



INTERLOCAL AGREEMENT FOR ANNEXATION
BETWEEN
CITY OF EVERETT AND COMMUNITY TRANSIT



EXECUTIVE SUMMARY

The Interlocal Agreement for Annexation sets the terms for the City of Everett to join Community Transit and for Community Transit to take over operation of Everett Transit and significantly improve public transportation for the city. Both parties have negotiated and agreed to terms to support this annexation, which are provided in detail in the Interlocal Agreement. The proposed transition would take effect **April 1, 2027**. On that date, Everett would stop operating its own transit system, and Community Transit would become responsible for providing transit service within the city.

Employees. Everett Transit employees identified for transfer would become Community Transit employees on April 1, 2027. Community Transit would assume the applicable labor agreements and employee obligations. The agreement provides that transferred employees will not be placed in a worse position with respect to wages, benefits, retirement, or working conditions.

Paratransit protections. Existing qualified Everett paratransit customers would continue receiving service equal to what Everett Transit provides immediately before the transition. The agreement also includes protections intended to maintain continuity in paratransit staffing, scheduling and dispatch during the transition.

Service for Everett riders. Community Transit would be required to maintain or exceed the level of Everett Transit service in place when the transition occurs, including routes, frequency, hours of operation and service span. The agreement is intended to maintain continuity for riders while allowing Community Transit to integrate Everett into its regional system over time. The Swift Blue Line would continue operating, and Community Transit would be responsible for financing, planning, constructing and operating the planned Swift Gold Line.

Financial agreement. Community Transit would pay Everett **\$54.5 million** as part of the agreement. Of that amount, \$42.5 million reflects transit property and assets—including Everett Station, buses, charging equipment and other transit facilities and equipment—and \$12 million recognizes impacts and transition costs to City services. Everett would separately transfer **\$16 million in existing transit capital reserves** to Community Transit to fund equipment and vehicle replacement. Transit agencies build up such reserves as a matter of best practice, and this transfer ensures current Everett Transit vehicles can be replaced when they reach the end of useful life.

Transit taxes. Beginning April 1, 2027, Everett would stop collecting its existing transit sales tax and the Community Transit sales tax would apply within Everett at the same rate that applies elsewhere in Community Transit's service area.

Fares. Everett Transit fares would remain in place for existing Everett service and paratransit. Community Transit could not change those fares for at least **12 months** after annexation, and any later change would require staff analysis, public engagement and Community Transit Board approval.

Transit property and assets. Everett would transfer the assets used to operate Everett Transit to Community Transit, including buses, equipment, certain real property, transit-related contracts and Everett Station. The \$54.5 million payment assigns \$17 million of value to Everett Station and \$25.5 million to vehicles, charging equipment, parking, transit facilities and other equipment. Community Transit would also take responsibility for federal requirements associated with property and vehicles originally purchased or improved with federal transit funding.

Everett Station and the operations facility. Existing Everett Station tenants would remain under their current leases, and Community Transit would continue allowing City and community uses of Everett Station for three years following the transition. Everett would retain ownership of the existing Transit Operations and Maintenance Center and lease it to Community Transit. The draft lease provides for **\$300,000 per year for five years**.

Governance. Because adding Everett would increase Community Transit's service-area population by more than 15%, the Community Transit Board would be reconstituted under state law. A meeting of all the cities in Community Transit's service area, including Everett, to determine the new board composition would occur within 90 days after annexation, and the agreement states that current population figures would guarantee Everett **at least one seat on the Community Transit Board**.

Investment in Everett. Everett's transferred transit assets would become part of Community Transit's capital improvement and fleet replacement programs. Community Transit would also incorporate Everett bus stops and shelters into its bus-stop improvement program, including consideration of transit centers, lighting, signage and wayfinding, and would extend its speed and reliability program into Everett. Community Transit would report annually to Everett regarding these commitments.

Transition period. The two agencies would work together during an interim operations period lasting up to **18 months after annexation**, unless the transition is completed sooner or both parties agree to extend it. Everett would provide certain administrative and operational support during this period to help ensure a smooth transfer of services.

In short: the agreement would consolidate Everett Transit into Community Transit on April 1, 2027, while protecting existing service and employees during the transition. Everett would receive \$54.5 million, transfer \$16 million in transit reserves and most transit assets, retain and lease the operations facility, and gain representation on the Community Transit Board. Community Transit would assume responsibility for operating and investing in Everett's transit system as part of the larger regional network.