

**INTERGOVERNMENTAL AGREEMENT  
FOR SERVICES**

This Intergovernmental Agreement for Services (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2024 (“Effective Date”), between the City of Flagstaff (“CITY”), a political subdivision of the State of Arizona and the Flagstaff Downtown Business Improvement and Revitalization District, a special taxing district operating pursuant to A.R.S. § 48-6801 et seq. (“DISTRICT”).

**RECITALS**

WHEREAS, the parties desire to enhance and improve Downtown Flagstaff; and

WHEREAS, the parties have authority to enter into an intergovernmental agreement pursuant to A.R.S. § 11-952 and A.R.S. § 48-6808.A.2 to contract for services and jointly exercise powers related to providing enhanced municipal services and improvements within DISTRICT; and

WHEREAS, CITY owns land and public rights-of-way within DISTRICT and such property directly benefits from being part of DISTRICT.

Now therefore, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

**1. Duration of Agreement**

This Agreement shall become effective February 4, 2024, and shall continue for a term of ten (10) years, unless sooner terminated.

**2. Purpose**

The purpose of this Agreement is to enhance and improve Downtown Flagstaff (DISTRICT), and to provide consideration to DISTRICT for services directly benefiting CITY property within DISTRICT.

**3. Ongoing Services and Annual Assessment**

3.1 During the term of this Agreement, CITY will request the Coconino County Assessor to calculate an annual amount equivalent to the ad valorem taxes CITY would pay if it were a private property owner in DISTRICT (“Annual Payment”), based on CITY property ownership and assessed value. CITY will remit to DISTRICT the Annual Payment in consideration for the ongoing services to be rendered by DISTRICT to CITY as a property owner in DISTRICT. CITY will pay the Annual Payment consistent with payments of ad valorem taxes generally and may pass through its cost to tenants to the extent permitted by law. Nothing herein shall be construed to require or bind future CITY Councils to appropriate or remit funds annually. The parties understand CITY may acquire, improve, modify and/or dispose of CITY property within DISTRICT, resulting in an increase or decrease to the Annual Payment.

3.2 DISTRICT shall provide an annual report to the City Council in September. The annual report shall provide CITY with DISTRICT’s adopted budget, and provide a detailed accounting describing services, maintenance of existing infrastructure (if any), and future public infrastructure improvements (if any) provided by DISTRICT which directly benefit CITY property within DISTRICT.

**4. Termination**

4.1 Either party shall have the right to terminate the Agreement upon one-hundred eighty (180) days written notice to the other party.

4.2 If CITY Council in its discretion determines to cease appropriating funds to pay the Annual Tax, CITY may terminate this Agreement by giving DISTRICT ninety (90) days' written notice. Termination of this Agreement will not relieve CITY of the obligation to pay DISTRICT the pro rata portion of the Annual Tax accrued before the termination date of the Agreement.

4.3 In the event DISTRICT ceases operations or fails to levy an annual ad valorem tax, CITY shall no longer have an obligation to remit the Annual Tax, and CITY may terminate this Agreement upon thirty (30) days written notice to DISTRICT.

4.4 Upon termination of this Agreement, any property acquired by DISTRICT in performance of this Agreement shall belong to DISTRICT, except as may be expressly provided for herein, and provided, however, that upon dissolution of DISTRICT all property of the DISTRICT will be conveyed to a municipality as provided for in A.R.S. § 48-6819.

**5. Notices**

Unless otherwise specified in this Agreement, any notice or other communication required or permitted to be given shall be in writing and sent to the address given below for the party to be notified, or to such other address notice of which is given:

If to the CITY:

City Manager  
City of Flagstaff  
211 W. Aspen Avenue  
Flagstaff, AZ 86001

Copy to:  
City Clerk  
City of Flagstaff  
211 W. Aspen Avenue  
Flagstaff, AZ 86001

If to DISTRICT:

District Clerk  
Attn: Stacy Saltzburg  
211 W. Aspen Avenue  
Flagstaff, AZ 86001

Copy to:  
Ashley DeBoard  
Flagstaff Law Group  
702 N. Beaver Street  
Flagstaff, AZ 86001

**6. General Provisions**

6.1 Authority. Each party represents and warrants that it has full power and authority to enter into this Agreement and perform its obligations under this Agreement and has taken all required acts or actions necessary to authorize the same.

6.2 Entire Agreement. Each party acknowledges and agrees that it has not relied upon any statements, representations, agreements or warranties, except as expressed in this Agreement, and that this Agreement constitutes the parties' entire agreement with respect to the matters addressed in this document. All prior or contemporaneous agreements and understandings, oral or written, with respect to such matters are superseded and merged in this Agreement.

6.3 Amendment. This Agreement may be modified or amended only by written agreement, signed by or for both parties, and any modification or amendment will become effective on the date so specified.

6.4 Attorneys Fees. The parties will meet in good faith and endeavor to resolve any dispute relating to this Agreement prior to engaging in litigation. In the event any action at law or in equity is instituted between the parties in connection with this Agreement, the prevailing party in the action will be entitled to its costs, including reasonable attorneys' fees and court costs from the non-prevailing party.

6.5 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, either CITY or DISTRICT may cancel this Agreement without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of a party is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of the other party of the Agreement in any capacity or as a consultant to the other party of the Agreement with respect to the subject matter of this Agreement.

6.6 Waiver. No failure to enforce any condition or covenant of this Agreement will imply or constitute a waiver of the right of a party to insist upon performance of the condition or covenant, or of any other provision of this Agreement, nor will any waiver by either party of any breach of any one or more conditions or covenants of this Agreement constitute a waiver of any succeeding or other breach under this Agreement.

6.7 Force Majeure. A party, and its agents, officials and employees, shall not be liable to the other party for failure to comply with any of the terms and conditions of this Agreement where any failure to comply is caused by an act of God, court order, government regulation or requirement, other than those imposed by the party, strike or labor difficulty, fire, flood, storm, power failure or any other similar cause beyond the reasonable control of the party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

**City of Flagstaff**

**Flagstaff Downtown Business Improvement and Revitalization District**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Chairman of Board

Attest:

Attest:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Clerk of the Board

Approved as to form:

Approved as to form:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Legal Counsel for Board