

The Pullman City Council welcomes you to tonight's meeting. The Council appreciates and encourages public participation. For regular agenda items, an opportunity for public comment is usually provided after the staff report. However, the formality of procedures varies with the purpose and subject of the agenda item; therefore, the Mayor may exercise discretion in deciding when to allow public comment during the course of the proceedings and limitations will be placed on the time allowed for comments. Citizens wishing to comment on business which is not on the agenda will be provided the opportunity to do so under NEW BUSINESS. If you plan to address the Council, you will find a list of "Tips for Addressing the Council" on the public information table in the City Council Chambers. Thank you for your interest in City government.

- A. Roll Call: _____Francis Benjamin _____Barney Waldrop
 _____Keith Bloom _____Nathan Weller
 _____Ann Heath _____Pat Wright
 _____Bill Paul

- B. Announcements
C. Consent Agenda

The items listed under the Consent Agenda are considered to be routine in nature and will be enacted by a single motion of the Council without separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by Council action.

Motions

1. Dispense with the reading of the minutes of the regular meeting of September 16, 2008, and approve them as submitted.
2. A motion to adopt the 2009 budget schedule.

- D. Regular Agenda

Discussions

3. WSU Fire Agreement
4. Certified Local Government Program

E. New Business

Members of the public may bring items of new business to the attention of the Council under this agenda item. However, we strongly encourage advising the Mayor or City Supervisor of your intention prior to the meeting to ensure the item is properly an item of new business and, if not, if the matter could be addressed in some other manner.

F. Tentative Council Agenda for September 30, 2008 - Canceled

Tentative Council Agenda for October 7, 2008 - Canceled

Tentative Council Agenda for October 14, 2008

Pullman Progress Presentation: WSU, School District, Hospital
District, and City of Pullman
Budget Amendment No. 2
MLS Contract

Tentative Planning Commission Agenda for September 24, 2008 -
Canceled

Tentative Board of Adjustment Agenda for October 20, 2008
No business scheduled at this time

THE COUNCIL CHAMBERS ARE ACCESSIBLE TO PERSONS WITH DISABILITIES. PERSONS REQUIRING SPECIAL ACCOMMODATIONS, SHOULD CONTACT THE FINANCE DEPARTMENT BEFORE 5:00 P.M. THE MONDAY PRECEDING THE COUNCIL MEETING. THE FINANCE DEPARTMENT IS LOCATED ON THE FIRST FLOOR OF CITY HALL, 325 SE PARADISE STREET, PULLMAN, WA 99163. TELEPHONE NUMBER 338-3209 or 338-3208, FAX NUMBER 334-2751, ADD NUMBER 7-1-1.

MINUTES OF THE CITY COUNCIL
OF THE CITY OF PULLMAN
SEPTEMBER 16, 2008

Roll Call

The regular meeting of the City Council of the City of Pullman was held on September 16, 2008, at 7:30 p.m. in Council Chambers, City Hall, Pullman, Washington with the following present:

Glenn A. Johnson	Mayor
Jane Joyce	Deputy City Clerk
Francis Benjamin	Councilmember
Keith Bloom	Councilmember
Ann Heath	Councilmember
Bill Paul	Councilmember
Barney Waldrop	Councilmember
Nathan Weller	Councilmember
Pat Wright	Councilmember

Call to Order

Mayor Johnson called the regular meeting to order at 7:30 p.m.

Announcements

Mayor Johnson made two announcements. ASWSU Senator Semon spoke about the "Cougars Rocking the Vote" program.

ORDER OF BUSINESS

Approval of Recommendations of Consent Agenda Items

CONSENT AGENDA

Mayor Johnson reviewed the items on the Consent Agenda with the Council and audience. He stated that items listed on the Consent Agenda are considered to be routine in nature and will be enacted by a single motion of the Council without separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by Council request. Councilmember Bloom moved, Councilmember Wright seconded to read the items on the Consent Agenda by title only.

Motion Carried.

City Attorney McAloon read the items on the Consent Agenda by title only. Mayor Johnson asked if there were any requests for removal of items from the Consent Agenda from either the Council or audience. There were none. Councilmember Wright moved, Councilmember Bloom

seconded to adopt the Consent Agenda as presented.

Motion Carried.

Motions

- | | | |
|---|----|--|
| Minutes - September 9, 2008 | 1. | The Council dispensed with the reading of the minutes of the regular meeting of September 9, 2008, and approved them as submitted. |
| Sunrise Terrace Sewer Complete | 2. | The Council accepted as complete Contract No. 07-09, Sunrise Terrace Sewer. |
| Lawson Gardens Concrete Pavers | 3. | The Council accepted as complete Contract No. 08-07, Lawson Gardens Concrete Pavers. |
| Change Order on North Grand Pavement Repair | 4. | The Council ratified Change Order No. 1 to Contract No. 08-13, North Grand Pavement Repair. |
| North Grand Path and Maple Street Path | 5. | The Council ratified Change Order No. 1 to North Grand Path and Maple Street Path. |

Resolution

- | | | |
|--|----|---|
| Resolution No. R-84-08 - Federal Transit Operating Grant | 6. | Resolution No. R-84-08

A RESOLUTION AUTHORIZING THE ACCEPTANCE OF THE FIRST AMENDMENT TO FEDERAL TRANSIT ADMINISTRATION OPERATING ASSISTANCE GRANT AGREEMENT (GCA5329) TO ADD FTA 5311 FUNDS AND STATE RURAL MOBILITY FUNDS. |
|--|----|---|

Resolution No. R-84-08 was adopted unanimously.

REGULAR AGENDA

Ordinance and Resolution

- | | | |
|---|----|--|
| Ordinance No. 08-16 - Parking and Resolution No. R-85-08 - Riverwalk Parking Lot Fees | 7. | Mayor Johnson announced that an ordinance and resolution had been prepared changing the parking regulations for the Riverwalk Parking lot. City Supervisor Sherman presented the staff report and thanked Mayor Johnson, Chamber of Commerce Executive Director Tammy Lewis, and past Chamber of Commerce Executive Director Fritz Hughes for all their work on this project. He stated that the Council had agreed to sell an additional 30 permits with a limit of 5 per business at the last Council meeting. Public Works Director |
|---|----|--|

Workman presented a staff report and explained some restrictions on parking spaces.

Ordinance No. 08-16 by title only reads as follows:

AN ORDINANCE RELATING TO THE PARKING LOTS AND THE DOWNTOWN FREE PARKING ZONE; AMENDING PULLMAN CITY CODE 12.15.040 AND PULLMAN CITY ORDINANCES NOS. 82-12 \$4 (1982); 87-12 \$3 (1987); 87-37 \$3, (1987); 93-8 \$3 (1993); 95-10 \$1 (1995); 97-32 \$2 (1997); 98-12 \$1 (1998); 99-28 \$1 (1999); 03-4 \$1 (2003); 03-12 \$3 (2003); 04-12 \$2 (2004); 05-17 \$1 (2005); and 08-12 \$2 (2008) RELATING TO TIME LIMITS FOR SAID CITY-OWNED PARKING LOTS AND THE DOWNTOWN FREE PARKING ZONE.

Councilmember Waldrop moved, Councilmember Benjamin seconded to adopt Ordinance No. 08-16. The motion carried unanimously.

Resolution No. R-85-08 by title only reads as follows:

A RESOLUTION ADOPTING FEES FOR RIVERWALK PARKING LOT (ZONE R) PARKING PERMITS OFFERED BY THE CITY OF PULLMAN.

Councilmember Waldrop moved, Councilmember Wright seconded to adopt Resolution No. R-85-08. The motion carried unanimously.

Discussions

Riverwalk Parking 8. Permits

Mayor Johnson announced that a discussion is scheduled on the Riverwalk Parking permits. City Supervisor Sherman presented the staff report stating that the sale of 30 additional permits will begin on September 22. Councilmember Heath stated that if downtown business customers do not have enough parking she will be in favor of reducing the number of permits. Councilmember Weller stated that he had talked to the "Main Street Smoothie" and they are not receiving complaints from customers about parking. Councilmember Wright stated that employee parking is spread out. Councilmembers Wright and Bloom complimented the code enforcement officer for the enforcement of downtown parking and stated there are now places to park downtown. City Supervisor Sherman stated that the Daniel Street lot is now full and that the permits for the Riverwalk Parking lot will be reviewed in one year.

Schweitzer
Engineering Labor-
atories Presentation

9.

Mayor Johnson announced that a presentation is now scheduled on Schweitzer Engineering Laboratories. He introduced Dr. Ed Schweitzer, President of Schweitzer Engineering Laboratories (SEL), who presented an overview of the company. Dr. Schweitzer stated he appreciated the job that the City of Pullman is doing and thanked the Public Works Department for its good job with snow removal last winter.

Dr. Schweitzer gave a PowerPoint presentation showing different electrical power areas that his company is involved with such as wind farms, oil platforms and refineries, substations, and Navy ships. He talked about the growth of Schweitzer Engineering Laboratories including new products and services, new markets, and geography. He presented statistics on employees, including the number of employees, the use of interns, and employee benefits including insurance and the need for more insurance companies in Washington. He discussed the locations of SEL engineering offices, the 124 different countries that have SEL products, his investment in Pullman, and the benefits of company airplanes. He also discussed the need for a new hangar at the Pullman-Moscow airport. He announced that SEL's annual sales meeting will be held in Pullman on October 15 through 18, 2008.

Mayor Johnson thanked Dr. Schweitzer for his assistance in returning Whitcom Director Patti VonBargen to this area after her accident in Missouri.

Dr. Schweitzer talked about opportunities at SEL. He stated that only one in four employees reside in Pullman. He announced that he is building a new 30,000 square-foot building at his Pullman campus.

Dr. Schweitzer thanked the Council for the opportunity to address the community. Mayor Johnson thanked Dr. Schweitzer for everything he does for the community. Councilmember Weller thanked Dr. Schweitzer for his employee career opportunities. Councilmember Waldrop thanked Dr. Schweitzer for his company's employee benefits and care of employees. Councilmember Heath asked where the three out of four employees that do not reside in Pullman live. Dr. Schweitzer responded. Councilmember Heath asked why these employees do not live in Pullman. Dr. Schweitzer responded. Councilmember Benjamin asked about

SEL challenges. Dr. Schweitzer responded. City Supervisor Sherman thanked Dr. Schweitzer and stated it is good to see a company which was started in Pullman continue to grow. He thanked Dr. Schweitzer for his generosity to schools, the aquatic center, Terre View Park, and United Way.

Councilmember Paul thanked Dr. Schweitzer for all his community service. He stated Schweitzer Engineering is a success because they stand behind their products. He asked what is done in the Government Services Building. Dr. Schweitzer responded.

NEW BUSINESS

Councilmember Paul announced that Pullman Transit received the Golden Coach Award for a 77.32% reduction in loss frequency from 2005 to 2007. He thanked Pullman Transit for its service to the community.

Councilmember Waldrop stated that the Houston, Tex. disaster plan worked well during the recent hurricane and we should study their plan. City Supervisor Sherman and Mayor Johnson responded.

ADJOURNMENT

Councilmember Bloom moved, Councilmember Weller seconded to adjourn the regular meeting of the City Council.

Motion Carried.

Mayor Johnson adjourned the regular meeting of the City Council at 8:34 p.m.

Mayor

ATTEST:

Finance Director

Consent Agenda

9-23-08
2

2. A motion to adopt the 2009 budget schedule.

NOTES:

REQUEST FOR COUNCIL ACTION

For Meeting of: Sept. 23, 2008

ACTION REQUESTED

Approve Schedule for 2009 Preliminary Budget Preparation, Hearings, and Adoption

BACKGROUND

RCW 84.55.120 requires that an additional public hearing on revenues be held prior to the setting of property tax levies. To allow proper scheduling for all required and necessary budget hearings and the subsequent property tax levy and budget adoption, a budget schedule should be formally adopted by motion of the City Council.

RECOMMENDATION

Adopt by motion the attached budget schedule.

FISCAL IMPACT

None

SUBMITTED BY


Troy Woo
Finance Director
Administration/Finance

ATTACHMENTS FOR COUNCIL REVIEW

1. 2009 Budget Hearing Schedule
2. 2009 Budget Call

<u>REVIEWED BY</u>	<u>Initial</u>	<u>Date</u>
Dept Head	<u>TW</u>	<u>9/12/08</u>
City Supervisor	<u>JSS</u>	<u>9/18/08</u>
City Attorney (as to form)	<u>Wmj</u>	<u>9-19-08</u>

Memo

To: City Council, Mayor, City Supervisor, and Department Heads
From: Troy Woo, Finance Director 
Date: August 11, 2008
Re: Proposed Schedule for 2009 Preliminary Budget Preparation, Hearings and Adoption

Here is a tentative preliminary budget schedule for your review. Due to scheduling issues this year the initial budget hearing will be held on the evening of Veteran's Day, Tuesday, November 11, 2008.

Monday, August 11: Finance Director issues 2009 Budget "Call"

Monday, September 22: Budget requests due in to Finance Director

Tuesday, September 23: City Council Adopts 2009 Preliminary Budget Schedule

Monday, September 29: Estimates presented to Mayor for modifications, revisions, or additions.

October 13 - 17: Departmental Budget Reviews

Tuesday, October 21: 2009 Preliminary Budget Workshop

Tuesday, October 21: City Council to conduct public hearings on 2009 revenue sources, including consideration of possible increases in property tax revenues. Public Hearing on Revenue Sources.

Metropolitan Park District Board to conduct public hearings on 2009 revenue sources, including consideration of possible increases in property tax revenues. Public Hearing on Revenue Sources.

- Monday, November 3: File Preliminary 2009 Budget with City Clerk, City Council.
- Saturday, November 8: City Clerk publishes notice of filing of preliminary budget.
- Tuesday, November 11: Mayor presents 2009 Budget Message.
City Council to conduct Preliminary 2009 Budget Hearing:
Provide overview of total budget, review expenditure requests
for Administration/Finance, Police, Fire Services, Public Works,
Planning, Public Services, Library and miscellaneous funds.
- Metropolitan Park District Board to conduct Preliminary 2009
Budget Hearing: Provide overview of total budget, review
expenditure requests.
- Tuesday, November 18: City Council to conduct Final 2009 Budget Hearing. Set 2009
Property Tax Levy.
- Metropolitan Park District Board to conduct Final 2009 Budget
Hearing. Set 2009 Property Tax Levy.
- Tuesday, December 9: City Council to adopt 2009 Budget.
- Metropolitan Park District Board to adopt 2009 Budget.

Memo

To: Mayor, City Supervisor, Department Heads, Budget Managers
From: Troy Woo, Finance Director^W
Date: August 11, 2008
Re: Notice to File 2009 Budget Estimates

The 2008 Mid-Year Financial Report warns that the 2009 Budget will not be one of expansion and possibly one of reduction. So far in 2008, the General Fund is experiencing strong sales tax collections because of high levels of construction which includes the WSU CUB renovation, WSU Golf Course, and private development. When sales tax is the second largest source of revenue, optimism in one year can become reduction in the next with large fluctuations in collections. This is expected to be the case for 2009 sales tax collections. Two of the largest construction projects, the WSU CUB renovation and Golf Course, will be completed in 2008 and the next major WSU construction project will be sales tax exempt. The sales tax collections will be losing about \$94 million worth of taxable sales from those WSU construction projects. The most recent monthly sales tax reports show that the sales tax collections from construction is down 20 percent from 2007, so the expected sales tax collection slowdown is occurring.

So far in 2008 property and utility taxes collections remain strong. Property taxes have increased thanks to the addition of \$64.7 million worth of valuation to the assessment rolls. Strong construction generally has a delayed impact on property tax. Often construction valuation is not added to the property tax assessment rolls until the year after completion. Increasing rates and increasing consumption due to development are contributing factors to the strength of utility tax collections. It is likely that the strong construction activity taking place in 2008 will have a positive impact to the property tax collections in 2009 and 2010.

The reasons for caution come both from revenue and expenditure projections. It is not prudent to rely on or expand budgets based on a one-time or cyclical revenue source such as sales tax on new construction. We don't to look too far back in our history for an example of why. 2005 sales tax collections decreased \$440,693 from the previous year. This was after experiencing record construction in 2004 because of the Pullman Memorial Hospital and Lincoln Middle School projects. It appears that the 2009 sales taxes will decrease as it did in 2005, based on the WSU construction budget and the slow pace of

2008 City of Pullman building permit issues. So far in 2008 building permit issues are down \$20.9 million or 62.9 percent compared to 2007.

On the expenditure side we will be challenged by high medical insurance premium increases and pension contribution increases. Our medical insurance carrier is projecting 9 to 10 percent premium increases for 2009. The employer contributions to employee pension plans will be increasing dramatically as well. PERS employer contributions will be increasing 11.4 percent during 2009. At this point no labor contracts have been settled for 2009. Historically the labor contracts have been based on the May/June CPI for Seattle/Bremerton/Tacoma, which for 2008 is 6.2 percent. If the COLA impact is similar to 2008 the estimated costs from these three sources will require a 2.9 percent increase to General Fund revenues.

There is a strong potential that these labor cost increases will offset any General Fund revenue gains in 2009. There is also the chance that there will not be any revenue gains because of the impact the construction slowdown will have on sales taxes. My mid-year projections for the 2009 increased costs for General Fund medical insurance premiums, and pension contributions are \$187,378. The 2008 COLA impact on the General Fund is an estimated \$225,479. I show the General Fund falling below the Council 13.0 percent reserve level in 2009, falling to a dangerously low cash level in 2010, and moving into a negative cash position in 2011. Obviously, we will not allow the cash position to reach these levels. This is one indication that the 2009 and future budgets may need to be adjusted to avoid a negative cash position.

We must proceed in accordance with State law with the process of preparing next year's budget. Accordingly, we are now asking you to prepare a preliminary budget subject to the conditions outlined below:

Pursuant to 35A.33 RCW, you are hereby notified to file with the Finance Director, on or before 5:00 p.m. September 22, 2008, itemized estimates of probable revenues, if any, from sources other than taxation, and of all expenditures required by your office or department for the year 2009. Your estimates should be submitted in summary form, and the format of this summary has been forwarded to you as an attachment to this document and via e-mail. I will provide you with detailed budget preparation worksheets from which you can compile your summary sheets. These worksheets will provide 2006 and 2007 total expenditures and revenues. Please use the revenue and expenditure reports for July 2008. I am developing an initial estimate of 2009 General Fund revenues, and a copy will be forwarded to you as soon as possible.

Your preliminary budget requests should include only existing Council-approved programs and staffing. We will address staffing requests in a pre-budget workshop. Although there are possible increases for consideration outside the General Fund, at this point it appears there will be no funding for General Fund staffing increases for 2009.

Since all labor contracts are still in negotiation, current salaries will be used in the preliminary 2009 budget until contracts are settled. A copy of the salary schedule reflecting these salaries to be used is also attached.

Also attached is a projection of 2009 benefit costs to assist you in calculating benefit expenditures. As the attachments indicate, the latest AWC/Asuris Northwest Health premiums projection is for a 9 to 10 percent increase. The benefit worksheet assumes a 10 percent increase. July 1, 2008, the PERS contribution increased to 8.31 percent from 6.13 percent and LEOFF 2 contributions increased to 5.46 percent from 5.35 percent. These rates include a 0.16 percent administrative fee. The Pension Funding Council will be recommending new rates to the State Legislature during the 2009 session. The benefit worksheet assumes those changes will be adopted. We are not aware of any change in the rate of Social Security contributions. Please - do not use a flat percentage of salary or the 2008 budgeted amounts as the base for your 2009 benefit estimates. Personnel changes can have significant impacts on your benefit budgets.

As before, we request that you break out, identify, and be able to justify small tools and minor equipment expenditures (Object Code 35) from other supply purchases. These are items costing less than \$10,000, and therefore are not to be capitalized. Since we believe we will have overall budget constraints, you should only budget for replacement items. The only items listed on the "capital" line (Object Codes 60) should be true capital projects approved in the 2009-14 Capital Improvement Program within the relevant funds. All capital requests (Object Codes 35 and 60) should be listed individually by item and amount on the bottom of the form, and the total entered in the appropriate summary categories. The 2009 Equipment Rental Division rates, Government Buildings rental rates, and Information Systems rates will be provided directly from those departments. I have inserted a separate line in the preliminary budget worksheet for the IS charge. Please place both the ERD replacement charge (object 95.60) and maintenance charge (98.00) in the Equipment Rental line for the preliminary budget.

All amounts must be rounded off to the nearest dollar.

Only your summary sheets are required to be submitted to me on or before September 22. The detail worksheets will be reviewed with you in conferences that will be scheduled in October. If necessary, a second round of conferences will be held later in October. These detail worksheets, together with any revisions, will then be used to complete the final budget document after the budget is adopted by the City Council. Also attached is a tentative schedule for the entire budget process.

The 2009 Preliminary Budget format and narratives will continue to follow our traditional "Budgeting by Objectives" approach with the inclusion of the performance measurement element. Be sure to include any changes adopted by the City Council during its goal-setting process, or at other times during the year. We will review those narratives with you at the time of your individual budget conferences. The narratives will be revised where necessary and delivered to Jane Joyce as soon as possible following your budget conference(s).

In addition, please review the staffing allocation tables and the salary schedules included in your 2008 Preliminary Budget, and advise me of any changes in numbers or titles.

2008 YEAR END ESTIMATES AND C.I.P. CARRYOVERS

As part of the budget process, I will attempt to develop accurate estimates of year-end 2008 revenues and expenditures for all funds. These estimates will help to develop beginning 2009 cash or fund balances which become resources to help support 2009 expenditure requests and necessary reserve requirements. To help develop these estimates, I will need your best estimate of year-end expenditures in the departments and funds for which you have responsibility. I've attached a form headed "2008 YEAR-END BUDGET ESTIMATE" which you should use to develop these estimates. Please forward these estimates to me also no later than September 22.

If you have any questions, or need additional information, please contact me.

It would help me immensely if you could e-mail your preliminary estimates to me, but only if you use the forms provided below **without modification**.

E-mail attachments: Tentative 2009 Budget Schedule (2009 Budget Schedule.doc)
These forms are on separate tabs in (Budget Request Forms 2009.xls):
2009 Budget Request Form
2008 Year-End Budget Estimate Form
2008 CIP Year End Estimate and Carryover Form
2009 Benefit Estimates (Benefits 2009.xls)
2009 Monthly Salary Schedule (2009 Salary Schedule.xls)
2009 Eden Budget Call Report (Eden 2009 Budget Call.xls)

Additional Attachments for Public Works and Airport:
2009 General Fund Charges for Services (Gen Fund Charge 2009.xls)
2009 Insurance Estimates (Insurance 2009.xls)
Public Works Trust Fund Repayment Schedules (Debt Schedules.xls)

Information You Will Receive From Other Departments:
2009 Equipment Rental Rates
2009 Information Systems Service and Replacement Charges
2009 Government Buildings Rental Rates

3. WSU FIRE AGREEMENT

STAFF REPORT _____

QUESTIONS FROM COUNCIL ON STAFF REPORT _____

DISCUSSION _____

ACTION TAKEN _____

NOTES:



CITY OF PULLMAN

Administration/Finance


325 S.E. Paradise Street, Pullman, WA 99163

(509) 338-3208 Fax (509) 334-2751

admin@pullman-wa.gov

MEMORANDUM

TO: Mayor and City Council

FROM:  John Sherman, City Supervisor

RE: Discussion of Proposed Settlement of WSU Fire Agreement Negotiations

DATE: September 16, 2008

At the City Council meeting on June 24, 2008, I provided a report on the status of WSU Fire Agreement Negotiations. Under the terms of the June 2005 interlocal agreement between WSU and the City, the contract amount for 2009 was to be settled by July 1, 2008. However, the parties were unable to reach agreement by the specified date. The respective positions of the parties were outlined in my June staff report as follows:

The current position of WSU is that it does not have the funds to support our requested increase. WSU also questions why the cost is so high. WSU will be seeking a legislative appropriation that can be used for fire and emergency medical services but won't know until next Spring whether it will get any of those funds. Also, WSU is trying to determine other ways to help the City reduce its costs. However, as of now all WSU can offer for the payment for 2009 is the 2008 annual payment of \$587,292 plus a Consumer Price Index (CPI) increase.

The position of the City is that WSU should pay \$800,000 based upon the City's actual costs in providing services. Based upon actual City 2007 costs and the percentage of runs to WSU the WSU share would have been \$791,495. Our position is based upon the provision quoted above from the interlocal agreement that states that future costs shall be based upon "...the City's actual costs in providing fire protection and emergency medical services." Our actual costs for 2007 were approximately \$800,000.

Following the City Council meeting on June 24, WSU and City representatives met on August 18 and September 8. We are pleased to announce that a compromise has been reached that both parties are willing to recommend for approval. Under the terms of the proposed settlement, WSU would pay a CPI increase of 6.2% in its monthly payment commencing on January 1, 2009. This would bring the monthly payment to \$51,975. In addition, WSU would pay \$50,000 on January 1, 2009 and an additional \$50,000 on July 1, 2009. Total funding for 2009 would be \$723,700. WSU is seeking \$200,000 from the legislature for this contract for the 2009-11 biennium. If this funding is approved, WSU will pay the City a total of \$823,700 in 2009.

We feel this is a very fair compromise. If you concur we will prepare the necessary legal document to bring back for your approval to authorize the proposed 2009 payment.