AGENDA

4:00 p.m. CALL TO ORDER

4:00 p.m. ROLL CALL

4:00 p.m. BUSINESS FROM THE PUBLIC

4:05 p.m. INVESTMENT POLICY REVIEW AND ANNUAL MARKET UPDATE – Sally Walton
Action Requested: Information; discussion; direction.

4:15 p.m. RISK MANAGEMENT POLICY REVIEW AND ANNUAL CLAIMS HISTORY REPORT – Steve Uerlings
Action Requested: Information; discussion; direction.

4:30 p.m. FINANCIAL POLICIES REVIEW – Stewart Taylor
Action Requested: Information; discussion; direction.

4:45 p.m. WATER RATE DISCUSSION – Mark Shepard
Action Requested: Information; discussion; direction.

5:15 p.m. CROCKER LANE/VALLEY VIEW DRIVE/BLOOM LANE LOCAL IMPROVEMENT DISTRICT PRELIMINARY COST ESTIMATES, BOUNDARIES AND ASSESSMENT METHODOLOGIES – Gordon Steffensmeier
Action Requested: Information; discussion; direction.

5:40 p.m. COUNCILOR COMMENTS

5:50 p.m. CITY MANAGER REPORT

6:00 p.m. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

Rules of Conduct for Public Meetings:

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.
TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director
DATE: December 1, 2014, for the December 8, 2014, City Council Work Session
SUBJECT: Investment Policy and Market Update

RELATES TO STRATEGIC PLAN THEME: • Effective Government

Action Requested:

Receive a market update from the City’s investment adviser and discuss the current Investment Policy. The City Council will consider readopting the policy at its regular meeting on Wednesday, December 10, 2014.

Discussion:

The City’s investment policy was last reviewed and adopted by the City Council as Resolution No. 6278 on November 6, 2013. Both the 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, to review the current policy and to manage the City’s investments consistent with the policy.

One policy change is recommended in the current review. The Oregon Short Term Fund Board has recommended that public funds address split ratings on credit type issuers. Therefore, wording has been highlighted that would incorporate using the lowest rating when both Standard & Poor’s and Moody’s rate the same issuer for commercial paper, corporate indebtedness, and state obligations.

Budget Impact:

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

ST:md
Attachment: Investment Policy
Memorandum

To: Stewart Taylor – Finance Director, City of Albany
From: Deanne Woodring
Date: 10/28/14

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The City re-adopted the Investment Policy in September, 2013. The policy is being presented for re-adoption for 2014 to the City Council with the following revisions.

The OSTF board has recommended that public funds address split ratings on credit type issuers. Therefore, the following recommended wording incorporates using the lowest rating when both S&P and Moody’s rate the same issuer. GPA is recommending to only purchase bonds that are rated by S&P and Moody’s and not to rely on other rating agencies.

Commercial Paper Previous Wording:

Commercial Paper* that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s

Commercial Paper New Wording:

Commercial Paper that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s. In the case of a split rating the lower rating will be used.

Corporate Bond Previous Wording:

No Wording

Corporate Bond New Wording:

Corporate indebtedness must be rated on the settlement date Aa or better by Moody’s Investors Service or AA or better by S&P or an equivalent rating by any nationally recognized statistical rating organization [ORS 294.035 (3) (B)]. In the case of a split rating the lower rating will be used.

Municipal Previous Wording:

Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date by S&P, or Moody’s [ORS Section 294.035(3)(b)].
Lawfully issued debt obligations of the State of California, Idaho and Washington and political subdivisions of those states, if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date by S&P or Moody’s [ORS Section 294.035(3)(c)].

Municipal New Wording:
Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date by S&P or Moody’s [ORS Section 294.035(3)(b)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.

Lawfully issued debt obligations of the State of California, Idaho and Washington and political subdivisions of those states, if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date by S&P or Moody’s [ORS Section 294.035(3)(c)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.
City of Albany
Investment Policy
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City of Albany Investment Policy

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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, excluding proceeds from bond issues, is approximately $60,000,000.00. 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.

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 Council is responsible for considering the quality and capability of investment advisers 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 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 Adviser. The City may enter into contracts with external investment management firms on a non-discretionary basis.

   If an investment adviser 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.

All dealers with whom the City transacts business will be provided a copy of this Investment Policy to ensure that they are familiar with the goals and objectives of the investment program.

If the City hires an investment adviser to provide investment management services, the adviser 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 Adviser, and all
licensing information on the counterparties will be maintained by the Adviser and available upon request.

2. Investment Adviser
An Investment Adviser may be selected through a competitive RFP process and must meet the following criteria:
   a. The investment adviser 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 adviser firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
   c. All investment adviser 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

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.

The investment adviser must provide documentation of competitive pricing execution on each transaction. The adviser 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 adviser 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.

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

<table>
<thead>
<tr>
<th>TYPE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Treasury Obligation</strong></td>
<td>Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS Section 294.035(3)(a)]</td>
</tr>
<tr>
<td><strong>GSE – Agency Obligations</strong></td>
<td>US Government Agencies, Government Sponsored Enterprises (GSEs), Corporations or Instrumentalities of the US Government - Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB). [ORS 294.035(3)(a)]</td>
</tr>
<tr>
<td><strong>Commercial Paper</strong></td>
<td>Commercial Paper* that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s. In the case where both rating agencies provide ratings on the corporation, the lowest rating will be used.</td>
</tr>
<tr>
<td><strong>Corporate Indebtedness</strong></td>
<td>Corporate indebtedness must be rated on the settlement date Aa or better by Moody's Investors Service or AA or better by S&amp;P [ORS Section 294.035 (3) (B)]. In the case of a split rating, the lower rating will be used.</td>
</tr>
<tr>
<td><strong>Local Government Investment Pool</strong></td>
<td>State Treasurer’s local short-term investment fund up to the statutory limit per ORS Section 294.810.</td>
</tr>
<tr>
<td><strong>Certificates of Deposit/Bank Deposit/Savings Accounts</strong></td>
<td>Time deposit open accounts, certificates of deposit and 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 [ORS Section 294.035(3)(d)].</td>
</tr>
<tr>
<td><strong>State Obligations</strong></td>
<td>Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political</td>
</tr>
</tbody>
</table>

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*Commercial Paper* signifies commercial paper that meets certain criteria related to ratings and requirements.
subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date by S&P, or Moody's [ORS Section 294.035(3)(b)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.

Lawfully issued debt obligations of the State of California, Idaho and Washington and political subdivisions of those states, if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date by S&P or Moody's[ORS Section 294.035(3)(c)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.

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 depositaries 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.

<table>
<thead>
<tr>
<th>Issuer Type</th>
<th>Maximum % Holdings</th>
<th>Maximum Per Issuer Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury Obligations</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>US Agency (GSE) Securities</td>
<td>100%</td>
<td>33%</td>
</tr>
<tr>
<td>Bankers Acceptances</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Corporate Indebtedness</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Certificates of Deposit/Bank Deposits/Savings</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Obligations of States and Municipal Obligations</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Local Government Investment Pool</td>
<td>ORS 294.810 Limit</td>
<td></td>
</tr>
</tbody>
</table>

2. **Investment Maturity**

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.
a. The maximum weighted maturity of the total portfolio shall not exceed 1.5 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 the 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 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints:

<table>
<thead>
<tr>
<th>Maturity Constraints</th>
<th>Minimum % of Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 days</td>
<td>10%</td>
</tr>
<tr>
<td>Under 1 year</td>
<td>25%</td>
</tr>
<tr>
<td>Under 5 years</td>
<td>100%</td>
</tr>
<tr>
<td>WAM (Weighted Average Maturity)</td>
<td>2 years</td>
</tr>
</tbody>
</table>

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) 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
   The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program. The purchase of derivatives and use of reverse repurchase agreements are specifically prohibited by this policy. The City shall not purchase mortgage-backed securities.

X. 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
   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 Adviser, the Investment Officer will act on the recommendation of the Adviser.

3. Performance Measurement
The performance of the City of Albany will be measured against the performance of the Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance. Given these considerations, the City's portfolio should provide a net yield that is equal or better to that attained by the Local Government Investment Pool over interest rate cycles.

Additionally, a market benchmark will be determined that is appropriate for longer term investments based on the City's risk and return profile. The investment adviser will provide return comparisons of the portfolio to the benchmark on a monthly basis. 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.

XI. 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

XII. 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. 6278 | Created/Amended by/date: 12-10-2014 | Effective Date: 12-10-2014 | Reviewed by Council: 12-8-2014 |
TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director
DATE: December 1, 2014, for the December 8, 2014, City Council Work Session

RELATES TO STRATEGIC PLAN THEME: • Effective Government

Action Requested:

Receive a claims history report from the City’s insurance broker and discuss the current Risk Management Policy. The City Council will consider readopting the policy at its regular meeting on Wednesday, December 10, 2014.

Discussion:

The City’s Risk Management Policy was last reviewed and adopted by the City Council as Resolution No. 6279 on November 6, 2013. The policy requires an annual report and review by the City Council.

Staff has worked closely with the City’s Insurance Broker, Barker-Uerlings Insurance, to review the current insurance coverage and the Risk Management Policy. The list of insurance coverage has been updated. No other changes are recommended in this year’s review.

Budget Impact:

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

ST:md
Attachment: Risk Management Policy
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

Each employee of the City is responsible to contribute 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.

The City Manager and department directors are responsible to protect 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 Senior Accountant 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 safety awareness and 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.

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.

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 incident 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 $10,000
     - Boiler & Machinery $10,000
     - Mobile Equipment $10,000
     - Earthquake 3% of value
     - Limit $100,000 min
     - Flood $100,000
     - Limit $1,000,000

   **Tort Liability**
   - Limit: $5,000,000

   **Auto Liability**
   - Limit: $5,000,000

   **Auto Physical Damage**
   - Deductibles:
     - Comprehensive $100
     - Collision $500

   **Crime**
   - Employee Dishonesty $500,000
   - Forgery or Alteration $500,000
   - Money & Securities $500,000
   - Computer Fraud $500,000
   - Money Orders & Counterfeit Currency $500,000
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 for City wages paid.

| Supersedes: Res No. 6279 | Created/Amended by/date: 12/10/2014 | Effective Date: 12/10/2014 | Reviewed by Council: 12/10/2014 |
TO: Albany City Council

VIA: Wes Hare, City Manager

FROM: Stewart Taylor, Finance Director

DATE: December 1, 2014, for the December 8, 2014, City Council Work Session

SUBJECT: Financial Policies

RELATES TO STRATEGIC PLAN THEME: Effective Government

RELATES TO: Continue recognition from the GFOA for excellence in budgeting and financial reporting.

Action Requested:

Give direction regarding any questions or revisions to the Financial Policies. The City Council will consider adopting the proposed policies at its regular meeting on Wednesday, December 10, 2014.

Discussion:

The City’s Financial Policies were last reviewed and adopted by the City Council as Resolution No. 6277 on November 6, 2013. The policies are reviewed on an annual basis.

The City Council passed a motion on November 10, 2014, directing staff to work with bond counsel to develop continuing disclosure policies and to participate in appropriate training to ensure proper and timely disclosure filings. Changes are incorporated into the attached Financial Policies directing the City Manager to ensure that appropriate policies and procedures are in place.

In February 2013, the City participated in a rating review by Moody’s Investors Services. Rating reviews are conducted periodically by the rating agencies to identify changes in financial and economic conditions that may cause a change in the City’s rating or outlook. Moody’s review confirmed the City’s A2 rating. Standard and Poor’s last reviewed the City’s rating in 2012 and reaffirmed its rating of A+ with a stable outlook.

Budget Impact:

The Financial Policies establish parameters for the annual budget and ongoing financial operations.

ST:md

Attachment: Financial Policies
I. POLICY STATEMENT

It is the policy of the City of Albany to actively manage financial, operational, and budgetary affairs within established guidelines in order to maintain financial stability both now and in the future.

II. GENERAL GUIDELINES

1. The City Manager and department directors are charged with achieving the themes, goals, and objectives adopted by the City Council in the City’s Strategic Plan.
2. The implementing document for the Strategic Plan is the annually adopted budget. The adopted budget establishes types and levels of services through both operating and capital budgets. The relationships between the operating and capital budgets will be explicitly recognized and incorporated into the budget process. Resources will be identified to provide designated levels of service, and maintenance or enhancement of related capital and fixed assets.
3. The City will actively measure performance and pursue process improvements to enhance productivity and maximize resources.
4. Adequate reserves will be maintained for all known liabilities, including employee leave balances and explicit post employment benefits.
5. The City will actively seek partnerships with private interests and other government agencies to achieve common policy objectives, share the costs of providing local services, and support favorable legislation at the state and federal levels.
6. The City will seek out, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City’s priorities and objectives.

III. REVENUES

1. The City will actively identify and administer funding sources that create a reliable, equitable and diversified revenue stream to shelter the City from short-term fluctuations in any single revenue source and to maintain desired levels of services.
2. Revenues will be conservatively estimated in the budget process.
3. Target fund balances for operating budgets will range between 5 and 15 percent of operations.
4. The City will consider full cost recovery and comparable rates charged by other municipalities of similar size in establishing rates, fees, and charges.
5. The City will follow an aggressive policy of collecting revenues.
6. Enterprise and internal service funds are intended to be self-supporting.

IV. EXPENDITURES

1. The City will identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.
2. The City will operate on a current funding basis. Expenditures will be monitored on an ongoing basis so as not to exceed current revenues and targeted fund balances.
3. The City Manager will take immediate corrective actions if at any time during a fiscal year revised revenue and expenditure estimates project a year-end deficit. Mitigating actions may include a hiring freeze, expenditure reductions, fee increases,
or use of contingencies. Actions to be avoided include expenditure deferrals into the following fiscal year, short-term loans, and use of one-time revenues to support ongoing operations.

4. Target contingencies for operating budgets will range between 5 and 15 percent of operations.

5. Internal service charges and project accounting should be used when service recipients and parameters of a project can be easily identified. The charges should be based on methodologies that fairly allocate the full cost of services. The Finance Director shall review the methodologies on a periodic basis to verify that they are consistent with federal guidelines and Oregon Local Budget Law.

6. The City Manager will undertake ongoing staff and third-party reviews of City programs to measure efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to in-house service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

V. CAPITAL IMPROVEMENT PROGRAM (CIP)

1. The City will monitor and periodically assess the City’s capital equipment and infrastructure, setting priorities for its renovation and replacement based on needs and available resources.

2. The City will develop a multi-year program for capital improvements that will be reviewed annually in the budget process.

3. Projects in the CIP will be flagged as either funded or unfunded depending on whether or not the forecasted operating budget can support the project. All funded projects are included in the operating budget for the corresponding budget year.

4. The City will maintain its physical assets at a level adequate to protect the City’s capital investment and minimize future maintenance and replacement costs. The budget process will provide for review of maintenance and orderly replacement of capital assets from current revenues where possible.

VI. CAPITAL ASSETS

1. Capital assets are non-consumable assets with a purchase price of $5,000 or greater and a useful life of more than one year.

2. The Finance Department will oversee a physical count/inspection of all capital assets at least on a biennial basis. All additions, deletions, and depreciation of infrastructure will be reported consistent with the requirements of the Government Accounting Standards Board Statement Number 34.

3. Adequate insurance will be maintained on all capital assets.

VII. DEBT

1. The City will generally limit long-term borrowing to capital improvements.

2. The City will follow a policy of full disclosure on every financial report, official statement, and bond prospectus.

3. The City Manager will ensure that continuing disclosure policies and procedures are in place and include the following:
   a. The City’s bond counsel will advise the City in developing appropriate policies and procedures.
b. The Finance Director is primarily responsible for meeting all post-issuance and continuing disclosure requirements of all bonds issued by the City.

c. The Finance Director will participate in timely and appropriate training to be familiar with any changes in continuing disclosure requirements.

d. Records will be maintained to substantiate compliance for three years after securities have matured.

e. The City will take timely steps to correct any instances of noncompliance.

4. The City will strive to maintain its high bond ratings, currently A+ from Standard & Poor’s and A2 from Moody’s, and will receive credit ratings on all its bond issues.

5. General obligation debt will not be used for self-supporting enterprise activities unless the activity provides a community-wide benefit.

6. The City shall ensure that its general obligation debt margins are within the 3% true cash value limitation as set forth in ORS Section 287.004.

7. Funding strategies that are necessary to support debt obligations should be implemented prior to debt payments becoming due so that debt obligations can be met from current revenues.

8. The City will use voter-approved general obligation debt to fund general-purpose public improvements that cannot be financed from current revenues. Special purpose debt including certificates of participation, revenue bonds, and loans will be linked to specific funding sources.

VIII. Grants

1. Community organizations that desire financial support from the City must submit a Community Grant application no later than March 1 in order to be considered for funding in the next budget year. Applications will be reviewed by the department director assigned by the City Manager. Primary consideration will be given to requests that further the goals and objectives in the Strategic Plan. Applications that are approved by the department director and City Manager shall be included in the Proposed Budget to be considered by the Budget Committee and City Council.

Any recipient of a Community Grant shall submit an accounting of how the funds were expended and the benefits achieved as required by City Council Resolution No. 5089. Recipients of grants greater than $100,000 must also submit an independent review of financial policies and procedures related to the grant proceeds no later than six months following the end of the fiscal year in which the funds were granted.

Notwithstanding the above, community organizations and events funded with transient lodging tax revenues will follow the guidelines set forth in Finance Policy F-12-11-001 as currently adopted or amended.

2. City departments are encouraged to seek grants and other financial support from private, nonprofit, and government agencies that would supplement City resources in meeting adopted goals and objectives. Grants that are available on an annual basis should be included in the proposed budget and do not require further City Council action once the budget is adopted, unless required by the granting agency. The City Manager is responsible to oversee other grant applications. All awarded grants must be accepted and appropriated by resolution of the City Council as required by Oregon Local Government Budget Law (ORS 294.326(3)).

IX. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING
1. The Finance Department is responsible to see that all accounting, auditing, and financial reporting comply with prevailing federal, state, and local statutes and regulations including generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

2. The Finance Department will conduct periodic internal audits of financial procedures such as cash handling, purchasing, and accounts payable to test internal controls and to detect instances of fraud or abuse. The Finance Director shall establish locations and limits for petty cash, purchase cards, and other cash and purchasing procedures consistent with operational needs, GFOA best practices, and Oregon Administrative Rules and Revised Statutes.

3. The City will seek out and contract for the assistance of qualified financial advisors, consultants, and auditors in the management and administration of the City’s financial functions.

4. The City Council will be provided monthly financial reports of revenues and expenditures.

5. A complete independent audit will be performed annually.

6. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication.

7. The City will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award.
TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Mark W. Shepard, P.E., Public Works Director
DATE: December 3, 2014, for the December 8, 2014, Council Work Session
SUBJECT: Water Rate Increase for January 1, 2015

RELATES TO STRATEGIC PLAN THEME: • A Safe City

Action Requested:
Staff is seeking direction from Council regarding a recommended water rate increase of two percent (2%) effective January 1, 2015.

Discussion:
Staff is providing Council with the annual water rate evaluation and recommendation. This is the fourth year that we have followed this process of providing this report. The report provides updated information on revenues and expenditures and updates the five-year water rate projection for Council.

The proposed rate increase of two percent (2%) this year is half of the increase that was projected as needed at this time last year. This reduced recommended rate increase is based on the most recent analysis and revised projections of expenses and revenues in the water utility. A healthy revenue this past year and continued efforts to control expenditures has lead to the reduced rate recommendation. The reduced recommended rate increase will still allow the water utility to meet debt coverage requirements while keeping on track to meet the system capital maintenance plan over the initial five-year window.

The annual process of analyzing immediate and future rate needs was implemented by staff in January 2012 when staff provided the City Council a report regarding the 5-year needs and projected rate requirements to support the water and sewer system utilities. Council approved a target of generating $1.25 million in annual water system revenues for capital expenditures. The target was to be reached by fiscal year 2017. Each year staff updates the rate picture as part the of the annual rate discussions with Council.

Attachment “A” provides a more detailed discussion of water revenues and requirements and provides an updated rolling five-year rate projection. This is the same information that staff has presented annually to Council during each rate discussion. It has been updated with current water rate revenue projections for the next five years. This document is provided as background for Council and the public.

Budget Impact:
Staff will present a Resolution regarding the water rate increase for Council consideration at the December 10, 2014, Council meeting. If approved, the rate increase will take effect on January 1, 2015. If the water rate increase is adopted by Council, it is anticipated that there will be an increase in water revenue. If water consumption occurs as staff has forecast, a two percent (2%) rate increase will generate approximately $295,000 in additional revenue over the next year.

MWS:kw
Attachment
ATTACHMENT A – WATER

Background

The City strives to provide safe and reliable water service to Albany citizens while also meeting federal and state requirements for the system. To do this, the City proactively manages the water system. Part of managing the system is to plan for the needed system revenues and expenditures. There are no general fund resources used to support the water utility. All functions to operate and maintain the water system are funded through water revenues generated by service charges, System Development Charges (SDCs), and other permit fees. Grant funding is used to augment revenues when available.

Similar to most budgets, there are three components to the cost of running and maintaining the water utility. The three expenditure components are:

- Debt Service
- Operation and Maintenance
- Capital Expenditures

These three components are interdependent and impacts to funding or expenditures of any one of the components ripple into the other two.

Debt Service – The City’s first obligation is to pay off the debts that we owe. At times, the utilities borrow money to complete large capital improvement projects that cannot be funded with pay-as-you-go funding. The Albany-Millersburg Water Treatment Plant and the Albany-Millersburg Water Reclamation Facility are examples of these types of large projects.

One of the larger debts the City holds is for water utility improvements that the community chose to make in 2003. The water debt is in the form of a water revenue bond. The bond agreement has specific requirements for repayment as well as annual revenue generation. Repayment of the debt is made through a combination of rate funds and System Development Charge funds.

In 2013 the City refinanced the existing water bonds to take advantage of low interest rates. This refinance saved a total of $7.3 million for the water utility. This savings resulted in lowering the annual debt payment by $350,000 per year.

Operation and Maintenance – The City’s second obligation is to properly operate and maintain the existing water facilities. These assets include the piped distribution system, water pump stations, meters, reservoirs, and the treatment facilities to treat the drinking water.

Proper operation and maintenance reduces the risk of system failures that can lead to interruption of service or violation of health and environmental standards. Proper maintenance can also reduce overall expenditures including capital needs and prolong the service life of infrastructure components. Some maintenance procedures are required in order to remain in compliance with state and federal regulations.

Capital Expenditures – Finally, the City needs to invest in capital improvements to replace failing and undersized infrastructure. Adequate investment in this work provides for reliable service to existing customers and anticipates needs to support economic development in the community. Almost all capital expenditures are made to replace failing or undersized infrastructure or in response to mandated regulations to protect Albany’s citizens and the environment.

Regular capital investment in the utility infrastructure will reduce the risk of system failures that can lead to interruption of service or violation of health or environmental standards. It will also support economic
development by allowing the water system to support new users and increased water demands. Targeted capital expenditures will also reduce the ongoing maintenance costs associated with operating the utilities.

Revenue and Rate Picture

Staff updates the five-year projection for the water fund each year. However, it is likely that the revenue and expenditure picture will change as we move into the future. The requirement to pay off the existing debt in the water fund is fixed; however, there are significant variables that can impact revenue and the operation and capital requirements for the water utility. Following is a list of the variables that can impact the rate picture over time:

- **Rate Revenues** – This year staff anticipates that rate revenues will meet projections. While staff has been fairly accurate in past revenue projections, there is variability that can impact the revenues received. The state of the economy and weather patterns can have very significant impacts on water revenues.

- **SDC Revenue** – The revenue the City receives from SDCs is driven by the amount of development happening in the City. The projections in this memo are conservative in that they assume moderate SDC revenues based on recent history. If development picks up, so will SDC revenues, which can change the long-term picture for rates.

- **Personnel and Other Large Operation Expenses** – Personnel costs are the largest single driver impacting operating expenses. The cost of fuels, chemicals, and electricity can also have large impacts on expenditures and, therefore, rate requirements. The Public Works Department continues to carefully manage expenditures.

- **Unforeseen Capital Needs** – Staff is able to project and identify most significant capital needs in a timely manner so there is time to plan and incorporate the needs into long-range rate planning; however, there are instances when unforeseen issues arise that require unanticipated expenditures. We are continually working to improve our understanding of the current condition of facilities through a properly functioning asset management program in order to minimize unanticipated needs.

In January 2012 Council supported a staff recommended plan that targeted meeting the debt, O&M, and capital investment needs in order to allow the water utility to continue to meet service needs to provide reliable and safe drinking water, provide fire protection, meet state and federal regulations, support economic development, and minimize the potential for unpredictable large rate increases. An annual capital investment target of $1.25 million per year by the year 2017 was identified.

Current and Future Rate Needs

Following is a summary of the revenues and expenditure needs for the water system:

Revenues:

- **Rate Revenue** - The current estimated total water rate revenue the City will receive in the 2015 fiscal year is approximately $11.7 million. This matches the revenue estimated during the budget development process.

- **SDC Revenues** – SDC revenues vary year to year depending on the pace of development in the community. It is anticipated that this fiscal year the City will receive approximately $300,000 in SDC revenue, which is above what was assumed during the budget development process. For future projections staff has assumed $300,000 in annual SDC revenue based on recent revenues and trends. This is equivalent to approximately 126 home starts in a year. This estimate reflects the most recent development activity the City has been seeing. At this level, SDC revenues will
not keep pace with the debt service funding needs and SDC reserves will need to be spent down to make debt service payments. While revenue and reserves will allow continued SDC debt payments in the current five-year window, there will not be funding available for capital improvements. There is a likelihood that in future years SDC revenues will not be adequate to make all debt payment obligations and rate revenue will be needed to make some of the SDC payment obligations.

Expenditures:

The following graph shows a projection of how water expenditures are split between the three expenditure areas during the next five-year window:

**Breakdown of Water Rate Revenues and Projected Rate Increases by Fiscal Year**

- **Debt Service:** In 2003 the City sold $40.5 million in water revenue bonds to fund the construction of several significant water improvements and retirement of other water debt. These improvements included the Albany-Millersburg Water Treatment Plant, dam and fish screen improvements on the canal, and other capital projects.

In 2013 the City refinanced the existing water bonds to take advantage of low interest rates. The total debt service associated with the water bond projects amounts to approximately $1.94 million per year through the year 2034. Both rate revenue and SDC revenues are responsible for paying for the water bond debt. Rate revenues are responsible for all interest payments and 57 percent (57%) of the principal.
payments. SDC revenues are obligated to pay 43 percent (43%) of the principal payments of the debt service.

Staff anticipates needing to use some of the reserves in the SDC-I fund to cover SDC’s share of the debt payments since annual SDC revenue falls short of annual SDC debt obligations. Should development pick up in the City and SDC revenues climb, SDC revenues may be able to keep pace with debt obligations. The establishment of an SDC debt service reserve should be considered in the future if SDC revenues increase adequately to allow it.

**Operations and Maintenance:** Rising employment, chemical, and energy costs impact the O&M budget. The actual average annual increase in O&M expenses between 2006 and 2011 was nearly 7 percent (7%). However, between 2011 and 2014 the department has controlled cost so the average annual increase in O&M has been approximately one percent (1%) annually. For the five-year future projection, a five percent (5%) per year increase in O&M expenses has been used.

The Public Works Department will continually evaluate how to do things more efficiently and make sure funds are appropriately targeted; however, most maintenance activities cannot be deferred without increasing the risk of water line failures, interruption of service, lower fire protection reliability, damage to streets and private property, or other impacts from failed systems.

**Capital:** The City needs to invest in capital projects to replace failing and/or undersized infrastructure. Adequate investment provides for reliable service to existing customers and anticipates needs to support economic development and growth. A five-year look at the water fund revenues and expenditures shows a decreasing amount of rate revenue money available for capital maintenance projects unless additional funding is provided. If rate increases are limited to just the revenue required to meet debt coverage and O&M expenses, only minimal rate revenue will be available to fund capital projects.

Identifying the appropriate level of capital funding must be balanced with the burden it places on the rate payers. It is vital to have enough capital funding available to replace the worst infrastructure in a reasonable time in order to reduce the risk of failures, damage to public and private property, interruption of service, and health regulation violations. It is also important to be able to address problems that result in recurring high operation and maintenance costs.

Immediate capital needs for treatment have primarily been addressed with recent improvements; however, the Vine Street Water Treatment Plant (WTP) requires capital improvements and there continues to be a need to invest in replacement of the water distribution system. Staff has evaluated the immediate system needs in order to identify what minimum capital funding is required.

The water loss in the system has been reduced in the recent past, but is currently at approximately 18 percent (18%). The City still has approximately 11 miles of steel water line in the system. These lines have shown to be high contributors to the water loss in the system. In addition, the City has over 90 miles of Asbestos Cement (AC) pipe in our distribution system. The older sections of AC pipe are nearing 70 years of service, which is excess of their original design life.

Recent AC pipe failures have shown it fails in a catastrophic way rather than starting with smaller leaks as steel pipes do. This failure more often results in damage to both public right-of-way and private property. It also results in interruption of service. We experienced a 20-inch pipe failure on Industrial Way that caused damaged to the roadway and adjoining business. A systematic replacement plan for AC pipes should be instituted in order to avoid failures that will result in interruption of service and public and private property damage.
There are also additional ongoing repairs and improvements that are required on the Albany-Santiam Canal. These projects are necessary to assure adequate flows in the canal, protect adjacent property, and maintain the City's water rights.

Summary:

A water rate increase of two percent (2%) is recommended effective January 1, 2015. This rate increase will allow the City to continue to build toward an adequately-funded system by the year 2017 while removing the need for extreme unpredicted rate increases. This rate increase is two percent (2%) lower than what was projected one year ago.

The following graph compares the anticipated rate increases as projected in January 2014 to the current projection for rate increases. It also shows the actual rate increases implemented in the past and proposed for this year.

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**Five-year Rate Projection**

Note: Target is $1.25 million

![Rate Increase Chart]

- **Actual Rate Increase**
- **2014 Projection**
- **Current Projection**
TO: Albany City Council
VIA: Wes Hare, City Manager
Mark W. Shepard, P.E., Assistant City Manager/Public Works and Community Development Director
FROM: Jeff Blaine, P.E., Assistant Public Works Director/City Engineer
Gordon Steffensmeier, P.E., P.L.S., Civil Engineer III
DATE: December 3, 2014, for December 8, 2014, Council Work Session
SUBJECT: Crocker Lane, Valley View Drive, and Bloom Lane Local Improvement Districts

RELATES TO STRATEGIC PLAN THEME: • Great Neighborhoods

Action Requested:
Staff requests Council direction prior to holding neighborhood meetings and finalizing the Initial Engineer’s Report and Financial Investigation for the three potential street improvement projects. Staff requests Council’s input about the proposed boundaries of the Local Improvement Districts (LIDs) and the potential assessments for each of the three projects. Council input will help focus neighborhood meetings and the Engineer’s Report.

Discussion:
On May 28, 2014, City Council passed Resolution 6325 directing staff to prepare an Engineer’s Report and a Financial Investigation Report for street and storm drainage improvements to Crocker Lane, Valley View Drive, and Bloom Lane. The improvement projects were also discussed at a City Council Work Session meeting on May 12, 2014. The resolution and the memos from those Council meetings are attached (Attachment D).

These three street projects could occur separately or together in a single project. Each street project’s preliminary cost and assessment estimates, and proposed LID boundaries, will be presented separately below so Council can give direction for each street project individually.

Crocker Lane
Costs estimates for Crocker Lane are based on improving the street to City standards from Valley View Drive to Meadow Wood Drive as called for in the City’s Transportation System Plan with an eleven-foot travel lane in each direction, six-foot bike lanes, and six-foot sidewalks. Staff has identified that utilizing a full depth reclamation process for construction will be the most cost effective. Full depth reclamation involves grinding the existing pavement and base in place, treating the material with cement and using it for a new base, and placing new asphalt pavement over the cement-treated base. This method of construction has been used successfully on other streets throughout Albany and could save as much as $400,000 over traditional reconstruction methods. The estimated construction cost for Crocker Lane improvements is $1,462,000.

Crocker Lane LID Boundary
The attached map labeled “Crocker Lane” (Attachment A-1) shows staff’s recommended LID boundary. There are some properties fronting Crocker Lane that are excluded from the LID. These properties include:

- St. James Estates – Frontage already improved with subdivision.
- Tuscany Estates – Frontage already improved with subdivision.
- Crocker Heights – Frontage improvements paid for with subdivision through North Albany Street Improvement Assurance Fees
Four Single Family Residential Lots – No current petition and waivers for improvements or land use approvals for development. Reimbursement for frontage improvements will be made at time of future development (discussed further below).

**Crocker Lane LID Assessments**

Staff recommends assessing on a fully-developed, per lot basis. Properties that are not currently fully developed were assigned multiple lots based upon their potential to be subdivided. The 113 lots assigned to the large MBBH parcel assumed the property would be developed at the same density as the Saint James Estates subdivision. The MBBH owner is currently proposing to develop 80 to 84 lots and donating approximately 10 acres to Benton County Parks. A previously approved development on the site was approved for 121 lots. Despite the potential reduction in lots, the frontage across the potential park property must be improved and is the responsibility of the property owner. Without City participation in the LID, assessments are estimated to be $7,615 per lot.

Staff recommends the City Council consider contributing three sources of City funds to Crocker Lane street improvements: North Albany Street Improvement Assurance reserves, Street & Storm Connection fee reserves, and Transportation System Development Charge Improvement Fee reserves.

**North Albany Street Improvement Assurance Fees.** Staff proposes that the City contribute $29,000 of North Albany Street Improvement Fee reserves. This amount represents the inflation adjusted amount that the Crocker Heights subdivision developer paid into the North Albany Street Improvement Assurance fund for improvements to Crocker Lane. This would bring the total assessable amount down to $1,433,000 and the per lot assessment down to $7,464.

**Street and Storm Connection Fees.** Staff recommends contributing $85,000 of Street and Storm Connection Fee reserves. This amount represents the estimated street and storm connection fees (reimbursement for road improvements) that the four excluded single-family residential properties will pay if they decide to develop at some point in the future. This approach allows exclusion of properties from the LID for which owners have not requested improvements through petition and waivers without shifting the full burden of improving their frontages to the included properties. The City will ultimately get reimbursed for this investment as properties develop. Contributing connection fee reserves in addition to the North Albany Street Improvement Assurance reserves would bring the total assessable amount down to $1,348,000 and the per lot assessment down to $7,020.

**Transportation System Development Charge Improvement Fee (TSDCi).** Staff recommends Council consider contributing TSDCi reserves to the project. The adopted TSDCi methodology identifies that Crocker Lane improvements are eligible for funding at 30 percent. Based on the construction cost estimate, the City could contribute up to $438,600. If Council is interested in allocating TSDCi funds to this project, a separate Council action will be required to modify the adopted TSDCi project funding list. At that time, consideration should also be given to potential impacts of funding other near-term, TSDCi-eligible projects based on the current level of TSDCi reserves. If Council contributed the full $438,600 TSDCi-eligible amount in addition to the identified North Albany Street Assurance and Connection Fee amounts, it would bring the total assessable amount down to $909,400 and the per lot assessment down to $4,737.

Potential assessments based on these scenarios are outlined on the attached table labeled “Crocker Assessments based on $1,462,000 project” (Attachment A-2). Assuming a typical 10-year
payment plan, the monthly payments for a $7,615 assessment (no City participation) and a $4,737 assessment (Full City participation) would be $87 and $54/month/lot, respectively.

**Valley View Drive**

Valley View Drive from Crocker Lane to 870-feet west is subject to the same petitions and waivers that are driving the Crocker Lane discussion. In recognition of the significant differences between Crocker Lane and Valley View Drive, staff recommended, and Council approved, considering a limited scope of improvement for this frontage. Staff has prepared a cost estimate based on adding a 10-foot-wide, multi-use path within the right-of-way on the south side of Valley View Drive. Due to the steep terrain, some of the path would need to be supported by a retaining wall, which results in a total project cost estimate for the sidewalk improvements of $235,000.

Similar to Crocker Lane, staff recommends assessing the benefiting properties on a fully-developed, per lot basis. The assessable lots south of Valley View and west of Crocker, as shown on the map labeled “Valley View Drive” (Attachment B), total 180 lots. All of these lots are subject to a petition/waiver for Valley View Drive. The resulting assessment per assessable lot is $1,306. Assuming a typical 10-year payment plan, the monthly payment would be $15/month/lot.

Alternatively, both the developer and the Benton County Parks Department have suggested that an all-weather path south of the right-of-way within the proposed park could substitute for the more expensive path within the right-of-way. Staff supports this alternative if the County and the developer reach an agreement with an alignment that works for the City’s needs. If the path through the park were built by the developer or Benton County, the Valley View LID could be abandoned prior to initiating design and construction activities. Regardless, formation of the LID is recommended prior to expiration of the referenced petition and waivers.

**Bloom Lane**

Bloom Lane was included in this investigation because it lies directly east of Crocker Lane, because many of the properties on Bloom Lane are subject to a petition/waiver, and because combining a Bloom Lane project with a larger project could result in lower construction costs for Bloom Lane. Unlike the situation for Crocker Lane, however, where some of the petition/waivers will expire in 2015, the earliest petition/waivers along Bloom Lane won’t expire until 2025.

Staff looked at two options for improvements to Bloom Lane; a standard 30-foot-wide street and an alternate designed 20-foot-wide street. The cost estimates for those streets are $630,000 and $490,000 respectively.

Based on recent projects of varying sizes, it is estimated that constructing Bloom Lane as a stand-alone project would cost approximately 15 percent more than the above estimates, which assumed that Bloom Lane would be constructed with Crocker Lane.

**Bloom Lane LID Boundary and Assessments**

Staff included the properties bordering Bloom Lane in the proposed LID boundary. Similar to Crocker Lane and Valley View Drive, staff recommends assessing the properties within the boundary on a fully-developed, per lot basis. The two large parcels at the east end of Bloom Lane are limited by topography and a wide BPA easement and cannot be divided. Other lots have been set up for future land divisions while others cannot be divided unless existing buildings are demolished. Staff calculated that only two parcels were easily dividable, resulting in a total of 23 potential assessable lots as shown on the attached map labeled “Bloom Lane” (Attachment C).
The total cost of the least expensive project, $490,000, divided by 23 lots results in assessments of $21,304 per lot. Assuming a typical 10-year payment plan, the monthly payment would be $242/month/lot. Given the relatively high assessments, substantial remaining life on the petitions and waivers, and past opposition to a Bloom Lane LID, despite the potential cost savings through economies of scale, staff requests Council direction about whether or not to proceed with neighborhood meetings and a financial investigation for Bloom Lane.

**Budget Impact:**

There is no budget impact at this time.

GS:kw

Attachments
Crocker Lane
Bold Outline - Proposed LID Boundary
Hashed Area - Subject to Petition/Waiver
### Crocker Assessments based on $1,462,000 project

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<th></th>
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<th>(-$85,000 CF)</th>
<th>(-$438,600 SDCi)</th>
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</table>
Valley View Drive
Bold Outline - Proposed LID Boundary
Hashed Area - Subject to Petition/Waiver

113 Lots
5 Lots
62 Lots
Bloom Lane
Bold Outline - Proposed LID Boundary
Hashed Area - Subject to Petition/Waiver
TO: Albany City Council

VIA: Wes Hare, City Manager
Mark Shepard, PE, Public Works Director

FROM: Jeff Blaine, PE, CWRE, Assistant Public Works Director/City Engineer
Gordon Steffensmeier, PE, PLS, Civil Engineer III

DATE: May 21, 2014, for the May 28, 2014, City Council Meeting

SUBJECT: Street Improvements to Crocker Lane, Valley View Drive, and Bloom Lane

RELATES TO STRATEGIC PLAN THEME: Great Neighborhoods

Action Requested:

Staff recommends that City Council adopt the attached Resolution directing staff to prepare an Engineer's Report and Financial Investigation for the establishment of a Local Improvement District to construct street improvements along 870 feet of Valley View Drive, 2,150 feet of Crocker Lane, and 1,015 feet of Bloom Lane.

Discussion:

Per Council direction from the May 12, 2014, City Council work session, staff has prepared a Resolution which directs staff to prepare an Engineer’s Report and Financial Investigation for Improvements to Valley View Drive, Crocker Lane, and Bloom Lane. The current need for action to improve these streets is primarily the pending expiration in 2015-2016 of Petition/Waivers for the majority of properties along Crocker Lane and Valley View Drive. Other factors prompting the formation of a Local Improvement District to improve these street sections are a proposed development south of Valley View Drive and west of Crocker Lane and the proposed donation of most of the wooded portion of that parcel to the Benton County Parks Department. Bloom Lane is included in the proposed project because the cost to improve the street will be greatly reduced if it is part of a larger project. These factors are further discussed in the attached May 12, 2014, City Council work session memo.

Staff recommends that the Engineer’s Report be based on a rural street section for Valley View Drive, and an urban street section for Crocker Lane. Staff recommends that options for Bloom Lane be explored and that staff include a recommendation for a street section for Bloom Lane in the Engineer’s Report.

Budget Impact:

None. Existing City staff will prepare the Engineer’s Report and Financial Investigation.

GPS:ms
Attachments: 2
RESOLUTION NO. 6325

A RESOLUTION DIRECTING AN ENGINEER'S REPORT AND A FINANCIAL INVESTIGATION REPORT BE PREPARED FOR CONSTRUCTION OF STORM SYSTEM AND FULL STREET IMPROVEMENTS ON VALLEY VIEW DRIVE NW FROM CROCKER LANE TO 870 FEET WEST, ON CROCKER LANE NW FROM VALLEY VIEW DRIVE SOUTH 2,150 TO MEADOW WOOD DRIVE, AND ON BLOOM LANE NW FROM CROCKER LANE EAST 1,015 FEET.

WHEREAS, City-standard street and storm drainage improvements do not exist along the above-listed sections of Valley View Drive, Crocker Lane, and Bloom Lane; and

WHEREAS, over 50 percent of the abutting properties adjacent to these sections of roadway are subject to existing Petitions for Improvements/Waivers of Remonstrance for street and storm drainage improvements; and

WHEREAS, a majority of the Petition for Improvements/Waiver of Remonstrance Agreements along Crocker Lane and Valley View Drive will expire in 2015 and 2016; and

WHEREAS, combining improvements to Bloom Lane with a larger project including Crocker Lane and Valley View Drive would result in lower project costs and assessments for the benefitting properties on Bloom Lane; and

WHEREAS, at the May 12, 2014, City Council work session the Council directed staff to prepare a Resolution directing the preparation of an Engineer's Report and Financial Investigation for the above-listed sections of Valley View Drive, Crocker Lane, and Bloom Lane; and

WHEREAS, Subsection 15.04.010 of the Albany Municipal Code requires the City Council to declare by resolution that it intends to make said improvements.

NOW, THEREFORE, BE IT RESOLVED that the City Council intends to make the improvements and hereby directs the City Engineer to make a survey of the improvements and file a written Engineer's Report with the City Recorder.

BE IT FURTHER RESOLVED that the Finance Director is to prepare a financial investigation report which addresses AMC 15.04.030 (1), (2), (9), and (10). The Financial Investigation Report is to follow the form customarily used for such purposes (a spreadsheet showing account number, owner of record, property description, percent of property, total assessment, bond maximum, true cash value, other assessments, assessment percentage of true cash value, 10-year semi-annual payment and 10-year monthly payment).

BE IT FURTHER RESOLVED that the Engineer's Report and Financial Investigation Report, upon completion, are to be filed with the City Recorder in compliance with AMC 15.04.040.

DATED AND EFFECTIVE THIS 28TH DAY OF MAY 2014

[Signature]
Mayor

ATTEST:

[Signature]
City Clerk

DATED AND EFFECTIVE THIS 28TH DAY OF MAY 2014
TO: Albany City Council

VIA: Wes Hare, City Manager
Mark W. Shepard, P.E., Public Works Director and Community Development Director

FROM: Jeff Blaine, P.E., Assistant Public Works Director/City Engineer
Ron Irish, Transportation Systems Analyst

DATE: May 7, 2014, for May 12, 2014, City Council Work Session

SUBJECT: Crocker Lane and Valley View Drive Discussion

RELATES TO STRATEGIC PLAN THEME: Great Neighborhoods

Action Requested:

The purpose of today's discussion is twofold:

1) To request direction on whether the ultimate design for Valley View Drive should reflect an urban section with curb and gutter, or a rural section with ditches and setback sidewalk/path.

2) To provide Council with background information on topics scheduled for decision at the regular Council meeting on May 28. At that meeting staff will be seeking direction on the following questions:

- Should staff begin work on an Engineer's Report for the formation of a Local Improvement District (LID) for the northern 2,150 feet of Crocker Lane and Valley View Drive from Crocker Lane 870 feet west?

- If Council does want an Engineer's Report prepared, should it also include Bloom Lane?

Background

The current need for direction on these topics is primarily due to the pending expiration of a Petition for Improvement/Waiver of Remonstrance (P&W) on property (about 47 acres) located on the southwest corner of the Crocker/Valley View intersection (see Exhibit 1). The P&W was recorded in 1996 with a partition of the property and will expire in 2016. That property was also the subject of a three-phase subdivision (SD-01-07) in 2007. The first phase of the development was constructed, and the second two phases expired prior to construction. Street improvements on Crocker Lane were tied to the second phase, and street improvements to Valley View were tied to the third phase. Consequently, the required street improvements were never constructed.

A new land use application will be needed to develop what was the second and third phase of SD-01-07, and it will not be possible to condition that future application to construct street improvements across street frontage of the original subdivision's first phase. Forming an LID before the P&W expires would allow for construction of street improvements across the entire frontage of the original subdivision with financial participation on the part of all involved properties. As time passes, lots within the first phase of the original development will continue be developed and sold, ultimately increasing the number of property owners involved should an LID be formed.

The undeveloped land comprising the second and third phases of SD-01-07 went into foreclosure and was recently purchased by a developer interested in submitting a new development application on the site. Negotiations are currently underway between Benton County and the
developer regarding purchase of the forested area at the north end of the site and its inclusion into North Albany Park. The parties are working together on how to assign responsibility for future infrastructure improvements along the forested area’s frontages on both Crocker Lane and Valley View Drive. A successful outcome of those negotiations would expand North Albany Park and protect a significant tree grove for the public. As part of the acquisition negotiations, both parties would like some certainty regarding possible future road improvement obligations and costs, particularly along Valley View Drive. The magnitude of that obligation varies significantly depending on whether the ultimate plan for Valley View Drive is for an urban versus a rural section (see Exhibit 2).

Several subdivisions and partitions have occurred along the east side of Crocker Lane opposite SD-01-07 (see Exhibit 3). In two instances subdivisions constructed curb, gutter, and sidewalk on their frontage along the east side of the street. A third subdivision did not construct curb, gutter, or sidewalk, but did pay an improvement assurance into the North Albany Arterial/Collector Street Fund for the improvements. Parcels that were the subject of partitions provided a P&W. Those waivers have expiration dates ranging from 2015 to 2025. Just over 83 percent of the street frontage along the north 2,128 feet of Crocker Lane (the street frontage of SD-01-07) are either covered by a P&W, paid an improvement assurance, or have curb, gutter, and sidewalk.

**Valley View Drive Cross Section**

The section of Valley View Drive between Crocker Lane and Scenic Drive is 4,550 feet in length and has a right-of-way width of 60 feet. Street improvements currently consist of a paved width of approximately 24 feet, providing for 10-foot vehicle travel lanes and a 4-foot shoulder along the north side of the road. With the exception of the large forested parcel on the southwest corner of the Valley View/Crocker intersection, most of the lots that adjoin the road are developed with single family homes and have limited development potential. The lack of large adjoining parcels means there will not be an opportunity in the future to condition land use applications to construct significant portions of the street improvements.

The cost estimate in the TSP (in 2010 dollars) to improve Valley View Drive between Crocker Lane and Scenic Drive to urban standards is $3,695,000. That project includes curb and gutter; a vehicle travel lane in each direction, on-street bike lanes, and setback sidewalks. Installation of curb and gutter on the street would necessitate removal of the roadside ditches and installation of a piped storm drainage system. Projected traffic volumes at year 2030 are below 1,000 average daily trips (ADT). The primary transportation benefit of the urban improvement over the current situation would be improved facilities for pedestrians and bicyclists.

Staff’s recommendation is that a rural design standard be developed for Valley View Drive as an alternative to the urban design envisioned by the TSP. A rural design standard would need to provide for the same transportation modes (vehicle, pedestrian, bicycle) as an urban design, but could be constructed at a significantly reduced cost. Possible improvements could include widening of road shoulders to provide for bike facilities together with setback sidewalks, or installation of a multi-use path along one side of the road together with crossing/traffic calming features located at intervals along the road. Under both of those scenarios the roadside ditches could remain, development of a piped storm water system would not be necessary, and the current elevation and grade of the road could be maintained if desired. The road would also maintain more of the rural character desired by many residents of North Albany.
Crocker Lane and Valley View Drive LID

Crocker Lane and Valley View Drive are both currently under the jurisdiction of Benton County and are classified as minor arterial streets. Albany’s Transportation System Plan (TSP) includes projects that would improve both streets to urban standards with curb, gutter, and sidewalk. The TSP estimated the construction cost for each project in 2010 dollars at approximately $812 per lineal foot. Both projects are eligible for Transportation System Development Charge (TSDC) funding and/or credit, but neither is currently identified as funded. The maximum TSDC-eligible amount for Crocker Lane is 30 percent or $243.60 per foot, and 40 percent or $324.80 per foot for Valley View Drive.

Because of the pending expiration of the P&W associated with SD-01-07, staff's recommendation is that an LID be formed for construction of urban street improvements along its frontage on Crocker Lane and rural street improvements along its frontage on Valley View Drive. The current construct cost estimate for North Albany Road (scheduled for construction in 2015) is below its budgeted amount. If the actual bid cost for that project ends up close to the current estimate, some of the TSDC funding currently targeted for North Albany Road in the Transportation System Plan methodology could be redirected to Crocker Lane and/or Valley View without impacting the TSDC funding allotted to other projects in the Transportation System Plan.

Bloom Lane

In the event that Council chooses to consider formation of an LID for Crocker Lane and Valley View Drive, an additional consideration would be whether or not to expand that project to include Bloom Lane. Bloom Lane is classified as a local street. It was a gravel road up until approximately five years ago, when it received an oil mat surface. A series of partitions have since occurred along the road (see Exhibit 4), with each of them providing a P&W. Just over 50 percent of the road frontage is now covered by a P&W. The waivers have expiration dates ranging between 2025 and 2026. A reason to consider including Bloom Lane in an LID with Crocker Lane and Valley View Drive is not because the P&W’s will expire in the near future, but because adding it to a larger project would result in reduced project costs and lower the assessments ultimately levied on the benefiting properties.

Budget Impact:
None at this time.

RGI:kw
Attached Exhibits (4)
Exhibit 2

**EXIST**

**URBAN**

**RURAL**

**Valley View Drive**
Exhibit 3

Valley View Drive and Crocker Lane

[Map of the area with marked exhibits and notes]

- Petition/Waiver Expires Nov. 2016
- Petition/Waiver Expires July 2015
- Petition/Waiver Expires Sept. 2025
- Paid $27,000 Improvement Assurance, 1999
May 20th, 2014

To: The City of Albany
   City Council

FROM: Brian and Sarah Frazzini
      Residents of Bloom Lane NW, Albany

Dear Mayor and Councilors,

In the last week it was brought to the attention of the property owners and residents of Bloom Lane NW that the Albany City Council is looking into forming a Local Improvement District (LID) for areas of North Albany including Crocker Lane, Valley View Drive, and Bloom Lane. We understand that these projects are early in the planning stages (engineering studies / cost analysis, etc.), but we feel it is critically important for our community decision makers to understand the opinion and desires of the property owners on Bloom Lane.

Throughout this past week I have made individual contact with all the property owners and residents on Bloom Lane. I gave each of them an informal letter explaining the project and made specific reference to the City of Albany website that contains your City Council work session notes from Monday May 12th, 2014. I also provided them with the listed e-mail addresses for each of you so they could reach out individually with their thoughts and opinions.

The overwhelming response and opinion from every property owner and resident on Bloom Lane was that in no way do any of us want to be a part of an LID in any way. Additionally, not one person on Bloom Lane wanted any improvement or widening of our Street. Everyone I spoke to wanted our street to stay just the way it is. I am sure you have all read e-mails from myself and other Bloom Lane property owners explaining why it is we want to keep our street just the way it is.

After I provided information to all my neighbors, and showed them your City Council work session notes from May 12, 2014, every property owner signed the attached document indicating their desire to not participate or be a part of any LID for Bloom Lane. Furthermore, by placing their name on the attached document, all of Bloom Lane wants the City Council to know that no one wants Bloom Lane to be expanded or widened. The property owners were very clear to me that they were worried about the financial burden. More importantly however, everyone I talked to seemed more concerned about the character of our neighborhood being destroyed by speeding up traffic, cutting into front yards, and destroying large mature old growth trees.

I understand that sometimes the Council must make unpopular decisions and place financial burden on it’s citizens for street improvements. This can be necessary if the street improvements make sense for the overall improvement of our City and the “bigger
picture” for all our residents. I encourage each of you to visit Bloom Lane prior to your City Council meeting on May 28 so you can see our quaint little dead end street. I am confident that you will see that if an LID was formed for Bloom Lane it would be unpopular, costly, and in no way would benefit any other citizens of Albany. It just does not make sense.

Please refer to the attached two-page document for the signatures by all the property owners / residents of Bloom Lane NW.

Thank you for your time and consideration in this matter. As all of you can appreciate, this is having quite an impact on the lives of your Bloom Lane property owners and residents. Please feel free to call or e-mail me if you have any additional questions.

Respectfully,

Brian Frazzini
Sarah Frazzini
Bloom Lane NW, Albany

541-905-3351
Bloom Lane Local Improvement District (LID)
Roadway Expansion Project

TO: The City of Albany
    City Council

FROM: Property Owners and Residents of Bloom Lane NW, Albany

The listed property owners and residents do not wish to participate in an LID involving
the expansion and/or widening of Bloom Lane NW in Albany:

NAME: ADDRESS: SIGNATURE:
Brian and Sarah Frasini 1904 Bloom Ln NW
Tony and Lisa Nova 1880 Bloom Ln NW
Pete and Kathy Beile 1828 Bloom Lane
Martin and Martha Black 1575 Bloom Lane at the end of the road
Joseph Caramanica 1937 Bloom Ln
Judy Stoffel 2030 Bloom Ln
Ron Stevens
Rose Dougherty 2055 Bloom Lane NW
Cindi Jurasky 2775 Crocker Lane
Steve and Chante Killian 1949 Bloom Ln NW

Alan M. Killian
Bloom Lane Local Improvement District (LID) Roadway Expansion Project

TO: The City of Albany  
   City Council

FROM: Property Owners and Residents of Bloom Lane NW, Albany

The listed property owners and residents do not wish to participate in an LID involving the expansion and/or widening of Bloom Lane NW in Albany:

NAME: ADDRESS: SIGNATURE:

Kathy & Len Lundgren 2140 NW Bloom Ln.  Kathleen

Chris Kenton 1875 Bloom  

Rick & Aleisha Fields 1925 Bloom Lane  Olivia Fields

Benjamin & Amanda Kaufman 2005 Bloom Ln.  Amanda Kaufman

Erica Wayne Green 2317 NW Cocker Ln.  

Roger C. Marie 1958 NW Bloom Ln.  Roger C. Marie