

**INTERLOCAL AGREEMENT BETWEEN
THE CITY OF CHEHALIS AND LEWIS COUNTY, RELATED TO THE ANNEXATION OF
UNINCORPORATED TERRITORY IN THE URBAN GROWTH AREA OF THE CITY OF
CHEHALIS**

THIS INTERLOCAL AGREEMENT ("Agreement") is entered into pursuant to the authority of Chapter 39.34 RCW in duplicate originals between the City of Chehalis, a State of Washington municipal corporation ("City") and Lewis County, a political subdivision of the State of Washington ("County"); collectively referred to as "Jurisdictions" and individually as "Jurisdiction."

Section 1. Area to be Annexed.

The Jurisdictions agree that the City shall annex the unincorporated areas as depicted on Exhibit A, attached hereto and incorporated into this Agreement, in one annexation process. The Jurisdictions agree that the boundaries of the City Annexation Area, here after referred to as the CAA, shall be as described and depicted in the Exhibit A. The CAA shall be annexed on the Effective Date (as defined herein).

Section 2. Compliance with Previous Interlocal Agreements.

The City and County will continue to abide by the following Interlocal Agreements, in addition to any other relevant Interlocal Agreements that the City may include on its website:

- Urban Growth Area Co-Management Interlocal Agreement between the City of Chehalis and Lewis County dated April 30th, 2018; and
- Master Public Works Interlocal Agreement between Lewis County and the City of Chehalis dated January 7th, 2025.

To the extent that any prior ILA between the County and City have terms which conflict with this Agreement, the terms of this Agreement shall control.

Section 3. Municipal Services.

The City will become responsible for permitting, road maintenance, wastewater services, and stormwater services within and relating to the CAA from the Effective Date (as defined herein). The City will begin invoicing parcels within the CAA for these services, as applicable, from the Effective Date.

The City will become responsible for fire protection services within the CAA from January 1, 2027, unless the City enters into a merger with Lewis County Fire Districts #5 and/or #6, in which case the merged Fire Districts will assume responsibility for fire protection services within the CAA from the date of such merger.

The City will become responsible for Emergency Medical Services within the CAA from the Effective Date.

The City will become responsible for Lewis County Sewer District #4 from the Effective Date. The City will begin invoicing relevant parcels with the CAA for these services from the Effective Date.

Section 4. Infrastructure.

From the Effective Date, the infrastructure within the CAA will be developed, owned, and maintained as follows:

Infrastructure	Owned*	Developed	Maintained
Gas	PSE	PSE	PSE
Electric	LCPUD	LCPUD	LCPUD
Stormwater	City	City	City
Water	City	City	City
Roads	City	City	City
Sewer	City	City	City
Waste Disposal	City**		

* Where ownership is subject to a franchise agreement, this Agreement does not transfer ownership to a third party.

** The City is required under Chehalis Municipal Code 8.45(b) to provide for and establish a solid waste collection and disposal system for the citizens and occupants of residential, apartment, and business premises in the City. The City currently contracts with LeMay for waste collection and disposal services.

The infrastructure listed above is not intended to be exhaustive. To the extent that an item of infrastructure is not listed above, the intention is for the City to own, develop and/or maintain said infrastructure unless otherwise agreed with the County or unless privately owned.

In addition to property that transfers on annexation as a matter of law (e.g., public rights of way), the County shall transfer/convey to the City ownership, maintenance, and operational responsibility for all County-owned facilities and properties within the CAA upon the Effective Date.

Section 5. Public Works Projects.

The following County public works projects are ongoing or pending within the CAA:

1. **BERWICK CREEK AT LOGAN HILL FISH PASSAGE PROJECT.** The project replaced an existing 11-ft wide by 7-ft tall by 44-ft long bridge with a concrete floor, which was considered a 0% passable fish barrier with a 24-ft wide by 11-ft tall by 60-ft long box culvert at Logan Hill Rd MP 1.03. The project also includes 621-ft of stream realignment/regrade to provide fish passage during all flows. Design completed in 2022. Construction completed March 21, 2025, however Contract is not closed with Contractor for 1-year plant establishment period which ends in March 21, 2026.
 - a. Project Costs:
 - Recreation and Conservation Office (RCO) using CBS Habitat Restoration Project Grant Reimbursed: \$110,695.48
Lewis County Local Funds (Design): \$147,630.07
 - Lewis County Local Funds (Right of Way (ROW)): \$15,890.03
 - RCO Salmon Recovery Funding Board (SRFB) Grant Reimbursed: \$387,006.00

- Washington State Department of Transportation (WSDOT) using Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation
 - Program (PROTECT) Grant Reimbursed: \$1,779,659.84
 - Lewis County Local Funds: \$0.00
- b. Status: Lewis County Public Works will remain the property owner of the planting mitigation site (Parcels 017804031001 and 017804031002) as the property was purchased using RCO (SRFB) funds and includes covenants for its use as fish habitat. A stewardship plan for the property is signed and executed between Lewis County Public Works and RCO. The mitigation site requires 3 years of plant watering and 10 total years of plant monitoring/replacement, which may require cultural resource monitoring. Property ownership, maintenance and stewardship plan execution can be negotiated between the City and the County through a separate ILA. Preliminary estimates for property maintenance and plant monitoring until the year 2035 are estimated to range from \$100,000 - \$150,000.
2. **BERWICK CREEK AT BISHOP FISH PASSAGE PROJECT**– The project replaces two (2) existing 5-ft diameter by 58-ft long corrugated steel pipes, which are considered a 67% passable fish barrier with a 24-ft wide by 7-ft tall by 80-ft long box culvert at Bishop Rd MP 2.839. The project also includes 800-ft of stream regrade and habitat improvements to provide fish passage during all flows. Design completed in 2019. Schedule Construction Summer 2026.
- a. Project Costs:
- Port of Chehalis RCO using SRFB Grant Reimbursed: \$110,000.00
 - Tarragon (Private Developer): \$16,995.00
 - Lewis County Local Funds (Design): \$37,095.90
 - Lewis County Local Funds (ROW to date): \$15,723.94 (not completed)
 - Port of Chehalis through Fish Barrier Removal Board (FBRB) Grant Reimbursed: \$1,306,213.00
 - Tarrogon (Private Developer): \$279,553.00 + \$47,749 (however, Terragon has not yet signed the agreement)
 - Lewis County Local Funds or Non-secure funding RCO SRFB potential: \$266,444.00 plus an additional approximately \$47,749 was requested to be covered by Tarragon.
- b. Status: The project is currently in the design phase with ROW not yet complete and the local match funds not secured through grants. Lewis County Public Works anticipates receiving notice of grant award in the fall of 2025. Remaining ROW expenditures and final design costs are estimated to be \$15,000 - \$25,000. The project is largely funded through the Port of Chehalis. Lewis County and the City of Chehalis can negotiate through a separate ILA to see the project through construction. The mitigation site requires 3 years of plant watering and 10 total years of plant monitoring/replacement, which may require cultural resource monitoring. Property ownership, maintenance and stewardship plan execution can be negotiated between the City and the County through a separate ILA. Preliminary estimates for property maintenance and plant monitoring until the year 2037 are estimated to range from \$100,000 - \$150,000.

3. **BERWICK CREEK AT BOROVEC FISH PASSAGE PROJECT**– The project replaces two (2) existing 6-ft x 4.5-ft steel squash pipes, which are considered a 67% passable fish barrier with a 24-ft wide by 7-ft tall by 42-ft long box culvert at Borovec Rd MP 0.032. The project also includes 100-ft of stream realignment/regrade and habitat improvements to provide fish passage during all flows. Design completed in 2019. Design completed in 2019.
 - a. Project Costs:
 - Port of Chehalis RCO using Salmon Recovery Funding Board (SRFB) Grant Reimbursed: \$110,000.00
 - Tarragon (Private Developer): \$16,995.00
 - No construction grant funds have been awarded.
 - b. Status: The project is currently in the design phase with ROW and environmental permitting not completed. Remaining ROW expenditures and final design costs are estimated to be \$50,000 - \$65,000. Design of the project was halted due need for cultural resource testing and evaluation and the need for Right of Entry from neighboring property owners, who are not in support of the project. ROW is still needed to continue with cultural resource testing and evaluation to meet Section 106 requirements.

Section 6. Records.

The County will provide the City with all records related to infrastructure such as plans, design calculations, design drawings, as-builts for culverts, bridges, roads, guardrail/barrier, traffic volume counts, the ball-bank indicator speed analysis, street sign inventory, pavement condition summary, plus stormwater reports and engineering submittals from developments located within the annexation area.

The City and County shall work together to facilitate the open sharing of information and records for the smooth implementation of this Agreement.

Section 7. Open Permits.

The County will compile and transfer to the City a list of ongoing permits within the CAA, including but not limited to land use and building permits. Upon the effective date of the Annexation, the City is responsible for processing and deciding all pending applications through review under applicable County regulations and code. This section shall survive the completion or expiration of this Agreement or termination whether termination is by one or all Jurisdictions.

Section 8. Unexpended SEPA Mitigation Fees.

The County will compile a list of projects within the CAA with unspent SEPA mitigation fees. Upon annexation, such fees shall be transferred to the City, except for fees collected for other agencies and school districts. The City shall assume the responsibility for expending these fees to complete the mitigation appropriate to the project for which they were collected. This shall not apply to other agency or school fees.

Section 9. Development Bonds and Latecomer Agreements.

The County will identify any development bonds, maintenance bonds, payment and performance bonds, landscape bonds, and any other bonds that are active within the CAA and provide copies of such bonds to the City together with any other documentation and/or information necessary for

the City to assume said bonds. The County will identify any other agreements or arrangements with developers or property owners and provide copies of such to the City.

Section 10. Comprehensive Plan.

The City's Comprehensive Plan, as amended from time to time, governs the zoning regulations, urban density requirements, and floodplain rules for the CAA. No changes to the City's Comprehensive Plan are contemplated as a result of this Agreement.

Section 11. Public Outreach.

The City shall assume responsibility for completing all required public notifications pursuant to RCW 35A.14.472. In addition, the City shall assume responsibility for holding any public meetings, open houses, drafting of Frequently Asked Question flyers, and other informational materials, and public hearings, unless such meetings are to be held jointly with the County, in which case the County shall participate and provide notice to the extent necessary to ensure such meetings are validly noticed, held, and conducted. The County shall attend the annexation meetings in support of Annexation unless circumstances arise which cause County to withdraw support. The joint County and City public hearing took place on October 20, 2025.

Section 12. Effective Date of Annexation.

The Jurisdictions mutually agree that the effective date of the Annexation, as described and agreed to in this Agreement, shall be either fifteen (15) days following the Lewis County Boundary Review Board decision approving the Annexation under RCW 36.93, or 46 days after the effective filing date of a notice of intention as referred to in RCW 36.93.100(1) if the Lewis County Boundary Review Board's jurisdiction has not been invoked.

Section 13. Term.

The term of this Agreement shall be effective upon mutual execution until such time as all provisions of the Agreement are met or the Agreement is terminated under Section 17 of this agreement.

Section 14. Alternatives.

The City and County have considered alternative options to the Annexation and concluded that there are no viable alternative options to the Annexation. Annexation is necessary to meet the needs of population growth within the City and it is the County's intention for the Urban Growth Area to be annexed by the City under its Comprehensive Plan. If the Annexation does not proceed, residential development may be inhibited by Lewis County Code 17.15, UGA – Cities, which restricts large lot land divisions within the unincorporated urban growth area and therefore limit the ability of the City of Chehalis to meet 2045 population and housing allocations.

Section 15. Indemnification and Hold Harmless.

- A. To the extent permitted by law, each Jurisdiction agrees to indemnify, defend, and hold harmless the other Jurisdiction, its officers, officials, employees, agents, and volunteers from and against any and all claims, demands, damages, losses, actions, liabilities, expenses, and judgments of any nature whatsoever, including without limitation, court and appeal costs and attorneys' fees, to or by any and all persons or

entities, including without limitation, their respective agents, licensees, or representatives, caused by or arising out of any negligent act, errors, or omissions, of that Jurisdiction, its employees, agents, or volunteers or arising out of, in connection with, or incident to that Jurisdiction's performance or failure to perform any aspect of this Agreement.

- B. The Jurisdictions waive their immunity under the Washington State Industrial Insurance Act, Title 51 RCW, to the extent required by this indemnification and hold harmless provision. Provided, however, the foregoing waiver shall not in any way preclude a Jurisdiction from raising such immunity as a defense against any claim brought against a Jurisdiction by any of the Jurisdiction's respective employees. This waiver has been mutually negotiated by the Jurisdictions.
- C. The provisions of this section shall survive the completion or expiration of this Agreement or termination whether termination is by one or all Jurisdictions.
- D. The Jurisdictions agree to support each other in pursuing these purposes and responsibilities and operate in good faith and partnership in carrying them out. Risk and accountability shall be shared to the extent possible by the Jurisdictions.

Section 16. Amendments.

This Agreement may be amended as needed by mutual written agreement of the Jurisdictions as executed by each Jurisdiction's authorized governing authority as provided in Chapter 39.34 RCW.

Section 17. Termination.

This Agreement may only be terminated prior to the Annexation when the terminating Jurisdiction provides written notice to the other Jurisdiction at least 90 days prior to its intended withdrawal from this Agreement. Following a termination, the Jurisdictions are mutually responsible for fulfilling any outstanding obligations under this Agreement incurred prior to the effective date of the amendment or termination.

Section 18. Dispute Resolution.

The Jurisdictions mutually agree to use a formal dispute resolution process such as mediation, through an agreed-upon mediator and process, if agreement cannot be reached regarding interpretation or implementation of any provision of this Agreement. All costs for mediation services would be divided equally between the Jurisdictions. Each Jurisdiction would be responsible for the costs of their own legal representation. The jurisdictions must first seek a remedy under this section in good faith for a period of sixty (60) days prior to any legal action in court to enforce the terms of this Agreement.

Section 19. Jurisdiction Representative.

The following are designated as representatives of the respective Jurisdictions. Notice provided for in this Agreement shall be sent to the designated representatives by certified mail to the addresses set forth below. Notice will be deemed received three business days following posting by the U.S. Postmaster.

City of Chehalis, c/o City Manager, 350 N Market Boulevard, Chehalis, WA 98532

Lewis County, c/o County Manager, 351 NW. North St, Chehalis, WA, 98532

Section 20. Governing Law and Venue.

This Agreement has been and shall be construed as having been made and delivered within the State of Washington and it is agreed by the Jurisdictions hereto that this Agreement shall be governed by the laws of the State of Washington both as to its interpretation and performance. Any action of lawsuit in equity, or judicial proceeding arising out of this Agreement shall be instituted and maintained only in a court of competent jurisdiction in Lewis County, Washington or in the superior court of either of the two nearest judicial districts pursuant to RCW 36.01.050.

Section 21. Severability.

If one or more of the clauses of this Agreement is found to be unenforceable, illegal, or contrary to public policy, the Agreement will remain in full force and effect except for the clauses that are unenforceable, illegal, or contrary to public policy.

Section 22. Entire Agreement.

The Jurisdictions agree that this Agreement is the complete expression of its terms and conditions. Any oral or written representations or understandings not incorporated in this Agreement are specifically excluded.

Section 23. Non-Waiver of Rights.

The Jurisdictions agree that failure to declare any breach or default immediately upon the occurrence thereof, delay in taking any action in connection with, or the forgiveness of the nonperformance of any provision of this Agreement does not constitute a waiver of the provisions of this Agreement.

Section 24. Equal Opportunity to Draft.

The Jurisdictions have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Jurisdiction upon a claim that that Jurisdiction drafted the ambiguous language.

Section 25. Third Party Beneficiaries.

There are no third-party beneficiaries to this Agreement, and this Agreement shall not be interpreted to create any third-party beneficiary rights. **IN WITNESS WHEREOF**, the Jurisdictions hereto have caused this Agreement to be executed by the dates and signature herein under affixed. The persons signing this Agreement on behalf of the Jurisdictions represent that each has authority to execute this Agreement on behalf of the Jurisdiction entering into this Agreement.

Lewis County

City of Chehalis

Ryan Barret, County Manager

Stacy Denham, City Manager

Date

Date

Approved as to form:
Deputy Prosecuting Attorney

Approved as to form:
City Attorney

By:_____

By:_____

EXHIBIT A

CHEHALIS ANNEXATION AREA

EXHIBIT B-1

CITY OF CHEHALIS FINDINGS OF FACT

EXHIBIT B-2

LEWIS COUNTY FINDINGS OF FACT