

## MEMORANDUM OF UNDERSTANDING

This three-party Memorandum of Understanding is entered into as of February 16, 2010, by and between Jefferson County, a political subdivision of the State of Washington, having offices for the transaction of business at 1820 Jefferson Street, Port Townsend, Washington 98368, hereinafter referred to as the “County,” the City of Port Townsend, a municipal corporation of the State of Washington, having offices for the transaction of business at 250 Madison Street, Port Townsend, Washington 98368, hereinafter referred to as the “City,” and the Port of Port Townsend, a special purpose district of the State of Washington, having offices for the transaction of business at 375 Hudson Street, Port Townsend, Washington 98368, hereinafter referred to as the “Port,” jointly hereinafter referred to as the “parties.”

A. RCW 36.70A.100 requires the comprehensive plan of each county and city to be coordinated with, and consistent with, the comprehensive plan of cities with which the county or city has, in part, common borders or related regional issues.

B. RCW 36.70A.210 requires the legislative authority of a county to adopt county-wide planning policies which act as a framework from which county and city comprehensive plans are developed and adopted under the provisions of Chapter 36.70A RCW (the “Growth Management Act” or “GMA”).

C. RCW 36.70A.210(3)(c) requires that county-wide planning policies include policies for the siting of public capital facilities of a countywide or statewide nature, including transportation facilities of statewide significance as defined in RCW 47.06.140 (“essential public facilities” or “EPFs”). The Jefferson County International Airport (JCIA), a facility owned and operated by the Port of Port Townsend, is an example of such a facility.

D. Similarly, RCW 36.70A.210(3)(g) requires county-wide planning policies to include policies for countywide economic development and employment, which must include consideration of the future development of commercial and industrial facilities.

E. Pursuant to the requirements of the GMA, the Jefferson County Board of County Commissioners (BoC) adopted county-wide planning policies (CPPs) in December of 1992 to guide the development of locally coordinated and consistent comprehensive plans.

F. Consistent with the GMA and the CPPs, the City of Port Townsend adopted its Comprehensive Plan on July 22, 1996. The City’s plan included an Economic Development Element, as well as policy guidance relating to the siting of Essential Public Facilities.

G. Also consistent with the GMA and the CPPs, the Jefferson County adopted its Comprehensive Plan on August 28, 1998. The County’s plan included both an Economic

Development Element and an Essential Public Facilities Element that formally designated the JCIA as an EPF under RCW 36.70A.200.

H. On August 28, 2004, Jefferson County significantly amended its Comprehensive Plan to permit future expansions of the JCIA/EPF to include adjacent properties owned by the Port. On December 15, 2009, Jefferson County approved such an expansion of the JCIA/EPF. Specifically, the County approved the inclusion of a 24-acre Port-owned parcel as part of the EPF, and enacted new “overlay” zoning code provisions applicable to the parcel to permit limited non-aviation-related rural light industrial uses.

I. During the County’s JCIA/EPF rezoning process, the City of Port Townsend raised a number of procedural and substantive concerns related to the proposal. Both County and Port staff attempted to address, but did not completely satisfy the City’s concerns. At the time of approval of the JCIA/EPF expansion, two unresolved City issues remained, as follows:

1. City’s request that a coordinated county-wide economic development strategy be developed to guide industrial and commercial zoning decisions in both incorporated and unincorporated Jefferson County; and
2. City’s concern that allowing non-aviation-related uses at the JCIA/EPF could undermine the City’s marine-related industrial base, presently situated on Port owned lands at the Boat Haven and Point Hudson.

J. Building upon the County’s recent approval of the Port’s Comprehensive Plan and zoning request, the County, City and Port all remain committed to effectively collaborating to develop a strategy for sustainable countywide economic development that is consistent with the Growth Management Act (GMA), the CPPs, and which is reflected in periodic updates to locally adopted comprehensive plans.

K. To promote intergovernmental collaboration and coordination regarding economic development, and to promote productive relations between the parties, the parties enter into this Memorandum of Understanding to provide a framework for discussing and addressing their mutual economic interests.

L. Expressly in consideration for the City’s agreement not to seek redress by appeal or participate in any third party appeal of the County’s JCIA/EPF expansion and overlay decision, the parties have agreed to formalize an agreement that further clarifies the potential future uses within the expanded JCIA/EPF and establishes a reasonable timeframe within which they may negotiate and approve a Joint Economic Development Planning Agreement to guide the development of a coordinated county-wide economic development strategy.

NOW, THEREFORE, the parties agree as follows:

1. Clarification of JCIA/EPF Uses. The JCIA/EPF overlay zone approved by the County on December 15, 2009 permits non-aviation-related uses within the expanded EPF. Pursuant to the recently approved County Plan and zoning amendments, such uses could include marine-related uses not requiring a waterside location that are presently located at Port owned and managed properties within the City (i.e., Point Hudson and the Boat Haven). Examples of such uses might include yacht riggers, sail makers and small-boat builders. However, the Port currently has no wish to, or interest in, displacing marine-related uses at the properties it manages, or in creating an economic incentive for extant marine-related uses in-City to relocate to the JCIA/EPF. To alleviate any remaining concerns the City may have regarding the displacement of existing marine trades uses, the Port agrees as follows:

A. Marine Trades Use Limitation. The Port will enter into lease agreements with marine trades uses at the expanded JCIA/EPF only when such uses may not be reasonably accommodated upon existing and available sites located on Port owned properties within the City. Such determination of site availability shall be exclusively within the reasonable discretion of the Port of Port Townsend.

B. Lease Rates. The Port further agrees to maintain lease rates within the expanded JCIA/EPF that are based upon light industrial market rate appraisals, consistent with the formula used to establish lease rates within the Boat Haven and Point Hudson properties. The Port will not seek to create any economic incentives for marine trades uses to relocate to the JCIA.

2. Joint Economic Development Planning Agreement. The parties agree to engage in collaborative negotiations resulting in approval and execution of an inter-local agreement for joint economic development planning and implementation.

3. Substantive Subjects of Joint Economic Development Planning Agreement. The parties agree to negotiate in good faith with respect to the following substantive areas in the Joint Economic Development Planning Agreement:

A. Data Collection and Analysis. The parties agree that additional data collection and evaluation is necessary to make informed decisions concerning industrial and commercial lands market demand and the provision of necessary infrastructure. Such an analysis could include, by way of example only, the following tasks:

1. Identification of vacant, undeveloped and underdeveloped industrial and commercial lands;
2. Identification of infrastructure needs and limitations;
3. An inventory and analysis of industrial and commercial property sales and rents (e.g., for the past three to five years);

4. An analysis to determine the economic sectors most likely to experience future growth in Jefferson County; and
5. Identification of the specific geographic areas within the County most likely to attract and support particular economic sectors.

B. Development of a Common Economic Development Vision. The parties agree that forging coordinated economic development goals is critically important to formulating complimentary and consistent policies and implementation steps. To that end, the Joint Economic Development Planning Agreement may describe how the parties will seek to engage the community in creating a common economic development vision in collaboration with “Team Jefferson.”

C. Development of Coordinated and Complimentary Economic Development Policies Based Upon Market Demand. For example, the Joint Economic Development Planning Agreement may describe how the parties will develop coordinated and complimentary economic development goals, policies, and implementation steps to be incorporated within the next round of County and City plan updates mandated under RCW 36.70A.130.

The parties by mutual agreement may add other substantive subjects in the Joint Economic Development Planning Agreement.

5. Designation of Key Staff. The Jefferson County Board of County Commissioners, the Port Townsend City Council and the Port Commission for the Port of Port Townsend will oversee the progress of the collaborative negotiations and will set the overall direction for further discussion and action, consistent with the terms of this Memorandum of Understanding. The Chair of the Board of County Commissioners, the Mayor of the City of Port Townsend, and the Chair of the Port of Port Townsend Port Commission will oversee the process and call upon necessary resources to advance and complete negotiation and approval of the Joint Economic Development Planning Agreement. The County Administrator, City Manager and the Port Executive Director will act as primary leads to the negotiation and implementation of the Joint Economic Development Planning Agreement. County, City and Port legal staffs will assist in the development of the Joint Economic Planning Agreement.

6. Timelines and Tasks. The parties agree to exercise good faith and best efforts to comply with the following list of assignments and deadlines leading to the approval of the Joint Economic Development Planning Agreement. The parties acknowledge and agree that it may take several months to negotiate and obtain approval of the Joint Economic Development Planning Agreement.

- March 26, 2010 Complete the initial scope of the Joint Economic Development Planning Agreement.
- April 23, 2010 Agree on substantive issues that will be addressed in the Joint Economic Development Planning Agreement.
- May 28, 2010 Complete and execute the Joint Economic Development Planning Agreement.

The parties agree to extend the foregoing deadlines from time to time as is reasonably necessary and for good cause.

7. Dispute Resolution. Any dispute between the parties that cannot be resolved between the parties shall be subject to arbitration. The provisions of Chapter 7.04 RCW shall be applicable to any arbitration proceeding. The County, City and Port shall have the right to designate one person each to act as an arbitrator. The decision of the arbitration panel shall be binding on the parties and shall be subject to judicial review as provided for in Chapter 7.04 RCW. The costs of the arbitration panel shall be equally split between the parties.

8. Effect. This Memorandum of Understanding shall be binding upon the parties and the parties shall be held responsible to the agreed upon deadlines.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed effective the date and year first mentioned hereinabove.

JEFFERSON COUNTY BOARD OF COMMISSIONERS

\_\_\_\_\_  
David Sullivan, Chair (District #2)

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John Austin, Commissioner (District #3)

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Phil Johnson, Commissioner (District #1)

Attest:

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Erin Lundgren, Deputy Clerk of the Board

Approved as to Form:

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David Alvarez, Deputy Prosecuting Attorney

THE CITY OF PORT TOWNSEND

By: \_\_\_\_\_  
Michelle Sandoval, Mayor

Attest:

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Pamela Kolacy, City Clerk

Approved as to Form:

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John Watts, City Attorney

PORT OF PORT TOWNSEND

\_\_\_\_\_  
John N. Collins, President (District #1)

\_\_\_\_\_  
David H. Thompson, Vice President (District #2)

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Leif W. Erickson, Secretary (District #3)

APPROVED AS TO FORM:

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Carolyn Lake, Port Attorney