
INTERLOCAL AGREEMENT FOR ANNEXATION OF TOWN OF WEST YELLOWSTONE TO HEBGEN
BASIN FIRE DISTRICT OF GALLATIN COUNTY

Dated May 14, 2008

This Interlocal Agreement ("Agreement") by and between the following participating political subdivisions of the State of Montana.:

Town of West Yellowstone (the Town) and Hebgen Basin Fire District (the District), both of which are in Gallatin County.

1. PURSUIT OF ANNEXATION: Pursuant to Section 7-33-2125, MCA, the Town and the District agree to pursue annexation of the Town of West Yellowstone into the District according to the provisions of and the terms and conditions set forth in this Agreement and any amendments thereto. The term "annexation" shall mean the date on which the Petition results are approved by Gallatin County.

2. PURPOSE: The purpose of this Interlocal agreement is to make the most efficient use of the available resources such as personnel, apparatus, equipment, real property, operation or administrative functions and facilities in order to meet the current and future needs of the participating agencies and the communities they serve.

3. TERM OF AGREEMENT: The initial term of this Agreement will end 5 years from the date of signing, unless sooner terminated as provided by this section:

a. Any party may serve a Notice of Intention to terminate, either personally or by certified mail, return-receipt requested, that it will stop participating in the Agreement 2 years after providing notice of intent to withdraw to the other party. Notice of intent to withdraw by the Town shall also be provided to the board of county commissioners. If, upon majority vote of the governing bodies of both parties that extraordinary circumstance exists, then this Agreement may be terminated at the end of any fiscal year.

b. If this Agreement is not terminated on May 14, 2013 (five years from the date of acceptance) or earlier as provided in Section 3.a then this Agreement shall automatically renew for successive 5 year terms.

4. ORGANIZATION: No joint board or separate legal entity is created by this agreement at this time.

Each party shall annually, prior to the date of the approval of its budget, appoint one representative to a committee. The purpose of the committee is to provide communication amongst the parties regarding use and amount of funding contributed by the Town. The committee shall meet as decided by the members of the committee. This committee shall oversee the allocation of funds during the transition period immediately following annexation.

5. GENERALLY: Upon annexation of the Town by the District, the District shall be solely responsible for the provision of services set forth in Section 7-33-2105, MCA, including fire protection, fire suppression, fire prevention and emergency medical services ("Services") within the boundaries of the Town and the boundaries of the District. The District shall provide a generally uniform level of service throughout the District to the extent that geographic limitations will allow, including within the boundaries of the Town and shall in no event generally provide a lesser level of service within the Town's boundaries than outside such boundaries. The parties understand and agree that nothing in this Agreement shall preclude the District from equipping and staffing fire stations in addition to the existing Fire Stations. Upon annexation, the Town shall thereafter have no responsibility for providing such services, except as expressly provided in this Agreement.

6. For a period of 5 years after the effective date of annexation, the District agrees to provide Services within the boundaries of the Town. The District shall provide the Services at not less than the level provided by the Town in the year immediately prior to annexation. During this 5 year period, the Town and the District shall work cooperatively to assess whether and at what level such services may be provided by the District after expiration of the 5 year period and the cost to be paid by the Town for the provision of the said services. If the parties reach agreement on these issues, the parties will provide for the services thereafter by renewing this Interlocal agreement governing the same. If the parties do not reach agreement, then District and Town shall follow the termination provisions of Section 3.a above.

7. FINANCING AND BUDGETING: Joint or cooperative undertakings will be funded by allocated funds from the parties in a manner agreeable as set forth below. Budgets relating to such undertakings will be part of the regular budget process of each party. This Agreement does not create a separate budget.

a. In the event that the annexation process is successful prior to November 2008, the Town agrees that it will continue to make the amount provided in the Town's 2008 fire department and EMS operating budget available for the provision of Services by the District for the remainder of the 2009 fiscal year. The District shall make request to the Town for the payment of operational expenses. The Town shall provide the District with the funding necessary to make such payments to the extent that the expenses were contemplated within the Town's fire department and EMS operating budget. The Town shall not pay said

expenses directly, but the District shall be solely responsible for such payments from funds provided by the Town. The District shall provide evidence acceptable to the Town's Operations Manager showing such payments in order that the Town's auditing responsibilities may be satisfied. In the event that the annexation is delayed to a date later than November 2008, the District and the Town will determine what, if any, portion of the Town's budget will be used to fund continued operations of the Town's Fire and EMS Departments.

b. Collection of Taxes. In the event that the District is not legally entitled to levy taxes within the limits of the Town in 2008 for collection in 2009, the Town agrees to fund the Fire Department annexed to the District. From these taxes, the Town agrees to remit to the District a sum equal to the assessed valuation of the property within the Town multiplied by the property tax levy rate imposed by the District within its boundaries. In addition, the Town shall provide funding in the amount specified below.

c. Payments by the Town in addition to the other payments and transfers of property set forth in this Agreement. The Town agrees to pay the District the sum of \$450,000 per year for a period of 2 years beginning with the first fiscal year following annexation. Payments shall be made monthly in the amount of \$37,500 per month. The District shall use all such funds received from the Town to provide Services as required by this agreement. After expiration of such 2 year period, further payments shall be required of the Town in exchange for Services and the amount to be reviewed and approved by the parties.

8. ADMINISTRATION: The Representatives of participating agencies shall jointly agree to assign an administrator or administrators to be responsible for the administration of joint or cooperative undertakings (e.g. constructing a new fire station).

The District shall hire a Fire Chief and other staff required for the proper operation of the District. The Fire Chief and other officers shall be directly responsible to the Board of Trustees of the District. The Board of Trustees of the District shall have the responsibility of assuring that the duties owing the Town which are specified in this Agreement or are mandated by law are fulfilled.

a. Town Transfer of Employees. Upon the effective date of annexation, all employees and volunteers of the Town's Fire Department who desire to do so may transfer to and become employees and volunteers of the District in accordance with applicable statutes. Wages, stipends and benefits for transferred employees and volunteers at the time of annexation shall remain the same after transfer as those wages being paid or benefits being provided by the Town on the date of transfer. Upon the effective date of annexation, and to the fullest extent permitted by law, the Town shall have no further rights or obligations with respect to the transferred employees except as may be necessary to defend against any claim by any said employee arising out of events occurring prior to transfer. Upon rehire of the employees to the District, the District shall be solely responsible for all obligations of an employer with respect to such employees, including, but not limited to, salaries, wages and benefits. Upon rehire, the Town shall have no further obligations with respect to such

employees, except as to any salaries, wages, and benefits accrued but not yet paid, and any obligations expressly provided for below.

b. Leave Balances. Vacation and sick leave balances accrued by employees while in the service of the Town's Fire Department and outstanding as of the date of annexation, the Town shall pay any unused vacation time and/or sick leave balance according to the terms that apply to the employee under the employee's employment relationship with the Town as of the effective date of annexation.

c. After annexation District shall be responsible for any payment or reports of retirement system contributions pursuant to Section 19-2-506, MCA, if any.

9. PROPERTY: Real and personal property used in these undertakings may be acquired and held by each party in proportion to their contribution to the purchase or as follows:

a. Use of Hydrants and Water. For the duration of this Agreement the Town agrees to allow the District to utilize Town fire hydrants and water for the provision of Services and for bona fide training. The Town shall establish a fair and reasonable charge for such use and be responsible for assessing said charge.

b. Title of Property. Title to the personal property of the Town shall remain titled to the Town. Any property purchased by the District, unless otherwise designated by this agreement, shall be the property of the District unless a separate agreement is made for future joint purchases.

c. The District shall assume all repair and maintenance costs for the real property identified in this Section. The District shall consult with and acquire written approval from the Town prior to making any substantial improvements to the Town Station. A "substantial improvement" shall be any improvement that is valued at 10% or more of the fair market value of the affected station. Nothing in this Agreement shall preclude the parties from agreeing to an alternative method of valuing the impact of improvements on ownership interest.

d. Real and Personal Property License. The Town grants the District an exclusive license to use and possess the personal and real property identified in this Section until such time this Agreement is terminated. The intent of this provision is to maintain the status quo regarding ownership rights in property that existed immediately prior to the execution of this agreement, except as otherwise modified by this Agreement.

e. Insurance. The District shall insure all property and apparatus identified in this section to the same degree as District assets.

f. Maintenance and Operation of Fire Station, Apparatus and Equipment. Upon execution of this Agreement and during its term, the District shall assume sole responsibility for the maintenance, operation and repair of real property and equipment described herein and the Town shall in no event be liable for any such maintenance, operation or repair. A monthly lease amount will be paid by the District to the Town for use of the Fire Station located in Town. The lease amount will be based on the percentage of the total square footage of the Fire Station utilized by the District for District operations.

g. Option to Transfer. After a period of 2 years the Town may vote to convey and transfer to the District the Town's entire interest in any and all fire, medical and other emergency apparatus, including, without limitation, all ambulances, fire engines, fire vehicles, trailers, and other fire-fighting and emergency equipment. The Town may also convey and transfer to the District any and all interest in any computers, telephones, radios, and other miscellaneous items. The Town will execute any necessary documents to confirm the transfer. The District would accept the items to be conveyed under this paragraph in an "as is" condition as of the date of the transfer and the Town makes no warranties or guarantees of any kind as to the condition of the same or the fitness of the same for any particular use, intended or unintended.

10. METHOD OF PARTIAL OR COMPLETE TERMINATION: The permissible method for accomplishing a partial or complete termination of this agreement shall be set forth in Section 3 above.

11. DISPOSAL OF PROPERTY UPON TERMINATION: The disposing of real and personal property at termination of this Agreement shall be made as follows:

a. Real and personal property owned by the Town or the District prior to annexation shall revert to its pre-annexation owner upon termination of this agreement.

b. Real and personal property purchased by the District after annexation shall be distributed, or the value of the property shall be distributed, in proportion to the contribution made by each party to the purchase of said personal property. First right of refusal will go to the party not requesting the termination.

12. Claims Existing Prior to Annexation - Indemnity: Consistent with the terms and conditions of this Agreement the Town shall remain solely liable for all liabilities, claims, damages, demands or other expenses of any kind or nature, known or unknown, including, but not limited to, the payment of general obligation and other bonds: (a) arising out of, in connection with or stemming from the Town's ownership and usage of the assets described above, prior to annexation; or (b) arising out of, in connection with or stemming from the Town's operation of its Fire Department prior to annexation. The Town is not transferring and the District is not assuming any of the foregoing liabilities, claims, demands, damages or other expenses.

13. OBLIGATIONS CONTINGENT: The obligation of the parties under this Agreement is expressly contingent upon annexation. Except as otherwise expressly set forth in this Agreement, in the event that the annexation pursuant

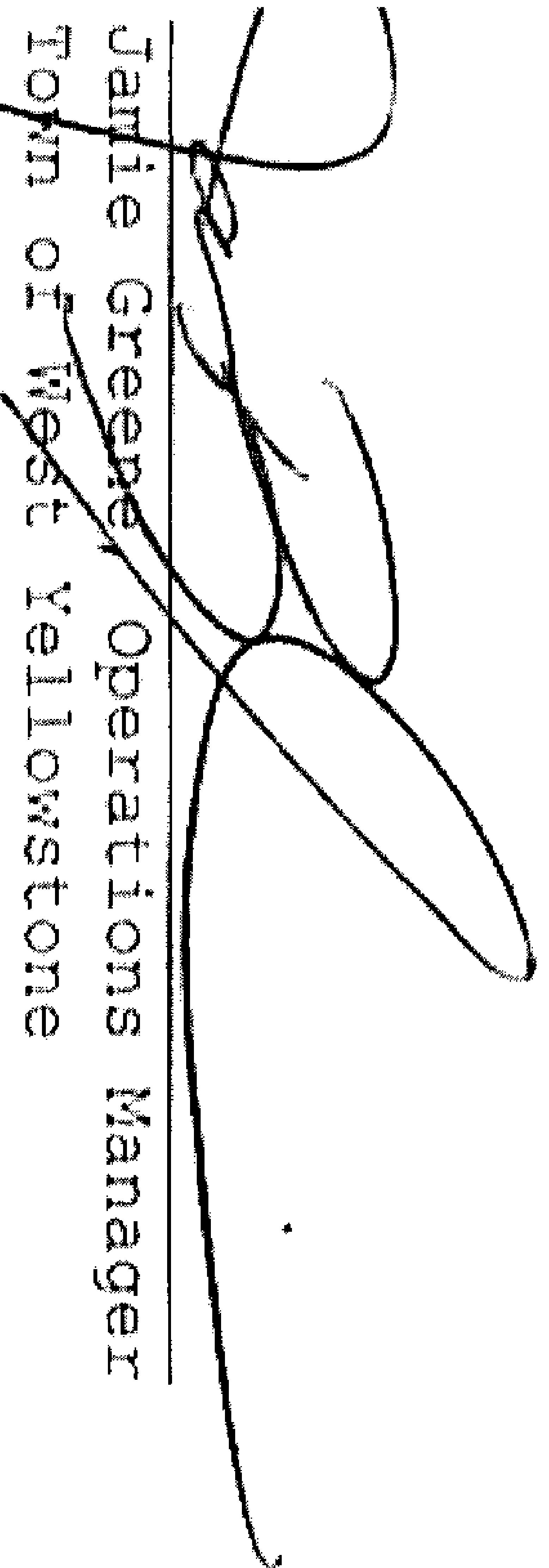
to Section 7-33-2125, MCA fails this Agreement shall terminate and shall have no further obligations under it.

File with Secretary of State and Gallatin County Clerk and Recorder



Robert Godwin, ~~President~~ Chairman
Hebgen Basin Fire District Board of Directors

5/14/08
Date



Jamie Greene, Operations Manager
Town of West Yellowstone

5/14/08
Date



Patti Austin, Deputy Town Clerk
Town of West Yellowstone

5-14-08
Date