phase 1 feasibility report and conceptual design will be completed later in the Fall of 2004.

Describe Funds already secured for this project:

The Stampede has \$330,000 in the bank from an insurance settlement related to a wind storm that destroyed part of the arena. While willing to use some of these funds for the first two phases, the City and Stampede agree that holding on the as much as possible for the construction phase is important. The Stampede and City will commit \$50,000 in resources for Phase 2 once a funding source for the total project is identified and secured.

Describe other unique efforts for this project:

The cooperative efforts of the City, Stampede Inc., ORNAC, and Colville Tribes is a unique partnership as each entity has a constituency with wide ranging needs and desires which can conflict. The feasibility study and conceptual design process provided opportunities for a wide range of interest groups, participants and visitors to provide input using Womer & Associates "Dreamweaver" process.

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10/8/2004

Please quantify the outcomes of the project:

| <u>Jobs Created</u> <u>1-3 Yrs</u> | <u>Jobs Created</u> <u>3-5 Yrs</u> | <u>Jobs</u> <u>Retained</u> | <u>Population</u> <u>Benefited</u> | <u>Business</u> <u>Effectuated</u> | <u>Jurisdiction</u> <u>Effectuated</u> |
|---------------------------------------|---------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|---|
| 2 | 10 | 25 | 40,000 | 0 | 0 |

Describe improvements in local infrastructure:

The ability for the City to continue hosting the annual Stampede and Suicide Race is dependent on a structurally sound and functional arena.

The present facility is over 40 years old and is definitely showing signs of its age. It is highly likely that in the not to distant future sections of the arena could be condemned and closed to public occupancy which would have a very negative impact on the large annual event and the many smaller events that use the facility.

Describe improvements in health and safety or EPA / DOE compliance:

The existing arena is near the end of it's useful life.

Other factors to be aware of:

As noted the existing arena is nearing the end of its useful life with portions close to the point of condemnation. The arena is one of the most important publicly owned facilities in the County in terms of the economic impact generated by events it plays hosts to. This makes replacement of the arena a priority for the entire county.

How will success be measured?

Each Phase will have a specific scope of work that will be used to measure success. The ultimate goal is the redevelopment of the arena and grounds to accommodate a wider array of events and activities, including a museum, Native American Dance Arbor and better circulation patterns (both vehicular and pedestrian) in the area.

COUNTY FACILITIES FUND APPLICATION QUESTIONS
City of Omak: Stampede Arena and Grounds Redevelopment Project

Applicants (see Attachment C for list of eligible public agencies) applying for Public Facilities fund dollars must provide responses to the following questions in addition to completing the on-line WA-CERT application:

1. Provide a description of how the project is consistent with the requirements of RCW 82.14.370 (see attachment B) including what short and long-term economic development needs or opportunities will be addressed or barriers removed.

RCW 82.14.370 requires that projects funded with .08% sales tax rebate dollars be public facilities that enhance economic development in rural counties. The proposed design, permitting and environmental review for the redevelopment of the Stampede Arena and Grounds is intended to not only maintain the largest tourism draw in Okanogan County but to create an environment for year round economic activities.

2. Provide a project budget that shows current and proposed funding that clearly illustrates the total funding required for the project from the Public Facilities fund. Also specify which account: Emerging Opportunities, City and Town Facilities or County Facilities from which funding is requested.

The City, working cooperatively with the Omak Stampede, Omak Rodeo and Native American Center Association and Colville Tribes is presently nearing completion of Phase I of this project. This application is for Phase II – the design, permitting and environmental review required before construction can begin. The budget for Phase II is an estimate.

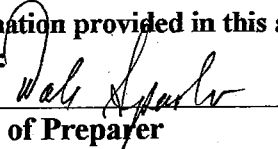
| | | |
|------------------------|-----------|------------------------------|
| Total Phase cost (est) | \$300,000 | |
| | \$ 35,000 | Omak Stampede (cash) |
| | \$ 15,000 | City (in-kind, cash) |
| | \$250,000 | Infrastructure Fund (Cities) |

3. Describe how the project is or will be consistent with the appropriate County or a City comprehensive, capital facilities and/or overall economic development plan.

The City is preparing to adopt an update to its Capital Facilities Plan that includes the proposed project as a top priority for 2005. In addition, as part of the CFP planning, City Staff and Council brainstormed and prioritized economic development projects and using the same criteria described for the County Infrastructure Fund, rated this project as number 3.

There are no limits on the size of the project or on its nature, as long as it complies with the criteria of the RCW, however, no single project will be awarded all the available funding.

The information provided in this application is true and correct to the best of the preparer's belief and knowledge:


Signature of Preparer

10/11/04
Date