

Bond Case Briefs

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INTERLOCAL AGREEMENTS - KANSAS

Delaware Township v. City of Lansing

Supreme Court of Kansas - July 8, 2022 - P.3d - 2022 WL 2661879

Municipalities petitioned for declaratory judgment to stop city's dissolution or alteration of fire district that was created by Board of County Commissioners under the Fire Protection Act and disposition of fire district property, and city counterclaimed seeking declaratory judgment that interlocal cooperation agreement governing joint operation and management of fire district was enforceable in its entirety, including agreement's termination and asset division provisions.

The District Court determined that city could not unilaterally alter or disorganize fire district and could not force a disposition of property as a matter of public policy. City appealed. The Court of Appeals affirmed. City petitioned for review, which was granted.

The Supreme Court held that:

- Agreement was enforceable on its own terms without placing fire district itself in any jeopardy of being unlawfully dissolved;
- Termination provision was not void as against public policy; and
- No party was prejudiced by unfair surprise.

Interlocal cooperation agreement governing joint operation and management of fire district, including termination and asset division provisions, was enforceable on its own terms without placing fire district itself in any jeopardy of being unlawfully dissolved; agreement acknowledged that there was a functional distinction between terminating the fire district and the agreement, and the power of any party to terminate agreement was clearly bargained for.

Termination provision of interlocal cooperation agreement governing joint operation and management of fire district was not void as against public policy; there was no reason to believe that individual party ownership of fire district assets was an inherent threat to public safety, municipalities had retained title to their own assets when they initially entered into agreement, there was no reason to believe any citizen would be left without adequate fire protection as assets would be fairly distributed and liabilities would be relatively allocated across all parties, leaving no party with disproportionate access to resources or stuck with disproportionate liabilities, and agreement required arbitration by a third party if parties could not agree on fairness.

No party was prejudiced by unfair surprise in connection with termination of interlocal cooperation agreement governing joint operation and management of fire district, and thus city's notice of termination of agreement was effective, such that municipalities were required to allocate assets and liabilities per agreement's terms; notice of 18 months was required for termination and that term was surely bargained for to allow the parties to make appropriate arrangements.