



Administration and Finance Committee Minutes

February 11, 2021
 4:00 PM
 Virtual Meeting

Commence: 4:00 PM
 Adjourn: 5:22 PM

Committee Members:	Present	Absent
Mayor Erin Sitterley, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Councilmember Clyde Hill	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Councilmember Senayet Negusse	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Other Council Members Present: Stanley Tombs, Peter Kwon, Pam Fernald

Staff Coordinator: Gwen Pilo, Finance & Systems Director

1. Call to Order	Committee Chair Erin Sitterley <i>called the meeting to order at 4:00PM.</i>
2. Public Comment	<i>None</i>
3. Review of the Minutes	<u> X </u> Recommended for Approval <i>A copy of the 1/14/2021 minutes was provided to the committee for review. The committee approved the minutes as presented.</i>
4. Legislative Update	<u> X </u> Informational Update <i>Government Relations and Communications Manager Kyle Moore addressed the committee to provide an update on the current legislative session and some of the proposed bills being discussed.</i>
5. Council Administrative Procedures – Revisions Related to Council Meetings	<u> X </u> Recommended for Approval <i>City Clerk Kristina Gregg presented the committee with a memo proposing a revision to the Council Administrative Procedures allowing one Council Study Session scheduled per month, which can be cancelled if not needed. The committee was in support of adding a scheduled Study Session and discussed potential days to schedule the session. Staff will draft revisions to the Administrative Procedures with a proposed day and present it to the Council at a Regular Council Meeting.</i>

<p>6. 4th Quarter Preliminary Financial Reports</p>	<p><u> X </u> Informational Update</p> <p><i>Finance and Systems Director Gwen Pilo presented the committee with a Financial Management Report detailing preliminary actuals through December 31, 2020. Overall, despite a significant revenue loss due to the pandemic, the City is projected to end 2020 with \$19 million dollars in excess reserves in the General Fund.</i></p>
<p>7. Investment Report & Compliance Review</p>	<p><u> X </u> Informational Update</p> <p><i>Finance & Systems Director Gwen Pilo provided the committee with the December 2020 Investment Compliance Report and Portfolio Analysis.</i></p>
<p>8. Future Meeting Schedule</p>	<p><i>The next A&F committee is scheduled for March 11th at 4:00PM (Location: Virtual).</i></p>
<p>9. Adjourn</p>	<p><i>Committee Chair Erin Sitterley adjourned the meeting at 5:22 PM.</i></p>



MEMORANDUM

To: Administration & Finance Committee
From: Mary Mirante Bartolo, City Attorney
Date: March 8, 2021
Re: Proposed Risk Management Ordinance

Introduction:

Risk Management was transferred from the Human Resources Department to the Legal Department on April 1, 2020. The Risk Management Division has drafted a proposed Ordinance, which creates a framework for the administration of risk management functions.

Summary:

This proposed Ordinance would create code provisions related to the administration and operation of Risk Management. It outlines the three separate but important functions of Risk Management: managing insurance, claims and litigation, and reducing risk. 1) It would ensure that the City has appropriate insurance coverage at all times through the City's insurance broker. 2) It would provide guidelines and parameters for handling, investigating and coordinating claims made against the City, and/or its officers, employees, or volunteers, acting in such capacity. 3) It would be responsible for risk identification, and implementation of cost effective measures to aid in risk reduction and loss prevention. It also gives the City Manager or designee authority to settle any tort claim against the City in which the City's total monetary expenditure does not exceed \$125,000 per occurrence. Finally, the proposed ordinance designates the responsibility to the City Attorney for bringing actions for recovery of losses to the City arising out of the acts of others.

Recommendations:

The Legal Department requests the Committee recommend approval of the Ordinance and place this on the Consent Agenda at the March 23, 2021 Regular Council Meeting.

ORDINANCE NO. 21-___

AN ORDINANCE of the City Council of the City of SeaTac, Washington adding a new Chapter 2.03 to the SeaTac Municipal Code related to Risk Management.

WHEREAS, the duties related to Risk Management at the City were transferred from the Human Resources Department to the Legal Department on April 1, 2020; and

WHEREAS, the City Manager and City Attorney determined it was in the best interest of the City to create a Risk Management Division within the Legal Department; and

WHEREAS, the Risk Management Division is responsible for three separate but important functions: managing the City's property, causality and liability insurance, claims and litigation, and reducing risk; and

WHEREAS, the Risk Management Division ensures that the City, through its insurance program, maintains the necessary property, causality, and liability insurance coverage at all times; and

WHEREAS, the Risk Management Division investigates, coordinates, manages, and handles claims made against the City; and

WHEREAS, the Risk Management Division is responsible for risk identification, analysis and control, and loss reduction or prevention; and

WHEREAS, the adoption of this Ordinance establishes a framework of the roles and responsibilities of the Risk Management Division; and

WHEREAS, the City Manager may direct staff to create any necessary policies and procedures that allows the Risk Management Division to effectively carryout its functions and responsibilities;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC,
WASHINGTON, DO ORDAIN as follows:**

Section 1. A new Chapter 2.03 entitled “Risk Management” is hereby added to the SeaTac Municipal Code to read as follows:

Chapter 2.03 Risk Management

Sections:

- 2.03.010 Purpose
- 2.03.020 Core Functions
- 2.03.030 Appointed Agent and Filing Process
- 2.03.040 Legal Representation
- 2.03.050 Settlement of Claims
- 2.03.060 Recovery of Losses

2.03.010 Purpose.

A. Risk Management is a division of the Legal Department. The purpose of this Chapter is to create a framework for the administration and operation of the Risk Management Division.

B. The City Manager or designee may create necessary policies or procedures that allow the Risk Management Division to carry out its core functions.

2.03.020 Core Functions.

The Risk Management Division shall do the following:

- A. Procure and administer all property, casualty and liability coverage programs for the City;
- B. Investigate, evaluate, and manage all claims filed against the City;
- C. Coordinate with City Departments to identify, analyze, and help implement cost effective actions that will prevent loss and reduce risk; and,
- D. In coordination with the City Attorney or designee, provide recommendations to all City departments regarding the allocation of risk in all City-related functions, including contract issues related to indemnity, hold harmless, and insurance.

2.03.030 Appointed Agent and Filing Process.

A. Claims for damages against the City, and/or its officers, employees, or volunteers, acting in such capacity, shall be filed with the City Clerk, who is hereby appointed the City’s agent to receive claims. The City Clerk’s Office is located at SeaTac City Hall, 4800 S. 188th Street,

SeaTac, Washington 98188. The clerk's office is open to the public Monday through Friday, between the hours of 8:30 AM and 5:00 PM, except holidays. The City Clerk shall immediately forward copies of such claims to the Risk Management Division.

B. All claims for damages must comply with the requirements of [RCW 4.96.020](#).

C. All service of process must comply with the requirements of [RCW 4.28.080](#).

2.03.040 Legal Representation.

A. The City Attorney shall ensure that the City has legal representation in the defense of all claims made against the City. This includes, but is not limited to, the coordination of legal counsel assigned by the City's insurers or legal counsel representing the City through an indemnity agreement.

B. Subject to budget appropriations, the City Attorney is authorized to retain outside legal counsel if deemed necessary and would be in the best interests of the City.

2.03.050 Settlement of Claims.

A. The City Manager or designee shall have the authority settle any tort claim against the City in which the City's total monetary expenditure does not exceed \$125,000 per occurrence. For purposes of this Section, the total monetary expenditure includes the amount of any insurance deductibles or other direct costs necessary to investigate or defend against the claim. Furthermore, the City Attorney or designee must review and approve all settlements as to form and substance.

2.03.060 Recovery of Losses.

A. The City Attorney or designee shall be responsible for bringing all actions, including claims and lawsuits, for recovery of losses to the City arising out of the acts of others. Such losses may include property damage or losses which impact the City as a result of personal injuries to City officers, employees, or volunteers. In addition, the City Attorney may join the City as a party with any third-party in a lawsuit involving recovery of loss to the City.

Section 2. If any provision of this Chapter, or its application to any person or circumstance is held invalid, the remainder of this Chapter, or the application of the provision to other persons or circumstances is not affected.

Section 3. Resolution No. 03-014 is hereby repealed.

Section 4. This Ordinance shall be in full force and effect five (5) days after passage and publication as required by law.

ADOPTED this _____ day of March, 2021 and signed in authentication thereof on this
_____ day of March, 2021.

CITY OF SEATAC

Erin Sitterley, Mayor

ATTEST:

Kristina Gregg, City Clerk

APPROVED AS TO FORM:

Mary E. Mirante Bartolo, City Attorney

[Risk Management]
[Effective Date: _____]



MEMORANDUM

To: Administration & Finance Committee
From: Mary Mirante Bartolo, City Attorney
Date: March 11, 2021
Re: Ordinance regarding Outside Legal Services and Amending the 2021-2022 Biennial Budget

Introduction:

The Legal Department is in need of an additional budget appropriation for outside legal services. This request is necessary due to the City's litigation in the *Firs HOA v. City of SeaTac* litigation that is currently pending in Federal Court.

Summary:

When the Firs HOA filed a tort claim with the City in February 2019, it was submitted to CIAW, the City's risk pool. CIAW assigned the law firm of Menke Jackson Beyer, LLP to represent the City in its defense. The first \$100,000 of defense costs was applied to the City's deductible. CIAW was responsible for paying the next \$50,000 of defense costs per our risk pool agreement. Thereafter, defense costs would typically be covered through insurance coverage provided by Chubb. However, the City and Chubb are currently involved in a coverage dispute. Until some of the insurance coverage issues are resolved, the City is responsible for paying the defense costs as they are incurred.

There is \$70,000 budgeted in 2021 for outside legal services for claims and litigation expenses. As of March 1, 2021, we have received two invoices totaling a little over \$35,000. There will also be additional expenses associated with filing and responding to several motions in this case. Therefore, the Legal Department requests an additional \$100,000 appropriation in order to cover additional invoices on this case, and to pay expenses related to other matters in which outside legal services may be needed.

Adoption of this Ordinance would authorize the continued use of outside legal services with respect to pending litigation and amend the budget to pay for these expenditures.

Recommendation:

It is recommended that this item be placed on the consent agenda at the March 23, 2021 Regular Council Meeting.

ORDINANCE NO. _____

AN ORDINANCE of the City Council of the City of SeaTac, Washington, regarding the use of outside legal services and amending the City's 2021-2022 Biennial Budget.

WHEREAS, a tort claim was filed against the City of SeaTac by the Firs Homeowners Association in February, 2019; and

WHEREAS, the law firm Menke Jackson Beyer, LLP was assigned by the City's risk pool to represent the City in this matter; and

WHEREAS, the City has already met its deductible and the City's risk pool paid the first layer of coverage; and

WHEREAS, there is a current insurance coverage dispute between the City's and its excess liability carrier, and until those issues are resolved, the City must pay for the costs of defense; and

WHEREAS, an amendment to the City's 2021-2022 Biennial Budget is necessary in order to meet this financial obligation;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC, WASHINGTON, DO ORDAIN as follows:

Section 1. The City Council authorizes the continued use of the law firm Jackson Menke Beyer, LLP to represent the City in the case *Firs Home Owners Association v. SeaTac*, and the City Manager is authorized to execute any documents necessary to continue this firm's representation of the City.

Section 2. The City's 2021-2022 Biennial Budget shall be amended to increase expenditures in the General Fund (Fund #001) by \$100,000, in order to pay for outside legal services associated with claims and litigation.

Section 3. This Ordinance shall be in full force and effect five (5) days after passage and publication as required by law.

ADOPTED this ____ day of _____, 2021, and signed in authentication thereof on this ____ day of _____, 2021.

CITY OF SEATAC

Erin Sitterley, Mayor

ATTEST:

Kristina Gregg, City Clerk

Approved as to form:

Mary E. Mirante Bartolo, City Attorney

[Effective Date: _____]

[Outside Legal Services Biennial Budget]

CONTRACTS 101



CONTRACTS 101 OVERVIEW

PURPOSE OF PRESENTATION

To provide overview of
Purchasing Policy and
Contracting Authority

WHY IS THIS ISSUE IMPORTANT?

1. Purchasing requirements are set by RCW and SMC. It is important to understand these rules and why they exist.
2. Contract authority is set by SMC and policy. It is important to understand the different levels of authority for entering into agreements.
3. Understanding ensures compliance with the law and avoids audit findings.

POTENTIAL COMMITTEE ACTION

COMMITTEE ACTION REQUESTED

NO ACTION REQUESTED Information Only.

- Part of staff work plan for 2021-2022 to review Purchasing System (SMC 3.31) and create a Purchasing Manual.

PURCHASING SYSTEM

- SMC 3.31 Purchasing System
 - Establishes Purchasing and Bidding Procedures
 - Ensures uniform process throughout City
 - Ensures public funds are spent carefully and in accordance with the law
 - Provides for fair and open competition



PURCHASING and BIDDING

- General Categories of Purchasing
 - Equipment, Materials and Supplies
 - Public Works
 - Services
 - Purchase Services
 - Personal Services
 - Non – A/E Professional Services
 - A/E Professional Services (RCW 39.80)

PURCHASING and BIDDING

- Categories of Bidding
 - Request for Quotes (RFQ)
 - Informal request for prices of purchased services, equipment materials and supplies
 - Contract usually awarded to the lowest responsible quote
 - Request for Proposal (RFP)
 - Formal request for prices of purchased services, equipment, materials, and supplies of a public works project
 - Defines scope of work and requirements
 - Contract normally awarded to the lowest responsible bidder

TO BID OR NOT TO BID

- Must determine category and threshold
 - Purchases of Equipment, Materials, Supplies and Nonprofessional Services (SMC 3.31.060)
 - Under \$5,000 can be made through direct negotiation
 - Between \$5,000 and \$50,000 require 3 quotes (RFQ)
 - Between \$50,000 and \$300,000 require formal competitive bidding (RFQ)
 - Bids do not need to be sealed
 - Over \$300,000 require formal competitive bidding (RFP)
 - Bids are to be sealed

TO BID OR NOT TO BID (Continued)

- Professional Services (SMC 3.31.070)
 - Formal process not required
 - Consideration of vendor qualifications and cost of services provided through RFQ process
 - City should document selection process and criteria used in selection
- A/E Professional Services (RCW 39.80)
 - Must publish general scope and nature of the project (RFQ)
 - Selection based on qualifications
 - Negotiate with most qualified firm

TO BID OR NOT TO BID (Continued)

- Public Works
 - Defined in RCW 39.04.010 as all work, construction, alteration, repair, or improvements (not ordinary maintenance) executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.
 - No cost threshold
 - Must use competitive sealed bidding process (RFP) outlined in SMC 3.31.100

TO BID OR NOT TO BID (Continued)

- Sole Source Purchases (SMC 3.31.120)
 - Only for supplies, equipment, or information services
 - Clearly and legitimately only one source capable to supply in a timely fashion
 - Special circumstances that result in one appropriate source
- Emergency Purchases (SMC 3.31.110)
 - When public interest or property will be damaged by delay City Manager may waive the purchasing requirements
 - Written determination of the basis of the emergency and selection of vendors filed with City Clerk
 - Ratified with City Council within 20 days or as soon as practicable

CONTRACTS AUTHORITY

- City Manager Responsibilities (SMC 3.31.030)
 - City Manager can delegate authority and responsibility to appropriate City Staff
 - Department Directors authorized to sign contracts up to \$15,000 (CW-010)
- Contract Thresholds (SMC 3.31.050)
 - Contracts not exceeding \$50,000 may be approved by the City Manager
 - Contracts exceeding \$50,000 shall be presented to the City Council for approval

CONTRACTS AUTHORITY

- Contract amendments (excluding public works)
 - The City Manager may execute an amendment when
 - Extends the time of completion for a project up to 6 months
 - Cost increase does not exceed 10% of the original contract or \$50,000, whichever is less, and does not require additional budget appropriations
 - The total value of the contract does not exceed \$50,000 after the cost increase.
- Public works contract amendment (including change orders)
 - City Manager can execute without City Council approval only if the increase does not increase the original contract amount beyond any contingency authorized by the City Council when the contract was awarded

POTENTIAL COMMITTEE ACTION

COMMITTEE ACTION REQUESTED

NO ACTION REQUESTED Information Only.

- Part of staff work plan for 2021-2022 to review Purchasing System (SMC 3.31) and create a Purchasing Manual.



MEMORANDUM

To: Administration and Finance Committee
Through: Carl Cole, City Manager
From: Gwen Pilo, Finance and Systems Director
Date: March 11, 2021
Re: January 31, 2021 Investment Report

Attached is the January 2021 Investment Compliance Report and Portfolio Analysis.

At the end of January, the City had \$ 86,480,448 in cash and short-term investments (a decrease of \$1.3 Million), and \$26,605,470 in long-term investments at market value (a decrease of \$2 Million due to a maturity). Total cash on hand and investments equals \$113,085,918.

Interest received during the month was \$182,912 from bonds and \$8,662 from the LGIP. Interest paid to date is \$191,576.

The 2-year Treasury note and 90-day T-bill continued to remain below 1% in January and the LGIP remains below 1% as well.

SeaTac Yield is 1.24% compared to the LGIP at .14%. SeaTac yield has decreased due to a maturity and reinvestment at a lower rate.

Maturity Constraints	Policy Requirement	% of Total Accumulated	Portfolio Allocation	Within Limits
Under 30 days	10%	76%	86,480,448	YES
Under 1 year	25%	78%	88,498,164	YES
Under 5 years	100%	100%	113,085,918	YES
Maximum Weighted Average Maturity	3.00		2.55	
Maximum Single Maturity	5 Years		4.38	

Asset Allocation Diversification	Maximum Policy Allocation	Issuer Constraint	Percentage of Portfolio	Market Value	% within Limits
U.S. Treasury Obligations	100%		1.80%	\$ 2,037,906	
U.S. Agencies Primary	100%		20.70%	\$ 23,406,484	YES
FHLB		30%	3.76%	\$ 4,249,788	YES
FNMA		30%	11.52%	\$ 13,031,238	
FHLMC		30%	3.65%	\$ 4,124,396	
FFCB		30%	1.77%	\$ 2,001,062	
U.S. Agencies Secondary	20%		1.84%	\$ 2,078,048	YES
FICO		10%	0.00%	\$ -	YES
FARMER MAC		10%	1.84%	\$ 2,078,048	
Municipal Debt Obligations	20%	5%	0.99%	\$ 1,120,938	
Certificates of Deposits	15%	5%		\$ -	
Bank Time Deposits & Savings Accounts	50%		10.00%	\$ 11,307,781	YES
Local Government Investment Pool	100%		64.67%	\$ 73,134,760	YES
Total			100%	\$ 113,085,918	

Portfolio by Fund Allocation	Par Amount	Total Adjusted Cost	Market Value	YTD Unrealized Gain/Loss	Yield to Maturity
City of SeaTac - Core Investment Funds	\$ 27,541,000	\$ 28,220,580	\$ 28,643,377	\$ 422,797	1.24%
City of SeaTac Liquidity Funds	\$ 84,442,542	\$ 84,442,542	\$ 84,442,542		
TOTAL PORTFOLIO	\$ 111,983,542	\$ 112,663,121	\$ 113,085,918	\$ 422,797	

Cit of SeaTac
Investment Portfolio Analysis
As of 1/31/2021

Month	SeaTac Portfolio			Monthly Interest Earned (Accrual Basis)			LGIP			Monthly Interest Earned (Accrual Basis)			Year to Date Interest Earned		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
January	9,982,295	27,840,000	27,541,000	-	-	182,914	53,078,146	74,764,550	73,134,760	112,341	109,251	8,662	112,341	109,251	191,576
February	9,982,295	27,840,000		15,750	-		53,190,487	74,864,270		102,542	99,719		230,633	208,970	191,576
March	9,982,295	28,340,000		-	55,960		53,293,029	72,945,782		114,197	81,513		344,829	346,443	191,576
April	9,982,295	28,340,000		16,943	32,500		73,407,225	72,994,572		119,790	48,789		481,562	427,732	191,576
May	9,982,295	30,340,000		-	16,250		73,527,016	73,025,430		155,829	30,858		637,392	474,840	191,576
June	9,982,295	30,340,000		-	118,350		73,682,845	73,047,623		151,763	22,193		789,154	615,383	191,576
July	9,982,295	30,230,000		-	-		73,834,608	73,066,893		155,365	19,270		944,519	634,652	191,576
August	7,802,000	30,203,000		15,750	-		73,989,973	73,082,792		143,750	15,899		1,104,020	650,551	191,576
September	7,802,000	30,203,000		-	42,500		74,133,723	73,095,153		134,326	12,361		1,238,346	705,413	191,576
October	7,802,000	30,203,000		16,493	39,500		84,268,050	73,106,728		147,118	11,575		1,401,957	756,488	191,576
November	7,802,000	30,203,000		-	16,250		84,415,168	73,116,409		126,876	9,681		1,528,833	782,418	191,576
December	27,840,000	30,203,000		46,250	112,328		74,655,299	73,126,098		113,256	9,689		1,688,338	904,436	191,576
Average	10,743,672	29,523,750	27,541,000	9,265	36,136	182,914	70,456,297	73,353,025	73,134,760	131,429	39,233	8,662	n/a	n/a	n/a

Month	2 Yr T-Note			90 Day T Bill			SeaTac Current Yield			LGIP Interest Rate			2021 Budget		
	2 Yr T-Note 2019	2 Yr T-Note 2020	2 Yr T-Note 2021	90 Day TBill 2019	90 Day TBill 2020	90 Day TBill 2021	City 2019	City 2020	City 2021	LGIP 2019	LGIP 2020	LGIP 2021	Actual	Budget	% of Budget
January	2.45%	1.33%	0.11%	2.41%	1.52%	0.06%	1.54%	1.86%	1.24%	2.49%	1.72%	0.14%	191,576	35,412	541%
February	2.52%	0.86%		2.45%	1.25%		1.54%	1.85%		2.52%	1.68%		-	35,412	0%
March	2.27%	0.23%		2.40%	0.11%		1.53%	1.58%		2.53%	1.30%		-	35,412	0%
April	2.27%	0.20%		2.43%	0.09%		1.53%	1.58%		2.54%	0.81%		-	35,412	0%
May	1.95%	0.16%		2.35%	0.14%		1.52%	1.52%		2.50%	0.50%		-	35,412	0%
June	1.75%	0.16%		2.12%	0.16%		1.52%	1.49%		2.51%	0.37%		-	35,412	0%
July	1.85%	0.11%		2.08%	0.09%		1.52%	1.39%		2.48%	0.31%		-	35,412	0%
August	1.50%	0.14%		1.99%	0.11%		1.59%	1.39%		2.29%	0.26%		-	35,412	0%
September	1.63%	0.13%		1.88%	0.10%		1.60%	1.39%		2.20%	0.21%		-	35,412	0%
October	1.52%	0.14%		1.54%	0.09%		1.59%	1.39%		2.06%	0.19%		-	35,411	0%
November	1.61%	0.16%		1.59%	0.08%		1.59%	1.39%		1.83%	0.16%		-	35,411	0%
December	1.58%	0.13%		1.55%	0.09%		1.87%	1.28%		1.77%	0.16%		-	35,411	0%
Average	1.91%	0.31%	0.11%	2.07%	0.32%	0.06%	1.58%	1.51%	1.24%	2.31%	0.64%	0.14%	191,576	424,941	45.08%