

ALBANY CITY COUNCIL AGENDA

Monday, November 6, 2023

4:00 p.m.

Council Chambers, City Hall
333 Broadalbin Street SW

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Please help us get Albany's work done.

Be respectful and refer to the rules of conduct posted by the main door to the Chambers and on the website.

1. Call to order and roll call
2. Business from the public
3. Risk management and investment policies – Garrett Cudahey and Darrin Godfrey [Pages 2-37]
Discussion
4. Pedestrian crossing, Expo Parkway at Knox Butte – Ron Irish [Verbal]
Information
5. Street preservation and improvement funding – Chris Bailey [Pages 38-41]
Information
6. Business from the council
7. City manager report
8. Adjournment

This meeting is accessible to the public via video connection. The location for in-person attendance is accessible to people with disabilities. If you have a disability that requires accommodation, please notify city staff at least 48 hours in advance of the meeting at: cityclerk@cityofalbany.net.

Testimony provided at the meeting is part of the public record. Meetings are recorded, capturing both in-person and virtual participation, and are posted on the City website.

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MEMO

TO: Albany City Council

VIA: Peter Troedsson, City Manager

FROM: Jeanna Yeager, Finance Director

DATE: October 24, 2023, for the November 6, 2023, City Council Work Session.

SUBJECT: Risk Management Policy

Action Requested:

Discuss the City's Risk Management policy. This item will be on the November 8, 2023, city council agenda for approval.

Discussion:

Staff has worked closely with the City's insurance broker, Hub International, to review the current insurance coverages and the Risk Management Policy. Workers' compensation limits were added, but there were no other significant changes to the policy.

The City Council will review HUB's risk management report and will discuss the current policy at this work session.

Budget Impact:

Costs of insurances are in the adopted budget. The Risk Management Policy sets parameters for managing risks and insurance coverage.

JLY

Attachments: Risk Management Policy
HUB 2023-2024 Annual Report

City of Albany Risk Management Policy



	<p>City of Albany Finance Policy Policy #: F-08-08-007 Title: Risk Management</p>	
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I. POLICY STATEMENT

It is the policy of the City of Albany to proactively identify and manage the inherent risks of providing municipal services. Potential losses will be mitigated through employee safety committees, loss prevention programs, property and liability insurances, workers' compensation, and employee health, life, and disability benefits.

II. GENERAL RESPONSIBILITIES

The City Council has the responsibility to set the control environment for the organization based on integrity and ethical values. The internal controls that support the control environment are tested on an annual basis by an independent auditor and reported to the City's Audit Committee.

Each employee of the City is responsible for contributing to a safe environment for all employees and the public. Employees should help identify and correct unsafe conditions and should follow all established safety laws, policies, and practices. In addition, employees have a responsibility to report any instance of fraud, waste, abuse, or unethical behavior to management or to the City Council.

The City Manager and department directors are responsible for protecting the City of Albany's assets by identifying and managing risks. Primary objectives include containing costs, minimizing accidents and injuries to employees and the public, reducing the frequency and severity of property loss, and promoting a healthy employee workforce and working environment.

Department directors are responsible for managing the risks of operations in their respective departments. They ensure that effective safety and loss prevention programs are implemented and oversee the investigation of claims and losses.

Department directors coordinate their efforts with the Finance Manager who acts as the City's Risk Manager. The Risk Manager is responsible for facilitating claims processing and working closely with third party property and liability insurers.

The City Manager may choose to retain professional advisors, consultants, insurers, brokers, and agents of record to assist the City in placing appropriate insurances and developing effective safety and loss prevention programs.

III. SPECIFIC RESPONSIBILITIES

1. Human Resources Director.

- a. Coordinate and promote city-wide employee wellness programs.
- b. Manage the City's worker's compensation and health insurance programs to contain costs and promote safety and wellness for employees and their families.

2. Finance Director.

- a. Recommend appropriate levels of property and general liability insurance to the City Manager and City Council.
- b. Coordinate periodic inventories of all property, buildings, equipment, vehicles, and other capital assets and verify that appropriate insurance is in place.
- c. Maintain policies, bonds, and other legal documentation of insurance.
- d. Provide an annual report to the City Council showing claims experience and the costs of insurance programs.

3. Fire Chief.

- a. Conduct fire and life safety inspections of City facilities on a periodic basis according to the level of risk in each facility.

- b. Verify that all facilities are in compliance with recognized fire code standards for fire and life safety.
 - c. Coordinate and promote city-wide safety awareness.
4. **City Attorney.**
- a. Develop templates of contracts and leases which include language to identify and mitigate liability and other potential losses.
 - b. Notify the City Manager of changes in state statutes and common law that affect municipal liability.
 - c. Assist insurers in the investigation and settlement of claims against the City.
 - d. Review insurance and bond contracts.
5. City Emergency Manager/Safety Officer
- a. Develop, recommend, and implement emergency management programs to ensure effective emergency services.
 - b. Plan, develop, and coordinate mitigations, preparedness, and response and recovery activities.
 - c. Work with private and public sector agencies to obtain a coordinated preparedness and response effort.
 - d. Administer City safety program.

IV. RETAINING AND TRANSFERING RISK

1. **Reserve Account.**

A Risk Management Fund will be maintained with a working balance of up to \$2,000,000 for unforeseen catastrophic events and major deductibles. Each department will be responsible for claims and deductibles up to \$10,000 per occurrence resulting from losses in their respective operations.

2. **Insurance Coverages.**

The following minimum policy limits and deductibles will be maintained:

Property/Boiler & Machinery

Limit:	Determined each year by the filed value of insured property.	
Deductibles:	Buildings/Contents	\$5,000
	Mobile Equipment	\$1,000
	Boiler & Machinery	\$5,000
	Earthquake	\$25,000
	Limit	\$20,000,000
	Flood	\$25,000
	Limit	\$20,000,000
	Excess Cyber Liability	\$5,000
	Limit	\$1,000,000

Tort Liability

Limit:	\$5,000,000
Deductibles:	\$10,000 per occurrence

Auto Liability

Limit:	\$5,000,000
Deductibles:	\$10,000 per occurrence

Auto Physical Damage

Deductibles: Comprehensive	\$1,000
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Collision	\$1,000
Airport Liability	
Limit:	\$5,000,000
Volunteer Accident Policy	
Limit:	\$50,000
Workers Compensation Policy	
Limit:	\$3,000,000 Each Accident \$3,000,000 Disease Aggregate \$3,000,000 Disease Each Employee

3. Self-Insurance.

The City shall self-insure to the extent it is more cost effective than commercial insurance and does not present unacceptable financial or other risks to the City.

V. ALLOCATION OF INSURANCE COSTS

Departments and programs that have dedicated revenue sources or are independent legal entities will be charged insurance costs specific to the risk exposures of the operations of those departments and programs.

Premiums and related costs for liability insurance, workers' compensation, and property insurance will be allocated to each department based on claims experience and risk exposure. Property insurance costs are allocated according to the specific properties used and operated by each department or program.

VI. CONFIDENTIALITY OF RECORDS

All personally identifiable and confidential information will be maintained in compliance with the Identity Theft Protection Policy, Finance Policy Number F-04-08. All employee medical records and long-term disability claims held by the City will be maintained in separate locked files and access will be controlled through the City Manager and Human Resources Departments.

All police reports will be kept confidential unless the Albany Police Department and/or the City Attorney approve release.

VII. REPORTING PROPERTY/CASUALTY ACCIDENTS AND LOSSES

1. Accidents and losses must be reported promptly and in accordance with prescribed procedures. The benefits of timely reporting include enhanced citizen confidence, better protection of the City's interests, reduced time lost for employees and equipment, and savings realized through prompt settlements.

Reports of general liability claims and automobile accidents should be immediately reported to the Risk Manager. The following information should be included in every report:

- a. Date, time, and location of accident or event
- b. Description of vehicle, equipment, or property involved
- c. Name(s) of person(s) involved
- d. Name(s) of person(s) injured
- e. Description of any medical attention received

- f. Nature of damage/loss and estimated cost
- g. Description of circumstances; diagram of events if possible
- h. Insurance Policy Numbers, Agents, and/or Agencies
- i. Name(s) and addresses of witnesses
- j. Appropriate signatures
- k. Copy of DMV report, if filed
- l. Copy of police report, if filed

In addition, procedures described in Human Resources Policy HR-SF-02-001 (Property Loss/Damage) must be followed.

2. The Risk Manager will process all accident/loss notices, except workers' compensation, and will notify the appropriate insurance company.
3. The Human Resources Department will file workers' compensation accident reports with the appropriate insurance company. Workers' compensation incidents will be processed in accordance with Human Resources Policy HR-SF-03-001 (Reporting On-the-Job Injuries).
4. Accidents of a serious nature and those occurring on weekends or holidays should be called in to the appropriate supervisor and followed up with the proper accident forms and information. The Risk Manager should be notified of the accident on the first day back to work.
5. As required by law, on-the-job injuries to employees that result in overnight hospitalization for treatment (not just observation), must be reported to OR-OSHA within twenty-four (24) hours of the injury. An on-the-job accident that results in the hospitalization of three or more employees, or in a fatality, must be reported to OR-OSHA within eight (8) hours of the accident. In either of these situations, the Human Resources Generalist or Human Resources Director should be notified immediately so they may make notification to OR-OSHA.

VIII. REPORTS TO BE FILED

1. All Property/Casualty claims reports will be filed with the Risk Manager.
2. Minutes of City Council meetings, safety meetings, and all other City committee meetings in which Risk Management policy or procedure decisions are made will be filed as appropriate.
3. Inspection reports when the building inspector or Fire Department inspects City premises will be filed with the Risk Manager or the Fire Department.
4. Long-term disability and life insurance claims and workers' compensation claims and reports will be filed with the Human Resources Department.

IX. RISK MANAGER RECORDS

The Risk Manager shall keep the following records:

1. An inventory of current locations, descriptions, and insurable values of all property/vehicles owned or leased by the City.
2. An insurance register, outlining all coverages in force and including premiums, policy numbers, servicing agents, terms of coverage, and expiration dates.

3. Premium payment and allocation records.
4. Claims filed and pending.
5. Loss records subdivided into property, liability, and other liability claims paid by the insurer under existing insurance policies.
6. Claim recoveries received from third parties who have damaged City property or who are reimbursing City wages paid.

Supersedes: Res No. 7149	Created/Amended by/date: October 25, 2023	Effective Date: November 8, 2023	Reviewed by Council: November 6, 2023
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City of Albany

Risk Management Report October 23, 2023

Presented by:



Darrin Godfrey
Senior Vice President, Commercial Insurance

Mike Godfrey, CIC
Senior Vice President, Workers Compensation Practice Leader

Schedule of Property and Liability Insurance Coverage / Premium History

Coverage		2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024
PROPERTY Bldgs & Equipment	Company	Travelers	Travelers	CIS	CIS	CIS	CIS
	Policy #	9C56439-2-18	9C56439-2-19	20PALB	21PALB	22PALB	23PALB
	Limits	\$ 223,544,825	\$ 229,124,904	\$ 234,278,207	\$ 266,028,675	\$ 287,640,035	\$ 304,866,127
	Premium	\$ 311,174	\$ 341,380	\$ 259,741	\$ 286,091	\$ 319,904	\$ 398,447
	Deductible	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	Losses	\$ -	\$ -	\$ 799	\$ -	\$ 11,200	\$ -
EARTHQUAKE	Company	Travelers	Travelers	CIS	CIS	CIS	CIS
	Policy #	9C56439-2-18	9C56439-2-19	20PALB	21PALB	22PALB	23PALB
	Limits	\$ 50,000,000	\$ 50,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
	Premium	Included	Included	Included	Included	Included	Included
	Deductible	3% of value \$100,000 min	3% of value \$100,000 min	\$25,000	\$25,000	\$25,000	\$25,000
	Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flood	Company	Travelers	Travelers	CIS	CIS	CIS	CIS
	Policy #	9C56439-2-18	9C56439-2-19	20PALB	21PALB	22PALB	23PALB
	Limits	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
	Premium	Included	Included	Included	Included	Included	Included
	Deductible	\$ 100,000	\$ 100,000	\$25,000	\$25,000	\$25,000	\$25,000
	Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOILER & MACHINERY	Company	Travelers	Travelers	CIS	CIS	CIS	CIS
	Policy #	9C56439-2-18	9C56439-2-19	20BALB	21BALB	22BALB	23BALB
	Limits	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
	Premium	Included	Included	Included	Included	Included	Included
	Deductible	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRIME	Company	Travelers	Travelers	CIS	CIS	CIS	CIS
	Policy #	105643359	105643359	20ECALB	21ECALB	22ECALB	23ECALB
	Limits	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Premium	\$ 3,393	\$ 3,393	\$ 3,148	\$ 2,281	\$ 3,252	\$ 2,425
	Deductible	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TORT LIABILITY	Company	CIS	CIS	CIS	CIS	CIS	CIS
	Policy #	18LALB	19LALB	20LALB	21LALB	22LALB	23LALB
	Limits	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
	Net Premium *	\$ 358,589	\$ 371,155	\$ 348,516	\$ 407,787	\$ 457,141	\$ 480,547
	Deductible	\$125,000 Annual Aggregate	\$125,000 Annual Aggregate	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence
	Losses	\$ 190,121	\$ 440,191	\$ 186,877	\$ -	\$ 159,517	\$ 361
AUTO LIABILITY	Company	CIS	CIS	CIS	CIS	CIS	CIS
	Policy #	18LALB	19LALB	20LALB	21LALB	22LALB	23LALB
	Limits	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
	Net Premium *	\$ 66,658	\$ 67,393	\$ 60,379	\$ 72,772	\$ 89,373	\$ 101,679
	Deductible	Included in Tort	Included in Tort	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence
	Losses	\$ 15,902	\$ 28,234	\$ 90,047	\$ -	\$ 19,057	\$ 26,955
AUTO PHYS DAMAGE	Company	CIS	CIS	CIS	CIS	CIS	CIS
	Policy #	18APDALB	19APDALB	20APDALB	21APDALB	22APDALB	23APDALB
	Net Premium *	\$ 60,792	\$ 64,967	\$ 72,658	\$ 80,731	\$ 86,398	\$ 99,366
	Deductible	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000
	Losses	\$ 246	\$ 26,264	\$ 6,529	\$ 35,880	\$ 53,329	\$ 174,920
	CYBER LIABILITY	Company	CIS	CIS	CIS	CIS	CIS
Policy #		18ECLALB	19ECLALB	20ECLALB	21ECLALB	22CYBALB	23CYBALB
Limits		\$ 500,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 250,000	\$ 250,000
Premium		\$ 7,488	\$ 8,424	\$ 9,888	\$ 13,200	\$ 9,450	\$ 9,450
Deductible		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Losses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXCESS CYBER LIABILITY	Company					CIS	CIS
	Policy #					22ECYALB	23ECYALB
	Limits					\$ 750,000	\$ 1,000,000
	Premium					\$ 12,330	\$ 19,373
	Deductible					\$ 5,000	\$ 5,000
	Losses					\$ -	\$ -

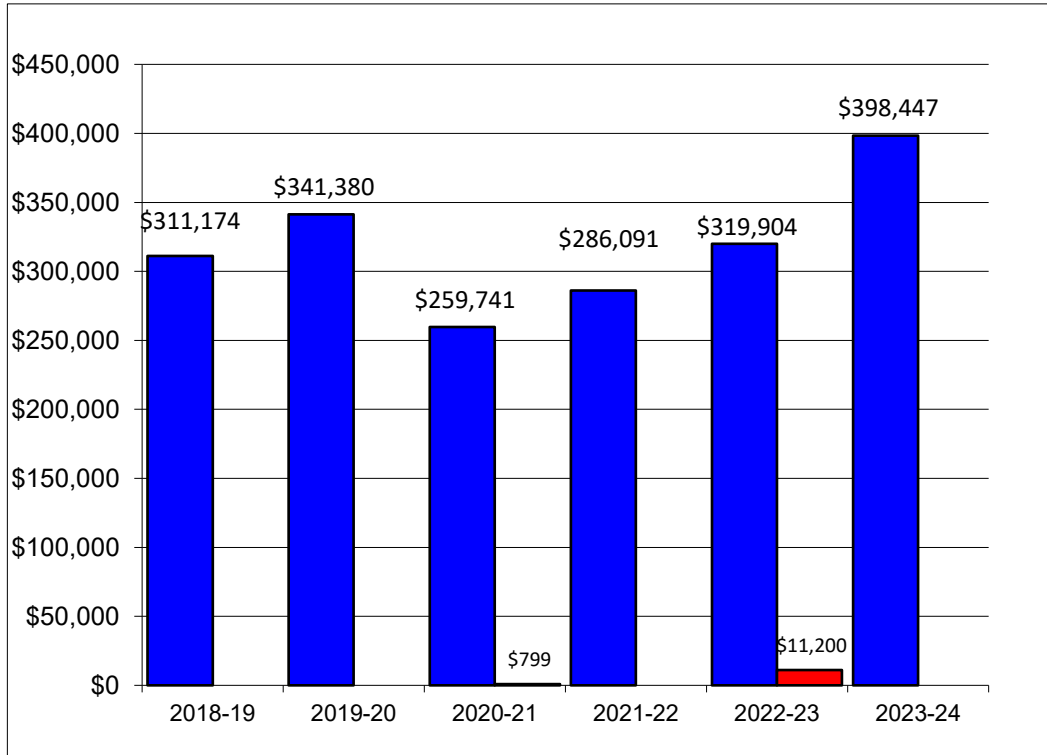
* Note: CIS premiums shown are net of deductible, agent commission & multiple policy credits.

Schedule of Property and Liability Insurance Coverage / Premium History

Coverage		2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024
AIRPORT LIABILITY	Company	Ace P & C Ins.	Ace P & C Ins.	Ace P & C Ins.	Ace P & C Ins.	Ace P & C Ins.	Ace P & C Ins.
	Policy #	AAP N17936165-1	AAP N17936165-2	AAP N17936165-2	AAP N17936165-2	AAP N17936165-3	AAP N17936165 004
	Limits	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
	Premium	\$ 7,065	\$ 7,065	\$ 6,285	\$ 7,065	\$ 7,325	\$ 8,423
	Deductible	None	None	None	None	None	None
	Losses	\$ -	\$ -	\$ -	\$ 98,147	\$ -	\$ -
PUBLIC OFFICIAL BOND City Manager	Company	Hartford Fire Ins.	Hartford Fire Ins.	Not renewed	Not renewed	Not renewed	Not renewed
	Policy #	52BSBHS5153	52BSBHS5153	Included with	Included with	Included with	Included with
	Limits	\$ 300,000	\$ 300,000	CIS crime	CIS crime	CIS crime	CIS crime
	Premium	Paid in 2017					
	Losses	\$ -	\$ -				
PUBLIC OFFICIAL BOND Finance Director	Company	Hartford Fire Ins.	Hartford Fire Ins.	Not renewed	Not renewed	Not renewed	Not renewed
	Policy #	52BSB4W0575	52BSB4W0575	Included with	Included with	Included with	Included with
	Limits	\$ 300,000	\$ 300,000	CIS crime	CIS crime	CIS crime	CIS crime
	Premium	\$ 1,150	\$ 1,150				
	Losses	\$ -	\$ -				
VOLUNTEER ACCIDENT POLICY	Company	QBE	QBE	QBE	QBE	QBE	QBE
	Policy #	ORALB6	ORALB6	ORALB6	ORALB6	ORALB6	ORALB6
	Limits	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Premium	\$ 4,781	\$ 4,781	\$ 4,781	\$ 4,805	\$ 4,805	\$ 4,805
	Deductible	None	None	None	None	None	None
	Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Property

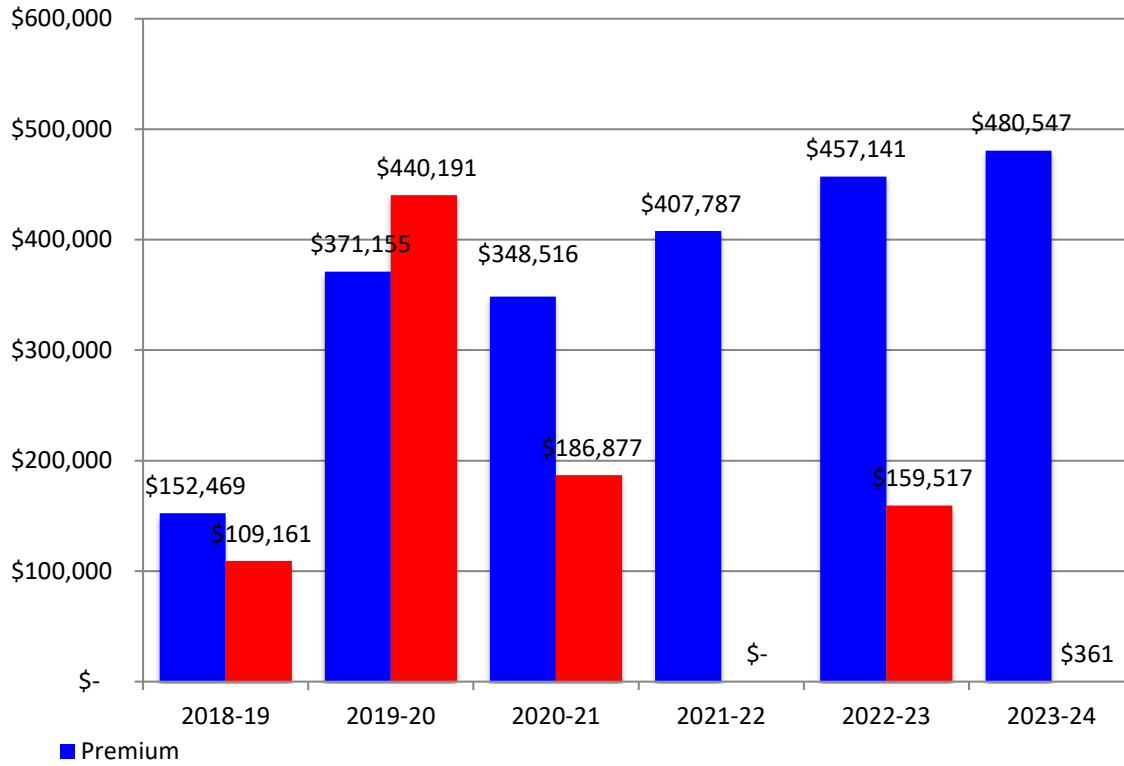
Property insurance covers the loss or destruction of real property or equipment owned by the City.



Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Premium	\$ 311,174	\$ 341,380	\$ 259,741	\$ 286,091	\$ 319,904	\$ 398,447
Deductible	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Losses	\$ -	\$ -	\$ 799	\$ -	\$ 11,200	\$ -

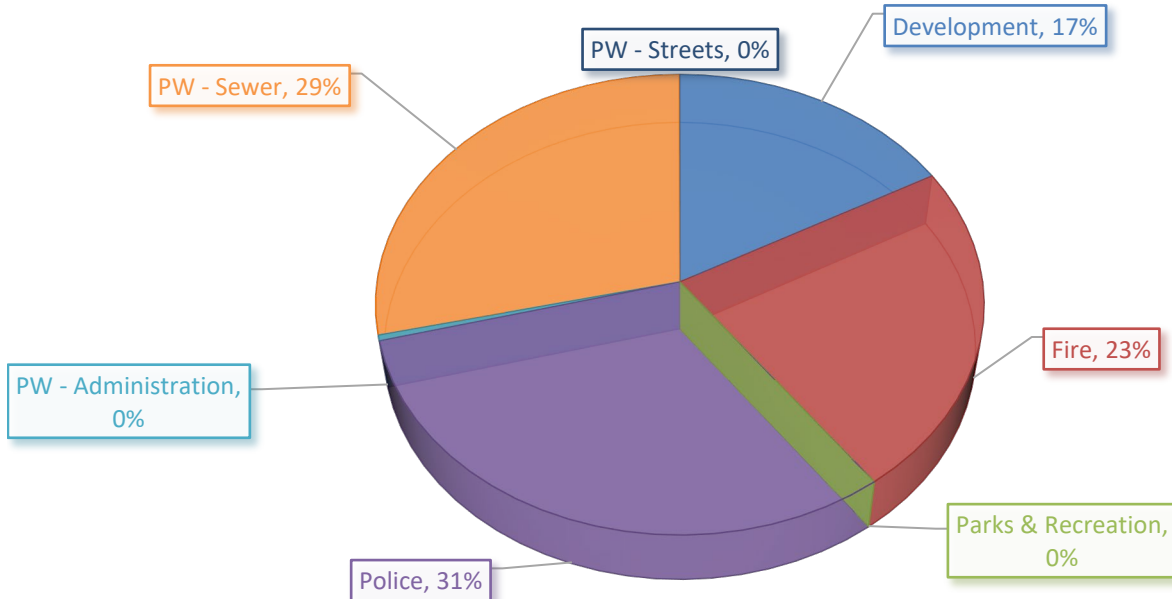
Tort Liability

Tort liability insurance covers the City's premises and operations, including Law Enforcement and Public Official's liability.



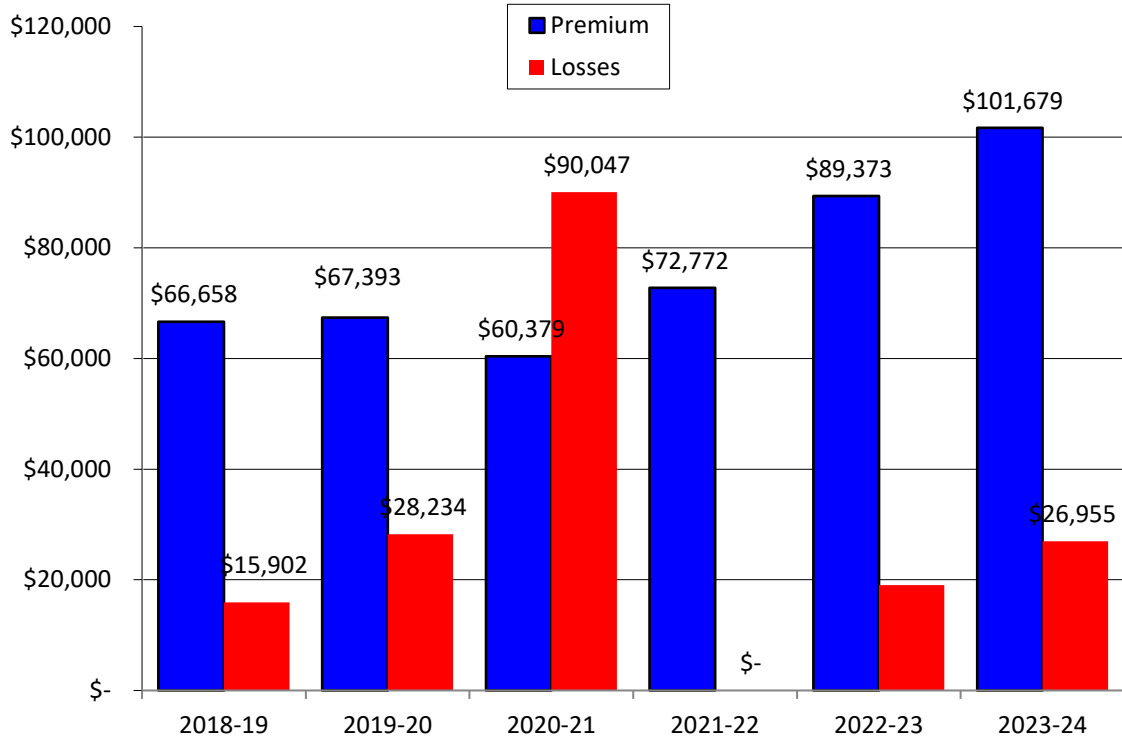
Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Premium	\$ 152,469	\$ 371,155	\$ 348,516	\$ 407,787	\$ 457,141	\$ 480,547
Deductible	\$ -	\$125,000 Annual Aggregate	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence
Losses	\$ 109,161	\$ 440,191	\$ 186,877	\$ -	\$ 159,517	\$ 361

Tort Liability - By Department



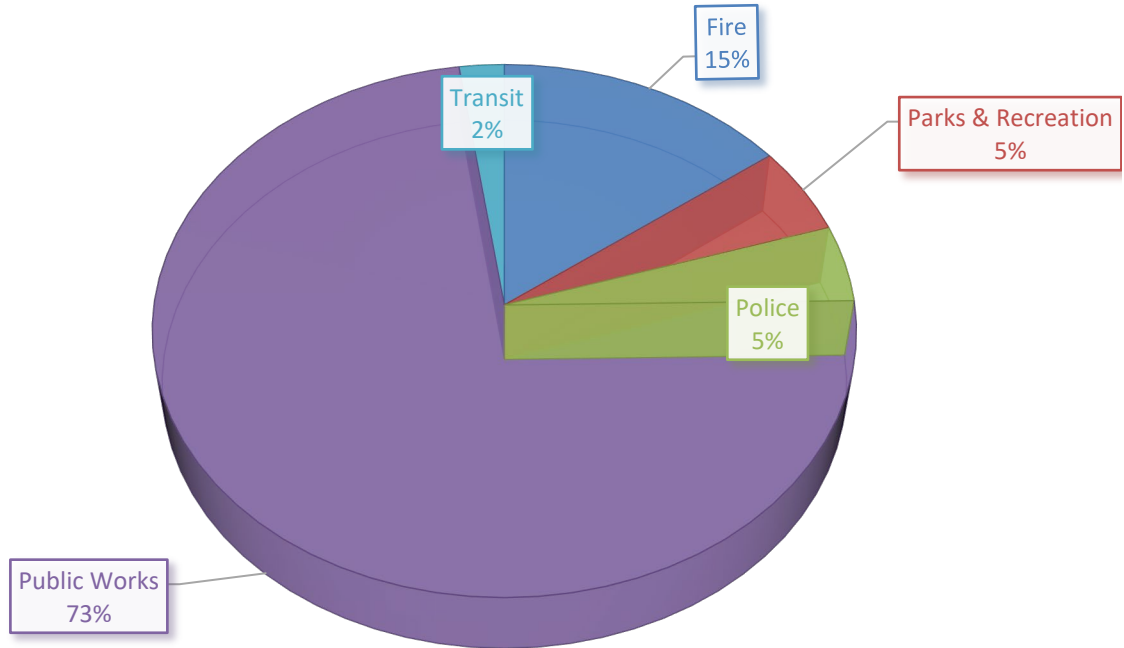
Department	Incurred \$	%
Development	\$ 165,000	16.89%
Fire	\$ 225,000	23.03%
Parks & Recreation	\$ -	0.00%
Police	\$ 302,785	30.99%
PW - Administration	\$ 3,817	0.39%
PW - Sewer	\$ 279,604	28.62%
PW - Streets	\$ 361	0.04%
Transit	\$ 500	0.05%
Totals	\$ 977,067	100.00%

Automobile Liability



Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Premium	\$ 66,658	\$ 67,393	\$ 60,379	\$ 72,772	\$ 89,373	\$ 101,679
Deductible	Included in Tort	Included in Tort	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence	\$10,000 Per Occurrence
Losses	\$ 15,902	\$ 28,234	\$ 90,047	\$ -	\$ 19,057	\$ 26,955

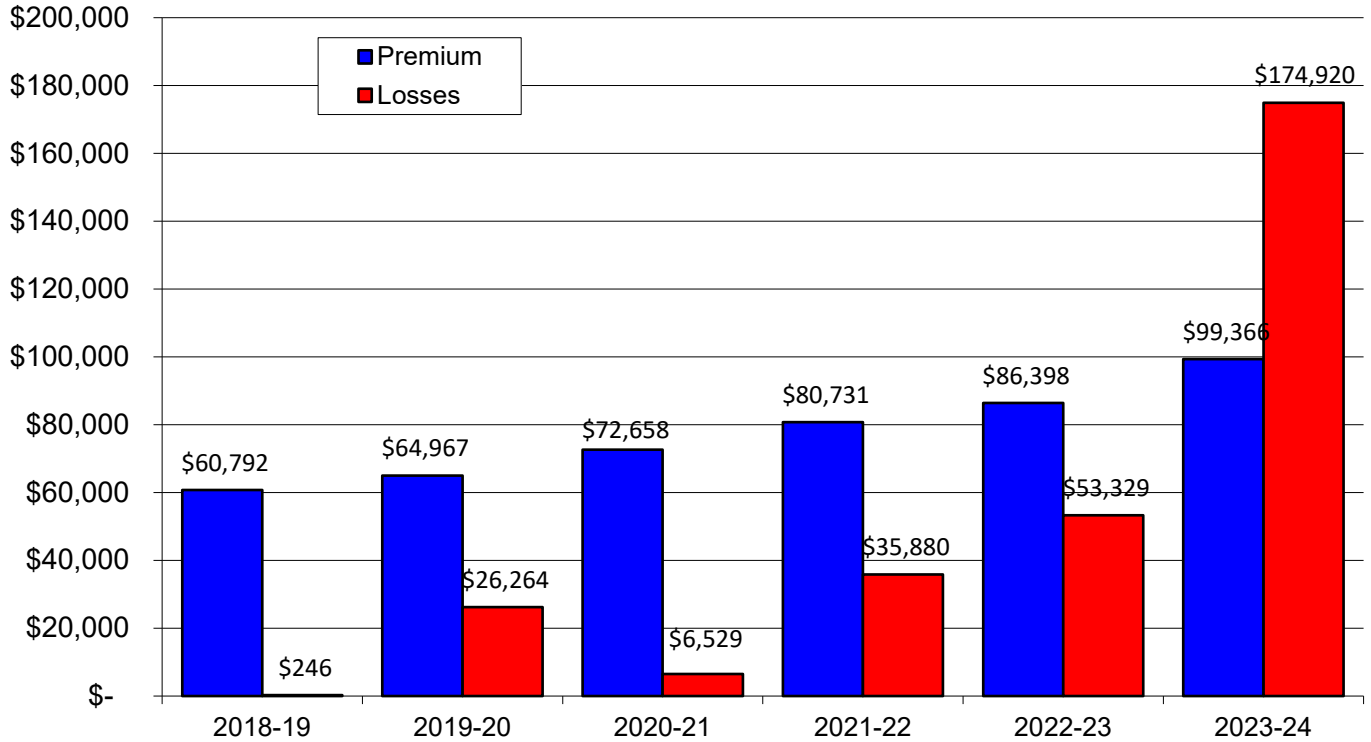
Auto Liability - By Department



Department	Incurred \$	%
Fire	\$ 26,668	14.80%
Parks & Recreation	\$ 9,589	5.32%
Police	\$ 8,317	4.62%
Public Works	\$ 131,533	72.99%
Transit	\$ 4,088	2.27%
Totals	\$ 180,194	100.00%

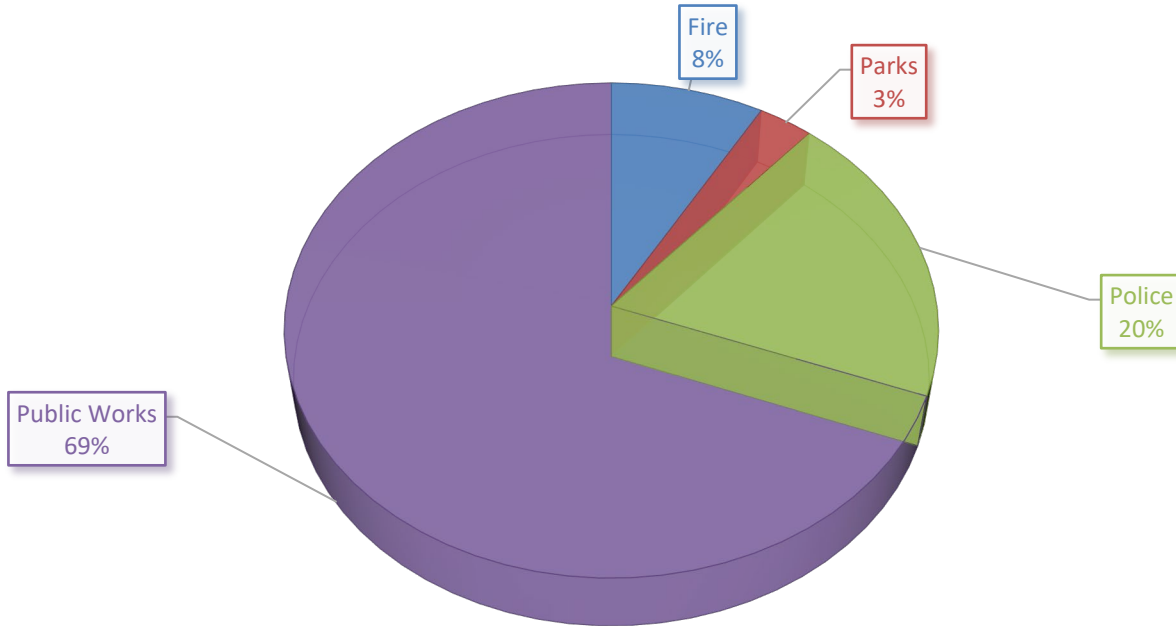
Automobile Physical Damage

Auto Physical Damage covers Comprehensive subject to a \$1,000 deductible and Collision subject to a \$1,000 deductible on all City owned vehicles.



Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Premium	\$ 60,792	\$ 64,967	\$ 72,658	\$ 80,731	\$ 86,398	\$ 99,366
Losses	\$ 246	\$ 26,264	\$ 6,529	\$ 35,880	\$ 53,329	\$ 174,920
Deductible	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000	\$1,000 / \$1,000

Auto Physical Damage - By Department



Department	Incurred \$	%
Fire	\$ 21,902	7.37%
Parks	\$ 7,889	2.65%
Police	\$ 51,112	17.20%
Public Works	\$ 181,985	61.24%
Transit	\$ 34,281	11.54%
Totals	\$ 297,168	100.00%

Property and Liability Insurance Claim Costs

7/01/2018 to 6/30/2023

Valued as of 09/14/2023

Property and Liability Claim Costs Total by Year

Fiscal Year	Number of Claims	Incurred Claim Costs	Average Cost Per Claim
2018 - 2019	25	\$ 206,269	\$ 8,251
2019 - 2020	21	\$ 494,689	\$ 23,557
2020 - 2021	27	\$ 284,252	\$ 10,528
2021 - 2022	17	\$ 35,880	\$ 2,111
2022 - 2023	28	\$ 243,103	\$ 8,682
Annual Average	24	\$ 252,839	\$ 10,713

Incurred Claim Costs included paid expenses plus any amount reserved for future expenses or settlements related to the original claim.

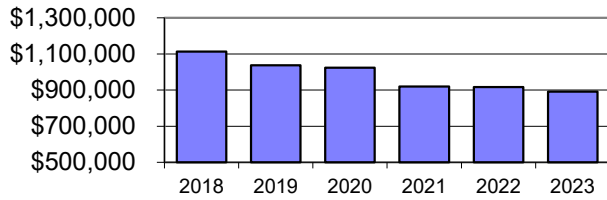
If the claim is pending due to litigation, more dollars may be paid or reserved in the future.

Property and Liability Claim Costs by Type of Claim

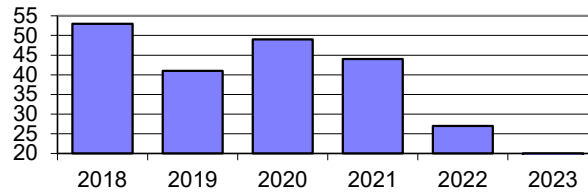
Fiscal Year	Auto Liability		Auto Physical Damage		General Liability		Property		Total Costs	Total # of Claims
	Incurred \$	#	Incurred \$	#	Incurred \$	#	Incurred \$	#		
2018 - 2019	\$ 15,902	7	\$ 246	4	\$ 190,121	14	\$ -	0	\$ 206,269	25
2019 - 2020	\$ 28,234	4	\$ 26,264	7	\$ 440,191	10	\$ -	0	\$ 494,689	21
2020 - 2021	\$ 90,047	6	\$ 6,529	3	\$ 186,877	17	\$ 799	1	\$ 284,252	27
2021 - 2022	\$ -	1	\$ 35,880	9	\$ -	7	\$ -	0	\$ 35,880	17
2022 - 2023	\$ 19,057	9	\$ 53,329	7	\$ 159,517	11	\$ 11,200	1	\$ 243,103	28
Total	\$ 153,239	27	\$ 122,249	30	\$ 976,706	48	\$ 11,999	2	\$ 1,021,090	118
Annual average	\$ 30,648	5	\$ 24,450	6	\$ 195,341	10	\$ 2,400	0.4	\$ 204,218	24
Avg. per claim	\$ 5,676		\$ 4,075		\$ 20,348		\$ 6,000		\$ 8,653	

Workers' Compensation 7/01/2018 to 6/30/2023 Valued as of 09/18/2023

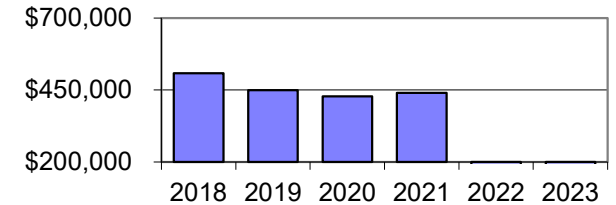
Standard Premium



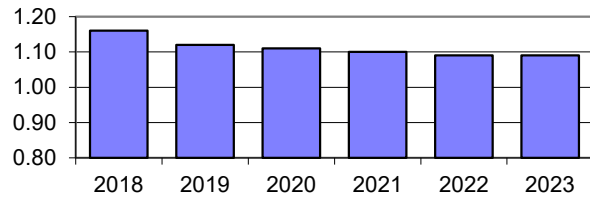
Number of Claims



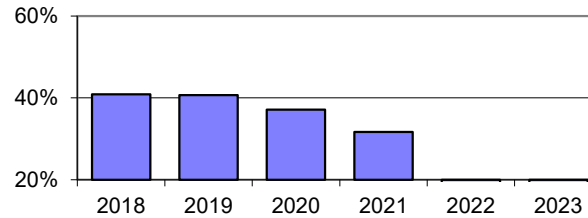
Incurred Costs



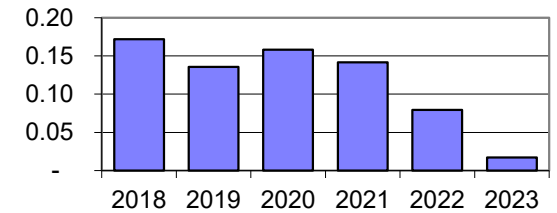
Experience Mod



Pd / Std Loss Ratio



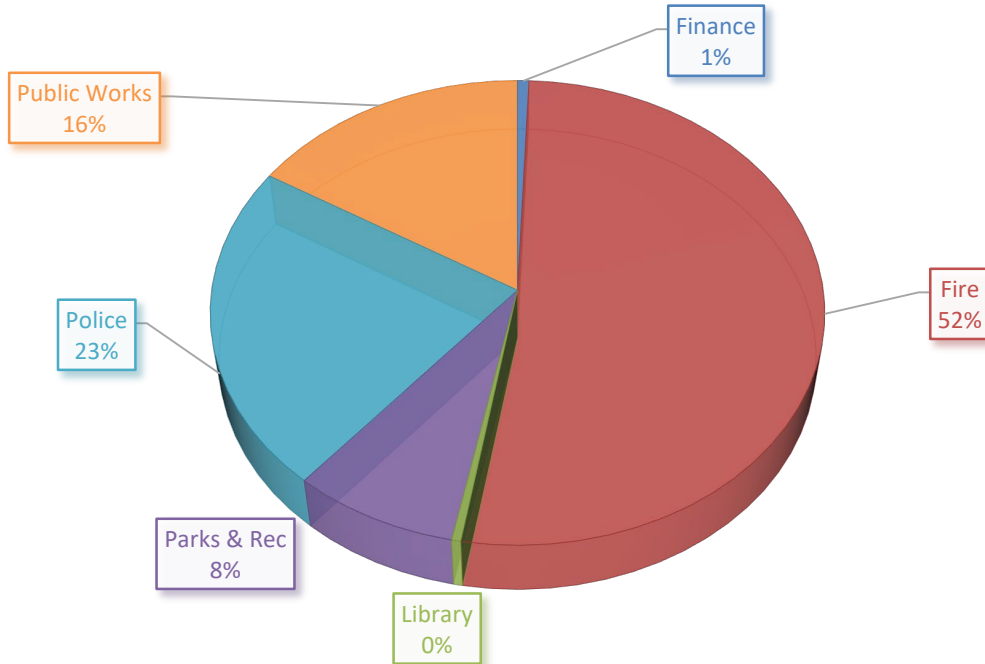
Claim Frequency



Insurer	Policy Start Date	Policy End Date	ER Mod	Std Premium	Payroll	Claim Count	TL Claim Count	TL Day Count	Incurred Losses	Paid Losses	Inc / Std Loss Ratio	Pd / Std Loss Ratio	Claim Freq Rate
CIS	7/1/2018	6/30/2019	1.16	\$ 1,112,797	\$ 30,823,843	53	21	852.5	\$ 508,345	\$ 455,033	46%	41%	0.17
CIS	7/1/2019	6/30/2020	1.12	\$ 1,036,905	\$ 30,199,224	41	11	553.0	\$ 449,526	\$ 422,021	43%	41%	0.14
CIS	7/1/2020	6/30/2021	1.11	\$ 1,024,095	\$ 30,994,647	49	16	556.0	\$ 427,635	\$ 380,224	42%	37%	0.16
SAIF	7/1/2021	6/30/2022	1.10	\$ 919,653	\$ 31,074,757	44	15	576.5	\$ 439,744	\$ 291,390	48%	32%	0.14
SAIF	7/1/2022	6/30/2023	1.09	\$ 917,272	\$ 34,072,707	27	9	196.0	\$ 178,287	\$ 85,708	19%	9%	0.08
SAIF*	7/1/2023	6/30/2024	1.09	\$ 891,502	\$ 35,353,800	6	3	56.5	\$ 31,842	\$ 14,593	4%	2%	0.02

*2023 - 2024 policy term information is prorated as of 09/18/2023.

Workers' Comp - By Department



Department	Number of claims	Time Loss Claims	Time Loss Days	Incurred \$	%
Finance	1	0	-	\$ 13,152	0.65%
Fire	90	44	1,546	\$ 1,044,760	51.33%
Library	3	0	-	\$ 8,708	0.43%
Parks & Rec	17	4	273	\$ 161,380	7.93%
Police	75	16	482	\$ 453,412	22.28%
Public Works	30	9	481	\$ 326,664	16.05%
Transit	4	2	9	\$ 27,302	1.34%
	220	75	2,790.50	\$ 2,035,379	100.00%



MEMO

TO: Albany City Council

VIA: Peter Troedsson, City Manager

FROM: Jeanna Yeager, Finance Director

DATE: October 24, 2023, for the November 6, 2023, City Council Work Session.

SUBJECT: Investment Policy

Action Requested:

Discuss the City's Investment Policy. This item will be on the November 8, 2023, agenda for approval.

Discussion:

The City's current Investment Policy was last reviewed and adopted by the City Council as Resolution No. 7148 on October 12, 2022. The policies are reviewed on an annual basis. This year's review will be conducted at this work session.

Both the current policy and ORS Section 294.135 require the City Council to review the policy on a periodic basis.

Staff has worked closely with the City's Investment Advisor, Government Portfolio Advisors (GP A), to review the current policy and to manage the City's investments consistent with the policy.

Changes recommended by GPA will be incorporated into the Investment Policy.

Budget Impact:

The Investment Policy sets parameters for the investment of available cash not needed to meet current obligations.

JLY

Attachments: Memo and Investment Policy

MEMO

To: Jeanna Yeager, Finance Director – City of Albany
 From: Whitney Maher – Client Service Manager
 Date: October 24, 2023
 Re: Investment Policy Update 2023

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The City Council is required to adopt the policy annually and it was last adopted in October 2022. The policy is being presented for re-adoption for 2023 to the Council with the following recommended change:

- ✓ Move weighted average maturity from 1.75 years to 2.0 years – this is recommended to align to the current strategy for the portfolio. Update language in section IX. 2 and Maturity Constraints Table shown below

Current:

Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5.25 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	1.75 Years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

Recommended:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5.25 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	2 years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

City of Albany Investment Policy




	<p>City of Albany Finance Policy Policy #: F-06-08-009 Title: Investment Policy</p>	
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I. INTRODUCTION

The City of Albany, (hereinafter referred to as "Albany" or "City") was founded in 1848. Albany is the eleventh largest city in the state of Oregon, and is the county seat of Linn County. Albany has a home rule charter and is a Council-Manager form of government where the full time appointed City Manager administers the day-to-day operations and is the chief administrative officer of the City.

The average monthly balance of funds invested in the City's general portfolio and project funds is between \$60,000,000 and \$100,000,000. The highest balances occur when taxes are collected.

II. GOVERNING BODY

It is the policy of the City of Albany that the administration of its funds and the investment of those funds shall be handled with the highest public trust. Investments shall be made in a manner that will assure security of principal. Parameters will be set to limit maturities and increase diversification of the portfolio while meeting the daily cash flow needs of the City and conforming to all applicable state and City requirements governing the investment of public funds. The receipt of a market rate of return will be secondary to safety and liquidity requirements. It is the intent of the City to be in complete compliance with local, state, and federal law. The earnings from investments will be used in a manner that best serves the public trust and interests of the City.

All funds within the scope of this policy are subject to regulations established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

III. SCOPE

This policy applies to activities of the City of Albany with regard to investing the financial assets of all funds. Funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the state of Oregon.

The City commingles its daily cash into one pooled investment fund for investment purposes of efficiency and maximum investment opportunity. The following funds, and any new funds created by the City, unless specifically exempted by the City Council and this policy, are defined in the City's Comprehensive Annual Financial Report:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds
- Internal Service Funds
- Permanent Funds

These funds will be invested in compliance with the provisions of all applicable Oregon Revised Statutes (ORS). Investments of any tax-exempt borrowing proceeds and any related Debt Service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

IV. OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be managed and invested with three primary objectives, listed in the following order of priority:

1. Safety of Principal

- Safety of principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- Diversification of the portfolio will include diversification by maturity and market sector and will include the use of multiple broker/dealers for diversification and market coverage.

2. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated.

3. Yield-Return

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow of the portfolio. "Market rate of return" may be defined as the average yield of the current three-month U.S. Treasury bill or any other index that most closely matches the average maturity of the portfolio.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, and the management of banking services.

V. STANDARDS OF CARE

1. Delegation of Investment Authority

- a. Investment Officer. The Finance Director, acting on behalf of the City Council, is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. The Finance Director, as the Investment Officer, may further delegate the authority to invest City funds to additional City Finance personnel. The Council is responsible for considering the quality and capability of investment advisors and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer and those delegated with investment authority under this policy, when acting in accordance with the written procedures and this policy, and in accord with the

Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio.

- b. Investment Advisor. The City may enter into contracts with external investment management firms on a non-discretionary basis.

If an investment advisor is hired, the adviser will serve as a fiduciary for the City and comply with all requirements of this Investment Policy. Exceptions to the Investment Policy must be disclosed and agreed upon in writing by both parties. The Investment Officer remains the person ultimately responsible for the prudent management of the portfolio.

- c. Staff Designation. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

2. Prudence

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

3. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees, officers, and their families shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees shall, at all times, comply with the state of Oregon Government Ethics as set forth in ORS 244.

VI. AUTHORIZED FINANCIAL INSTITUTIONS

1. Broker/Dealer Approval Process

The Investment Officer shall maintain a list of all authorized brokers/dealers and financial institutions that are approved for investment purposes or investment dealings. Any firm is eligible to make an application to the City of Albany and upon due consideration and approval will be added to the list. Additions and deletions to the list will be made at the discretion of the Investment Officer.

At the request of the City of Albany, the firms performing investment services shall provide their most recent financial statements or Consolidated Report of Condition for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the brokers/dealers who will have contact with the City of Albany as specified by, but not necessarily limited to the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission

(SEC), etc. The Investment Officer shall conduct an annual evaluation of each firm's credit worthiness to determine if it should remain on the list.

- a. Broker/Dealer firms must meet the following minimum criteria:
 - i. Be registered with the Securities and Exchange Commission (SEC);
 - ii. Be registered with the Financial Industry Regulatory Authority (FINRA).
 - iii. Provide most recent audited financials.
 - iv. Provide FINRA Focus Report filings.
- b. Approved broker/dealer employees who execute transactions with the City must meet the following minimum criteria:
 - i. Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
 - ii. Be licensed by the state of Oregon;
 - iii. Provide certification (in writing) of having read; understood; and agreed to comply with the most current version of this investment policy.

If the City hires an investment advisor to provide investment management services, the Advisor is authorized to transact with its direct dealer relationships on behalf of the City. A list of approved dealers must be submitted to the investment officer prior to transacting business. The investment officer can assign the responsibility of broker/dealer due diligence process to the Advisor, and all licensing information on the counterparties will be maintained by the Advisor and available upon request.

The advisor broker/dealer review should include:

- i. FINRA Certification check
- ii. Firm Profile
- iii. Firm History
- iv. Firm Operations
- v. Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
- vi. State Registration Verification
- vii. Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

The advisors must provide the City with any changes to the list prior to transacting on behalf of the City.

2. Investment Advisor

An Investment Advisor may be selected through a competitive RFP process and must meet the following criteria:

- a. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon if assets under management are less than \$100 million.
- b. All investment advisor firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
- c. All investment advisor firm representatives conducting investment transactions on behalf of the City must be licensed by the state of Oregon. Factors to be considered when hiring an investment advisory firm may include, but are not limited to:
 - i. The firm's major business

- ii. Ownership and organization of the firm
- iii. The background and experience of key members of the firm, including the portfolio manager expected to be responsible for the City's account
- iv. The size of the firm's asset base, and the portion of that base which would be made up by the City's portfolio if the firm were hired
- v. Management fees
- vi. Cost analysis of the adviser
- vii. Performance of the investment advisory firm, net of all fees, versus the Local Government Investment Pool over a given period of time

A periodic (at least annual) review of all investment advisors under contract will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines. The Investment Advisor must notify the City immediately if any of the following issues arise while serving under a City contract:

- a. Pending investigations by securities regulators.
- b. Significant changes in net capital.
- c. Pending customer arbitration cases.
- d. Regulatory enforcement actions.

3. Financial Bank Institutions

All financial banks that provide bank deposits, certificates of deposits or any other deposit of the bank to the City must either be fully covered by the FDIC or the bank must be a participant of the Public Funds Collateralization Program (PFCP). ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the PFCP. Bank depositories are required to pledge collateral against any public fund deposits in excess of deposit insurance amounts. The PFCP provides additional protection for public funds in the event of a bank loss.

4. Competitive Transactions

The Investment Officer will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Investment Officer will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

In the instance of a security which there is no readily available competitive bid or offering on the same specific issue, the Investment Officer shall document quotations for comparable or alternative securities.

The investment advisor must provide documentation of competitive pricing execution on each transaction. The advisor will retain documentation and provide upon request.

VII. SAFEKEEPING AND CUSTODY, CONTROLS

1. Safekeeping and Custody Securities

The laws of the state and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The approved broker/dealer or investment advisor shall provide the City with a confirmation ticket listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The broker/dealer which executes the transaction on the City's behalf shall deliver all securities on a delivery versus payment method to the designated third party trustee at the direction of the Investment Officer. The City will have online access through the safekeeping bank for verification of the account holdings and transactions.

2. Safekeeping of Funds at Bank Depositories

The City may hold bank deposits or certificates of deposits at banks qualified under ORS 295.

3. Accounting Methods

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to, the Governmental Accounting Standards Board (GASB); the American Institute of Certified Public Accountants (AICPA); and the Financial Accounting Standards Board (FASB).

4. Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment opportunities. Investment income will be allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles.

5. Internal Controls

The City will maintain a structure of internal controls sufficient to assure the safekeeping and security of all investments. All out of compliance situations under this policy will be corrected and brought into compliance as soon as prudently possible.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, wire transfers, banking services contracts, and other investment-related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the Council.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

1. Authorized Investments

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.052 (Definitions; investment by municipality of proceeds of bonds), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

2. Suitable Investments

The City will diversify investments across maturities, security types and institutions to avoid incurring unreasonable risks. Minimum percentages and credit limits apply at the time of purchase.

The City has further defined the eligible types of securities and transactions as follows:

U.S. Treasury Obligations: Direct obligations of the United States Treasury whose payment is guaranteed by the United States.

U.S. Agency Obligations: Federal agency and instrumentalities of the United States or enterprises sponsored by the United States Government (GSE) and whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

Municipal Debt: Lawfully insured debt obligations of the States of Oregon, California, Idaho, and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by S&P or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization, or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

Corporate Indebtedness: Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)3 of the Securities Act of 1933, as amended. Corporate indebtedness must be rated on the settlement date AA- or better by S&P or Aa3 or better by Moody's or equivalent rating by any nationally recognized statistical rating organization.

Commercial Paper: Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)3 of the Securities Act of 1933, as amended. Commercial Paper must be rated A1 by Standard and Poor's or P1 by Moody's or equivalent rating by any nationally recognized statistical rating organization. Issuer constraints for commercial paper combined with corporate notes will be limited by statute to 5% of market value per issuer.

Bank Time Deposit/Savings Account: Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or

in federal credit unions, if the institution or credit union maintains a head office or a branch in this state.

Certificates of Deposit: Certificates of deposit in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006, or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state.

Bankers' Acceptance: A short-term credit investment created by a non-financial firm and guaranteed by a qualified financial institution* whose short-term letter of credit rating is rated in the highest category without any refinement or gradation by one or more nationally recognized statistical rating organizations.

Oregon Intermediate Fund: The Oregon Local Government Intermediate Fund (OLGIF) is a commingled investment pool for local governments offered by Oregon State Treasury due to Legislation HB2140 and pursuant to ORS Chapter 294. OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years).

Local Government Investment Pool: State Treasurer's local short-term investment fund up to the statutory limit per ORS Section 294.810.

*For the purposes of this paragraph, "qualified financial institution" means: (i) A financial institution that is located and licensed to do banking business in the State of Oregon; or (ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon [ORS Section 294.035(3)(h)].

3. Collateralization

Time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the Public Funds Collateralization Program in accordance with ORS Section 295.018. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Investment Officer deems increased collateral is beneficial to the protection of the monies under the City's management.

IX. INVESTMENT PARAMETERS

1. Diversification

The City will diversify the investment portfolio to avoid incurring unreasonable risks, both credit and interest rate risk, inherent in over investing in specific instruments, individual financial institutions or maturities.

DIVERSIFICATION CONSTRAINTS ON TOTAL HOLDINGS: LIQUIDITY AND CORE FUNDS

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's, or Equivalent NRSRO	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.25 years
US Agency Obligations	100%	35%	N/A	5.25 years
Municipal Bonds (OR, WA, ID, CA)	25%	5%	AA- / Aa3 Short Term*	5.25 years
Corporate Notes	35%**	5%***	AA- / Aa3	5.25 years
Commercial Paper			A1 / P1	270 days
Bank Time Deposits/Savings	20%	10%	Oregon Public Depository	N/A
Certificates of Deposit	10%	5%	Oregon Public Depository	5.25 years
Banker's Acceptance	10%	5%	A1 / P1	180 days
Oregon Intermediate Fund	10%	None	N/A	N/A
Oregon Short Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A

**Short Term Ratings: Moody's - P1/MIG1/VMIG1. S&P - A-1/SP-1, Fitch F1

**35% maximum combined corporate and commercial paper per ORS.

***Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

2. Investment Maturity

The City will not directly invest in securities maturing more than 5.25 years from the date of purchase.

- a. The maximum weighted average maturity of the total portfolio shall not exceed 2.0 years. This maximum is established to limit the portfolio to excessive price change exposure.

- b. Liquidity funds will be held in the State Pool or in money market instruments maturing six months and shorter. The liquidity portfolio shall, at a minimum, represent three months budgeted outflows.
- c. Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5.25 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5.25 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	2 years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

Reserve or Capital Improvement Project monies may be invested in securities exceeding 5.25 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds

3. Prohibited Investments

- **Private Placement or “144A” Securities:** The City shall not invest in “144A” private placement securities, this includes commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
- **Securities Lending:** The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- **14 Day Settlement:** The City shall not purchase securities with a delayed settlement in excess of 14 business days per ORS statute.
- **Derivatives or Reverse Repurchase:** The purchase of derivatives and use of reverse repurchase agreements are specifically prohibited by this policy.
- **Mortgage-Backed Securities:** The City shall not purchase mortgage-backed securities.
- **Equity Securities:** The City is not allowed to buy equity securities by statute.

X. INVESTMENT OF PROCEEDS FROM DEBT ISSUANCE

Investments of bond proceeds are restricted further and will not include corporate bonds in the dedicated bond proceed portfolio. All other allowable investments including: US Treasury, US Agency and Commercial Paper may be utilized. The investments will be made in a manner to match cash flow expectations based on managed disbursement schedules.

Liquidity for bond proceeds will be managed through the OSTF Pool or Bank deposit balances.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052. Investments of bond proceeds are typically not invested for resale and maturity matched with expected outflows.

Information will be maintained for arbitrage rebate calculations.

XI. INVESTMENT OF RESERVE OR CAPITAL IMPROVEMENTS

Pursuant to ORS 294.135(1)(b), reserve or capital Improvement project monies may be invested in securities exceeding 5.25 years when the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested, then, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

XII. POLICY COMPLIANCE AND PERFORMANCE EVALUATION

1. Compliance Report

A compliance report shall be maintained quarterly to document the portfolio versus the investment policy.

2. Compliance Measurement and Adherence

- a. Compliance Measurement: Guideline measurements will use market value of investments.
- b. Compliance Procedures: If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- c. Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City Council.
- d. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.
- e. As determined on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of Safety, Liquidity, Yield, and Legality to make the decision. If the City has hired the services of an Investment Advisor, the Investment Officer will act on the recommendation of the Advisor.

3. Performance Measurement

- a. The City yields will be compared to the OST Pool rates.

- b. The portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration and will have the objective to achieve market rates of returns over long investment horizons. The purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolio is expected to provide similar returns to the benchmark over interest rate cycles, but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be a 0-3 year or 0-5 year standard market index and comparisons will be calculated monthly and reported quarterly.
- c. When comparing the performance of the City's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return. This would include any in-house management of the funds, as well as outside management.
- d. Mark to market pricing will be calculated monthly and be provided in a monthly report.

XIII. REPORTING REQUIREMENTS

The Investment Officer shall submit quarterly and annual reports to the local governing board containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. More frequent reports may be provided when market conditions merit or if requested by the governing board.

Minimum quarterly reporting requirements for total portfolio:

- Earnings Yield
- Holdings Report (including mark to market)
- Transactions Report
- Weighted Average Maturity or Duration
- Compliance Report

XIV. INVESTMENT POLICY ADOPTION BY GOVERNING BOARD

This investment policy will be formally adopted by the Albany City Council. The policy shall be reviewed on an annual basis by the Investment Officer and the Albany City Council. Material revisions to this policy will require a review by the Oregon Short Term Fund Board, pursuant to ORS.

Supersedes: Res No. 7148	Created/Amended by/date: October 30, 2023	Effective Date: November 8, 2023	Reviewed by Council: November 6, 2023
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MEMO

TO: Albany City Council

VIA: Peter Troedsson, City Manager

FROM: Chris Bailey, Public Works Director *CB*

DATE: October 27, 2023, for the November 6, 2023, City Council Work Session

SUBJECT: Albany Street Preservation and Improvement Funding
Relates to Strategic Plan theme: Great Neighborhoods, Effective Government

Action Requested:

Discussion only.

Discussion:

At the August 7, 2023, City Council Work Session, staff and council began the process of discussing the need for additional funding to better manage pavement conditions on Albany streets. This was followed by a presentation at the October 9, 2023, work session, which provided a detailed discussion on how streets are constructed, how they fail, the costs to provide various maintenance treatments, and the overall average condition of the three categories of streets in Albany. The Pavement 101 White Paper attached to the staff report for that meeting was provided as a primer on street classification, construction, and pavement condition index (PCI) ratings, which may serve as a helpful reminder for the council as we continue through these discussions. The goal of today's discussion is to provide an overview of funding for the street fund as a whole, typical annual revenues and expenditures, and to define the gap in available funding required to achieve a Good or Fair rating for all city streets.

Background Conditions and Assumptions

As the council discusses street funding, it will be important to be clear on the scope of this discussion, the background, and assumptions. The financial information for today's work session will be provided based on annual averages with the clear disclaimer that actual revenues and expenditures in the street fund will vary somewhat from year to year. Also, while the discussion will briefly touch on other activities in the street fund, the focus of the discussion through this series of presentations to the council is only on funding for capital street projects designed to improve the pavement condition of the city's street network.

The dollar amounts being discussed with the Council rely on some key assumptions. First, they are based on needs as we understand them now. As street conditions change, so too will the revenue required to meet council goals. Additionally, one of the major revenue sources for the street fund is the City's allocation from state gas taxes. As the council has noted, the use of alternative fuel vehicles is increasing, and the state has a goal to further reduce the dependency on gasoline powered vehicles in the coming years. This will undoubtedly affect the revenue the state collects through gas taxes and distributes to local jurisdictions like Albany. Staff recommends assuming the state will refine their revenue programs to account for the transition away from gasoline powered vehicles such that the state will continue to receive a relatively similar amount of revenue as they have from gas taxes through a modified tax or fee program. For the purposes of today's discussion, staff

is assuming revenue from the state, currently received as gas tax revenue, will continue at similar annual rates even though changes to that mechanism at the state level are currently unknown. It is important to note that if the state is not successful at modifying their revenue collection mechanism to account for a decline in gas tax receipts, the City’s street fund will be negatively impacted and the need for an alternative source of funding will become even more pronounced.

Exiting Street Conditions

At the October 9, 2023, work session, staff provided information on the current conditions of the City’s streets by classification:

Classification	Number of Centerline Miles	Average PCI Rating
Arterial	21	71
Collector	25	71
Local	143	59

This table does not tell the full story, however. Arterial and collector streets have had the benefit of being the focus of virtually all available capital funding to date. This targeted approach is based on a city council goal in the strategic plan to keep arterial and collector PCI ratings above 60, and on the fact that many of the revenue sources used to fund street preservation projects are restricted by law to use on arterial and collector streets (as discussed below). The result of this approach is that only approximately 3 miles (6.5 percent) of those arterial and collector streets are in poor condition.

Conversely, local streets have generally not received adequate street maintenance interventions, and while there are 54 miles of local streets (38 percent) in good condition, there are also 52 miles (37 percent) in poor condition. Most of the local roads in good condition are in newer neighborhoods where they have been recently constructed while streets in older sections of town have continued to decline. This difference in the distribution of local street PCI as compared to arterials and collectors will be a factor in later discussions with the council regarding future maintenance strategies.

Overview of Current Street Fund Revenues and Expenditures

The conclusion of this discussion will be a calculation of the average annual dollar amount needed to maintain all city streets to a level of good or fair condition in the future compared to the average annual dollar amount that is currently available for those street projects. This difference between the available funding and the necessary funding will be referred to as the “funding gap.” To make this calculation, and to explain why a funding gap exists, it is important to understand the revenues and expenditures within the street fund.

The street fund receives revenue from four primary sources. For the purposes of this discussion, grant funds are not included because of the relatively small amount grants represent and the uncertainty associated with successfully receiving grant funds. The four primary revenue sources are the state gas tax, the Surface Transportation Block Grant (STBG) program, in-lieu-of franchise fees (ILFF), and Transportation System Development Charges (T-SDCs). Most of these funding sources have legal restrictions on their use:

- State gas taxes can only be spent to maintain the *existing* street system
- STBG funds can only be spent on *arterial and collector streets*
- The Improvement portion of T-SDCs can only be spent on *growth or expansion projects* identified in the Transportation System Plan (TSP)

Additionally, STBG and T-SDC funding varies from year to year. STBG funds, which originate as federal gas tax funding, are awarded to the City through a competitive process between all jurisdictions in the Albany urbanized area that takes place every three years. The City may have a project that receives STBG funds in one fiscal year but no STBG-funded projects the next year. T-SDC revenue is also variable and depends on the amount and type of development occurring in the city. In years with a great deal of development, or large development projects, there will be more T-SDC revenue than in slower development years.

Keeping those considerations in mind, staff has calculated the average annual revenue from those funding sources for the street fund based on the most recent five fiscal years. On average over that period, the street fund received \$7.8 million per year.

Expenditures in the street fund are broadly broken into two categories: operations and capital. The street fund does not currently have any debt service payments. Operations expenditures include the fund's administrative costs as well as all costs associated with the Street Maintenance operational program. Examples of operations activities include street sweeping; painting of curbs, street markers, crosswalks, and centerline stripes; maintenance of over 7,800 street signs and 22 traffic signals; maintenance of street trees; trash and debris removal and general maintenance of the city's rights-of-way; curb and gutter repairs; and payment for power for the city's streetlights; among many other tasks. Average expenditures for street fund operations over the last five years were just over \$3 million per year.

On average over the last five years, the street fund has received about \$4.8 million in revenue that was budgeted for various street capital needs. Street capital expenditures similarly cover many types of activities. In addition to large street reconstruction projects such as the Queen Avenue project that was completed this summer, the capital program also funds projects for Americans with Disabilities Act (ADA) accessibility improvements in the right-of-way; provides match funding for grants the City receives for sidewalk infill projects, pedestrian safety improvements, or traffic safety improvements; pays for bicycle/pedestrian improvements such as the Corvallis-Albany path; funds transportation studies such as the Highway 20 corridor study; and provides funding to add traffic signals or expand the capacity of the street system, among other needs. In addition to these projects, staff budgets for a capital reserve of approximately 5 percent of revenue annually.

Because the capital program must fund this variety of capital work, and because of the limitations on the use of T-SDC revenue in particular, the available funding for pavement preservation and improvement projects is reduced to an average of \$3.1 million per year.

Costs to Maintain All Streets in Good or Fair Condition

Albany staff uses a software program to track pavement condition for all city streets. This software can be used to provide cost estimates for various maintenance scenarios looking into the future. Staff used this software to calculate the costs to maintain all city streets in good or fair condition for the next 40 years. This standard was applied to local roads as well as arterials and collectors for the purpose of comparison, acknowledging that there is no strategic plan goal or council direction that sets a target PCI for local streets. Other assumptions in the modeling scenarios are that streets in poor condition will be fully reconstructed, and that appropriate lesser levels of maintenance (grind and overlay or slurry seal, for example) will be applied at proper intervals. The model calculated an annual funding need to accomplish each scenario.

For arterial and collector streets, the City will need to spend on average \$4 million per year (in 2023 dollars) to meet the defined scenario conditions. Currently, the city is spending on average \$2.5 million per year on these projects leaving an annual funding gap of \$1.5 million per year.

Because of the distribution of current local street PCI ratings, staff broke the inventory into local streets currently in good or fair condition and those in poor condition and ran two separate scenarios. For those local streets currently in good or fair condition, the City will need to spend on average \$3.5 million per year to keep them in good or fair condition. The City is currently spending \$500,000 on these roads, mostly through the slurry seal program. For local roads in poor condition, the City will need to spend on average \$8.3 million per year to get and keep them in good or fair condition. The City is currently not spending any capital funds on these roads. The combined funding gap for local streets is \$11.3 million per year.

Classification	Needed Funding	Current Funding	Funding Gap
Arterials & Collectors	\$4 million	\$2.5 million	\$1.5 million
Locals – Good/Fair	\$3.5 million	\$0.5 million	\$3.0 million
Locals – Poor	\$8.3 million	\$0	\$8.3 million
Total Annual Funding Gap: \$12.8 million			
<i>* All funding is per year for 40 years; in 2023 dollars</i>			

This funding gap is presented for discussion only; staff is not recommending the council consider a local funding mechanism to generate that amount of revenue annually. However, it is important for the council to know the scope and scale of the funding challenge associated with fully improving the entire city street network. At the next scheduled work session presentation on this topic, staff will present more information on the history of street funding, local funding alternatives, and strategies to address local streets that the council may want to consider.

Transportation Advisory Commission

This presentation was provided to the Transportation Advisory Commission (TAC) at their meeting on October 24, 2023. The Commission members had several comments and suggestions, which were incorporated into this discussion, and provided input that will be helpful for staff to consider when evaluating how to prioritize future spending on local streets, should additional revenue be available.

Budget Impact:

None.

CB:kc