


**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners

FROM: Philip Morley, County Administrator 

DATE: June 16, 2014

RE: Amendment 3 to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure.

STATEMENT OF ISSUE: The County Commissioners will consider approving Amendment Number Three to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure, as it was amended by Amendment Number Two. Mayor David King has offered to attend on June 16 with City staff, to be available to the Commissioners.

ANALYSIS: Our existing interlocal agreement (ILA), “Amendment Number Two to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure,” was approved on February 19, 2013.

- It directed that “from the first \$425,000 of funds collected under the authority of Proposition 1 as they are received by the City, the City will contribute one-half to the County; from any amount above \$425,000 each calendar year the City will contribute one quarter to the County.”
- Funding would continue until replacement funding was found (e.g. revenue for a Metropolitan Park District), or until May 31, 2015, whichever was first.
- The funds were to be used to:
 - maintain normal operations of Memorial Field;
 - reopen programming and maintain the Port Townsend Recreation Center;
 - make capital improvements to those facilities;
 - provide professional services to develop a sustainable model for funding and administering regional parks and recreation; and
 - help fund repairs to Mountain View Swimming Pool if unanticipated repairs threaten its operation.
- Under the Agreement, the County shall seek City input, including on improvements to Memorial Field and the Recreation Center, and act in good faith in considering the City’s suggestions. The City and County were required to work with each other to identify and prioritize capital improvements.

In October 2013 the City and County unanimously passed a Joint Resolution to suspend the MPD Steering Committee process to develop a plan for creating an MPD, and to continue to jointly investigate options for Parks and Recreation funding and operations.

Under the existing Prop 1 ILA and the Joint Resolution, the County and City have continued to work with each other, and the County actively consulted with the City on planned 2014 expenditures to improve the Rec Center and Memorial Field. Amendment Number Three identifies three capital improvement priorities for Memorial Field and the Rec Center that County and City staffs mutually agree on. Since last

fall, the City has committed to making planned, necessary, but costly, improvements to the Mountain View Commons, including replacing the heating system for the Pool. Faced with the need to fund these repairs and also seeing the growth of the Prop 1 sales tax revenues that are split with the County, the City requested that the remaining contributions be capped. The City Council also wished to reiterate and clarify the existing reporting requirements under the existing ILA. Amendment Number Three supplements and amends the existing Amendment Number Two to address these issues.

At its meeting on June 2, 2014, the City Council voted unanimously to edit Amendment Three and authorize the City Manager to sign it as now presented to the BoCC. In the interest of harmony and mutual assistance, staff recommends that Amendment Number Three be adopted. Mayor David King has offered to attend with City staff on June 16, to be available to the Commissioners as they deliberate on this Amendment.

Reporting Format. Section 6 of the proposed Amendment Number Three provides additional detail on reports of the revenue and expenditures under the ILA. Mayor David King has subsequently proposed a form of a final accounting report that he believes may be acceptable to the City Council to fulfill Section 6 of Amendment Number Three. To develop his proposal, the Mayor looked to the County's existing quarterly reporting format. At the time of writing this memo, Public Works staff is reviewing the Mayor's proposed format to 1) confirm it is a format Public Works can report; and 2) ascertain if it fully complies with Amendment 3 language that also require detail of expenditures not yet made but committed, and those remaining as reserves. County staff will provide review comments to the Mayor and negotiate a final format that meets the intent of Section 6, and that is workable for both parties.

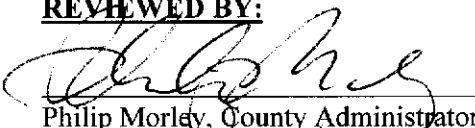
A copy of the Mayor's format proposal is attached for your information. No action by the BoCC is needed on the format proposal.

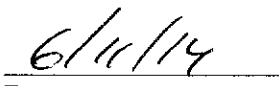
FISCAL IMPACT: Based on the County's current projections of Prop 1 revenues to the City, the \$852,716 cap on the City's payments to the County may reduce the City's contribution under the existing ILA to repair Memorial Field and the Rec Center by between \$28,000 and \$35,700. However these are only estimates, and there might be no difference in payments between the existing ILA and Amendment Number Three if retail sales in the next year were to slow significantly.

RECOMMENDATION: Pass a motion approving Amendment Number Three to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure as it was amended by Amendment Number Two.

- ATTACHMENTS:**
- Amendment Number Three to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure
 - Amendment Number Two to the Jefferson County – City of Port Townsend Agreement Concerning the 2010 Sales Tax Ballot Measure
 - Mayor King's Draft Format for Accounting of Prop 1 ILA Revenues and Expenditures

REVIEWED BY:


Philip Morley, County Administrator


Date

AMENDMENT NUMBER THREE
To The
AGREEMENT
Jefferson County - City of Port Townsend
(Agreement concerning 2010 Sales Tax Ballot Measure)

THIS AMENDMENT NUMBER THREE is entered into by and between **Jefferson County** ("County") and the **City of Port Townsend** ("City"), on _____ 2014 (last date written by signature below).

RECITALS

- A. Officials of Jefferson County and the City of Port Townsend have met to discuss winding up the terms of Amendment Number Two to the Agreement concerning 2010 Sales Tax Ballot Measure.
- B. The original Interlocal Agreement regarding 2010 Sales Tax Ballot Measure dated September 13, 2010 ("2010 Agreement") was amended by Amendment Number One to the 2010 Agreement dated June 22, 2011 ("2011 Amendment"), and Amendment Number Two to the 2010 Agreement dated February 11, 2013. Amendment Number Two repealed and superseded the 2010 Agreement as amended. By its terms, the 2010 Agreement (as amended) and Amendment Number Two, expire May 31, 2015.

Now therefore, in consideration of their mutual covenants, the parties agree as follows:

- 1. Attachment A shows the County sales tax collections actually received and projected to be received from the City from the 2010 sales tax ballot (the "Prop 1 allocation") pursuant to the 2010 Agreement (as amended) and Amendment Number Two.
- 2. As shown on Attachment A, the sum of \$852,716 represents the projected proforma of contemplated receipts the County would receive under the 2010 Agreement (as amended) and Amendment Number Two from 2011 through May 31, 2015.
- 3. The parties agree that the sum of \$852,716 represents the projected pro forma of contemplated receipts of the portion of City-derived Proposition 1 funds to be paid to the County under the 2010 Agreement (as amended) and Amendment Number Two by May 31, 2015. Once the City pays that amount from sales tax collections to the County, all obligations of the parties under the 2010 Agreement (as amended) and Amendment Number Two terminate, except as set forth in this Memorandum of Agreement. If by May 31, 2015, the sum collected is less than \$852,716, the contract will terminate.
- 4. Based on County projections of sales tax collections, shown in Attachment A, the County estimates it will have approximately \$175,000 accumulated from current and future sales tax collections from the City as of mid-2015 that would be available for capital projects.

5. The County agrees that it will utilize the approximately \$175,000 referenced above for one or more of the following capital projects as funding allows:
 - Remove and/or Replace Memorial Field Stadium Roof.
 - Port Townsend Community Center Gym Roof.
 - Port Townsend Community Center Gym Structural Reinforcing.

6. No later than 30 days from the date of this Amendment Number Three, the County will provide a complete accounting of the City's contribution of Prop 1 funds to date that includes and reconciles the funds received, detail of the expenditures made or committed, and funds remaining as reserves. If the accounting is not provided, the City may withhold payments until it is provided. Within 60 days of May 31, 2015, the County will provide a complete accounting as of May 31, 2015 that includes and reconciles the funds received, detail of the expenditures made or committed, and funds remaining as reserves.

7. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter of this Agreement and use of the premises, and any other agreement, statement, promise, representation or understanding by any party hereto, or any of their respective agents, representatives, employees or principals which is not contained in this Agreement, is hereby mutually rescinded and revoked and shall not be binding or valid. Any amendments or additions or modifications to this Agreement shall be in writing executed by the parties hereto. Neither party shall be bound by any verbal or implied agreements. In the event that any conflicts are discovered between the terms herein and prior agreements and/or amendments, the terms of this Amendment Number Three shall control.

Executed as of the last date written below:

CITY OF PORT TOWNSEND

JEFFERSON COUNTY

By _____
David G. Timmons, City Manager

By _____
John Austin, Chair
Board of County Commissioners

Date: _____

Date: _____

Attest:

Attest:

Pamela Kolacy, MMC, City Clerk

Carolyn Avery, Deputy Clerk of the Board

Approved as to Form:

Approved as to Form:

John P. Watts, City Attorney

David Alvarez, Deputy Prosecutor
6/12/14

ATTACHMENT A

Prop. 1 Revenues Received by County	
2011	\$111,514
2012	\$185,992
2013	\$254,170
2014	\$212,500
2015	\$88,540
Total	\$852,716

Approx. Set-Aside for Capital	
2011	\$8,554
2012	\$39,066
2013	\$47,047
2014	\$60,000
2015	\$20,333
Total	\$175,000