

**INTERLOCAL AGREEMENT  
BETWEEN THE URBAN COUNTY OF KING  
AND THE  
METROPOLITAN CITY OF FEDERAL WAY  
REGARDING THE  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

THIS AGREEMENT entered into between the CITY OF FEDERAL WAY (“City”) and the COUNTY OF KING (“County”) this \_\_\_\_ day of \_\_\_\_\_, 2012, facilitates the transfer of responsibility for certain unobligated Community Development Block Grant funds from the County to the City, as more fully described below, and requests the US Department of Housing and Urban Development to transfer such unobligated grant funds from the County’s letter of credit to the City’s letter of credit.

**W I T N E S S E T H:**

WHEREAS, the County has entered into contracts with the United States of America through its Department of Housing and Urban Development (“HUD”) to execute the Urban County’s Community Development Block Grant (“CDBG”) Program under the Housing and Community Development Act of 1974, as amended (“Act”); and

WHEREAS, on July 8, 2008, the County and the City entered into a three-year Interlocal Cooperation Agreement to allow the County to carry out community development activities in the City using FY2009, FY2010, and FY2011 CDBG funds; and

WHEREAS, the City sent written notice to the County that it elected not to participate in the King County CDBG Consortium after December 31, 2011; and

WHEREAS, the City became a Metropolitan City under the Act on January 1, 2012, and as a Metropolitan City, will receive and administer its own CDBG entitlement in FY2012 and beyond; and

WHEREAS, Section 106 (c)(3) of the Act allows the Secretary of HUD to transfer unobligated prior year grant funds from the County to the City, provided that the funds to be transferred have been programmed for use in the City and the City agrees to assume responsibility for the activities through an executed legally binding agreement; and

WHEREAS, the County, as of this date, has Federal Way unallocated capital contingency funds in the total amount of \$349,420 in unallocated CDBG funds for projects chosen by the City and administered by the County pursuant to the 2009-2011 Interlocal Cooperation Agreement, consisting of \$320,156 in recaptured funds from projects that did not move forward, and \$29,264, from unexpended project balances. The unallocated amount of \$349,420 has been programmed for use in the City for Economic Development – Micro and Small Business Loan Programs; and

WHEREAS, the City agrees to accept obligation and responsibility for the administration of these unobligated funds from the County to the City, in accordance with Section 106(c)(3) of the Act;

NOW, THEREFORE, the parties agree as follows:

1. This Agreement shall constitute a request to HUD to transfer \$349,420 of Community Development Block Grant funds from the County's Letter of Credit to the City's Letter of Credit, as soon as practicable by HUD.

2. The City, upon transfer of these funds to the City's Letter of Credit by HUD, shall accept responsibility for carrying out Economic Development activities with the funds being transferred. The City shall follow all Consolidated Plan regulations (24 CFR 91) regarding change of use of funds, including the annual action plan amendment procedures, citizen participation and HUD notification requirements.

3. The County agrees that it accepts all obligations and responsibilities to HUD for the expenditures and unliquidated obligations associated with the activities related to these funds before the time of transfer to the City. All audit and monitoring findings associated with expenditures and obligations before the time of transfer shall remain with the County.

4. The City agrees that it accepts all other obligations and responsibilities for administration of the unobligated funds stated herein. These obligations include, but are not limited to, the Housing and Community Development Act of 1974, (Public Law 93-383) as amended; the Regulations of the Department of Housing and Urban relating to Community Development Block Grants (Title 24, Chapter V, Part 570 of the Code of Federal Regulation commencing with Section 570.1); the assurances (HUD Form No. 7068); program reporting; and any audit and monitoring findings.

5. The City shall retain any program income that results from the activities funded with these transferred funds, and the County shall retain any program income that results from the County-funded CDBG activities before the time of transfer.

6. The City agrees to fully indemnify, defend, and save harmless the County against any and all loss, damage, liability, claim, demand, suit, or cause of action resulting from injury or harm to any person or property arising out of or in any way connected with the performance of this Agreement, excepting only such injury or harm as may be caused solely and exclusively by the negligence of the County.

7. This Agreement shall take precedence over any conflicting clauses in the July 8, 2008 Community Development Block Grant Interlocal Cooperation Agreement for 2009-2011.

8. This Agreement is null and void if HUD declines to transfer the funds from the County's letter of credit to the City's letter of credit.

9. This Agreement shall be administered by Cheryl Markham, Housing and Community Development Program Manager, 401 5<sup>th</sup> Avenue, Suite 510, Seattle, WA 98104, on behalf of the County, and by Jay Bennett, Community Services Manager, 33325 8<sup>th</sup> Avenue S, Federal Way, WA 98003-6325, on behalf of the City.

IN WITNESS WHEREOF, the parties have executed this Agreement on the year and day first above written.

**KING COUNTY**, Washington, a political subdivision of the State of Washington

**CITY OF FEDERAL WAY**, a municipal corporation of the State of Washington

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**  
DANIEL T. SATTERBERG  
KING COUNTY PROSECUTING ATTORNEY

\_\_\_\_\_  
Michael Sinsky, Sr. Deputy Prosecuting Attorney

\_\_\_\_\_  
Patricia Richardson, Federal Way City Attorney