

# Kelso City Council Agenda

Regular Meeting, 6:00 pm  
June 3, 2014  
City Hall, Council Chambers  
203 South Pacific  
Kelso, WA 98626



\*\*Special accommodations for the handicapped and hearing impaired are available by special arrangement through the City Clerk's Office at 360-423-0900\*\*

## **Invocation:**

Pastor Vonda McFadden, Kelso First United Methodist Church

## **Roll Call to Council Members:**

### **1. Approve Minutes:**

1.1. May 20, 2014 – Regular Meeting

### **2. Public Hearings:**

- 2.1. Six Year Transportation Improvement Program, 2014-2019
- 2.2. 2014-2018 Consolidated Plan – HOME Program

### **3. Consent Items:**

- 3.1. **Interlocal Agreement:** Cowlitz County, Rural Economic Development Grant Funding – Visitors Center Improvements
- 3.2. **Interlocal Agreement:** Cowlitz County, Rural Economic Development Grant Funding – West Main Street Revitalization Project

### **4. Citizen Business:**

### **5. Council Business:**

- 5.1. 2014-2018 Consolidated Plan Approval
- 5.2. 2015-2016 Budget Goals Discussion

### **6. Action/Motion Items:**

- 6.1. Ordinance, 1<sup>st</sup> Reading
  - 6.1.1. Energy Transmission Facilities Franchise Renewal, Weyerhaeuser/Norpac

# Kelso City Council Agenda

Regular Meeting, 6:00 pm  
June 3, 2014  
City Hall, Council Chambers  
203 South Pacific  
Kelso, WA 98626



- 6.2. Resolution
  - 6.2.1. Hearing Examiner Rules of Procedure
- 6.3. Resolution
  - 6.3.1. Local Government Investment Pool

## **Other Items:**

- City Manager Report
- Staff/Dept Head Reports
- Council Reports
- Other Business
- Executive Session

Pastor Nick Stumbo, East Hills Alliance Church, gave the invocation. Mayor David Futcher led the flag salute. The Regular Meeting of the Kelso City Council was called to order by Mayor David Futcher. Councilmembers in attendance were: Futcher, Schimmel, Franklin, Archer, McDaniel, Roberson and Myers.

**Minutes:** Upon motion by Councilmember Roberson, seconded by Councilmember Archer, 'Approve the Minutes of the May 6, 2014 Regular Meeting,' motion passed, all voting yes.

**PRESENTATIONS:**

**Public Works 2013 Annual Report:** Public Works Superintendent Randy Johnson provided an overview of last year's highlights for each division of the Public Works Department.

**Kelso Youth Baseball Stadium – Concessions Improvements:** 2013 Kelso Little League Volunteer of the Year Pat Connors provided a presentation of the recent improvements to the concession stand at the little league baseball field located at Tam O'Shanter Park. He commented on future projects for upgrading the baseball field and spoke of how contributions and volunteers make these improvements possible.

**Certificate of Achievement for Excellence in Financial Reporting Award:** City Manager Steve Taylor presented the award, established by the Government Finance Officers Association, to Finance Director Brian Butterfield. This is the ninth consecutive year that Mr. Butterfield has received this award.

**CONSENT AGENDA:**

1. **Lodging Tax Advisory Committee Recommendation:** 2014 Big Idea Project Approval.
2. **Auditing of Accounts:** \$ 2,234,992.55

Upon motion by Councilmember Archer, seconded by Councilmember Schimmel, 'Approve the Consent Agenda and the Auditing of Accounts in the amount of \$2,234,992.55,' motion carried, all voting yes.

**CITIZEN BUSINESS:**

**Johann R. Peters**, 512 West Main Street, spoke about the pending street lights and striping on West Main Street. He spoke of having a Tesla supercharging station located in the City of Kelso.

**Rick Von Rock**, 400 North 7<sup>th</sup> Avenue, spoke about funding options for the Transportation Benefit District.

**Jim Hill**, 1100 North 22<sup>nd</sup> Avenue, spoke about low barrier housing for women and children.

**Rod Wright**, 97 Banyon Street, spoke about the assessment of fees to the citizens of Kelso.

**COUNCIL BUSINESS:**

**Cowlitz County Corrections Jail Bed Rates:** Upon motion by Councilmember McDaniel, seconded by Councilmember Myers, ‘Approve the updated Interlocal Agreement with Cowlitz County for Use of Jail Facilities,’ motion carried, all voting yes.

**Council Rules of Procedure Taskforce:** Upon motion by Councilmember Schimmel, seconded by Councilmember Archer, ‘Create a taskforce for the review and creation of Council Rules of Procedure.’ By consensus of the Council, the following were assigned to the task force:

- Gary Schimmel
- Gary Archer
- David Futcher

**Council Committee Assignments:** Upon motion by Councilmember McDaniel, seconded by Councilmember Roberson, ‘Reassign certain Standing Committee/Board Assignments.’ The assignments made were as follows:

- SWEDC – Rick Roberson and Todd McDaniel
- CAP Board – Todd McDaniel and Gary Archer
- KDRA – Rick Roberson
- Library Board – Gary Archer
- Public Health – Dan Myers

Councilmembers Futcher, Schimmel, Myers, McDaniel, Roberson and Archer voted yes. Councilmember Franklin voted no. Motion passed 6 to 1.

**MOTION ITEMS:**

**Ordinance No. 14-3824 – 2014 Budget Revision No.2:** The Deputy Clerk read the proposed ordinance by title only. Upon motion by Councilmember Archer, seconded by Councilmember Myers, ‘Adopt Ordinance No. 14-3824, ‘AN ORDINANCE OF THE CITY OF KELSO RELATING TO PUBLIC EXPENDITURES AND DECLARING AN EMERGENCY UNDER THE PROVISIONS OF RCW 35A.34.150, FIXING THE AMOUNT OF MONEY REQUIRED TO MEET SUCH EMERGENCIES AND

AUTHORIZING THE EXPENDITURE OF MONEY NOT PROVIDED FOR IN THE 2013-2014 BIENNIAL BUDGET OF THE CITY.’ Motion passed, all voting yes.

**Ordinance No. 14-3825 – Zoning Map Amendment:** The Deputy Clerk read the proposed ordinance by title only. Upon motion by Councilmember Schimmel, seconded by Councilmember Roberson, ‘Adopt Ordinance No. 14-3825, ‘AN ORDINANCE OF THE CITY OF KELSO AMENDING THE OFFICIAL ZONING MAP OF THE CITY TO REFLECT THE CORRECT DESIGNATION OF CERTAIN PARCELS OF PROPERTY.’ Motion passed, all voting yes.

**MANAGER’S REPORT:**

**Steve Taylor:** Gave a reminder to the Council for the HOME Consortium training session on June 4<sup>th</sup>, 6:00 p.m., at the Longview City Hall Training Room.

**COUNCIL REPORTS:**

**Gary Schimmel:** No report.

**Jared Franklin:** No report.

**Dan Myers:** Provided an update on the Council Wahkiakum Council of Governments personnel changes.

**Gary Archer:** Provided an update on the last Park Board Meeting. He commented that the Park Board is an advisory board that can only make recommendations to the City.

**Rick Roberson:** Commented about the Park Board’s Mill Street Park recommendation.

**Todd McDaniel:** No report.

**David Futcher:** No report.

**EXECUTIVE SESSION:**

The Council convened into Executive Session at 6:55 p.m. to discuss pending litigation. The Executive Session is expected to last approximately 5 minutes. The attorney was present and no action was taken.

The Council reconvened into Regular Session at 7:00 p.m.

There being no further business, Mayor Futcher adjourned the meeting at 7:00 p.m.

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**MAYOR**

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**CITY CLERK**

# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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**SUBJECT TITLE:**

Public Hearing for Resolution to amend the current  
Six-Year Transportation Improvement Program  
(2014-2019)

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** Community Dev/Engineering

**For Agenda of:** June 3, 2014

**Cost of Item:** \_\_\_\_\_

**PRESENTED BY:**

Michael Kardas, P.E.  
Community Development Director/City Engineer

**City Manager:** Steve Taylor

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**AGENDA ITEM ATTACHMENTS:**

Six-Year Transportation Improvement Program

**SUMMARY STATEMENT:**

A public hearing is required to update the Six-Year Transportation Improvement Program.

**RECOMMENDED ACTION:**

Six Year Transportation Improvement Program  
From 2014 to 2019

Agency: Kelso  
County: Cowlitz  
MPO/RTPO: CWCG

Y Inside

N Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
17		/ 5814(008) South Kelso Railroad Crossing Environmental Review Hazel Street to Douglas Street Prepare environmental documentation and preliminary engineering for grade separated crossing of Burlington Northern Railroad in south Kelso.	581408					20			CE	No

Funding Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	PE	2016		0	OTHER	900,000	0	900,000
Totals				0		900,000	0	900,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
PE	900,000	0	0	0	0
Totals	900,000	0	0	0	0



Six Year Transportation Improvement Program  
From 2014 to 2019

Agency: Kelso  
County: Cowlitz  
MPO/RTPO: CWCG

Y Inside

N Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Terminal F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
14		West Main Street Realignment Project 2 West Main Street W. 4th Ave to Ocean Beach Hwy This project will complete the West Main Realignment project by widening the street between W. 4th Ave and Ocean Beach Highway. Work will include right of way acquisition, new sidewalks, storm drain improvements and reconstruction of the Ocean Beach Highway, W. Main Street, and Cowlitz Way intersection.	581406					03			CE	Yes

Funding Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	PE	2015		0		0	550,000	550,000
P	RW	2016	STP(U)	1,920,000	T1B	2,880,000	0	4,800,000
P	CN	2017	STP(U)	960,000	T1B	1,440,000	0	2,400,000
<b>Totals</b>				<b>2,880,000</b>		<b>4,320,000</b>	<b>550,000</b>	<b>7,750,000</b>

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
PE	550,000	0	0	0	0
RW	4,800,000	0	0	0	0
CN	2,400,000	0	0	0	0
<b>Totals</b>	<b>7,750,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Six Year Transportation Improvement Program From 2014 to 2019

Agency: Kelso  
County: Cowlitz  
MPO/RTPO: CWCG

Y Inside

N Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Terminal F. Project Description	B. STP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
17		West Main Street Revitalization West Main Street West Main Street W. 3rd Ave to Cowlitz Way Pavement restoration, new sidewalks, pedestrian safety, enhanced street lighting, and storm drain improvements.	581405					04			CE	No

Funding		Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
S	PE	PE	2014		0		0	120,000	120,000
P	CN	CN	2015		0		0	525,000	525,000
		<b>Totals</b>			<b>0</b>		<b>0</b>	<b>645,000</b>	<b>645,000</b>

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
PE	120,000	0	0	0	0
CN	525,000	0	0	0	0
<b>Totals</b>	<b>645,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Six Year Transportation Improvement Program  
From 2014 to 2019

Agency: Kelso  
County: Cowlitz  
MPO/RTPO: CWCG

Y Inside

N Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Terminal F. Project Description	B. STIP ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
17	1	/ 68822(001) Yew Street Reconstruction Yew Street S. Pacific Ave to 7th Ave Reconstruct street with new sidewalks and storm drainage.	WA-03268	07/02/13	07/02/13			04	P T	0.050	CE	No

Funding	Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P		CN	2015		0		0	1,500,000	1,500,000
Totals					0			1,500,000	1,500,000

Expenditure Schedule													
Phase	1st	2nd	3rd	4th	5th & 6th								
CN	1,500,000	0	0	0	0								
Totals	1,500,000	0	0	0	0								
Grand Totals for Kelso						Federal Funds	2,880,000	State Funds	5,220,000	Local Funds	2,695,000	Total Funds	10,795,000

# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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### **SUBJECT TITLE:**

Public Hearing for 2014-2018 Consolidated  
Plan Approval

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** May 21, 2014

**For Agenda of:** June 3, 2014

**Originator:** Julie Hourcle', City of Longview

### **PRESENTED BY:**

**City Attorney:**

**City Manager:**

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### **Agenda Item Attachments:**

The Draft 2014-2018 Consolidated Plan: <http://www.mylongview.com/index.aspx?page=497>

### **SUMMARY STATEMENT:**

This Public Hearing is for the Draft 2014-2018 Consolidated Plan which has had its 30-day Public Review which ended May 30<sup>th</sup>. There were minor staff changes and no comments received as of this writing. The Public Hearing is to collect final comments on the 2014-2018 Consolidated Plan. This plan is required by the Department of Housing and Urban Development (HUD) to carry out its HOME Program, for the Cities of Kelso and Longview, and CDBG Program, for the City of Longview.

The document can be found on the following website: <http://www.mylongview.com/index.aspx?page=497>. It contains the following chapters: Executive Summary, Process, Needs Assessment, Market Analysis, Strategic Plan, and Annual Action Plan. It was required to be done in IDIS (Integrated Disbursement and Information System) on the computer and looks much different than the 2004-2008 or 2005-2013 version.

The lead agency, the City of Longview, asks you to approve the 2014-2018 Consolidated Plan for submittal to HUD after the Public Hearing.

### **RECOMMENDED ACTION:**

Motion to approve the 2014-2018 Consolidated Plan for HUD submittal.

# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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**SUBJECT TITLE:** INTERLOCAL AGREEMENT WITH COWLITZ COUNTY ACCEPTING RURAL ECONOMIC DEVELOPMENT GRANT FUNDING FOR THE KELSO VISITORS CENTER PARKING LOT IMPROVEMENTS.

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** \_\_\_\_\_ City Manager \_\_\_\_\_

**For Agenda of:** June 3, 2014 \_\_\_\_\_

**Originator:** Steve Taylor \_\_\_\_\_

**PRESENTED BY:**

Steve Taylor

**City Attorney:** Janean Parker

**City Manager:** Steve Taylor

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**Agenda Item Attachments:**

Interlocal Agreement with Cowlitz County – Grant Funding for Visitors Center Parking Lot Improvements

**SUMMARY STATEMENT:**

The City was awarded \$19,000 by Cowlitz County from its Rural Economic Development Fund program to resurface the parking area at the Kelso Visitors Center. The attached interlocal agreement authorizes the transfer of these funds for the specified purposes under the terms contained in the agreement. The City Council previously approved the application for these grant funds.

**OPTIONS:**

1. Move to approve the interlocal agreement with Cowlitz County for Rural Economic Development Funds for parking lot improvements at the Kelso Visitors Center in the amount of \$19,000.
2. Do not approve the interlocal agreement.
3. Take no action and bring back for consideration at a future meeting.

**RECOMMENDED ACTION:**

Move to approve the interlocal agreement with Cowlitz County for the receipt of Rural Economic Development Funds for Kelso Visitors Center parking lot improvements in the amount of \$19,000.

**AGENDA SUMMARY**

To the Board of County Commissioners:  
From: Claire J. Hauge, OFM Director  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Re: Interlocal Agreement between Cowlitz County  
and the City of Kelso re:  
Rural Economic Development Funds  
Visitor Center Parking Lot Improvements  
\_\_\_\_\_  
\_\_\_\_\_

Agenda Item No. \_\_\_\_\_  
Dept. of Origin: Office of Financial Management  
Date Submitted: June xx, 2014  
For Agenda of: June xx, 2014  
Expenditure Required: \$ 19,000  
Amount Budgeted: \$ Sufficient  
Budget Action Required: \_\_\_\_\_  
None \_\_\_\_\_  
Clearance of Other Concerned  
Departments: Douglas Jensen, Deputy Prosecuting  
Attorney, has approved  
\_\_\_\_\_

**List of Exhibits:**

Interlocal Agreement

**Summary Statement and Department Recommendation:**

The Board of Commissioners supports a request from the City of Kelso for funding assistance in the amount of \$19,000 as a contribution for parking lot improvements at the Kelso Visitor Center. The County's contribution to the project will be funded with proceeds from a sales and use tax authorized by RCW 82.14.370, imposed by County Ordinance No. 97-198, dated October 20, 1997, as amended. The attached Interlocal Agreement between Cowlitz County and the City of Kelso sets out the obligations of each party for said project.

**RECOMMENDATION:**

Staff recommends that the Board of Commissioners enter into the attached Interlocal Agreement with the City of Kelso regarding funding assistance from rural county sales tax proceeds in the amount of \$19,000. The funds will be used by the City of Kelso to pay part of the cost for parking lot improvements at the Kelso Visitor Center.

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Clerk of the Board:

Please return one fully executed copy to:  
Steve Taylor, City Manager  
City of Kelso  
PO Box 819 / 203 S. Pacific Avenue,  
Kelso, WA 98626

## INTERLOCAL AGREEMENT

**THIS INTERLOCAL AGREEMENT** is made and entered into pursuant to Chapter 39.34 of the Revised Code of Washington, by and between Cowlitz County, Washington, a political subdivision of the State of Washington, acting by and through its Board of Commissioners, (the "County") and the City of Kelso, a municipal corporation organized under the laws of the State of Washington, and wholly situated in Cowlitz County, Washington, (the "City"), on the date shown below.

### RECITALS

1. County is eligible for and receives sales and use taxes for rural counties authorized in RCW 82.14.370 and imposed in Cowlitz County Code Chapter 3.21, as amended. Such tax is authorized for the purpose of financing public facilities serving economic development purposes in rural areas. County has agreed to pay over to the City a portion of the proceeds of said tax revenues be used as part of the cost to for parking lot improvements at the Kelso Visitor Center. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted by the City, dated February 28, 2014. The contribution to the City from County tax proceeds for this Project will be in the amount of \$19,000.

This Project is listed in the Cowlitz Comprehensive Economic Development Strategy Report.

2. The City has the appropriate statutory authority pursuant to RCW Title 35A.11, and is ready, willing, and able to complete the Project described herein, and the parties are entering into this Agreement to carry out such purpose.

3. Entry into this Agreement is authorized under Chapter 39.34 of the Revised Code of Washington, the Interlocal Cooperation Act.

### AGREEMENT

For and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Effective Date/Duration: This Agreement shall be effective upon execution by both parties.

2. Purpose: The purpose of this Agreement is to allow the County to provide partial funding assistance to the City for parking lot improvements at the Kelso Visitor Center. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted to the County by the City, dated February 28, 2014, the ("Project").

3. Planning Design/Implementation: The City agrees to design and complete the Project described herein, no later than September 30, 2014. The County shall have no responsibility for the design or management of said Project. The City shall have the sole authority to determine its design and enter into contracts with consultants and contractors in the manner allowed by law.

4. Financing: Pursuant to this Agreement, County shall pay to the City the sum of \$19,000, on or before June 30, 2014. Such funds shall be invested by the City until needed for Project costs. All funds distributed to the City pursuant to this agreement, including interest accruing on the investment of such funds, shall be restricted solely for payment of costs incurred in connection with the Project.

5. Budget: The total estimated cost for the Project is \$19,000. The Project is anticipated to be completed no later than September 30, 2014. The City has developed a budget for said Project, will maintain the budget, and

will account for all expenditures made for the Project. In consideration of the above described transfer of funds, the City hereby warrants and guarantees that the said Project shall be completed as described herein notwithstanding any cost overruns incurred in the course of the Project.

6. Repayment Guarantees: In the event that tax proceeds have been disbursed to the City and the Project does not proceed or is not completed as anticipated, the City hereby guarantees that it will refund to the County all such proceeds disbursed to it, together with accrued interest at the same rate as if the funds had been invested with the Washington State Local Government Investment Pool, provided that the City may deduct such amounts as it shall have applied to the Project through the date on which a decision is made not to proceed with or to abandon the Project.

7. Termination: Neither the County nor the City may terminate this Agreement until the Project is complete and payment for said Project is fully satisfied.

8. Indemnification: The City shall be solely responsible for management of the Project. In further consideration of the above described transfer of tax proceeds, the City shall defend, indemnify and hold harmless the County from and against all claims, whether sounding in contract or in tort, arising out of or in any way related to the Project. This paragraph shall survive the completion, expiration, and/or termination of this Agreement.

9. Duty to Submit Agreement to Jurisdictional State Officer or Agency: The requirements of R.C.W. 39.34.050 do not apply to this Agreement as no State Officer or Agency has control over the subject matter of this Agreement.

Dated \_\_\_\_\_, 2014.

BOARD OF COMMISSIONERS OF  
COWLITZ COUNTY, WASHINGTON

CITY OF KELSO

\_\_\_\_\_  
Michael A. Karnofski, Chair

\_\_\_\_\_  
David Futcher, Mayor

\_\_\_\_\_  
James R. Misner, Commissioner

Attest:

\_\_\_\_\_  
Dennis P. Weber, Commissioner

\_\_\_\_\_  
Brian Butterfield, Clerk/Treasurer

Attest:

Approved as to form:

\_\_\_\_\_  
Tiffany Ostreim, Clerk of the Board

\_\_\_\_\_  
Janean Parker, City Attorney

Approved as to form:

\_\_\_\_\_  
Douglas E. Jensen, Chief Civil  
Deputy Prosecuting Attorney



# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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**SUBJECT TITLE:** INTERLOCAL AGREEMENT  
WITH COWLITZ COUNTY ACCEPTING RURAL  
ECONOMIC DEVELOPMENT GRANT FUNDING  
FOR WEST MAIN STREET REVITALIZATION  
PROJECT.

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** \_\_\_\_\_ City Manager \_\_\_\_\_

**For Agenda of:** June 3, 2014 \_\_\_\_\_

**Originator:** Steve Taylor \_\_\_\_\_

**PRESENTED BY:**

Steve Taylor

**City Attorney:** Janean Parker

**City Manager:** Steve Taylor

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**Agenda Item Attachments:**

Interlocal Agreement with Cowlitz County – Grant Funding for West Main Street Revitalization Project

**SUMMARY STATEMENT:**

The City was awarded \$120,000 by Cowlitz County from its Rural Economic Development Fund program for streetscape improvements to West Main Street as part of the City's revitalization efforts along the corridor. The attached interlocal agreement authorizes the transfer of these funds for the specified purposes under the terms contained in the agreement. The City Council previously approved the application for these grant funds.

**OPTIONS:**

1. Move to approve the interlocal agreement with Cowlitz County for Rural Economic Development Funds for the West Main Street Revitalization project in the amount of \$120,000.
2. Do not approve the interlocal agreement.
3. Take no action and bring back for consideration at a future meeting.

**RECOMMENDED ACTION:**

Move to approve the interlocal agreement with Cowlitz County for the receipt of Rural Economic Development Funds for the West Main Street Revitalization Project in the amount of \$120,000.

**AGENDA SUMMARY**

To the Board of County Commissioners:  
From: Claire J. Hauge, OFM Director  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Re: Interlocal Agreement between Cowlitz County  
and the City of Kelso re:  
Rural Economic Development Funds  
West Main Revitalization  
\_\_\_\_\_  
\_\_\_\_\_

Agenda Item No. \_\_\_\_\_  
Dept. of Origin: Office of Financial Management  
Date Submitted: June xx, 2014  
For Agenda of: June xx, 2014  
Expenditure Required: \$ 120,000  
Amount Budgeted: \$ Sufficient  
Budget Action Required: \_\_\_\_\_  
None \_\_\_\_\_  
Clearance of Other Concerned  
Departments: Douglas Jensen, Deputy Prosecuting  
Attorney, has approved  
\_\_\_\_\_

**List of Exhibits:**

Interlocal Agreement

**Summary Statement and Department Recommendation:**

The Board of Commissioners supports a request from the City of Kelso for funding assistance in the amount of \$120,000 as a contribution for the West Main Revitalization project. The County's contribution to the project will be funded with proceeds from a sales and use tax authorized by RCW 82.14.370, imposed by County Ordinance No. 97-198, dated October 20, 1997, as amended. The attached Interlocal Agreement between Cowlitz County and the City of Kelso sets out the obligations of each party for said project.

**RECOMMENDATION:**

Staff recommends that the Board of Commissioners enter into the attached Interlocal Agreement with the City of Kelso regarding funding assistance from rural county sales tax proceeds in the amount of \$120,000. The funds will be used by the City of Kelso to pay part of the cost for the West Main Revitalization project.

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Clerk of the Board:  
Please return one fully executed copy to:  
Steve Taylor, City Manager  
City of Kelso  
PO Box 819 / 203 S. Pacific Avenue,  
Kelso, WA 98626

## INTERLOCAL AGREEMENT

**THIS INTERLOCAL AGREEMENT** is made and entered into pursuant to Chapter 39.34 of the Revised Code of Washington, by and between Cowlitz County, Washington, a political subdivision of the State of Washington, acting by and through its Board of Commissioners, (the "County") and the City of Kelso, a municipal corporation organized under the laws of the State of Washington, and wholly situated in Cowlitz County, Washington, (the "City"), on the date shown below.

### RECITALS

1. County is eligible for and receives sales and use taxes for rural counties authorized in RCW 82.14.370 and imposed in Cowlitz County Code Chapter 3.21, as amended. Such tax is authorized for the purpose of financing public facilities serving economic development purposes in rural areas. County has agreed to pay over to the City a portion of the proceeds of said tax revenues be used as part of the cost of the West Main Revitalization project. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted by the City, dated February 28, 2014. The contribution to the City from County tax proceeds for this Project will be in the amount of \$120,000.

This Project is listed in the 2014 Kelso Transportation Improvement Plan.

2. The City has the appropriate statutory authority pursuant to RCW Title 35A.11, and is ready, willing, and able to complete the Project described herein, and the parties are entering into this Agreement to carry out such purpose.

3. Entry into this Agreement is authorized under Chapter 39.34 of the Revised Code of Washington, the Interlocal Cooperation Act.

### AGREEMENT

For and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Effective Date/Duration: This Agreement shall be effective upon execution by both parties.
2. Purpose: The purpose of this Agreement is to allow the County to provide partial funding assistance to the City for the West Main Revitalization Project. Said improvements are more particularly described in the Project Information Sheet for Rural County Public Facility Funds, submitted to the County by the City, dated February 28, 2014, the ("Project").
3. Planning Design/Implementation: The City agrees to design and complete the Project described herein, no later than August 31, 2015. The County shall have no responsibility for the design or management of said Project. The City shall have the sole authority to determine its design and enter into contracts with consultants and contractors in the manner allowed by law.
4. Financing: Pursuant to this Agreement, County shall pay to the City the sum of \$120,000, on or before December 31, 2014. Such funds shall be invested by the City until needed for Project costs. All funds distributed to the City pursuant to this agreement, including interest accruing on the investment of such funds, shall be restricted solely for payment of costs incurred in connection with the Project.
5. Budget: The total estimated cost for the Project is \$645,000. The Project is anticipated to be completed no later than August 31, 2015. The City has developed a budget for said Project, will maintain the

budget, and will account for all expenditures made for the Project. In consideration of the above described transfer of funds, the City hereby warrants and guarantees that the said Project shall be completed as described herein notwithstanding any cost overruns incurred in the course of the Project.

6. Repayment Guarantees: In the event that tax proceeds have been disbursed to the City and the Project does not proceed or is not completed as anticipated, the City hereby guarantees that it will refund to the County all such proceeds disbursed to it, together with accrued interest at the same rate as if the funds had been invested with the Washington State Local Government Investment Pool, provided that the City may deduct such amounts as it shall have applied to the Project through the date on which a decision is made not to proceed with or to abandon the Project.

7. Termination: Neither the County nor the City may terminate this Agreement until the Project is complete and payment for said Project is fully satisfied.

8. Indemnification: The City shall be solely responsible for management of the Project. In further consideration of the above described transfer of tax proceeds, the City shall defend, indemnify and hold harmless the County from and against all claims, whether sounding in contract or in tort, arising out of or in any way related to the Project. This paragraph shall survive the completion, expiration, and/or termination of this Agreement.

9. Duty to Submit Agreement to Jurisdictional State Officer or Agency: The requirements of R.C.W. 39.34.050 do not apply to this Agreement as no State Officer or Agency has control over the subject matter of this Agreement.

Dated \_\_\_\_\_, 2014.

BOARD OF COMMISSIONERS OF  
COWLITZ COUNTY, WASHINGTON

CITY OF KELSO

\_\_\_\_\_  
Michael A. Karnofski, Chair

\_\_\_\_\_  
David Futcher, Mayor

\_\_\_\_\_  
James R. Misner, Commissioner

Attest:

\_\_\_\_\_  
Dennis P. Weber, Commissioner

\_\_\_\_\_  
Brian Butterfield, Clerk/Treasurer

Attest:

Approved as to form:

\_\_\_\_\_  
Tiffany Ostreim, Clerk of the Board

\_\_\_\_\_  
Janean Parker, City Attorney

Approved as to form:

\_\_\_\_\_  
Douglas E. Jensen, Chief Civil  
Deputy Prosecuting Attorney

# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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**SUBJECT TITLE:**

2014-2018 Consolidated Plan Approval

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** May 21, 2014

**For Agenda of:** June 3, 2014

**Originator:** Julie Hourcle', City of Longview

**PRESENTED BY:**

**City Attorney:**

**City Manager:**

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**Agenda Item Attachments:**

The Draft 2014-2018 Consolidated Plan: <http://www.mylongview.com/index.aspx?page=497>

**SUMMARY STATEMENT:**

This draft of the 2014-2018 Consolidated Plan which has had its 30-day Public Review ended May 30<sup>th</sup>. There were minor staff changes and no comments received as of this writing. This plan is required by the Department of Housing and Urban Development (HUD) to carry out its HOME Program, for the Cities of Kelso and Longview, and CDBG Program, for the City of Longview.

The document can be found on the following website: <http://www.mylongview.com/index.aspx?page=497>. It contains the following chapters: Executive Summary, Process, Needs Assessment, Market Analysis, Strategic Plan, and Annual Action Plan. It was required to be done in IDIS (Integrated Disbursement and Information System) on the computer and looks much different than the 2004-2008 or 2005-2013 version.

The lead agency, the City of Longview, asks you to approve the 2014-2018 Consolidated Plan for submittal to HUD after the Public Hearing.

**RECOMMENDED ACTION:**

Motion to approve the 2014-2018 Consolidated Plan for HUD submittal.

# **AGENDA SUMMARY SHEET**

## **Business of the City Council City of Kelso, Washington**

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**SUBJECT TITLE:** 2015-16 Budget Goals  
Discussion

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** \_\_\_\_\_ City Council \_\_\_\_\_

**For Agenda of:** \_\_\_\_\_ February 4, 2014 \_\_\_\_\_

**Originator:** Steve Taylor \_\_\_\_\_

**PRESENTED BY:**

Steve Taylor

**City Attorney:** Janean Parker

**City Manager:** Steve Taylor

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**Agenda Item Attachments:**

2014 Budget Goals & Action Plan

**SUMMARY STATEMENT:**

In developing the framework for the 2015-16 biennial budget, staff is seeking the Council's policy direction and expectations of goals and objectives to be achieved over the next two years. The Council previously approved the 2014 Budget Goals and Action Plan at the February 4<sup>th</sup> regular meeting, and the City is working to make measurable progress on the priorities listed in that plan.

Staff will receive direction from the goals discussion and incorporate it into the budget process to determine priorities for program and service delivery within the constraints of the City's projected resources. Budget development will occur throughout the summer and brought back to Council for initial consideration in the fall. Final adoption of the budget is required by the end of 2014.

**RECOMMENDED ACTION:**

Discussion of City goals and objectives for the 2015-16 biennium and provision of policy direction to staff for incorporation into the draft budget..

## **2014 Budget Goals & Actions Plan**

***Goal: Well-maintained, reliable public infrastructure systems that encourage economic growth and enhance community quality.***

- Action: Complete current phase of West Main Realignment Project.
- Action: Complete Water-Sewer-Drainage utility rate study.
- Action: Administer first full Transportation Benefit District funding cycle and deploy new resources in the most optimum fashion.
- Action: Enhance maintenance staffing levels in Public Works Department.
- Action: Research and evaluate adequate and sustainable funding sources for street maintenance.
- Action: Prepare options for restricting on-street parking in residential zones without adequate road width.

***Goal: Community renewal and economic growth that provides sustainable resources for public services and facilities.***

- Action: Draft, review, and adopt updated Comprehensive Plan and commence update to the City's Development Code.
- Action: Adopt Shoreline Master Plan Update.
- Action: Manage implementation of the South Kelso Revitalization Strategies through resources provided by the Americorps Vista program.
- Action: Explore and implement improvements to the City's nuisance and graffiti abatement effort.
- Action: Identify planning opportunities and inventory of funding resources for community revitalization in priority areas of Kelso (West Main, Town Center, South Kelso).
- Action: Prepare strategy to encourage economic growth, remove barriers, and foster and inviting environment for entrepreneurs to open businesses in Kelso.

***Goal: Consistent, effective delivery of Kelso city services that meets or exceeds standards of professionalism and accountability.***

- Action: Present 5-6 year Financial Forecast and draft corresponding department business plans.
- Action: Completion of City Master Fee Schedule with updated fees established to recover the cost of the services provided.
- Action: Negotiate franchise agreements with Public Utility District and Comcast Cable.

***Goal: Provide proactive and visionary regional leadership.***

- Action: Continue regional outreach and participation to enhance partnership opportunities with public and private sector organizations.
- Action: Review city charter and evaluate potential amendments to be brought forward for voter consideration.
- Action: Facilitate expanded partnership with the SW Regional Airport in the provision of operational and administrative support.

**Auxiliary task list**

- Evaluate legislative advocacy service options to assist in securing state and federal resources for critical infrastructure and community improvements.
- Evaluate criteria for establishing local improvement districts and grant funding to address curb, sidewalk, and drainage infrastructure.
- Evaluate zoning regulations to allow food trucks in designated commercial areas.
- Addressing blight and encouraging revitalization in West Kelso north of Cowlitz Way.
- Implement city way-finding project to direct residents and tourists to city attractions and assets. (Discussed as possible Big Idea funding project)
- Focus planning efforts on facilitating renewal of the Three Rivers Mall property.
- Enhance customer service delivery through technology investments in utility billing, business licensing, permitting, and public information.
- Evaluate feasibility of public safety service enhancements (Traffic unit; community policing; targeted enforcement).



**AGENDA SUMMARY SHEET**  
**Business of the City Council**  
**City of Kelso, Washington**

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**SUBJECT TITLE:**

1<sup>st</sup> Reading ORDINANCE -- ENERGY  
TRANSMISSION FACILITIES FRANCHISE  
RENEWAL

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** \_\_\_\_\_ City Manager \_\_\_\_\_

**For Agenda of:** June 3, 2014

**Originator:** Steve Taylor

**PRESENTED BY:**

Steve Taylor

**City Attorney:**     **Janean Parker**

**City Manager:**     **Steve Taylor**

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**Agenda Item Attachments:**

Ordinance Granting Franchise for Energy Transmission Facilities to Weyerhaeuser, North Pacific Paper Corporation (NORPAC) and Solvay Chemicals, Inc.  
Ordinance No. 3120

**SUMMARY STATEMENT:**

In 1975, the City granted a franchise to the Columbia and Cowlitz Railway Company, a subsidiary of Weyerhaeuser Co., to build and maintain a railway through the northwest corner West Kelso between Fisher's Lane and Clark Street. The franchise agreement was amended in 1989 to allow the construction and maintenance of energy transmission facilities, namely, a natural gas pipeline along that same stretch. The length of the franchise was twenty years. Subsequently, the railway was sold to Patriot Rail, but ownership of the natural gas pipeline was retained jointly by Weyerhaeuser, NORPAC, and Solvay Chemicals. The franchise agreement expired in 2009, and the parties have requested twenty-year renewals separately for the railway and energy transmission components.

The attached ordinance grants a twenty-year franchise to Weyerhaeuser, NORPAC, and Solvay Chemicals for the construction, maintenance and operation of energy transmission facilities along the railway as it intersects and crosses city right-of-way. A separate franchise ordinance with Patriot Rail's subsidiary, Columbia and Cowlitz, LLC is forthcoming for Council consideration.

**OPTIONS:**

- 1) Move to adopt the ordinance granting a franchise to Weyerhaeuser, NORPAC, and Solvay Chemicals for the construction, maintenance and operation of energy transmission facilities in city right-of-way;
- 2) Do not approve the franchise ordinance;
- 3) Take no action and defer consideration to a subsequent regular meeting.

**RECOMMENDED ACTION:**

Move to adopt the ordinance on first reading granting the franchise.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE GRANTING TO WEYERHAEUSER NR COMPANY, NORTH PACIFIC PAPER CORPORATION AND SOLVAY CHEMICALS, INC., THEIR SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TWENTY (20) YEARS, THE RIGHT AND FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE ENERGY TRANSMISSION FACILITIES WITHIN CERTAIN DESCRIBED LIMITS OF THE CITY OF KELSO.

WHEREAS, the City of Kelso adopted Ordinance No. 2614 in 1975 granting the Columbia and Cowlitz Railway Company the right and franchise to construct, maintain, and operate a railway within the City of Kelso, and

WHEREAS, the City adopted Ordinance No. 3120 in 1989 granting a modification to said franchise for a period of twenty (20) years that authorized the construction, operation and maintenance of utilities and energy transmission facilities, including a natural gas pipeline, and

WHEREAS, the term of said franchise as modified expired in 2009, and

WHEREAS, ownership of the railway, utilities and energy transmission facilities was subsequently transferred to different entities, and specifically, ownership of the energy transmission facilities has passed jointly to Weyerhaeuser NR Company, North Pacific Paper Corporation, and Solvay Chemicals, Inc., and

WHEREAS, Weyerhaeuser NR Company, North Pacific Paper Corporation, and Solvay Chemicals, Inc., have requested a new agreement for a period of twenty (20) years granting the right and franchise to construct, maintain, and operate energy transmission facilities within the City of Kelso.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KELSO, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. That the terms and provisions of Ordinance No. 3120 related to the granting of the right and franchise to construct, maintain, and operate energy transmission facilities are hereby superceded and replaced by the terms and provision set forth in this ordinance.

Section 2. That there be, and is hereby granted Weyerhaeuser NR Company, a Washington corporation, North Pacific Paper Corporation, a Delaware corporation, and Solvay Chemicals, Inc., a Delaware corporation, (hereafter "Grantees"), and to their successors and assigns and to any assignee of the energy transmission rights as permitted in this ordinance, the right, privilege, franchise and authority, for and during the period of twenty (20) years from the effective date of this ordinance and subject to all the conditions and provisions hereof, to construct, maintain, and operate utilities and energy transmission facilities, in streets or public thoroughfares of the City of Kelso (hereafter "City"), whose boundaries, in whole or in part, may now or hereafter be included within the city limits, the location of such facilities described as follows:

BEGINNING at a point on the west boundary line of the City of Kelso, approximately one hundred twenty-five feet south of the south line of Clark Street in said City of Kelso and running thence in a northeasterly direction, crossing Clark Street and Fisher's Lane, to a point on the north boundary line of said City of Kelso approximately six hundred fifty feet east of the intersection of the north and west boundary lines of said City of Kelso.

Section 3. Grantees shall comply with all applicable City standards for road surface smoothness. That whenever said Grantees, in the exercise of the rights granted by this ordinance, or any of them, shall disturb or obstruct the surface and/or subsurface of any street or other public thoroughfare or any public or quasi-public utility lines, poles, mains or similar improvements, the Grantees shall, as soon as is reasonably practicable, restore the same to as good condition as existed before such disturbance. If such repairs or restoration is not completed within 90 days, the City shall have the right to cause such repairs or restoration to be made and Grantees hereby agree to pay to the City all costs for such repair or restoration upon receiving written documentation and notification from the City. The City may at any time order, do or have done any and all work necessary to restore to a safe condition any such street or other public thoroughfare or any such utility improvements where, in the sole judgment of the City Manager or Director of Public Works of the City, the Grantees have created a condition imminently dangerous to life or property and Grantees shall, upon demand of the City, pay to the City all costs for such repair or restoration upon receipt of written notification and documentation of such costs.

Section 4. The construction, maintenance and operation of any such energy transmission lines under the franchise granted by this ordinance shall not preclude the City, its accredited agents or its contractors from blasting, tunneling, grading or doing other necessary work for the maintenance and/or installation of public utilities (including those installed by quasi-public bodies) and/or the construction, repair and maintenance of streets or other public thoroughfares contiguous to Grantees' energy transmission facilities, provided the City shall give Grantees not less than twenty-four (24) hours prior notice, in writing, of said blasting, excavating or other similar work so that Grantees may protect their energy transmission lines and other property.

Section 5. The Grantees accept this franchise and all rights conferred hereunder for the use and occupation of any portion of the City's streets or other thoroughfares, at Grantee's own risk, and agree to assume responsibility for any damage occasioned to Grantees, by the City in the maintenance and/or construction work performed by the City, whether by its own employees or by public contract, upon the streets and/or thoroughfares within the above described property, which damage would not have occurred but for the presence on said streets or other thoroughfares of the Grantees' energy transmission facilities. These obligations shall be deemed to include every employee, nominee or independent contractor of the Grantees performing work within said streets or other thoroughfares under contract, direction, request or authority of the Grantees under this franchise, and the Grantees, their agents, employees or independent contractors, severally, shall be responsible to the City for any injury or damage to City property or the expense incurred or suffered by the City in correcting defects in work performed on City-owned property, replacing or repairing City streets, other thoroughfares or other City-owned improvements damaged by the acts or negligence of such employees, agents or independent contractors of Grantees.

Section 6. If (a) the Grantees shall willfully violate or fail to comply with any of the provisions of the franchise hereby granted or through willful or unreasonable neglect fail to heed or comply with any notice given the Grantees under the provisions hereof, and (b) the Grantees fail to cure such violation or come into compliance with such provision within twenty (20) days of receipt of written notice from the City, then (c) the Grantees shall forfeit all rights conferred hereunder and such franchise may be revoked or annulled by the City Council of said City upon thirty (30) days prior written notice to the Grantees.

Section 7. All the provisions, conditions, regulations and requirements herein contained shall be binding upon the successors, assigns and independent contractors of the Grantees, and all privileges of the Grantees shall inure to their successors, assigns and such contractors equally as if they were specifically mentioned wherever the Grantees are mentioned.

Section 8. All provisions or conditions herein enumerated shall be deemed to be automatically amended to comply with and conform to any future amendment or other change in any state law of Washington affecting such enumerated provision or condition.

Section 9. Unless the said Grantees shall within thirty (30) days after the passage of this ordinance file with the Clerk of the City their written acceptance of this franchise herein granted, subject to the conditions herein set forth, this ordinance shall become void.

Section 10. By such acceptance, Grantees shall be deemed to covenant to indemnify and save harmless the City from all claims, actions or damages of every kind and description which may accrue to or be suffered by any person or persons, corporation or property by reasons of any faulty construction, defective material or equipment operation resulting from the improper construction, maintenance, repair or operation of Grantees' energy transmission facilities or by reason of the negligent, improper or faulty manner of safeguarding any construction and/or repair area by Grantees and in case any suit or action is brought against the City for damages arising out of or by reason of any of the above mentioned causes, the Grantees will, upon notice of the commencement of such action, defend the same at their sole cost and expense and in case judgment shall be rendered against the City in such suit or action, Grantees will fully satisfy said judgment within ninety (90) days after said suit or action shall have been finally determined, if determined adversely to the City.

Section 11. If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

Section 12. In addition to its other obligations set forth above, Grantees shall obtain a City of Kelso business license and shall timely pay all fees and taxes applicable to its operations in the City including the applicable Business and Occupation tax.

Section 13. This Ordinance shall be in full force and effect from and after five (5) days from the date of its passage and publication.

Section 14. All notices, requests, demands, and other communications required by this Ordinance will be in writing and be delivered to the parties at the following addresses or such other address that a party may designate by written notice to the other parties from time to time:

City of Kelso  
Attn: City Manager's Office  
203 S. Pacific, Ste. 217  
P.O. Box 819  
Kelso, WA 98626

Weyerhaeuser NR Company  
Attn: Office of General Counsel  
PO Box 9777, MS CH5J  
Federal Way, WA 98003

North Pacific Paper Corporation  
Attn: President  
PO Box 9777  
Federal Way, WA 98003

Solvay Chemicals, Inc.  
Attn: Todd Wiseman, Energy Sourcing Manager – North America  
3500 Industrial Way  
Longview, WA 98632

All notices will be deemed complete upon personal service, delivery by a recognized overnight courier at the notice address, or another address as a party may identify in writing.

ADOPTED by the City Council and SIGNED by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2014.

ATTEST/AUTHENTICATION:

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

PUBLISHED:\_\_\_\_\_



ORDINANCE NO. 3120

AN ORDINANCE REPEALING ORDINANCE NO. 2614 AND SUBSTITUTING THEREFORE THE FOLLOWING TERMS AND PROVISIONS GRANTING TO THE COLUMBIA AND COWLITZ RAILWAY COMPANY, ITS SUCCESSORS AND ASSIGNS, THE RIGHT AND FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE A RAILWAY AND UTILITIES WITHIN CERTAIN DESCRIBED LIMITS IN THE CITY OF KELSO.

WHEREAS, by its adoption of Ordinance No. 2614 in 1975, the City of Kelso granted to the Columbia and Cowlitz Railway Company the right to construct, maintain, and operate a railway within the City of Kelso, and

WHEREAS, said Railway Company has requested modification of said franchise to include authorizing the construction, operation and maintenance of utilities and energy transmission facilities, including a natural gas pipeline, and

WHEREAS, the Kelso City Council has reviewed such request and finds that the best interests of the City would be served if such modifications were allowed.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KELSO DO ORDAIN AS FOLLOWS:

SECTION 1. That Ordinance No. 2614 is hereby repealed.

SECTION 2. That the following terms and conditions embodying the grant of a franchise to the Columbia and Cowlitz Railway Company are hereby adopted, provided said terms and conditions are accepted by

said Company within 30 days of the passage of this Ordinance.

A. That there be and is hereby granted to the Columbia and Cowlitz Railway Company, a Washington corporation, its successors and assigns, and to any assignee of the operations referred to in this ordinance, the right, privilege, and authority, for and during the period of Twenty (20) years from the date of passage of this ordinance and subject to all the conditions and provisions hereof, to construct, maintain, and operate a railway and to construct, operate, and maintain utilities and energy transmission facilities, including a natural gas pipeline, in any street or public thoroughfare of the City of Kelso or part thereof whose boundaries may now or hereafter be included in the strip of land situated in the City of Kelso, Cowlitz County, Washington, bounded and described as follows:

BEGINNING at a point on the west boundary line of the City of Kelso, approximately one hundred twenty-five feet south of the south line of Clark Street in said City of Kelso and running thence in a northeasterly direction, crossing Clark Street and Fisher's Lane, to a point on the north boundary line of said City of Kelso approximately six hundred fifty-feet east of the intersection of the north and west boundary lines of said City of Kelso.

B. That whenever said Grantee, in the exercise of the rights granted by this Ordinance, or any of them, shall disturb or obstruct the surface of any street or other public thoroughfare, the said Grantee shall, as soon as is reasonably practicable, restore said



surface to as good condition as existed before such disturbance. If such repair or restoration is not completed within 90 days, the City shall have the right to cause such repair or restoration to be made and Grantee hereby agrees to pay to the City all costs for such repair or restoration upon receiving written documentation and notification from the City.

C. Grantee shall within thirty (30) days after passage of this ordinance file with the City Clerk its written acceptance of the franchise granted herein, subject to the conditions set forth herein. By filing such acceptance the Grantee shall be deemed to covenant to indemnify the City of Kelso for any injury arising from any casualty or accident to person or property by reason of any neglect or omission on the part of said Grantee to keep its property, while in any street or public thoroughfare of Kelso, in a safe condition. Grantee, during the term of this franchise, shall obtain insurance coverage in an amount of not less than twenty-five million dollars, providing liability coverage to Grantee in the event of fire, explosion, spill or other occurrence included in standard comprehensive general liability policies. Grantee shall furnish evidence of such insurance to the City on an annual basis.

D. Columbia and Cowlitz Railway Company shall provide, at its cost and expense, railroad crossing signalization as may be required

by the Washington State Transportation and Utilities Commission and as requested in writing by the City. Said railroad crossing signalization installation shall be completed within a reasonable time after notification by the City. The City agrees to apply for any funds which may be available to pay a portion of the expense of such railroad crossing signalization.

SECTION 3. This Ordinance shall be in full force and effect five days after its passage and posting as provided by law. Grantee shall pay the sum of one thousand dollars to the City of Kelso to cover the City's costs in processing this franchise.

ADOPTED by the City Council and SIGNED by the Mayor this 19th day of September, 1989.

Richard J. Woods  
MAYOR

ATTEST:

Wendy A. Adams  
CITY CLERK - Deputy

APPROVED AS TO FORM:

Peter P. Knoch  
CITY ATTORNEY

ACCEPTED by the Columbia and Cowlitz Railway Company this 16th day of October, 1989.

Wayne S. Keegan

# AGENDA SUMMARY SHEET

## Business of the City Council City of Kelso, Washington

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**SUBJECT TITLE:** A RESOLUTION OF THE CITY OF KELSO ADOPTING RULES OF PROCEDURE GOVERNING THE CONDUCT OF HEARINGS BEFORE THE CITY'S HEARING EXAMINER

**Agenda Item:** \_\_\_\_\_

**Dept. of Origin:** \_\_\_\_\_ City Manager \_\_\_\_\_

**For Agenda of:** June 3, 2014 \_\_\_\_\_

**Originator:** Steve Taylor \_\_\_\_\_

**PRESENTED BY:**

Steve Taylor

**City Attorney:** Janean Parker

**City Manager:** Steve Taylor

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**Agenda Item Attachments:**

Proposed Resolution

**SUMMARY STATEMENT:**

The City established a hearing examiner system in 2009 through the adoption of Ordinance No. 3705. The system provides a prompt opportunity for a hearing and decision on land use applications or appeals of administrative land use decisions, and such other matters as may be assigned to the hearing examiner. The attached resolution would adopt formal rules that govern the hearing process. This covers general rules that apply to all hearings, rules for hearings on permit applications, and those pertaining to hearings on appeals. This is a housekeeping item that provides better guidance to the participants in the hearings process and transparency for the general public.

**OPTIONS:**

1. Move to approve the resolution adopting rules of procedure for hearings that come before the City's hearing examiner.
2. Do not approve the resolution.
3. Take no action and bring back for consideration at a future meeting.

**RECOMMENDED ACTION:**

Move to approve the resolution approving rules of procedure for hearings that come before the City's hearing examiner.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY OF KELSO, WASHINGTON,  
ADOPTING RULES OF PROCEDURE GOVERNING THE CONDUCT OF  
HEARINGS BEFORE THE CITY'S HEARING EXAMINER.**

**WHEREAS**, the City of Kelso adopted Ordinance No. 3705 in 2009 which established the authority and process for a hearing examiner system to provide prompt opportunity for a hearing and decision on land use applications or appeals of administrative land use decisions, and such other matters as may be assigned to the hearing examiner; and

**WHEREAS**, adopting general rules of procedure consistent with the hearing examiner system established in the Kelso Municipal Code governing the conduct of hearings before the hearing examiner is desirable to enhance transparency of the hearing examiner system for participants and the general public.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KELSO DO HEREBY RESOLVE:

**SECTION 1.** Hearing Examiner Rules of Procedure Adopted. Rules of procedure governing the conduct of hearings before the City's hearing examiner as attached hereto as Exhibit A and incorporated by reference therein are hereby adopted.

**SECTION 2.** This resolution shall be effective immediately upon its adoption.

**ADOPTED** by the City Council and **SIGNED** by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
MAYOR

ATTEST/AUTHENTICATION:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

# Exhibit A

## CITY OF KELSO HEARING EXAMINER RULES

### **Introduction**

These Hearing Examiner Rules of Procedure govern the conduct of hearings held by the Hearing Examiner. The Rules are divided into three chapters: rules that apply to all matters [Chapter I]; rules for hearings on permit applications [Chapter II]; and, rules for hearings on appeals of administrative decisions [Chapter III].

The Kelso Municipal Code, Chapters 18B.08 and 09, establish the Hearing Examiner review and appeal procedures.

### **Table of Contents**

#### **Chapter I General Rules**

- Section 1: Apply to all hearings
- Section 2: Nature of Proceedings
- Section 3: Definitions
- Section 4: Party Representative Required
- Section 5: Presiding Officer
- Section 6: Conflicts

#### **Chapter II: Hearings on Permit Applications**

- Section 1: Apply to hearings held prior to decision
- Section 2: Rights of Parties
- Section 3: Responsibilities of Parties
- Section 4: Hearing procedures
- Section 5: Withdrawal of Application
- Section 6: Recommendation/Decision

#### **Chapter III: Hearings on Appeals**

- Section 1: Apply to hearings held on appeal of administrative decision
- Section 2: Parties' Rights and Responsibilities
- Section 3: Filing
- Section 4: Dismissal
- Section 5: Withdrawal of Appeal
- Section 6: Default
- Section 7: Notice of Hearing
- Section 8: Hearing Format
- Section 9: Record of Hearing
- Section 10: Examiner's Decision

# **RULES OF PROCEDURE FOR PROCEEDINGS BEFORE THE HEARING EXAMINER**

## **CHAPTER I: GENERAL**

### **SECTION 1: APPLICATION**

This Chapter applies to all hearings that are required by the City Code to be held before the Hearing Examiner.

### **SECTION 2: NATURE OF PROCEEDINGS**

#### **2.1 Expeditious Proceedings**

To the extent practicable and consistent with requirements of law, all hearings shall be conducted expeditiously. In the conduct of such proceedings the Hearing Examiner, City staff, and all parties, or their agents, shall make every effort at each stage of a proceeding to avoid delay.

#### **2.2 Frequency**

Hearings before the Examiner shall be scheduled on an as-needed basis. Each matter shall be noted to commence at a particular time.

#### **2.3 Format**

The format for a hearing will be of an informal nature yet designed in such a way that the evidence and facts relevant to a particular proceeding will be easily ascertainable by a reviewing body. The format will allow development of a record by parties.

#### **2.4 Site Inspection**

When deemed necessary by the Hearing Examiner, the Examiner may inspect the site prior or subsequent to the hearing.

#### **2.5 Record of Hearing**

- a. Hearings shall be electronically recorded and such recordings shall be a part of the official case record. Copies of the electronic recording of a particular proceeding shall be made available to the public five business days after a request. The reasonable cost of such copying shall be paid by the requester. No minutes of the hearing will be kept.
- b. Copies of any written materials in the record may be obtained by any person upon payment of the cost of reproducing the material.

#### **2.6 Computation of Time**

Computation of any period of time prescribed or allowed by these rules shall begin with the first day following that on which the act or event initiating the period of time occurred. When the last day of the period so computed is a Saturday, Sunday or a city, national or state holiday, the period shall run until the end of the next following business day.

### SECTION 3: DEFINITIONS

"**Appellant**" means a person, organization, association or other similar group who files a complete and timely appeal of a decision.

"**Applicant**" means a person who is the owner of the subject property or the authorized representative of the owner of the subject property, and who has applied for a land use permit or approval.

"**Comprehensive plan**" means the comprehensive plan that has been adopted by the city.

"**City**" means City of Kelso, Washington.

"**Examiner**" means the hearing examiner of the City of Kelso.

"**Hearing**" means the proceeding at which testimony or documents are presented as evidence to the examiner or council.

"**Intervener**" means a third party who desires to join as a third party to a matter in order to protect their interests

"**KMC**" means City of Kelso Municipal Code.

"**Notice of decision**" means a written document that communicates a decision of the administrator, examiner or council.

"**Party of interest**" means any individual, partnership, corporation, association, or public or private organization that may be affected by proceedings before the examiner. The term includes a "party of record" as defined herein.

"**Party of record**" means:

- a. For an open record hearing on a permit application:
  1. The applicant;
  2. The city; and
  3. A person who testifies at the hearing or who submits written testimony for consideration at the hearing.
- b. For an open record appeal of an administrative decision:
  1. The applicant;
  2. The appellant;
  3. The city;
  4. Any interveners allowed by the hearing examiner to join as a party.

"**Record**" means the oral testimony and written exhibits submitted at the hearing. The recording of the proceeding shall be included as part of the record.

#### **SECTION 4: PARTIES' REPRESENTATIVE REQUIRED**

When a party consists of more than one individual, or is a group, organization, corporation, or other entity, the party shall designate an individual to be its representative and inform the Examiner of the name, address and telephone number of that designated representative. The rights of such party shall be exercised by the person designated as the party representative. Notice or other communication to the party representative is considered to be notice or communication to the party except as otherwise provided in these rules.

#### **SECTION 5: PRESIDING OFFICER**

The Hearing Examiner shall preside over the hearing. The Hearing Examiner shall have all of the authority and duties granted to the Examiner in state statutes, the City code, and other City ordinances. Included in the duties of the Examiner are the following: to conduct fair and impartial hearings; to take all necessary action to avoid delay in the disposition of proceedings; and, to maintain order. The Examiner has all powers necessary to that end, including the following:

- a. To administer oaths and affirmations;
- b. To rule upon offers of proof and receive evidence;
- c. To regulate the course of the hearings and the conduct of the parties and their agents;
- d. To question any party at the hearing,
- e. To hold conferences for settlement, simplification of the issues, or any other proper purpose;
- f. To require briefs on legal issues;
- g. To consider and rule upon all procedural and other motions appropriate to the proceedings;  
and
- h. To make and file recommendations or decisions.

#### **SECTION 6: CONFLICTS**

These rules of procedure are adopted to supplement the requirements of the City code. In the event that there are any conflicts between these rules and the provisions of the City code, the provisions of the City code shall prevail.



## **CHAPTER II: OPEN RECORD HEARINGS ON PERMIT APPLICATIONS**

### **SECTION 1: APPLICATION**

This Chapter applies to open record hearings on land use applications that are required by the City Code to be held before the Hearing Examiner.

### **SECTION 2: RIGHTS OF PARTIES**

#### **2.1 Rights of City**

The City staff shall have the right to present evidence and testimony; propose questions to witnesses, present objections, and arguments and recommendations.

#### **2.2 Rights of Applicant**

Every Applicant shall have the right to notice of the hearing, present evidence and testimony; propose questions to witnesses, present objections, and arguments and recommendations.

#### **2.3 Rights of Parties of Record**

All Parties of Record have the right to present evidence and testimony; propose questions to witnesses, present objections, and arguments and recommendations.

#### **2.4 Presence of Legal Counsel at Hearings or Meetings**

- a. Although representation by legal counsel is not required, all parties participating in the hearings may be represented at any stage of the proceeding by legal counsel of their choice.
- b. At the request of the City staff or the Examiner, a representative of the City Attorney's Office may be present at any stage of the proceedings to advise on matters of law and procedure.

#### **2.5 Limitations**

Notwithstanding the provisions of paragraphs 2.1, 2.2, and 2.3, the Examiner may impose reasonable limitations on the number of witnesses heard, and on the nature and length of their testimony. Questioning of witnesses is permitted as necessary for a full disclosure of the facts, but said questions for witnesses shall be directed to the Examiner. The Examiner shall control the amount and style of said questioning.

### **SECTION 3: RESPONSIBILITIES OF PARTIES**

#### **3.1 Responsibilities of City Staff**

The City staff shall provide a staff report consistent with the City code. The staff report shall be available for review and copying at least seven days prior to the hearing. The City staff shall also present materials at the hearings; provide the Examiner with documentation relevant to the proceedings, and be courteous to all persons participating in the proceedings.

#### **3.2 Responsibilities of Applicant**

The Applicant shall, seven days prior to the hearing: provide the Examiner with written material that supports the application; be prepared for questions by the Examiner; and, be courteous to all persons participating in the proceedings.

### **3.3 Responsibilities of Other Parties of Interest**

All persons who attend a hearing shall conduct themselves with civility and deal courteously with all involved in the proceedings. Failure to do so may result in the Examiner removing the person from the hearing.

### **3.4 Material to Be Submitted**

All briefs and other legal memoranda upon which a Party of Record knows the party will be presenting at the hearing must be submitted to the Examiner and all Parties of Record at least seven days in advance of the scheduled hearing date. The above mentioned documents shall be available to the public at least seven days in advance of the scheduled hearing date. This paragraph does not prohibit the Examiner from allowing a party to submit materials at a later date.

## **SECTION 4: CONDUCT OF HEARINGS**

### **4.1 Affidavit of Notice**

An affidavit attesting to the notice given of a hearing (including dates and places of publication and list of those mailed to) shall be part of each official case record.

### **4.2 Oath or Affirmation**

All testimony before the Examiner shall be given under oath or affirmation to tell the truth. The Examiner shall administer the oath or affirmation.

### **4.3 Content of the Record**

The record of a hearing conducted by the Examiner shall include, but not be limited to, the following materials:

- a. The application;
- b. The Departmental staff reports;
- c. All evidence received which shall include oral testimony given at the hearing, and all exhibits and other materials admitted as evidence,
- d. A statement of all matters officially noticed;
- e. A decision or a recommended decision containing the findings and conclusions of the Examiner;
- f. Official recordings made on electronic equipment; and
- g. An environmental determination made pursuant to the State Environmental Policy Act of 1971 (SEPA) (if applicable).

### **4.4 Development of Record at the Hearing**

A hearing will usually include, but not be limited to, the following elements: a brief introductory statement by the Examiner regarding the procedures before the Examiner; an introductory statement by the City staff that may include submission of the staff report with exhibits, reference to visual aids and a summary of the staff recommendation, testimony and submission of other evidence by the Applicant, testimony of Parties of Interest; opportunity for questions and rebuttal; and, opportunity for questions by the Examiner.

### **4.5 Content and Form of Staff Reports**

The staff report on a land use application shall include the following:

- a. Names and addresses of the owner(s) and Applicant(s) of the subject property and his/her property interest in the property that is the subject of the hearing.
- b. A brief summary of the requested action and a statement as to which code regulations apply to the application
- c. A common description of the subject property and a legal description of the subject property. If necessary due to length, the legal description may be included as an appendix.
- d. A summary of the Comprehensive Plan designation and zoning designation of the subject property; the current uses on the subject property and the adjoining properties; topographical information; geological and soils information; information on the vegetation on the property, information on available services and utilities, and other site characteristics.
- e. The current and proposed access to the subject property, if applicable to the application.
- f. An analysis of the proposed project as to its consistency with the relevant criteria for review of the application.
- g. A summary of any other requested land use permits in the area.
- h. A summary of recommendations made by any agencies consulted on the project, and a list of any reports submitted by the agencies.
- i. A brief summary of issues raised in public comment, with copies of written comments attached.
- j. Maps as specified in the submittal requirements contained in the zoning chapter(s) relevant to the specific development application.
- k. The result of the determination pursuant to the State Environmental Policy Act (SEPA).
- l. Staff's recommendations as to the consistency of the application with the relevant criteria and any necessary conditions that should be applied to any approval of the application.

#### **4.6 Continuances of Hearings**

- a. If, in the opinion of the Hearing Examiner, more information is necessary in order to make a recommendation or decision, or the Examiner is unable to hear all of the public comments on the matter, the Examiner may continue the hearing to a specified date.
- b. Any Party of Record may request continuance of a hearing. The request, if made prior to the hearing, must be in writing and state reasonable grounds for a continuance. The Examiner shall have discretion to grant or deny the request for continuance.
- c. If the hearing is continued prior to the commencement of the hearing, the new hearing time and place shall be posted on the door of the hearing facility on the original hearing date. If the hearing is continued to a specific time and place during the hearing, the new hearing time and place shall be posted on the City's website.

#### **4.7 Evidence**

- a. Burden of proof. In each proceeding for review of an application, the Applicant shall have the burden of proof to show compliance with applicable laws and regulations of Washington State and City of Kelso.
- b. Admissibility. The hearing generally will not be conducted according to strict legal rules relating to evidence and procedure. Any relevant evidence shall be admitted if it is the type that possesses value commonly accepted by reasonably prudent persons in the conduct of their affairs. The Examiner shall have discretion on the admissibility of all evidence.
- c. Copies. Documentary evidence may be received in the form of copies if the original is not readily available. Upon request, parties shall be given opportunity to compare the copy with

the original. The party offering the document into evidence shall provide an extra copy of the document to the Examiner as a working copy.

- d. Judicial notice. The Examiner may take judicial notice of generally accepted facts. The Examiner shall not take judicial notice of any disputed adjudicative facts that are at the center of the proceeding.
- e. The Examiner may request that a document be filed after the close of public testimony. Only those documents referred to at the hearing may be submitted after the hearing and only those specifically requested by the Examiner. If a document is submitted after the close of public testimony, the Examiner may allow other Parties of Record a reasonable opportunity to comment on the document.
- f. After the public hearing is closed, additional evidence may only be submitted upon a motion for reconsideration based on new evidence not reasonably available at the time of the hearing. If additional evidence is submitted with a motion for reconsideration, the additional evidence will be considered only upon a showing of significant relevance and good cause for delay in its submission. All Parties of Record will be given notice of the consideration of such evidence and granted an opportunity to review such evidence and file rebuttal arguments.
- g. All parties will be allowed opportunity to make a record of evidence admitted or denied during the course of the hearing. This record shall include offers of proof.

## **SECTION 5: WITHDRAWAL OF APPLICATION**

If the Applicant requests that the application be withdrawn at any time prior to the issuance of a decision by the Hearing Examiner, the application shall be withdrawn. The Applicant shall remain responsible for the payment of fees and costs already incurred by the City with respect to the application.

## **SECTION 6: RECOMMENDATIONS/DECISIONS**

### **6.1 Written Recommendations**

For applications heard by the Examiner that require Council approval, a written report of findings, conclusions and recommendations shall be forwarded to the Council and the Parties of Record, within the time allowed by law or agreed to by the Applicant and City. The findings, conclusions and recommendations shall indicate how the recommendation meets the relevant goals, policies, plans and requirements of the City code and other policies and objectives of the City including the Comprehensive Plan.

### **6.2 Written Decisions**

For all applications where the Examiner has final approval authority, a written report of findings, conclusions and decision shall be forwarded to all Parties of Record, within the time allowed by law or agreed to by the Applicant and the City. The findings, conclusions and decision shall indicate how the decision meets the relevant goals, policies, plans and requirements of the City code and other policies and objectives of the City, including the Comprehensive Plan.

### **6.3 Content of Recommendation or Decision**

The Examiner's recommendation or decision shall include:

- a. Summary of the Proceedings. This shall include a list of all exhibits received and all persons who testified. A summary of testimony should be given if relied upon in a Finding.
- b. Findings. These shall be statements of verifiable fact relevant to the criteria for review of the application. The findings shall be based exclusively on the evidence presented in the hearing and those matters officially noticed. A finding shall be made on each contested issue of fact. Findings shall reference a specific exhibit or testimony in support of the finding. On contested issues of fact, findings shall clearly summarize all exhibits or testimony presented and shall reference the specific exhibit or testimony used to support the finding.
- c. Conclusions. Each conclusion shall be supported by a reference to a Finding of Fact. The conclusions shall reference specific provisions of the law and regulations when relevant to the decision.
- d. Decision or Recommendation. A decision or recommendation on an application may be to approve, deny or approve with conditions. Every recommendation or decision shall be based upon a consideration of the whole record and supported by substantial evidence.

## **CHAPTER III: OPEN RECORD APPEAL HEARING OF ADMINISTRATIVE DECISIONS**

### **SECTION 1: APPLICATION**

This chapter applies to open record appeals of administrative decisions that approve, deny, or condition a land use permit application. An open record appeal hearing is one where evidence is submitted for the record for the first time.

### **SECTION 2: PARTIES RIGHTS AND RESPONSIBILITIES**

- 2.1** Although Appellants and Applicants have the right to be represented by an attorney, representation by an attorney is not required.
- 2.2** All parties and others participating in and observing hearings shall conduct themselves with civility and deal courteously with all persons involved in the proceedings.

### **SECTION 3: FILING**

#### **3.1 Compliance with Rules**

All appeals must comply with the requirements established in the applicable City of Kelso ordinance(s) under which the appeal is filed.

#### **3.2 Timeliness**

To be considered timely filed, an appeal must be received by the City no later than 5pm on the last day of the appeal period.

#### **3.3 Fee**

Any filing fee as required by the City shall accompany an appeal.

### **SECTION 4: DISMISSAL**

- 4.1** An appeal may be dismissed without a hearing if the Hearing Examiner determines that it fails to state a claim for which the Examiner has jurisdiction to grant relief, or it is without merit on its face, frivolous, or brought merely to secure delay.
- 4.2** Any Party of Record may request dismissal of all or part of an appeal at any time with notice to all parties. The Examiner may make a ruling on a motion to dismiss based upon written arguments or may call for oral arguments.
- 4.3** When decision or action being appealed is withdrawn by the issuing Department, the appeal becomes moot and shall be dismissed.

## **SECTION 5: WITHDRAWAL**

- 5.1** An appeal may be withdrawn only by the Appellant.
- 5.2** Where an appeal is made by several persons, a group, organization, corporation, or other entity, withdrawal shall be made by the person who was designated as the party representative.
- 5.3** An Appellant's request to withdraw the appeal shall be granted as a matter of right and the appeal dismissed.

## **SECTION 6: DEFAULT**

- 6.1** The Examiner may dismiss an appeal by an order of default where the Appellant, without good cause, fails to appear or is unprepared to proceed at a scheduled and properly noticed hearing.

## **SECTION 7: NOTICE OF HEARING**

### **7.1 Contents**

The notice of hearing given to Applicant and Appellant shall be given in accordance with the City code.

### **7.2 Time**

Notice of the hearing shall be given within the time required by applicable ordinance(s).

### **7.3 Responsibility**

The city staff shall be responsible for serving notice of hearing for appeals.

### **7.4 Record of Notice**

A copy of the notice of hearing shall be made part of each official case record.

## **SECTION 8: HEARING FORMAT**

- 8.1** Appeal hearings, although generally informal in nature, shall have a structured format and shall be conducted in a manner deemed by the Examiner to make the relevant evidence most readily and efficiently available to the Examiner and to provide the parties a fair opportunity for hearing.
- 8.2** The order of an appeal hearing will generally be as follows:
- a. Examiner's introductory statement;
  - b. Background presentation by City staff;
  - c. Appellant's presentation;
  - d. City staff's presentation;
  - e. Applicant's presentation;
  - f. Rebuttal;
  - g. Closing argument of parties.

**8.3** Notwithstanding the above provisions, the order of hearing may be modified or a different order established as the Examiner deems necessary for a clear and fair presentation.

**8.4** The order of presentation at hearing shall not alter or shift any burden(s) or presumption(s) established by applicable law(s).

## **SECTION 10: RECORD**

**9.1** The record of an appeal shall include:

- a. The administrative decision or action being appealed;
- b. Appeal statement;
- c. Record of the proceedings of the decision maker;
- d. Tape recording of appeal hearing;
- e. Written arguments submitted by parties.
- f. The Departmental staff reports;
- g. All evidence received which shall include a transcript oral testimony given at the hearing, all exhibits and other materials admitted as evidence;
- h. A statement of all matters officially noticed;
- i. A decision or a recommended decision containing the findings and conclusions of the Examiner; and
- j. An environmental determination made pursuant to the State Environmental Policy Act of 1971 (SEPA) (if applicable).

**9.2** The Examiner's administrative file on an appeal case may include other information or materials which are not part of the evidentiary record.

## **SECTION 11: EXAMINER'S DECISION**

**10.1** A decision of the Examiner on an appeal shall include, but not be limited to, a statement regarding the following:

- a. Background. The nature and background of the proceeding, basis for the appeal, including identification of the party representatives participating in the hearing and other similar information.
- b. Findings. The individual facts that the Examiner finds relevant, credible, and requisite to the decision, based on the record of proceedings.
- c. Conclusions. Legal conclusions based upon specific provisions of law and the findings of fact.
- d. Decision. The Examiner's decision to affirm, modify, reverse, or remand the appeal based upon a consideration of the whole record and supported by substantial evidence in the record, including any conditions imposed as part of the decision.
- e. Right to Appeal. A statement of the right of a person with standing to appeal the decision.



## AGENDA SUMMARY SHEET

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AGENDA ITEM: A resolution to amend  
Resolution 13-1088 Authorizing  
Investment of Kelso Monies in the  
Local Government Investment Pool.

SUBMITTED BY: Brian Butterfield,  
Finance Director

AGENDA ITEM # \_\_\_\_\_  
FOR AGENDA OF: 6/3/2014  
ORIGINATING DEPT: Finance  
DATE SUBMITTED: 5/28/2014  
COST OF ITEM: \_\_\_\_\_  
AMT. BUDGETED \_\_\_\_\_  
CITY ATTY. APPROVAL \_\_\_\_\_  
CITY MGR. APPROVAL \_\_\_\_\_

### AGENDA ITEM PAPERWORK:

Resolution  
LGIP Prospectus  
LGIP Transaction Authorization Form  
LGIP Investment Policy

### SUMMARY STATEMENT

In an effort to provide more clarity with respect to how the Local Government Investment Pool operates, and as a result of the recently amended WACs, the State Treasurer's Office has created a prospectus and has distributed it to all investors in the LGIP.

As a result of the release of this prospectus, each local government investing in the LGIP is required to adopt an updated Resolution that acknowledges that the local government is responsible for overseeing or making investment decisions and has read and understands the prospectus.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY OF KELSO, WASHINGTON, AMENDING  
RESOLUTION NO. 13-1088 AUTHORIZING INVESTMENT OF KELSO MONIES IN THE  
LOCAL GOVERNMENT INVESTMENT POOL**

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, the City of Kelso, the “governmental entity”, to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the City of Kelso shall be first duly authorized by the City Council, the “governing body” or any designee of the City Council pursuant to this resolution or a subsequent resolution; and

WHEREAS, the City of Kelso will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS, the City Council and any designee appointed by the City Council with authority to contribute or withdraw funds of the City of Kelso has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the City Council attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of City of Kelso monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that the City Council does hereby authorize the contribution and withdrawal of City of Kelso monies in the LGIP in the manner prescribed by law, rule and prospectus.

BE IT FURTHER RESOLVED that the City Council has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the City of Kelso Finance Director and Incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the City of Kelso designates the City of Kelso Finance Director, the "authorized individual" to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the City of Kelso.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the City Council that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the City Council to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the City of Kelso. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the City Council acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the City Council

agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

**ADOPTED** by the City Council and **SIGNED** by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
MAYOR

ATTEST/AUTHENTICATION:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

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LOCAL GOVERNMENT  
INVESTMENT POOL

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**Prospectus**

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January 2014



*James L. McIntire*  
*Washington State Treasurer*

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## I. The LGIP

The Local Government Investment Pool (the "LGIP") is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the "State Treasurer") for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the "LGIP-MMF" or the "Fund"). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

### FUND SNAPSHOT

The table below provides a summary comparison of the Fund's investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of November 1, 2013)	Bank Deposits US Treasury bills Repurchase agreements US Government agency obligations	

### Fees and Expenses

**Administrative Fee.** The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants' earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

**Local Government Investment Pool-MMF  
Operating Expenses by Fiscal Year (in Basis Points)**

	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total Operating Expenses</i>	1.12	0.96	0.84	0.88	0.64	0.81	0.68	0.87

(1 basis point = 0.01%)

Because most of the expenses of the LGIP-MMF are fixed costs, the fee (expressed as a percentage of fund assets) will be affected by: (i) the amount of operating expenses; and (ii) the assets of the LGIP-MMF. The table below shows how the fee (expressed as a percentage of fund assets) would change as the fund assets change, assuming an annual fund operating expenses amount of \$800,000.

Fund Assets	\$6.0 bn	\$8.0 bn	\$10.0 bn
Total Operating Expenses (in Basis Points)	1.33	1.0	.80

**Portfolio Turnover:** The Fund does not pay a commission or fee when it buys or sells securities (or "turns over" its portfolio). However, debt securities often trade with a bid/ask spread. Consequently, a higher portfolio turnover rate may generate higher transaction costs that could affect the Fund's performance.

## II. Local Government Investment Pool – Money Market Fund

### Investment Objective

The LGIP-MMF will seek to effectively maximize the yield while maintaining liquidity and a stable share price of \$1.

### Principal Investment Strategies

The LGIP-MMF will seek to invest primarily in high-quality, short term money market instruments. Typically, at least 55% of the Fund's assets will be invested in US government securities and repurchase agreements collateralized by those securities. The LGIP-MMF means a sub-pool of the LGIP whose investments will primarily be money market instruments. The LGIP-MMF will only invest in eligible investments permitted by state law. The LGIP-MMF will not be an SEC-registered money market fund and will not be required to follow SEC Rule 2a-7. Investments of the LGIP-MMF will conform to the LGIP Investment Policy, the most recent version of which will be posted on the LGIP website and will be available upon request.

### Principal Risks of Investing in the LGIP-Money Market Fund

**Counterparty Credit Risk.** A party to a transaction involving the Fund may fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategies.

**Interest Rate Risk.** The LGIP-MMF's income may decline when interest rates fall. Because the Fund's income is based on short-term interest rates, which can fluctuate significantly over short periods, income risk is expected to be high. In addition, interest rate increases can cause the price of a debt security to decrease and even lead to a loss of principal.



**Liquidity Risk.** Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.

**Management Risk.** Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar Investment objective.

**Issuer Risk.** The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

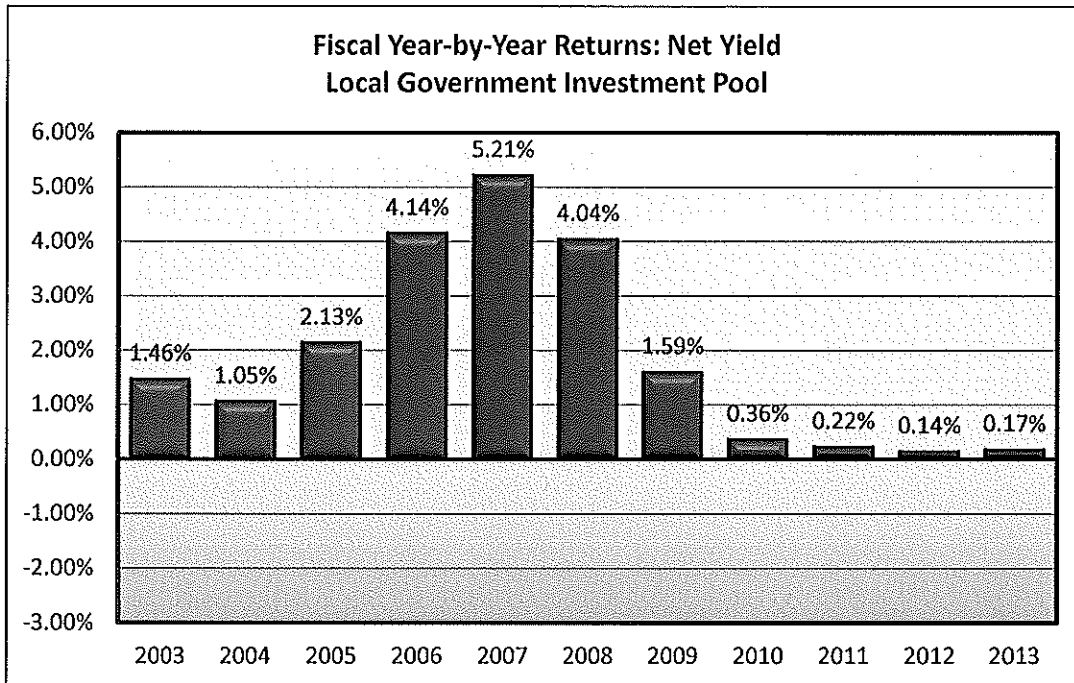
**Securities Lending Risk and Reverse Repurchase Agreement Risk.** The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

**Risks Associated with use of Amortized Cost.** The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

**An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.**

## Performance

The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at [www.tre.wa.gov](http://www.tre.wa.gov) or by calling the LGIP toll-free at 800-331-3284.



**Local Government Investment Pool-Money Market Fund**

**Average Accrued Net Yield**

<u>1 Year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
0.17%	0.19%	.52%	1.94%

**Transactions: LGIP-MMF**

**General Information**

The minimum transaction size (contributions or withdrawals) for the LGIP-MMF will be five thousand dollars. The State Treasurer may, in its sole discretion, allow for transactions of less than five thousand dollars.

**Valuing Shares**

The LGIP-MMF will be operated using a net asset value (NAV) calculation based on the amortized cost of all securities held such that the securities will be valued at their acquisition cost, plus accrued income, amortized daily.

The Fund's NAV will be the value of a single share. NAV will normally be calculated as of the close of business of the NYSE, usually 4:00 p.m. Eastern time. If the NYSE is closed on a particular day, the Fund will be priced on the next day the NYSE is open.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer.

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

#### **Transaction Limitation**

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

#### **Contributions**

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds transfer to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers to the State Treasurer. Failure to wire funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely wire will be assessed to the account of the pool participant responsible.

**Notice.** To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

**Pricing.** Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

#### **Withdrawals**

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to wire funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

**Notice.** In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

**Pricing.** Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

**Suspension of Withdrawals.** If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

## Earnings and Distribution

### LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

### LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

### **Dividends**

The LGIP-MMF's dividends include any net realized capital gains or losses, as well as any other capital changes other than investment income, and are declared daily and distributed monthly.

### **Distribution**

The total net earnings of the LGIP-MMF will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

### **Monthly Statements and Reporting**

On the first business day of every calendar month, each pool participant will be sent a monthly statement which includes the pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance for the preceding calendar month. Also included with the statement will be the monthly enclosure. This report will contain information regarding the maturity structure of the portfolio and balances broken down by security type.

## **III. Management**

The State Treasurer is the manager of the LGIP-MMF and has overall responsibility for the general management and administration of the Fund. The State Treasurer has the authority to offer additional sub-pools within the LGIP at such times as the State Treasurer deems appropriate in its sole discretion.

**Administrator and Transfer Agent.** The State Treasurer will serve as the administrator and transfer agent for the Fund.

**Custodian.** A custodian for the Fund will be appointed in accordance with the terms of the LGIP Investment Policy.

## **IV. Miscellaneous**

### **Limitation of Liability**

All persons extending credit to, contracting with or having any claim against the Fund offered in this Prospectus shall look only to the assets of the Fund that such person extended credit to, contracted with or has a claim against, and none of (i) the State Treasurer, (ii) any subsequent sub-pool, (iii) any pool participant, (iv) the LGIP, or (v) the State Treasurer's officers, employees or agents (whether past, present or future), shall be liable therefor. The determination of the State Treasurer that assets, debts, liabilities, obligations, or expenses are allocable to the Fund shall be binding on all pool participants and on any person extending credit to or contracting with or having any claim against the LGIP or the Fund offered in this Prospectus. There is a remote risk that a court may not enforce these limitation of liability provisions.

**Amendments**

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: [www.tre.wa.gov](http://www.tre.wa.gov).

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

**LGIP-MMF Contact Information**

Internet: [www.tre.wa.gov](http://www.tre.wa.gov) Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail:

Office of the State Treasurer  
Local Government Investment Pool  
PO Box 40200  
Olympia, Washington 98504  
FAX: 360-902-9044

**LOCAL GOVERNMENT INVESTMENT POOL  
TRANSACTION AUTHORIZATION FORM**

Please fill out this form completely, including any existing information, as this form will replace the previous form.

Name of Entity: <b>City of Kelso</b>	Mailing Address:
Fax Number: <b>360-425-9807</b>	P.O. Box 819
E-mail Contact: <b>butterfield@kelso.gov</b>	Kelso, WA 98626

Do you wish to have your monthly LGIP statements faxed to the number listed above?

**Please note** – if you choose to receive statements via fax, you will not receive another copy via U.S. mail.

**YES**, please fax statements                       **No**, please send statements via U.S. mail

Bank account where funds will be wired when a withdrawal is requested.

(Note: Funds will not be transferred to any account other than that listed).

Bank Name: <b>Bank of America</b>
Branch Location: <b>275 S. Valencia Ave., Brea, CA 92823</b>
Bank Routing Number:
Account Number:
Account Name: <b>City of Kelso</b>

Persons authorized to make deposits and withdrawals for the entity listed above.

Name	Title	Signature	Telephone Number
Brian Butterfield	Finance Dir.		360-423-0900
Steve Taylor	City Manager		360-423-0900
Traci Howard	Deputy Clerk		360-423-0900

By signature below, I certify I am authorized to represent the institution/agency for the purpose of this transaction.

(Authorized Signature)	(Title)	(Date)
(Print Authorized Signature)	(E-mail Address)	(Telephone number)

Any changes to these instructions must be submitted in writing to the Office of the State Treasurer. Please mail this form to the address listed below:

OFFICE OF THE STATE TREASURER  
LOCAL GOVERNMENT INVESTMENT POOL  
PO BOX 40200  
OLYMPIA, WA 98504-0200  
FAX: (360) 902-9044

Date Received: ___ / ___ / ___
Fund Number: _____
<i>(for LGIP use only)</i>

State of Washington    )  
County of \_\_\_\_\_) ss.

Signed or attested before me by \_\_\_\_\_  
Dated this \_\_\_ day of \_\_\_\_\_, 20\_\_.

SEAL OR STAMP

\_\_\_\_\_  
*Signature of Notary*

\_\_\_\_\_  
*Typed or printed name of Notary*

Notary Public in and for the State of Wash.  
My appointment expires: \_\_\_\_\_

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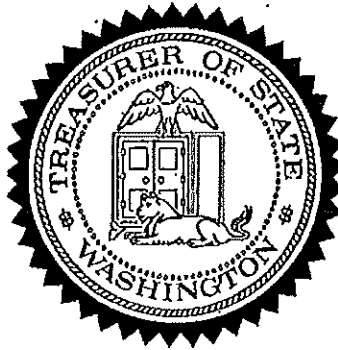
**LOCAL GOVERNMENT  
INVESTMENT POOL**

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**Investment Policy**

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**November 2010**



*James L. McIntire*  
*Washington State Treasurer*

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Office of the Washington State Treasurer

LOCAL GOVERNMENT INVESTMENT POOL

INVESTMENT POLICY

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**I. STATEMENT OF PURPOSE**

This statement is intended to *describe the policies* that the State Treasurer has established as useful and prescribed guidelines for the prudent management of the funds in the Local Government Investment Pool (LGIP). This statement also lists and describes realistic parameters and goals in investing those public funds.

It aims to *establish reasonable expectations, objectives and guidelines in the investment process*. It will set forth an investment structure detailing the universe of permitted investments and restrictions for their utilization. Creating this framework will lessen confusion as it sets expectations of generally acceptable returns at a level of risk suitable to the stated funds.

The goal of this investment policy and the corresponding investment function is to *clarify the prescribed duties* delegated to the State Treasurer with regards to the investment of LGIP funds.

This statement is *intended to be an abstract of the investment philosophy* that serves as a general guidance to individuals so authorized. The Treasurer has liberty to make amendments as deemed necessary.

**II. IDENTIFICATION OF FUNDS**

This policy applies to all public funds on deposit with the Local Government Investment Pool (LGIP) as defined by RCW 43.250.020.

**III. OBJECTIVES**

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

The objectives of the State Treasurer's investment practices for the LGIP, in priority order, will be: safety, liquidity, and return on investment.

1. **Safety:** Safety of principal is the primary objective of the State Treasurer. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective the OST portfolio manager will :
  - limit the purchase of investments to securities that have a maximum final maturity of 397 days, with the exceptions listed in Section VII of this policy.
  - Maintain a Weighted Average Maturity (WAM) of 60 days or shorter, as described in Section VII.3
  - Maintain a Weighted Average Life (WAL) of 120 days, as described in Section VII.3
  - Limit the purchase of investments in securities other than those issued by the U.S. government or its agencies; and,
  - Prepare regular reports of portfolio activity.
  
2. **Liquidity:** The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations.
  - OST will have an understanding of historical cash flow patterns to manage expectations.
  - OST will hold securities that can be converted to liquid cash to be incorporated in liquidity structure
  
3. **Return on Investment:** The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

#### IV. STANDARDS OF CARE

##### 1. Delegation of Authority.

The State Treasurer is an executive officer of the state, as established by the Constitution of the State of Washington (Article III, Section 1), and "will perform such duties as will be prescribed by law" (Article III, Section 19).

As prescribed by the Revised Code of Washington (RCW), "The legislature finds and declares that the public interest is found in providing maximum prudent investment of surplus funds, thereby reducing the need for additional taxation. The legislature also recognizes that not all political subdivisions are able to maximize the return on their temporary surplus funds. The legislature therefore provides in this chapter a mechanism whereby political subdivisions may, at their option, utilize the resources of the Office of the State Treasurer (OST) to maximize the potential surplus funds while ensuring the safety of public funds" (RCW 43.250.010).

To "ensure effective cash management of public funds," (RCW 43.08.015) the State Treasurer may designate investment officers who will have the authority to perform the duties of the state treasurer, and will maintain a current list (available upon request) of those individuals so authorized.

## **2. Prudence.**

The State Treasurer and authorized investment officers will perform their duties in a manner consistent with the standard of a "prudent person," as defined by RCW 43.250.040:

"In investing and reinvesting moneys in the public funds investment account and in acquiring, retaining, managing, and disposing of investments of the investment pool, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital."

Authorized investment officers acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for credit and market risks encountered in the performance of their investment duties. Due diligence requires timely reporting of material deviation from expectations and such other actions to control adverse developments as may be possible in consideration of the particular circumstances and within other provisions of this policy.

## **3. Ethics and Conflicts of Interest.**

The State Treasurer, assistant treasurer, and authorized investment officers will adhere to standards of conduct as stipulated by the following:

- Public Disclosure Act, RCW 42.16;
- Ethics in Public Service Act, RCW 42.52 and section 292-110-010 Washington Administrative Code; and,
- Standards of Conduct for Executive Branch Employees, Executive Order 93-02.

All authorized investment officers will file personal financial disclosure forms with the Public Disclosure Commission consistent with the provisions of RCW 42.17.

# **V. CONTROLS**

## **1. Custody.**

Safekeeping and Custody: Prudent treasury management dictates that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution. Deposits will only be made in depositories approved by the Washington Public Deposit Protection Commission.

The State Treasurer's shall designate all safekeeping arrangements and an agreement of the terms executed in writing. The third-party custodian shall be required to provide a statement to the State Treasurer listing at a minimum each specific security, description, maturity date, market value, par value, purchase date, and cusip number.

## **2. Authorized Financial Dealers and Institutions.**

The State Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment services to the state. Authorized broker/dealers and financial institutions will be limited to those that meet one or more of the following:

- financial institutions approved by the Washington Public Deposit Protection Commission (RCW 39.58); or,
- primary dealers recognized by the Federal Reserve Bank; or,
- non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the National Association of Securities Dealers.

Each authorized dealer or institution will make available annual reports, including audited financial statements, and other information as determined by the State Treasurer.

### **3. Competitive Transactions**

- It will be the policy of the state treasurer to transact securities purchases or sales through appropriately competitive processes.
- Electronic trading is the preferred option for the purchase and sale of investment instruments, when appropriate.
- Offers or bids for securities may be received from approved broker/dealers by the following means:
  - a. by phone
  - b. by e-mail or other electronic communication
  - c. through electronic trading platform
  - d. from inventory listings supplied by approved broker/dealers for underwritten new issues.

### **4. Share Price Calculation**

The current price per share, for purposes of distribution, redemption and repurchase, will be computed by use of the Amortized Cost Method. It is the intent to manage the portfolio to maintain a stable net asset value at \$1.00, like 2a7 funds. However maintenance of a stable net asset value at 1.00 is not guaranteed.

### **5. Internal Controls**

The State Treasurer will maintain internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- the use of third party custody and safekeeping;
- the execution of all securities transactions on a DVP basis;
- the clear delegation of investment authority;
- the separation of transaction authority from record keeping;
- the use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state; and,
- the use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers.

Daily reports monitoring investment operations to ensure compliance with the terms of this policy will be produced and provided to staff responsible for oversight of the LGIP.

## **6. External Controls**

As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes and this policy. In addition, the LGIP will contract for an outside independent audit of LGIP financial statements.

The market value of the portfolio will be calculated monthly by the master custodian or by an independent pricing service under contract with the State Treasurer's Office.

This policy will be reviewed/revised at least annually. The State Treasurer will formally approve any changes to this policy after consultation with the LGIP Advisory Committee.

## **VI. ELIGIBLE AND SUITABLE INVESTMENTS**

### **1. Eligible Investments**

Eligible investments are only those securities and deposits authorized by statute. (RCW 39.58, 39.59, and 43.84.080) Eligible investments include, but are not limited to:

- obligations of the U.S. government;
- obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government;
- obligations of government-sponsored corporations which are, or may become, eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve;
- banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two designated Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. If the bankers acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations;
- commercial paper, provided that the OST adheres with policies and procedures of the State Investment Board regarding commercial paper (RCW 43.84.080(7));
- certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission and made in accordance with the provisions RCW 39.58.
- obligations of the state of Washington or its political subdivisions.

## **VII. INVESTMENT PARAMETERS**

To provide for the safety and liquidity of LGIP funds, the investment portfolio will be subject to the restrictions listed below. These represent minimum investment restrictions under this formal investment policy and there may be separate guidelines containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on a settlement date basis.

The investments of cash collateral and securities accepted as collateral by a securities lending agent are subject to the restrictions and limits of sections VI and VII of this policy.

Maximum percentages for a particular issuer, investment type or liquidity constraints may on occasion be exceeded, e.g., due to fluctuations in fund balances. Securities need not be liquidated to realign the portfolio; however, consideration will be given to this matter when future purchases are made.

## I. Liquidity Provisions

The fund will be structured to maintain a sufficient degree of liquidity necessary to meet reasonably foreseeable redemption requests and reduce the likelihood that a fund will have to meet redemptions by selling portfolio securities into a declining market.

- 10% will be maintained in "daily liquid assets" and that includes (i) cash (ii) direct obligations of the US Government, (iii) demand deposits, (iv) overnight repurchase agreements and (v) securities that mature that day.
- 30% of the portfolio will be maintained in "weekly liquid assets" —and includes (i) cash, (ii) direct obligations of the US Government, (iii) Government Agency discount notes that have remaining maturity of 60 days or less and (iv) securities that will mature, or have a demand feature exercisable and payable within 5 business days.

## 2. Diversification and Percentage Limitations

Cash raised as a result of securities lending or reverse repurchase agreement transactions will not increase the dollar amount of the following limitations.

### a. Government Securities

Investments in government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Floating and Variable Rate Notes (aggregate total)	30%
Other Structured Notes	10%

For the purposes of this policy the following definitions shall apply:

Floating Rate Note: securities which at all times can reasonably be expected to have a market value that approximates their amortized cost. This would include those who reset based on indices such as Fed Funds or the prime lending rate. Floating Rate Notes that reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Variable Rate Notes: securities which on any reset date can reasonably be expected to have a market value that approximates their amortized cost. This would include those who reset based on indices such as LIBOR or US Treasury Bills. Variable Rate Notes that

reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Other Structured Notes: all other debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and which may have embedded forwards or options.

- Structured notes whose cash flows can no longer fluctuate will not count against the 10% limitation.

**b. Non-government Securities**

Investments in non-government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Bankers Acceptances	20%
Commercial Paper	25%
Certificates of Deposit	10%
Demand Deposit Accounts	50%

The aggregate amount for Commercial Paper and Bankers Acceptances will not exceed 35% of the portfolio. Additionally, individual issuers of commercial paper or bankers acceptances will be limited to no more than 5% of the portfolio.

**3. Investment Maturity**

**A. Maximum Final Maturity** The maximum final maturity of any security will not exceed 397 days, with the following exceptions:

- The maximum maturity of the variable rate and floating rate securities meeting the requirements listed above will not exceed 762 days; and
- Securities utilized in repurchase agreements

**B. Weighted Average Maturity (WAM)**

The weighted average maturity (WAM) of the portfolio will not exceed 60 days. For the purposes of calculating the WAM:

- A variable rate security meeting the requirements listed above will be deemed to have a maturity equal to the period remaining to the next reset date, provided that on any reset date such security can be reasonably expected to have a market value that approximates its amortized cost; and
- A floating rate security meeting the requirements listed above will be deemed to have a remaining maturity of one day, provided that at any time prior to maturity such security can reasonably be expected to have a market value that approximates its amortized cost.

**C. Weighted Average Life (WAL)**

The weighted average life (WAL) of the portfolio shall not exceed 120 days. For the purpose of calculating the WAL:



- A variable rate security will be calculated using its final maturity; and
- A floating rate security will be calculated using its final maturity

**D. Repurchase and Reverse Repurchase Agreements**

Repurchase and reverse repurchase agreements will be subject to the following additional restrictions:

- transactions will be conducted only with primary dealers, the state's bank of record, or master custodial bank, and under the terms of a written master repurchase agreement approved by the Public Securities Association;
- repurchase agreements with any single primary dealer or financial institution will not exceed 20% of the portfolio;
- the maximum term of repurchase agreements will be 180 days;
- the share of the portfolio allocated to repurchase agreements with maturities beyond 30 days will not exceed 30% of the total portfolio;
- the maximum term of reverse repurchase agreements will be 90 days and must be matched to anticipated cash flows adequate to liquidate the transaction; and,
- the maximum portion of the portfolio allocated to reverse repurchase agreements or engaged in a securities lending program will not exceed 30% of the total portfolio.

Securities utilized in repurchase agreements will be subject to the following additional restrictions:

- securities utilized in a repurchase agreement with a maturity date longer than seven days will be priced at least weekly;
- all substitutions will be approved by the OST before the existing purchased security is released to the broker/dealer;
- the market value, plus accrued income, of treasury, agency and money market securities utilized in repurchase agreements will be 102% of the value of the repurchase agreement;
- the market value, plus accrued income, of mortgage-backed securities utilized in repurchase agreements with more than seven days remaining until maturity will be 105% of the value of the repurchase agreement;
- collateralized mortgage obligation (CMO) securities utilized in repurchase agreements must pass the Federal Financial Institutions Examination Council (FFIEC) test, or will not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency; and,
- only securities authorized in statute for the investment of public funds will be utilized in repurchase agreements.

Additional operating guidelines will provide details relating to the frequency of security pricing, substitutions, and margin calls.

**VIII. PROFESSIONAL SERVICES**

The State Treasurer may contract for professional services as necessary for the efficient management of investments.

**1. Appointment of Master Custodian**

The State Treasurer may select one or more firms to provide the state with master custodial services. Master custodial services will include, but not be limited to:

- executing transactions involving all securities held in custody, including on-line security clearing, settlement of securities on a delivery-versus-payment basis (DVP), and settlement of physically-held securities;
- providing regular reports on the activity and value of the securities in custody; and,
- providing for the safekeeping of all documents and financial instruments physically held in custody.

**2. Appointment of Securities Lending Agent**

The State Treasurer may select one or more firms to provide securities lending management services. Securities lending services will include, but not be limited to:

- ensuring all loans of coupon-bearing securities are supported by collateral valued at not less than 102% of market value of the securities, including accrued income;
- ensuring all loans of non coupon-bearing securities supported by cash collateral, shall not be valued at less than 102% of market value, but not to exceed par;
- ensuring all loans of non coupon-bearing securities supported by non-cash collateral, shall not be valued at less than 102% of market value;
- ensuring the average maturity of securities on loan and of the securities purchased are for 14 days or less;
- ensuring that the investment of cash collateral be only in securities authorized in this policy, and that the restrictions on investments found in sections V and VI of this policy also apply to investments made by a securities lending agent;
- providing next day liquidity for all securities on loan; and,
- providing monthly accounting, performance, compliance, and management reports.

The services of a master custodian and securities lending agent will be obtained through an evaluation of competitive proposals submitted in response to a regularly issued request for proposals.

Securities purchased by the office are to be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Collateral is to be similarly held or held by an independent third party with whom the office has a current master repurchase agreement.

All securities transactions are to be conducted on a DVP basis only, and a trade confirm/safekeeping receipt is to be provided to the Treasurer's Office.

**IX. ADVISORY COMMITTEE**

The State Treasurer created the LGIP Advisory Committee to provide advice on the operation of the pool. Of the committee members, all of whom are active LGIP participants, some members are

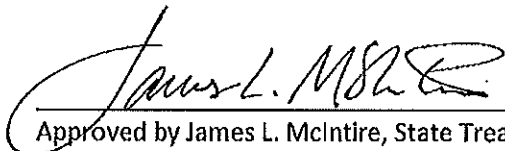
appointed by participant associations, and some members are appointed by the State Treasurer. The LGIP Advisory Committee will meet quarterly or at the discretion of the State Treasurer.

**X. PERFORMANCE BENCHMARK**

A performance benchmark provides an appropriate comparison of risk and return based on a investment funds policy criteria. The imoney.net, Govt Only Institutional Index is an Index that is comprised of 2a7 government only portfolios and represents the LGIP Investment objectives. Therefore, this index will be used as a comparison for risk and return results.

**XI. REPORTING REQUIREMENTS**

The State Treasurer will prepare regular reports summarizing characteristics and holdings in the fund. In accordance with Washington Administrative Code 210-01-110, each pool participant will be provided a monthly statement of account. In accordance with RCW 43.250.080, the State Treasurer will submit an annual summary of LGIP activity to the governor, the state auditor, and the Joint Legislative Audit and Review Committee.

  
Approved by James L. McIntire, State Treasurer

11-15-10  
Date

Effective Date: November 10, 2010