

**INTERLOCAL AGREEMENT BETWEEN SPOKANE COUNTY AND THE CITY OF
MILLWOOD REGARDING USES AND ALLOCATION OF AQUIFER PROTECTION
AREA REVENUES FOR 2026 THROUGH 2045**

THIS AGREEMENT, made and entered into by and between **Spokane County**, a political subdivision of the State of Washington, having offices for the transaction of business at 1116 West Broadway Avenue, Spokane, Washington 99260, hereinafter referred to as “County,” and the **City of Millwood**, a municipal corporation of the State of Washington, having offices for the transaction of business at 9103 East Frederick Avenue, Spokane, Washington 99206, hereinafter referred to as “City.” The City and County are jointly referred to herein as the "Parties." The City and County agree as follows.

SECTION NO. 1: RECITALS

- (a) The City is located in the Spokane-Rathdrum Aquifer Protection Area established by Spokane County Ordinance 2004-0785, dated September 14, 2004, and thereafter ratified following submission to voters residing within the Aquifer Protection Area on the November 2, 2004 election pursuant to the provisions of chapter 36.36 RCW.
- (b) On April 9, 2025, the Millwood City Council passed Resolution 2025-03 informing Spokane County of the City’s authorization to be included in the next 20-year renewal of the Aquifer Protection Area and to include City voters in the ballot measure ask.
- (c) On April 22, 2025, the Board of County Commissioners passed Resolution 2025-0222, placing renewal and expansion of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area on the August 5, 2025 primary election ballot, titled Measure No. 1, detailing the fee schedule for the properties within the Aquifer Protection Area boundary, and setting a 20-year time frame for the Spokane Valley – Rathdrum Prairie Aquifer Protection Area, if approved by voters.
- (d) Ballot results for August 5, 2025 County Ballot Measure No. 1 for the renewal and expansion of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area were approved by a majority of 73.82% of participating voters within the proposed boundaries, and certification of the election results occurred August 19, 2025.
- (e) The purpose of this Agreement is to memorialize the City Council’s consent for property within the City’s physical boundaries to be included in the Spokane Valley – Rathdrum Prairie Aquifer Protection Area and identify how the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees will be used and allocated.

SECTION NO. 2: DURATION AND PRE-CONDITION

Since the renewal and expansion of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area was approved by the voters in August 2025, then this Agreement shall commence without further action of the Parties on January 1, 2026, and run through December 31, 2045

SECTION NO. 3: USES AND ALLOCATION OF AQUIFER PROTECTION AREA FEES

- (a) The City consents to continued inclusion of its municipal boundaries within the boundaries of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area during the years of 2026 through 2045 for the re-authorized Spokane Valley – Rathdrum Prairie Aquifer Protection Area.
- (b) During the duration of this Agreement, the County shall be solely responsible for assessing, billing, and collecting the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees in accordance with chapter 36.36 RCW and all other applicable law.
- (c) The City also authorizes the County to use funds from the County budget fund that has been established to receive all Aquifer Protection Area fee deposits (commonly identified as Budget Fund 436) to pay for the County’s reasonable costs to (a) bill and collect the Aquifer Protection Area fees from property owners within the Spokane Valley – Rathdrum Prairie Aquifer Protection Area, and (b) perform other customer account activities/services directly related to the Aquifer Protection Area fees (hereinafter “County Administration Costs”). All County Administrative Costs charged to Fund 436 shall relate directly to activities/services performed by County staff in conjunction with the above activities related to the Spokane Valley – Rathdrum Prairie Aquifer Protection Area. The County agrees that the County’s Water Resources Program’s activities will be distributed amongst the jurisdictions participating in the Spokane Valley – Rathdrum Aquifer Protection Area in proportion to the percentage of the total Aquifer Protection Area fees collected from property owners in each jurisdiction. The County charges to Fund 436 will occur on a monthly basis and shall be based on actual costs.
- (d) The City authorizes the County to charge all County activities related to the County’s Water Resources Program, including aquifer education and outreach, aquifer monitoring, aquifer data management, aquifer studies, coordination of aquifer protection activities, APA administrative staff and operational related costs to Fund 436. Such charges will occur on a monthly basis and shall be based on actual costs.
- (e) For each year this Agreement is in effect, the Parties agree that the total Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees remaining at year end after the disbursements authorized in Section 3(c) and (d) above shall be distributed annually between the County and the City on a proportional basis relative to the amount of Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees generated in unincorporated areas and the City. Each Party’s use of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees shall be exclusively and solely for purposes authorized under RCW 36.36.040.
- (f) On or before January 30th of each year beginning in 2027, the County shall provide the City with the City’s disbursement identified in Section 3(e) above of Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees collected during the immediately previous calendar year.
- (g) The Parties agree that either party may audit the other’s use of Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees at any time during the duration of this Agreement to determine compliance with RCW 36.36.040 and this Agreement. If it is determined that the City’s use of the

Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees is not consistent with the allowable uses provided under RCW 36.36.040, then the County may withhold subsequent Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees equal to the amount of fees that were determined to be inconsistent with allowable uses under RCW 36.36.040. If it is determined that the County’s use of the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees is not consistent with the allowable uses provided under RCW 36.36.040 or this Agreement, then the County will reimburse the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fee fund in an amount equal to the amount of fees that were determined to be inconsistent with allowable uses under RCW 36.36.040.

SECTION NO. 4: NOTICE

All notices or other communications given hereunder shall be deemed given on: (i) the day such notices or other communications are received when sent by personal delivery; or (ii) the third day following the day on which the same have been mailed by first class delivery, postage prepaid addressed to the County or the City at the address set forth below for such Party, or at such other address as either Party shall from time-to-time designate by notice in writing to the other Party:

COUNTY: Spokane County Chief Executive Officer
or his/her authorized representative
1116 West Broadway Avenue
Spokane, Washington 99260

CITY: Mayor of Millwood
or his/her authorized representative
9103 East Frederick Avenue
Spokane, WA 99206

SECTION NO. 5: REPORTING

Beginning with the fiscal half ending June 30, 2026, the County will provide the City with a semi-annual report that (a) itemizes the County Administrative Costs incurred by the County during that previous six months, (b) itemizes the County Water Resources Program costs incurred by the County during that previous six months, (c) identifies the amount of Spokane Valley – Rathdrum Prairie Aquifer Protection Area funds expended by the County during that previous six months, (d) identifies the balance of funds in the Spokane Valley – Rathdrum Prairie Aquifer Protection Area fund (i.e. Budget Fund 436) at the beginning and at the end of that six month period, (e) identifies the total amount of Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees collected during the previous six months as well as during the entire calendar year, and (f) identifies planned activities and applicable estimated costs for the fiscal year. Each semi-annual report shall be delivered to the City on or before the 30th day of the first month following the end of the fiscal half to which the report pertains.

SECTION NO. 6: COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same.

SECTION NO. 7: ASSIGNMENT

No Party may assign in whole or part its interest in this Agreement without the written approval of the other PARTY.

SECTION NO. 8: LIABILITY

(a) The County shall indemnify and hold harmless the City and its officers, agents, and employees, from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the County, its officers, agents and employees, relating to or arising out of performing Services pursuant to this Agreement. In the event that any suit based upon such claim, action, loss, or damages is brought against the City, the County shall defend the same at its sole cost and expense; provided that the City reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment in said suit be rendered against the City, and its officers, agents, and employees, or jointly against the City and the County and their respective officers, agents, and employees, the County shall satisfy the same.

(b) The City shall indemnify and hold harmless the County and its officers, agents, and employees, from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the City, its officers, agents and employees, relating to or arising out of performing Services pursuant to this Agreement. In the event that any suit based upon such claim, action, loss, or damages is brought against the County, the City shall defend the same at its sole cost and expense; provided that the County reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment in said suit be rendered against the County, and its officers, agents, and employees, or jointly against the County and the City and their respective officers, agents, and employees, the City shall satisfy the same.

(c) If the comparative negligence of the Parties and their officers and employees is a cause of such damage or injury, the liability, loss, cost, or expense shall be shared between the Parties in proportion to their relative degree of negligence and the right of indemnity shall apply to such proportion.

(d) Each Party's duty to indemnify shall survive the termination or expiration of the Agreement.

(e) The foregoing indemnity is specifically intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance Act, chapter 51 RCW, respecting the other party only, and only to the extent necessary to provide the indemnified Party with a full and complete

indemnity of claims made by the indemnitor's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

SECTION NO. 9: RELATIONSHIP OF THE PARTIES

The Parties intend that an independent contractor relationship will be created by this Agreement. The County shall be an independent contractor and not the agent or employee of the City, and vice versa. The County shall be solely responsible for the conduct and actions of all County employees under this Agreement and any liability that may attach thereto. Likewise, no agent, employee, servant or representative of the City shall be deemed to be an employee, agent, servant or representative of the County for any purpose.

SECTION NO. 10: PROPERTY AND EQUIPMENT

The ownership of all property and equipment utilized in conjunction with this Agreement shall remain with the original owner, unless otherwise specifically and mutually agreed to in writing signed by the Parties to this Agreement. For the purpose of this section, the terminology "owner" means that Party which paid the full purchase price for the property or equipment.

SECTION NO. 11: ENTIRE AGREEMENT AND MODIFICATION

This Agreement contains terms and conditions agreed upon by the Parties. The Parties agree that there are no other understandings, oral or otherwise, regarding the subject matter of this Agreement. No change, addition, or other modification to this Agreement shall be valid or binding upon the Parties unless such changes, additions, or modifications are in a writing executed by the legislative authority of each Party. This Agreement shall be binding upon the Parties hereto, their successors and assigns.

SECTION NO. 12: ALTERNATIVE DISPUTE RESOLUTION

For any dispute arising under this Agreement, the Parties shall first attempt to informally resolve the dispute. If informal attempts at resolution are unsuccessful, then the Parties shall submit the dispute to non-binding mediation before a mediator agreed upon by both Parties. If no mediator is agreed upon or the mediation does not resolve the dispute, then either Party may commence an action in a State of Washington court of competent jurisdiction.

SECTION NO. 12: JURISDICTION AND ATTORNEY FEES

This Agreement has been and shall be construed as having been made and delivered within the State of Washington and it is mutually understood and agreed by each party that this Agreement shall be governed by the laws of the State of Washington as to interpretation, performance, and enforcement. Any action at law, suit in equity or judicial proceeding for the enforcement of this Agreement, or any provision hereto, shall be instituted only in a Washington court having jurisdiction. The prevailing party in any action arising out this Agreement shall be entitled to an award of their reasonable attorney fees and costs incurred in said action.

SECTION NO. 13: SEVERABILITY

The Parties agree that if any parts, terms or provisions of this Agreement are held by the courts to be illegal, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall not be affected in regard to the remainder of the Agreement. If it should appear that any part, term or provision of this Agreement is in conflict with any statutory provision of the State of Washington, then the part, term or provision thereof that may be in conflict shall be deemed inoperative and null and void insofar as it may be in conflict therewith and this Agreement shall be deemed to modify to conform to such statutory provision.

SECTION NO. 14: HEADINGS

The section headings appearing in this Agreement have been inserted solely for the purpose of convenience and ready reference. In no way do they purport to, and shall not be deemed to define, limit or extend the scope or intent of the sections to which they pertain.

SECTION NO. 15: FILING

This Agreement shall be filed by the County with such offices or agencies as required by chapter 39.34 RCW.

SECTION NO. 16: EXECUTION AND APPROVAL

The Parties warrant that the officers executing below have been duly authorized to act for and on behalf of the Party for purposes of confirming this Agreement.

SECTION NO. 17: COMPLIANCE WITH LAWS

The Parties shall observe all federal, state and local laws, ordinances and regulations, to the extent that they may be applicable to the terms of this Agreement.

SECTION NO. 18: ASSURANCE

The County shall provide the City with the City's proportional share of that amount of those Spokane Valley – Rathdrum Prairie Aquifer Protection Area fees remaining after deducting the true costs paid by the County for (a) County Administrative Costs (as identified herein) and (b) the County Water Resources Program costs. The intent of the Parties is that neither Party will subsidize the other Party or any other jurisdiction where property within the Spokane-Rathdrum Aquifer Protection Area is situated.

SECTION NO. 19: RCW 39.34 REQUIRED CLAUSES

- (a) **Purpose:** See Section No. 3 above.

- (b) **Organization of Separate Entity:** See Section No. 9 above. No new or separate legal or administrative entity is created or intended to administer the provisions.
- (c) **Duration:** See Section No. 2 above.
- (d) **Termination and Property Upon Termination:** See Section Nos. 2 and 10 above. This Agreement shall terminate only upon expiration of the 20-year term identified in Section No. 2.
- (e) **Responsibilities of the Parties:** See Section Nos. 3 and 5 above.
- (f) **Filing:** See Section No. 15 above.
- (g) **Representatives:** See Section No. 7 above.

[signature pages follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on date and year opposite their respective signatures.

DATED: _____

**BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON**

MARY L. KUNEY, Chair

JOSH KERNS, Vice-Chair

AL FRENCH, Commissioner

AMBER WALDREF, Commissioner

ATTEST:
Clerk of the Board

CHRIS JORDAN, Commissioner

Ginna Vasquez

DATED: _____

CITY OF MILLWOOD

ATTEST:

Kevin Freeman, Mayor

Lisa Cassels, City Clerk

APPROVED AS TO FORM ONLY:

City Attorney