Advancing strong cities

In a recent report for 2018, US News & World Report ranked each of the 50 states in its Best States Rankings. They considered more than 70 metrics for each state, including economy, infrastructure, education, and natural environment. When the calculations were done, one state stood above all the rest—Washington.

Our state’s preeminence may have come as a surprise to some around the country. We’re not the most populous state, nor do we have the most political clout, and we are occasionally referred to as the “other” Washington. I suspect the news made plenty of sense to Washington’s city leaders, but only when viewed through a statewide lens.

We know mayors, councilmembers, and staff are critical to our state’s success stories. We are all working, each and every day, to bring in new businesses, grow our local industries, maintain infrastructure, address housing and homelessness, rethink transportation, and provide services to our residents. And we must do so in a way that’s fiscally sustainable and equitable. Not easy tasks.

However, we also know that the knife that spreads prosperity and challenges in our cities does not apply evenly. While we are all unified around a common agenda, the intensity of issues we face varies from community to community, so we need resources and tools that give us local flexibility. And while our state was ranked #1 overall, we landed #22 – middle of the pack nationwide – on “fiscal stability”.

The strength of Washington’s economy (ranked #3 in the report) depends on the durability of Washington’s cities. A recent AWC survey showed that economic development is the top concern for our city leaders. Almost all of the state’s retail sales happen in cities and towns, and more than two thirds of job generating businesses reside within our cities’ boundaries. That’s why it’s important that we continually remind state leaders of the vital importance of Washington’s cities. A recent AWC survey showed that economic development is the top concern for our city leaders. Almost all of the state’s retail sales happen in cities and towns, and more than two thirds of job generating businesses reside within our cities’ boundaries.

You are our advocates, our voice, a direct line to the Legislature, Congress, and the Executive. And you are our partners, our team. Through our work together, we can effect change, not only here in Washington, but in cities and towns across the nation.

Sincerely,
Don Brittan
AWC President
Mayor, Kennewick

Our mission
Serving our members
through advocacy, education, and services

Our vision
AWC is a highly respected voice of cities and towns before the Legislature, Congress, government agencies, and others. We are the leader in providing valuable services and continuing education for our membership. We are the catalyst for promoting communication between cities and towns and for developing broad public understanding of the important roles of cities and towns across the state.

Transition and change

2018 was a time of change for AWC, a year to plan for the future while learning from the past. We prepared for the retirements of four long-term senior staff members, who concluded over 90 years’ combined service to AWC and cities and towns in 2018. Those four individuals shaped much of our organization in profound ways. We fondly remember their leadership, passion, and dedication as we transitioned to a senior staff team with new ideas and excitement to continue our tradition of service and excellence.

Even as we considered AWC’s rich history, we focused our gaze ahead, developing a new strategic plan for the organization. This new plan—created in collaboration with our members and our elected leadership—will guide our work between now and 2022. Rising to Excellence features six key overarching goals: lead, promote, educate, empower, engage, and deliver.

2018 was also a time of growth. We continued to serve Washington’s 281 cities and towns with education, advocacy, and services:

- The 2018 session adjourned on time. Thanks in part to the hard work of city officials, partners, and our advocacy staff, the results for cities and towns exceeded expectations.
- In February, we launched a new version of AWC JobNet, a website focused on assisting cities and other public agencies to secure a diverse group of the “best and brightest” to public service. The site has been successful, hosting hundreds of jobs and attracting upwards of 10,000 visitors each month.
- Between our conferences, Regional Meetings, Small City Connectors, webinars, and other training opportunities, we provided educational services to thousands of city leaders from hundreds of cities and towns across Washington.
- Our Member Pooling Programs—our collective efforts to deliver exceptional value and service—all had strong participation, rolling out new services to members, and continuing to focus on cost savings, worker safety, loss prevention, healthy lifestyles, and excellent customer service.
- We maintained 100% voluntary membership, a testament to cohesion and our members’ commitment to collaboration regardless of size, location, or politics.
- This report provides more information about our accomplishments from the past year, none of which would have occurred without your ongoing support and commitment to our cities and towns. We exist to serve our members, and I welcome your input, comments, and questions.

Sincerely,
Peter B. King
Chief Executive Officer
Association of Washington Cities

2

3
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I want to thank you for your engagement in 2018. You worked hard at home while pushing your state legislators to do what was right for cities. As a result of your work—and the work of AWC—we helped put our state first in this set of rankings. Thank you for being part of this important work.

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AWC advocates for the interests of Washington’s diverse cities and towns. We listen to what matters most to our members and represent them in Olympia before the State Legislature and State Agencies and in Washington D.C.

In 2018, the Legislature focused on some significant policy changes like adopting the Washington Voting Rights Act, adopting a capital budget that had been held up in 2017 due to an impasse over water rights policy, and passing supplemental operating and transportation budgets during a short legislative session.

60 day legislative session
30 Legislators with city government experience
1,410 bills introduced
308 bills passed
730 bills tracked by AWC staff
373 city officials at City Action Days
20 Legislative Bulletins referencing 150 different bills


Advocating for strong cities
47 Legislative Priorities Committee members met 2 times as a full committee and held 9 subcommittee meetings.
4 All-Star Award winners
16 Legislative City Champion Award winners and 5 partner Organization Champion Award winners
6 AWC training webinars
77 city officials hosted at the NLC Congressional Conference in Washington D.C.

Training that is mobile, meaningful, and manageable
AWC targets education for municipal leadership, offering trainings and resources that are online and in person, meaningful to their work, and manageable for a busy schedule.
3,284 people attended an AWC training or conference in 2018
477 city officials and partners attended AWC Annual Conference
427 labor relations professionals attended Labor Relations Institute

Certificate of Municipal Leadership (CML)
Our CML program recognizes city elected officials for expanding their leadership skills by accomplishing training in four core areas:
Effective local leadership
Community planning and development
Public sector resource development
Roles, responsibilities, and legal requirements

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34 Certificates of Municipal Leadership awarded
16 Advanced Certificates of Municipal Leadership awarded

99% of attendees rated their experience as good or excellent
201 Small City Scholarships provided

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- **20 Legislative Bulletins referencing 150 different bills**

The 2018-19 Capital Budget included:
- $116 million for the Public Works Trust Fund,
- $95 million in stormwater projects,
- $160 million in Drinking Water Revolving Loan funds,
- $116.7 million for the Housing Trust Fund,
- $80 million for Washington Wildlife and Recreation Program projects,
- $19.7 million for local fish blocking culvert repairs, and
- $5 million for broadband grants.

### Legislative Priorities Committee
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- **4 All-Star Award winners**
- **16 Legislative City Champion Award winners and 5 partner Organization Champion Award winners**
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Embracing a new strategic plan

To enhance and strengthen AWC’s leadership position, as well as expand the depth, breadth, and pace of our work, in spring 2018 we embarked on a collaborative process to develop a new strategic plan. The strategic planning group was comprised of AWC’s Board of Directors, board representatives from the AWC Employee Benefit Trust and AWC Risk Management Service Agency (RMSA), and AWC staff leadership. The planning process was structured and facilitated by 2B Communications, a consulting firm with extensive experience working with associations and nonprofits throughout the nation.

In preparation for the strategic plan, AWC sought to better understand the viewpoints and priorities of its members. AWC surveyed to determine members’ perspectives of AWC, programs and services most valued, most critical issue areas, and AWC opportunities for improvement. More than 500 city officials and Associate Members responded to the survey. Below are key highlights.

Top 3 issues facing cities today:
1. Economic and community development/jobs
2. Fiscal sustainability
3. Infrastructure/public works

According to our members, AWC’s top 3 action priorities are to:
1. Collect and share data on city issues and trends
2. Develop recommendations for addressing specific issues of interest to cities
3. Proactively develop and support legislation on issues impacting cities

AWC is my go-to for:
1. “Everything I need for my city.”
2. “Best practices, and tracking legislative information.”
3. “Finding out about other small cities.”
4. “Bigger city issues.”
5. “It’s where I can turn when all else fails!”

Members used these words to describe AWC:
- Knowledgeable
- Professional
- Helpful
- Trustworthy
- Respected
- Valuable

AWC’s wealth of resources and research tools help city leaders as they manage day-to-day operations, evaluate results of past practices, and explore new ways to approach issues. Valuable data is available on AWC’s Open Data Portal and through data collection efforts including the Salary and Benefits Survey and the Tax and User Fee Survey.

13 data visualizations produced on topics of relevance to city leaders, including housing costs, homelessness, and transportation funding

90% response to the annual Salary and Benefits Survey

34% response to the biannual Tax and User Fee Survey

6 issues of AWC’s Cityvision magazine exploring topics and stories of interest to Washington’s city leaders

81,683 monthly views on our newly-launched website wacities.org

10,000 visitors each month to our revamped AWC JobNet
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Sharing city stories and data

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Member programs to support strong and diverse cities

Over time, AWC created pooling opportunities for cities and towns to meet their unique challenges and to access quality benefits and services at a reasonable cost. These member-driven programs emphasize risk control, prevention, cost savings, and excellent customer service. The pooling of similar employers keeps overall costs lower and more predictable. Cities, towns, and public sector Associate Members may apply to join AWC’s programs.

**AWC GIS Consortium**

The AWC GIS Consortium increases the capacity of cities, towns, and other municipal entities to utilize Geographic Information System (GIS) technology. The consortium uses collective buying power to help with projects like improving the operation of the AWC Geographic Information System (GIS) technology. The consortium uses collective buying power to help with projects like improving the operation of GIS technology and other municipal entities to utilize Geographic Information System (GIS) technology.

**AWC Workers’ Comp Retro Program**

The AWC Workers’ Comp Retro Program (Retro) provides training and tools that empower employers to lower risks for on-the-job injuries and reduce overall workers’ compensation costs. Member benefits include Washington State Department of Labor & Industries (L&I) claims management, on-site loss prevention consultation, regional trainings, and hearing test reimbursements. The AWC Executive Committee serves as the AWC Retro Board.

** AWC Drug & Alcohol Consortium**

AWC’s Drug & Alcohol Consortium (D&A) helps members comply with federally-mandated U.S. Department of Transportation drug and alcohol testing requirements for commercial driver license employees, transit drivers, and gas utility workers. Benefits include sample drug and alcohol testing requirements for commercial driver license employees, transit drivers, and gas utility workers. Benefits include sample drug and alcohol testing requirements for commercial driver license employees, transit drivers, and gas utility workers.

**AWC Executive Committee**

The AWC Executive Committee serves as the AWC Retro Board.

2018 highlights

- **AWC Employee Benefit Trust**
  - The AWC Employee Benefit Trust (Trust) is the premier provider of benefit programs and services to Washington’s cities, towns, and special districts. RMSA offers comprehensive coverage for property and liability needs with a focus on proactive loss prevention, comprehensive claims management, and member training.
  - RMSA is member-owned and governed by an interlocal agreement, bylaws, and the RMSA Board of Directors. The RMSA Board sets policy and has fiduciary responsibility for the pool. The Board contracts with AWC for professional administrative services.
  - **2018 highlights**
  - New law enforcement policies, procedures, and training support with Lexipol grand program
  - Renewal of AGRIP recognition for best practices in risk pooling
  - New cyber liability coverage

- **AWC Risk Management Service Agency (RMSA)**
  - **2018 highlights**
  - **115 employers** earned the WellCity Award, earning a 2% discount on medical premiums in 2019
  - **206 site visits** completed, educating employees about their benefits and assisting members with enrollment and plan transitions
  - **AGRP Recognition for best practices in health pooling**
  - **Focus on technology with RFP for new Billing, Enrollment & Administration (BEA) system**

- **AWC Trust Board of Trustees**
  - The AWC Trust Board of Trustees is the governing authority for the Employee Benefit Trust fully-insured programs and overall fund management. The Board has a fiduciary obligation to administer the fund on behalf of the contributing members. The Board of Trustees contracts with AWC for professional administrative services.
  - **2018 highlights**
  - **36 members** utilized pre-litigation services
  - **54 members** awarded loss prevention grant funding
  - **62 training scholarships** awarded to members
  - **239 member employees/elected officials** attended regional trainings
  - **11 members** received Lexipol grants

- **AWC Workers’ Comp Retro Program**
  - **2018 highlights**
  - **70 members** retro pools
  - **54 members** in the Safety Alliance, the service-only program
  - Claims management extensively engaged upper management, issued to City of Kennewick

- **AWC Program**
  - **2018 highlights**
  - **$560k+** in Stay at Work reimbursements returned to members
  - **29 extensions of new & expanded training**

- **AWC Employee Benefit Trust**
  - **35,000 employees and family members** received Trust benefits
  - **$1.4m** Cost savings by providing dependent verification

- **AWC Risk Management Service Agency**
  - **2018 highlights**
  - **Increase in utilization of loss prevention training resources**
  - **Increase in net position**
  - **$1.8m**
Member programs to support strong and diverse cities

Over time, AWC created pooling opportunities for cities and towns to meet their unique challenges and to access quality benefits and services at a reasonable cost. These member-driven programs emphasize risk control, prevention, cost savings, and excellent customer service. The pooling of similar employers keeps overall costs lower and more predictable. Cities, towns, and public sector Associate Members may apply to join AWC’s programs.

AWC GIS Consortium

The AWC GIS Consortium increases the capacity of cities, towns, and other municipal entities to utilize Geographic Information System (GIS) technology. The consortium uses collective buying power to help with projects like improving the operation of utility networks, analyzing the value of land and associated rights-of-way assets, developing and sharing public safety response plans, and preparing for a changing and unforeseen future.

AWC GIS Consortium Members in 2018 included 21 cities and towns. The consortium provides a Medical Review Officer, and more.

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The AWC Executive Committee serves as the AWC Retro Board. 2018 highlights included 70 members in the Retro Pool and 54 members in the Safety Alliance, the service-only program.

AWC Drug & Alcohol Consortium

AWC’s Drug & Alcohol Consortium (D&AC) helps members comply with federally-mandated U.S. Department of Transportation drug and alcohol testing requirements for commercial driver license employees, truck drivers, and gas utility workers. Benefits include simple drug and alcohol policy and procedures, training, access to substance abuse professionals, a Medical Review Officer, and more.

AWC Drug & Alcohol Consortium Members in 2018 included 124 members. The D&AC offers comprehensive claims management and member training.

AWC Employees’ Benefit Trust

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RMSA highlights included New law enforcement policies, procedures, and training support with Lexipol grant program.

AWC Risk Management Service Agency

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2018 highlights included 118% claims closure rate and 66% subrogation recovery rate.

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AWC Employee Benefit Trust Members in 2018 included 273 cities and towns. TheTrust offers comprehensive benefits and services to Washington’s cities, towns, and other municipal entities.

The AWC Trust Board of Trustees is the governing authority for the Trust’s self-insured programs (Health Care Program) per the Trust’s interlocal agreement, as well as the governing authority of the Employee Benefit Trust fully-insured programs and overall fund operations. The Board has a fiduciary obligation to administer the fund on behalf of the contributing members. The Board of Trustees contracts with AWC for professional administrative services.

2018 highlights included 15 employers earned the WCAC Award, earning a 2% discount on medical premiums in 2019.

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5 new Healthy Decisions videos, addressing pain management, vaccinations, matters, finding the right care, preventive check-ups, and telehealth.

206 site visits completed, educating employees about their benefits and assisting members with enrollment and plan transitions.

AGRIP Recognition for best practices in health pooling.

Focus on technology with RFP for new Billing, Enrollment & Eligibility system (portal).

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The AWC Risk Management Service Agency (RMSA) is the full-service risk management choice for Washington’s cities, towns, and special districts. RMSA offers comprehensive coverage for property and liability needs with a focus on proactive loss prevention, comprehensive claims management and member training.

RMSA is member-owned and governed by an interlocal agreement, bylaws, and the RMSA Board of Directors. The RMSA Board sets policy and has fiduciary responsibility for the pool. The Board contracts with AWC for professional administrative services.

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AWC Center for Quality Communities embraces an expanded horizon

An expanded horizon

Since 2011, the AWC Center for Quality Communities (AWC-CQC), a separate 501(c)(3) organization, has awarded scholarships to high school students. In 2016, the organization expanded its efforts to partner with public and private organizations and other nonprofits to focus on community empowerment.

2018 highlights

Partnered with Western Washington University’s Sustainable Communities Partnership and the University of Washington’s Livable City Year to connect students with projects in Stanwood, Tacoma, and other cities.

Worked with Washington State University Extension program to continue to pilot innovative local investment networks and develop a training guide and toolkit with Thurston County Economic Development Council and smaller communities.

Growing the Green Economy: Exploring an Eco-Nomic Center

Tomorrow’s healthy community depends on today’s vision and leadership. Part of the AWC CQC mission is working with cities as environmental stewards, creating a framework that supports a thriving green economy. In 2017, AWC CQC took that concept to the drawing board and started working with partners from universities, the public and private sectors, non-government organizations, and community organizations to explore the possibilities of creating a green economy in Washington. Work in 2018 focused around creating a report entitled “Exploring an Eco-Nomic Center.”

Center for Quality Communities Scholarship Fund

Growing and nurturing local community leaders is critical for cities and towns to flourish. The CQC’s Scholarship Fund supports students who are active and involved in local communities and schools. Annually, funds are raised and scholarship recipients are honored at the AWC Annual Conference.

2 scholarships were awarded to previous scholarship winners who are continuing their education and their commitment to community service.

6 Washington high school seniors received scholarships for post-secondary education.

47 students were nominated by cities and towns based on their engagement with the community.

$13,611 was raised to support future leaders.
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Association of Washington Cities
Statement of Financial Position
as of December 31, 2018 and December 31, 2017

<table>
<thead>
<tr>
<th>Assets:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets</td>
<td>7,007,718</td>
<td>5,488,921</td>
</tr>
<tr>
<td>Property and equipment (net of depreciation)</td>
<td>5,141,424</td>
<td>5,283,304</td>
</tr>
<tr>
<td>Investments</td>
<td>2,466,292</td>
<td>1,438,625</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>14,608,751</td>
<td>12,199,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and net assets:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current liabilities</td>
<td>1,888,657</td>
<td>1,330,638</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>3,950,112</td>
<td>2,194,225</td>
</tr>
<tr>
<td>Long-term debt (2010 building addition)</td>
<td>1,061,378</td>
<td>1,732,323</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6,900,147</td>
<td>5,257,186</td>
</tr>
<tr>
<td>Net assets</td>
<td>7,708,604</td>
<td>6,942,264</td>
</tr>
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</tbody>
</table>

The condensed financial information shown is derived from audited financial statements for 2018 and 2017 and do not include notes and supplemental schedules.

Revenue and expenses for the years ending
December 31, 2017 and December 31, 2018

<table>
<thead>
<tr>
<th>2018 income</th>
<th>2017 income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Relations</strong></td>
<td><strong>Trust</strong></td>
</tr>
<tr>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>RMSA</strong></td>
<td><strong>Education</strong></td>
</tr>
<tr>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Retro</strong></td>
<td><strong>Conferences</strong></td>
</tr>
<tr>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>D&amp;A</strong></td>
<td><strong>Miscellaneous</strong></td>
</tr>
<tr>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>26%</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 expenses</th>
<th>2017 expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Relations</strong></td>
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</tr>
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<tr>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
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<td><strong>Total</strong></td>
</tr>
<tr>
<td>20%</td>
<td>25%</td>
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2018 Mayors Exchange – Olympia

38th annual Mayors Exchange "Strategies to Do Business Together"
## Association of Washington Cities
### Statement of Financial Position

as of December 31, 2018 and December 31, 2017

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<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member &amp; Associate Fees</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>Workshops &amp; Conferences</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Trust</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>RMSA</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Retro</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>40%</td>
<td>4%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1%</td>
<td>7%</td>
</tr>
</tbody>
</table>

### Expenses for the years ending December 31, 2017 and December 31, 2018

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Trust</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>RMSA</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Education</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Research</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Conferences</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Strategic Alliances</td>
<td>15%</td>
<td>1%</td>
</tr>
<tr>
<td>Retro</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>4%</td>
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2018 Mayors Exchange – Olympia

"Serving our members through dedicated collaboration & excellence."