

REGIONAL CENTER INTERLOCAL AGREEMENT

Between the Kitsap Public Facilities District and the City of Poulsbo

This REGIONAL CENTER_INTERLOCAL AGREEMENT (the "Agreement") is made pursuant to Chapter 39.34 RCW between the City of Poulsbo, a Washington noncharter code city operating under RCW 35A.12 ("the CITY"), and the Kitsap Public Facilities District, a Washington special purpose district operating under Chapter 36.100 RCW (the "District").

WHEREAS, pursuant to RCW 36.100.030(1) and RCW 35.57.020, the District is authorized to acquire, construct, own, remodel, maintain, equip, repair, and operate a regional center, and pursuant to chapter 36.100.030(2), the District may enter into interlocal agreements with other agencies to operate such facilities. For these purposes, "regional center" means a convention, conference, or special events center, which includes sports facilities, under RCW 35.57.020(1)(a) serving a regional population constructed after July 25, 1999, at cost of at least ten million dollars; and

WHEREAS, pursuant RCW 82.14.390, the District is entitled to receive certain local sales taxes which the District may use for the development of qualifying regional centers; and

WHEREAS, the District believes it has the financial capacity to support the development of one or more new regional centers in Kitsap County and has requested proposals from public agencies for new regional centers in Kitsap County; and

WHEREAS, the District is authorized to provide project funding for public facilities that provide economic impact, benefit the residents and communities of Kitsap County, are greater than \$10 million in total value, and have matching funds from a public partner of no less than one-third of the project value; and

WHEREAS, on December 31, 2018, the City submitted a proposal to the District for an event and recreational facility that consists of two multi-purpose turf fields and an event and recreation building to be located on a city-owned parcel in the NW section of the city and titled Poulsbo Event and Recreation Center (PERC); and

WHEREAS, the District's Board of Directors completed an evaluation and review process for seven (7) new regional centers and determined to proceed with further review for possible funding with several applicants, including the CITY; and

WHEREAS, on July 29, 2019, the District ranked the PERC second out of seven projects and the KPFD Board directed their attorney to begin working with the City to develop an Interlocal Agreement (ILA) with scope and funding; and

WHEREAS, on December 4, 2019, the District and City of Poulsbo entered into an ILA in which the District funded \$243,900 for the City to conduct a feasibility study for the PERC. The ILA identified that the feasibility study would include: Community Outreach, Market Analysis, Concept Plan/Location and Financial Analysis; and

WHEREAS, the CITY worked diligently January 2020 through January 2023 on the development of a feasibility study on the PERC, beginning with a wide-reaching community survey, retaining numerous professional consultants, and convening a PERC Community Steering Committee made up of Poulsbo community leaders, member and volunteers who advised the City and PERC consultants numerous times during the development of the feasibility study; and

WHEREAS, the feasibility study elements included: community outreach, market analysis, conceptual site plan, maintenance and operations, and financial analysis; and

WHEREAS, the CITY provided the District progress updates through the three year process seven times; and

WHEREAS, through the feasibility study site evaluation analysis a phased approach was identified as the preferred option. Additional land acquisition would be necessary for subsequent phases as the current City-owned parcel was not sufficient size to site all desired elements; and

WHEREAS, the PERC proposal was organized into three phases that represent the elements from the community survey, Market Analysis results, Site Evaluation results and PERC Steering Committee input: Phase 1: Two Tournament Fields w/outdoor recreation elements (walking circuit, sports courts, playground, parking/landscaping); Phase 2: Flexible event/meeting space and classrooms to host varied-sized community events, recreation gym and support to OC/WWU campus; and Phase 3: Outdoor warmwater recreation pool with resort-type features; and

WHEREAS, the Phase 1 two turf tournament fields and outdoor amenities is estimated at \$11.7M cost and has been designed to be constructed as a stand-alone project from potential future phases; and

WHEREAS, the PERC Feasibility Study was released January 2023 which recommends moving forward with Phase 1 Tournament Fields and outdoor recreation amenities with the District as a funding partner; and

WHEREAS, the PERC Community Steering Committee reviewed the January 2023 Feasibility Study's phased approach recommendation, and concurred with the recommendation; and

WHEREAS, the Poulsbo City Council held multiple workshops to consider the PERC Feasibility Study, including budget workshops to evaluate capital cost outlay, and on October 4, 2023 workshop, reached consensus to include the PERC Phase 1 in the City's 2024-2026 capital project budget; and

WHEREAS, the Poulsbo City Council passed Resolution 2023-11, approving the January 2023 PERC Feasibility Study, and stating its intent to forward PERC Phase 1 with Kitsap Public Facilities District.

NOW, THEREFORE, in considering of the mutual obligations and benefits herein, the parties agree as follows:

1. **Purpose of the Agreement:** The purpose and intent of this Agreement is to establish how the CITY and District will work collaboratively to implement Phase 1 of the PERC, which is described in Attachment A. The CITY and District will utilize CITY property and funds in part and the District funds

in part for the PERC. This Agreement represents the commitment of both the District and CITY to PERC Phase 1 now referred to as PERC Regional Multi-use Athletic Fields.

2. **Preliminary Cost Estimate:** The PERC Feasibility Study 2023 preliminary cost estimate to develop the PERC Regional Multi-use Athletic Fields as described in Attachment A was \$11.7 million, and is now adjusted to \$13 million 2025 dollars. The final cost estimate will be conducted under Agreement tasks, and the cost estimate will be adjusted based on final design and current market conditions as part of engineer's estimate and public construction bidding process. The project is scheduled to be advertised for bid in 2025.
3. **Funding Obligation:** The PERC Regional Multi-Use Athletic Fields project cost is estimated \$13 million and shall be funded by the District and CITY as follows:
 - 3.1 The District shall fund \$1.6 million for Tasks 1 and 2 as reimbursements in 2024-2026 and finance \$7.11 million plus debt service issuance cost and interest for Task 3, as set forth in Attachments B, C & D of this ILA for finalized construction.
 - 3.2 The CITY shall fund \$4.29 million plus debt service interest for Task 3 in Attachments B, C & D of this ILA for finalized construction.
 - 3.3 Actual final costs for both the District and CITY will vary based upon debt financing and actual interest negotiated at the time of bonds sold, but the District's total amount inclusive of interest shall not exceed \$10,278,288. See Attachment D for cost assumptions with debt financing, interest, and preliminary payment estimates.
 - 3.4 It is acknowledged that the CITY intends to pursue available grants that if successful, will contribute towards the CITY's portion of the funding split.
 - 3.5 The CITY may administer the funds within the task set forth in Attachment B as bottom line budgeting and may propose to shift or reallocate funds to different tasks, provided the CITY provides written notice to the District, and shall be reviewed and approved by the District Director which shall not be unreasonably withheld.
4. **Construction Financing:** The CITY intends during the time of development of plans, specifications and estimate is occurring, to coordinate and finalize the preferred construction financing bonding structure; options including but are not limited to CITY-only bonding structure or participation with other jurisdiction(s). The CITY will take the lead in securing project bonds, with District coordination. The funding implementation will be enacted following bid opening and may necessitate an amendment to this Agreement. It is anticipated that construction financing bonding will be necessary at construction commencement, which is anticipated in Spring 2025.
5. **Construction Contract:** If the CITY does not award the construction contract by December 31, 2025, the ILA shall terminate, and all funding commitments by the District herein shall be released and terminated. Any funds paid by the District to the CITY that are unused by the termination date of

December 31, 2025, shall be refunded to the District subject to Article 9.6 "Refund of District Funds" herein.

6. **CITY Obligations:** The CITY shall undertake the following tasks as set forth in Attachment B. In addition, the CITY shall perform:

6.1 **Contract Administration.** The CITY shall be responsible for all aspects of the contract administration for the Agreement Tasks, which shall include, but not be limited to, advertising, bidding, awarding, and monitoring the contract(s), as generally required by any applicable RCW.

6.2 **Reporting.** The CITY will continue to provide status updates to the District Director and Board at least quarterly and upon reasonable written request.

6.3 **Timing of Agreement Tasks.** The anticipated timing of the Agreement Tasks is set forth in Attachment A.

6.4 **Recognition.** The CITY shall publicly recognize the District's contribution to the Project in a manner to be agreed upon by both parties. The District may require some identification of the Project as "Regional Center" or "Special Event Center."

6.5 **City Project Management.** The CITY will track all City project management, technical and engineering support hourly time and rates related to tasks conducted on the PERC Regional Multi-use Athletic Fields project as defined within this ILA, and which will contribute towards the CITY's cost-share of the project.

6.6 **Change in Bond Terms.** The CITY shall inform the District at least 60 days prior to any changes in bond terms, e.g. refunding, restructuring, covenant changes, etc. The District shall promptly review the proposed changes and shall approve the changes if, in the District's reasonable opinion, do not impair the District's ability to meet other financial commitments.

7. **Feasibility Assessment; Performance Requirements; Conditions, Contingencies, Checkpoints:**

7.1 **Independent Feasibility Review - Department of Commerce.** Irrespective of the CITY's determination of feasibility, the District's funding commitment may be subject to the statutory independent feasibility review of RCW 36.100.025. The District shall initiate and fund the independent facility review within 90 days of enactment of this ILA as feasible.

7.2 **Availability of Funds.** The Agreement is contingent upon funding from the District and CITY. In the event that either party expected funding payable is withdrawn, reduced, limited, or not otherwise available after the effective date of this Agreement, this Agreement may be terminated by either party.

7.3 **Facility Maintenance and Operational Standards.** Once the District determines it meets the applicable feasibility review from Section 7, and before funding is committed for

construction, amendments to this Interlocal Agreement or a new ILA specific to this section, may be necessary or desired to address long-term facility maintenance and operational standards (such as development of an Operations and Maintenance Plan), replacement/reserve funding standards, annual reporting obligations, and any special standards applicable only to the PERC, consistent with similar Interlocal Agreements with other regional center projects.

8. **Continuing Obligation:** Nothing in this Agreement should be construed or interpreted as a commitment by the District to fund any future phases of the PERC that may be contemplated by the CITY.

9. **Process for Payment:**

9.1 **Accounting.** The CITY will continue accounting for the PERC through a separate project number unique from any other Pousbo account to hold the funds deposited by the District for purpose of this Agreement.

9.2 **Advance Deposits.** The District may, but is not required to, pre-pay the CITY for each of the Agreement Tasks and subtasks, where applicable, before the CITY contracts with the consultant/service provider that will perform the particular task.

9.3 **Use of Funds.** The funds from the District shall solely be used for the payment of invoices for the Agreement Tasks and no other purposes. The CITY may not reimburse itself for any of its expenses from the funds on deposit. The CITY will invoice the District for reimbursement monthly the duration of Task 1 and 2 identified in Attachment B, until the construction financing bond is issued.

9.4 **Release of Funds.** The CITY shall only release funds for the Agreement Tasks upon receipt of invoices for work performed, which work complies with the terms and conditions of the contracts for the Agreement Tasks. Further, the CITY shall notify the District of any proposed payment for review.

9.5 **Increase in Consultant Contract Amounts.** The CITY will promptly inform the District if any of the consultants inform the CITY that the consultant/service provider is proposing an increase in a contract sum. The District shall, in its sole discretion, determine if the District's contribution to the contract sum should be increased.

9.6 **Refund of District Funds.** The CITY shall not be required to reimburse the District for the funds transmitted to The CITY that are either (i) paid to a consultant/service provider; or (ii) committed to be paid to a consultant/service provider pursuant to a valid contract between the CITY and that consultant/service provider. Otherwise, unused funds shall be reimbursed to the District.

- 9.7 CITY Funds. The CITY shall keep an accounting of all CITY staff time, CITY expenses, including CITY consultant fees, and CITY contributions directly related to PERC Phase 1. This accounting will be considered part of the CITY cost-share of the project.
- 9.8 Final Accounting. Within forty-five (45) days of the completion of the Agreement Tasks, the CITY shall provide a final written accounting of the District funds to the District.

10. **Notice and Project Coordinators:** The following individuals are the Project Coordinators and official contacts for the CITY and the District. Any notice, request, approval, direction, invoice, statement, or other communication which may, or are required to be given under this Agreement shall be in writing and shall be deemed to have been given if hand delivered, sent by a nationally recognized overnight delivery service, or if deposited in the U.S. mail and sent by certified mail, return receipt requested, postage prepaid to the Project Coordinators:

For the CITY: Public Works Director or
 City Engineer
 City of Poulsbo
 200 NE Moe Street
 Poulsbo, WA 98370
 Email: dlenius@cityofpoulsbo.com
 iranes@cityofpoulsbo.com

For the District: Executive Director
 Kitsap Public Facilities District
 19980 10th Avenue NE Suite 204F
 Poulsbo, WA 98370
 Email: execdirector@kitsap-pfd.org

All notices shall be deemed complete upon actual receipt or refusal to accept delivery.

11. **Non-Assignability:** Neither party may assign any interest in this Agreement and shall not transfer any interest in this Agreement without the prior written consent of the other party.
12. **Independent – No Liability.** Each party is and shall remain an independent government. This Agreement does not create a partnership or other similar arrangement. The parties shall not be liable for the acts or omissions of the other party or their respective public officials, employees, or agents.
13. **Attorney’s Fees Provision:** In the event of a dispute between the parties concerning this ILA, the prevailing party would be entitled to recover reasonable attorney fees and costs.
14. **Term of Agreement:** Except as may otherwise be stated herein, the term of this Agreement shall commence upon execution by both of the parties and shall continue until the completion of

construction for PERC Regional Multi-use Athletic Fields or December 31, 2027, whichever comes first. This Agreement shall be reasonably extended by the parties as may be necessary to complete the Agreement Tasks, as the parties agree.

- 14.1 Early Termination – Nonpayment. Notwithstanding the foregoing, this Agreement is contingent upon funding from the District. In the event that the District’s expected funding payable to the CITY hereunder is withdrawn, reduced, limited, or not received after the effective date of this Agreement, this Agreement may be terminated by the CITY by delivering ninety (90) days written notice to the District. The termination notice shall specify the date on which the Agreement shall terminate.
- 14.2 District Early Termination. The District may terminate this Agreement at any time by delivering ninety (90) days written notice to the CITY, subject to the payment obligations set forth in Section of this Agreement; i.e., pay for all work performed or in progress at the time of the notice.
- 14.3 CITY Early Termination. The CITY may terminate this Agreement at any time by delivering ninety (90) days written notice to the District, subject to the payment and reimbursement obligations set forth in Section 7 of this Agreement. Upon notice of termination, the CITY shall submit all final invoices to the District.
15. Amendment. No modification or amendment of this Agreement may be made except by a written document signed by both parties. It is anticipated that amendments to this Agreement may be desired as the project is forwarded to address construction financing and payment structure, and construction-related tasks, as well as other amendments deemed appropriate by the CITY and District.
16. Counterparts and Electronic Transmission. This Agreement may be signed in counterparts. Electronic transmission of any signed original document, and retransmission of any signed electronic transmission shall be the same as delivery of an original document.
17. Governing Law. This 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 Kitsap County, Washington.
18. No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement.
19. Interpretation. Each party participated in this Agreement and has had this Agreement reviewed by legal counsel. Therefore, any language herein shall not be construed against either party on the basis of which party drafted the particular language.
20. True and Full Value. The CITY and the District have each independently determined as to itself that (i) it has the authority to enter into this Agreement and (ii) the promises and covenants received from the other party represent “true and full value” received by it pursuant to RCW 43.09.210.
21. Survivability. In the event that any portion of this Agreement is determined to be unenforceable or inconsistent with the laws of the State of Washington, the remaining provisions of this Agreement

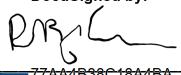
shall continue to be effective and deemed to be in full force and effect. All obligations contained herein shall survive termination until fully performed.

- 22. **Filing.** In accordance with RCW 39.34.040, this agreement will be filed with the Kitsap County Auditor or listed on the websites of the parties prior to its effective date.
- 23. **Entire Agreement.** This Agreement, including all predicate paragraphs and attachments which are incorporated into this agreement, contains all of the understandings between the parties. Each party represents that no promises, representations, or commitments have been made by the other as a basis for this Agreement, which have not been reduced to writing herein. No oral promises or representations shall be binding upon any 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 written modification of this Agreement executed by both parties.

IN WITNESS WHEREOF, The CITY and the District have executed this Agreement as of the date last written below.

CITY OF POULSBO

KITSAP PUBLIC FACILITIES DISTRICT

DocuSigned by:

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Patrick Hatchel

By: Becky Erickson
Its: Mayor
Date: 6/17/2024

By: Patrick Hatchel
Its: Chair
Date: April 29, 2024

ATTEST:

ATTEST:

DocuSigned by:

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Erin Leedham

By: Rhiannon Fernandez, City Clerk

By: Erin Leedham, Vice Chair

APPROVED AS TO FORM:

APPROVED AS TO FORM:

DocuSigned by:

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Brian E. Lawler

Emily Romanenko , City Attorney

Brian E. Lawler, District Legal Counsel

Attachment A: Project Description

The Poulsbo Event and Recreation Center (PERC) 2023 Feasibility Report identifies the following sports facilities and recreational amenities to be developed as Phase 1 PERC Regional Multi-use Athletic Fields:

- (2) Multi-use artificial turf sports fields, lighting, and perimeter fencing (6' height). Striping of the fields is identified for soccer, lacrosse and football.
- Sports Courts – at least (1) Recreational basketball court basketball hoops and (4) Pickleball courts with removable nets, and ability to fully flex the space for a variety of multicourt usages and tournaments.
- Nature playground – A children's play area will draw inspiration from the natural environment allowing for activities such as climbing on logs, nets, boulders and sliding down the adjacent hillside.
- Entry plaza – The entry plaza and water feature will welcome visitors to the park while providing a staging area for community events. An at-grade water feature could also allow an opportunity for children to engage with water.
- Terraced seating – The PERC design seeks to take advantage of the site grading requirements to provide a terraced seating area which defines the boundaries of the nature playground and overlooks the multi-use field to the south.
- Outdoor fire pit – An outdoor fire pit and seating area will create a casual gathering area for those visiting the PERC.
- Site furnishings – Benches and rest areas are proposed along the project's pathways and trails to provide seating and rest opportunities to park visitors.
- Shelters – A series of shelters (picnic and team) are proposed adjacent to the multi-use fields to protect park users from the elements while providing seating, gathering and staging areas.
- Restroom/Concession- A restroom and concessions building provides convenience to park-goers as well as a pump room location if a spray feature is added to the plaza.

Attachment B: PERC Regional Multi-use Athletic Fields

Agreement Tasks and Project Budget

Task 1: Project Management, Prepare Design Development Plans, Cost Estimates, Permitting and Construction Documents (PS&E) – City Selected Consultant-2024

Task 1 Budget: \$1.5 M

Reimbursement by District as tasks are completed.

- Task 1.1 Hire consultants and project kick off
- Task 1.2 Topographic survey, geotechnical investigations, civil site improvement/utility plans, stormwater management
- Task 1.3 Prepare 30% Design Plans and preliminary engineer’s estimate
- Task 1.4 Land Use and Environmental Permitting and Associated Fees
- Task 1.5 Engagement with PERC Steering Committee
- Task 1.6 Prepare 60% Design Plans and preliminary engineer’s estimate
- Task 1.7 Final Design Package and preliminary engineer's estimate
- Task 1.8 100% Ad Ready Construction Documents (PS&E)
- Task 1.9 Advertise for Bids
- Task 1.10 Bid Awarded
- Task 1.11 Construction Contract

Task 2: Finalize Construction Financing and Structure¹- 2024-2025

Task 2 Budget: \$100,000

Estimated costs will be included as part of construction financing.

- Task 2.1 District and City commit to bond mechanism to support funding split as set forth in accepted bid amount plus contingency.
- Task 2.2 The CITY will identify debt issuing entity
- Task 2.3 Quantify debt service needs and costs based on borrowing entity and structure.
- Task 2.4 Define timing and borrowing structure

¹ It is anticipated that an amendment to this ILA or other agreed upon instrument will be desired at the time of construction financing and bond to update the ILA with agreed structure details, including but not limited to, payment schedule.

Task 2.5 Borrowing entity secures financing at lowest true interest cost available in the market

Task 2.6 Borrowing entity issues debt

Task 3: Construction²- 2025

Task 3 Budget: \$11.4 M Total

\$7.11 District

\$4.29 CITY

Financing per construction bond

Task 3.1 Construction Contract Agreement

Task 3.2 Construction Contractor Administration/Management

Task 3.3 Commence of Construction of Project pursuant to Contract Plans and Specifications

Task 3.4 Final Project Close Out

² It is anticipated that an amendment to this Agreement or other agreed upon instrument will be desired at the time of contractor selection to update Task 3 tasks for alignment with contractor contract scope of work.

Attachment C: PERC Regional Multi-use Athletic Fields

Project Budget Summary

2025 Dollars: **\$13 million³**

Task 1: Design, PS&E: **\$1.5 million**
District reimbursement

Task 2: Construction Financing and Structure: **\$100,000**
Financing per construction financing bond

Task 3: Construction: **\$11.4 million**
Financing per construction financing bond \$7.11 District
\$4.29 CITY

Total 2025 Project Cost: **\$13 million**

PERC – Estimate of Expenditures

PERC – Estimate of Expenditures						
	2024	2025	2026	TOTAL	City Share	PFD Share
Design/PS&E/Permitting	\$700,000	\$800,000		\$1,500,000		\$1,500,000
Financing/Construction		\$3,600,000	\$7,900,000	\$11,500,000	\$4,290,000	\$7,210,000
TOTAL:	\$700,000	\$4,400,000	\$7,900,000	\$13,000,000	\$4,290,000	\$8,710,000
					33%	67%

³ 2023 Feasibility Report Cost Estimate: \$11.7 million; Adjustment to 2025 dollars is \$13M project cost

Attachment D: PERC Regional Multi-use Athletic Fields Financial Estimates by Year 2024-2046

Assumptions

Design/Planning Costs: \$1,500,000 – KPFD

- Funds to be disbursed as cash payments
 - 2024- \$700,000
 - 2025- \$800,000

Construction Costs: \$7,110,000 + Bond Financing/Issuance cost \$100,000 = \$7,210,000

- Bond issued by City of Poulsbo
 - Bond issued in 2025
 - KPFD Level debt service payments from 2026 to 2041 (16yrs)
 - City Level debt service payments from 2026 to 2046 (20yrs)
 - Assumed interest rate of 4.5%
 - Amortization includes estimated costs of issuance of 1.5% of PAR (financing fee)
 - The amortized KPFD/City payments are an estimate. Actual annual payments will be determined at the time of bond issuance.

Poulsbo Event and Recreation Center (PERC) Estimated Payments 2024-2046				
FYE 12/31	Actual Payments/ Grants Received	KPFD Design Phase Projected Cash Payments Non-Bonded	KPFD Construction Projected Bond Payments (w/interest)	CITY Construction Projected Bond Payments (w/interest)
2024		\$700,000		
2025		\$800,000		
Issue Bonds				
2026			642,393	330,000
2027			642,393	330,000
2028			642,393	330,000
2029			642,393	330,000
2030			642,393	330,000
2032			642,393	330,000
2032			642,393	330,000
2033			642,393	330,000
2034			642,393	330,000
2035			642,393	330,000
2036			642,393	330,000
2037			642,393	330,000
2038			642,393	330,000
2039			642,393	330,000
2040			642,393	330,000
2041			642,393	330,000
2042				330,000
2043				330,000
2044				330,000
2045				330,000
2046				330,000
TOTAL Financing Cost		\$1,500,000	\$10,278,288.00	\$6,600,000

