

CITY of CASCADE LOCKS

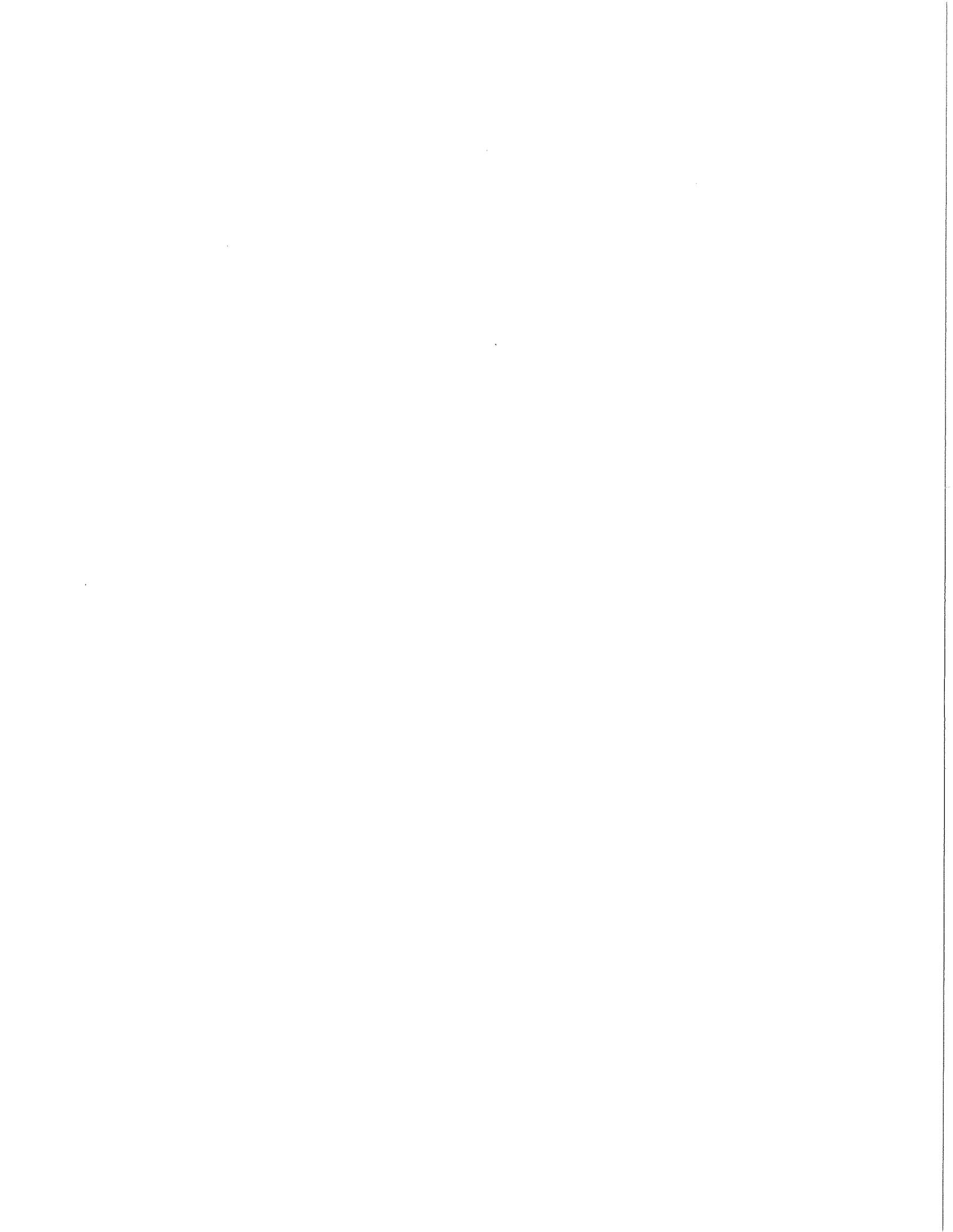
AGENDA

CITY COUNCIL MEETING, Monday, April 27, 2015, 7:00 PM, CITY HALL

Purpose: The City Council meets on the 2nd and 4th Mondays of each month to conduct city business.

1. **Call to Order/Pledge of Allegiance/Roll Call.**
2. **Additions or amendments to the Agenda.** (The Mayor may add items to the agenda after it is printed and distributed only when required by business necessity and only after an explanation has been given. The addition of agenda items after the agenda has been printed is otherwise discouraged.)
3. **Adoption of Consent Agenda.** (Consent Agenda may be approved in its entirety in a single motion. Items are considered to be routine. Any Councilor may make a motion to remove any item from the Consent Agenda for individual discussion.)
 - a. **Approval of April 13, 2015 Minutes.**
 - b. **Ratification of the Bills in the Amount of \$225,044.39.**
 - c. **Approve Resolution No. 1326 Authorizing a Budget Amendment for the Receipt of Unanticipated Revenue in the Amount of \$2,500 for Fiscal Year 2014/2015 Making Appropriations and Authorizing Expenditures.**
4. **Public Hearings.**
5. **Action Items:**
 - a. **Appointment to Committees.**
 - b. **Selection of Auditor.**
 - c. **Approval of Tourism Photographer Personal Services Contract.**
 - d. **Approval of Technical Services Agreement for GIS Project.**
6. **Appearance of Interested Citizens to Share a Variety of Perspectives on Issues Facing Our Community.** (Comments on matters not on the agenda or previously discussed.)
7. **Reports and Presentations.**
 - a. **City Committees.**
 - b. **City Administrator Zimmerman Report.**
8. **Mayor and City Council Comments.**
9. **Other matters.**
10. **Executive Session as may be required.**
11. **Adjournment.**

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for person with disabilities, should be made at least 48 hours in advance of the meeting by contacting the City of Cascade Locks office at 541-374-8484.



1. **Call to Order/Pledge of Allegiance/Roll Call.** Mayor Cramblett called the meeting to order at 7:00 PM. CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett were present. Also present were City Administrator Gordon Zimmerman, City Recorder Kathy Woosley, Public Works Foreman Sheldon Price, Electric Department Foreman Keith Terry, Pat Hesgard, Mary Payne, Jamie Antis, and Camera Operator Betty Rush.

2. **Additions or amendments to the Agenda.** None.

3. **Adoption of Consent Agenda.**

a. **Approval of March 23, 2015 Minutes.**

b. **Ratification of the Bills in the Amount of \$188,580.47.**

Mayor Cramblett read the list of items on the Consent Agenda. **Motion:** CM Helfrich moved, seconded by CM Walker, to approve the Consent Agenda. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett.

4. **Public Hearings.** None.

Mayor Cramblett asked Pat Hesgard and Mary Payne to give their presentation from the Lions Club. Lions President Pat Hesgard presented the City with a \$2,500 check from the Lions Club. She said \$1,000 is for the ambulance payment, \$1,000 for the fire truck payment, and \$500 toward cleaning of the gym and downstairs bathrooms. CA Zimmerman said there isn't any money due on the ambulance. Pat stated the money could go toward the fire truck payment. PWF Price said the gym floor is cleaned on Wednesdays but finish is worn off the floor so it just doesn't look good anymore.

Mayor Cramblett said a citizen in town is always searching items of historical interest of Cascade Locks. He was given a copy of the navigational locks that was sent to the Secretary of War in 1892. He had a copy of construction drawings of the navigational locks, tokens from a couple of local businesses that were worth five cents toward merchandise at the businesses and dated 1902-1910. He had a Portage Days button and a 1937 Cascade Locks Fireman's Badge. He said these items would be presented to the Cascade Locks Museum.

5. **Action Items:**

a. **Appointment to Committees.** Mayor Cramblett said we have lost community member Arnie Kononen. He said Arni was consistently involved in the City and a very important part of the committees he was involved in.

b. **Approve Engineer's Contract for Water System Improvement Project.** CA Zimmerman explained the time frame for the engineering of the water system project. **Motion:** CM Helfrich moved, seconded by CM Walker, to approve the contract with Tenneson Engineering for the design and construction management of the Water System Improvement Project.

CM Randall asked CA Zimmerman if he had any concerns with the contract. CA Zimmerman explained this is a standard contract. He said the timing should also work well with keeping the construction work out of the busy tourist season. Mayor Cramblett asked about the portions of crossed out text. CA Zimmerman said this is a standard contract, reviewed by the City Attorney, and the crossed out text doesn't pertain. He said Dave Griffin will be the City's representative during this process.

The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett.

c. **Approve Updated Nestlé "Fact Sheet."** CA Zimmerman explained that the Fact Sheet has been before the Port Commission and the Joint Work Group on Economic Development. He distributed a

drawing showing pipe size capacities to further demonstrate gallon per minute available depending on size of pipe (Exhibit A). He said once the fact sheet is approved it will be put on the City's website. He explained the water system schematic on page 8 of the document. CA Zimmerman reported that the cross transfer application was filed on Friday. CA Zimmerman cautioned Council on the use of email and social media and reminded all that these are public record. **Motion:** CM Helfrich moved, seconded by CM Groves, to approve the proposed Fact Sheet for inclusion on the City's web page.

CM Busdieker said she has been doing her own research and with her educational background has a lot of questions. She said the chart shows Nestlé can get 22% maximum water and thought it was going to be 5% or less. CA Zimmerman explained the total ODFW Water Right and that 22% reflects the maximum pipe capacity. She asked who compiled the numbers when this originally started as far as what is available, cubic feet per second, and what can be used by Nestlé. CA Zimmerman said he has gone through all information, compiled numbers, and most of the numbers are the ones that he has developed himself. Mayor Cramblett said in the beginning a Water Right Specialist was hired. CM Busdieker said she read the hydrological report from Bruce Sorte and the numbers were from 2000. She said we are getting a lot less water now in 2015 and asked how we are accounting for those changes that may be happening. Mayor Cramblett said we don't have less water and the water is from a water right. CM Busdieker argued that it doesn't matter if the water isn't there. CA Zimmerman said ODFW said Oxbow Springs flows at 15 cubic feet per second during the winter and 2 cubic feet per second during the summer and those numbers have not varied much. CM Busdieker said the numbers are going to be a lot less because we do not have snow pack or rain fall.

CM Busdieker said lumber trucks coming through town were 20-30 years ago. She said times have changed and would suspect that no one wants trucks rumbling through their residential neighborhoods. She said whatever is on I-84 is irrelevant. She said from a tourism point she is sure that bikers along the historic highway trail is not going to want big trucks barreling down on them.

CM Busdieker said there is no guarantee that any local people will be hired so how is that good for our own workers. She said she reviews employment reports and tries to look at both sides. She said Nestlé isn't entirely right and Food and Water Watch isn't entirely right. She said they are both trying to get the City to follow their agenda and what is real is somewhere in the middle. She said she is trying to find out what the middle is. She said there is a long list of people that talk about the bad management with Nestlé. She said there are many comments regarding Nestlé stating they are family oriented with many saying that work schedules prevent a family life. CM Busdieker said she is not convinced that Nestlé is a good company to work for.

CM Busdieker said the market price that hasn't been decided yet will be what Nestlé wants and not what we would charge for the commodification of the water. She said water is a precious resource and we are learning more about that every day now. She said the drought problems in California are shown all the time but Oregon is never shown, which is almost as bad. She said if the City is going to commoditize this water then Nestlé should pay for it.

CM Busdieker said she has an ecological degree. She said there isn't much snow on Mt. Hood this year and asked what if that happens for a few more years. She said this Fact Sheet talks about the Columbia River that flows past our shore. She said we don't drink that water. She said she doesn't want to think about treating the water from the Columbia to drink because Nestlé ruined the City's good spring water. CM Busdieker said with trucks driving through, potential loss of tourism, and reduction of quality of neighborhood life, the only betterment of the community by selling this renewable resource would be the City's bank account.

CM Busdieker asked about the year-long fish testing. She asked how long is a fish life cycle. She asked if the fish were going to be healthy during their whole life cycle. She said these questions haven't been asked. She said the LEED certified building is just a distraction from the real ecological issues.

CM Busdieker said the other cities selling their water are selling tap water and not spring water. She said using our spring water is an entirely different thing. She asked if everyone else jumped off the bridge would you do it too.

CM Busdieker said she knows that the City wants to do this on their own and not have outside people telling us what to do but water is a concern for everybody. It's a natural and public resource and sees no ethical reason to think about selling it to someone that will make millions or billions of dollars off of us.

CM Busdieker said this cross transfer process is a way for Nestlé to get in here before people start shutting it down. She said money is not the only reason to do something. She said she didn't think the City or the Port is looking at the big picture for the long term. She said when you look at the waste of these plastic bottles that is not looking at being a good corporate neighbor and protecting the environment. She said single use water bottles are wasteful and environmentally destructive. She said we need to encourage people to filter their water and use reusable bottles.

CM Busdieker said she isn't convinced that the economic statistics weren't over estimated but she would have to review that in more detail. She asked if it would take years to undo the limited cross transfer as stated by the ODFW Director if things don't work out. She asked about an Adaptive Management Plan.

CM Busdieker said she has been doing a lot of online research. She said the only positive articles are ones that were written by Nestlé.

Mayor Cramblett said the water doesn't come from Mt. Hood but from the mountain range above us. He said the testing of the fish was done by fish biologists and didn't recall CM Busdieker saying she was a fish biologist. He said the City has a water right and the City can sell that water. He said if the water goes down Nestlé will be cut off just the same as any other customer. Mayor Cramblett said Nestlé will be just another customer. CM Busdieker said they are not just another customer. She said we don't give any other customer millions of dollars in tax breaks.

Jamie Antis said in his research Nestlé is not noted as a good neighbor anywhere in the world. He said he is grateful for the differing opinions. He said there have been a lot of bad decisions that have happened in this town. He said the Nestlé record is like "Mafia Hardball". Jamie said he didn't know of 60 people, not even 6 people in this town looking for a job. He said to give up our water is ridiculous. He said Council should compare the good vs. bad comments regarding Nestlé.

Mayor Cramblett said not everything you read on the internet is accurate. He said the City has approached the communities who have Nestlé in their community and they are happy with them. He said the City is researching both sides and it is Council's responsibility to do what is best for Cascade Locks. He said he appreciates all comments but the Council will do their due diligence and act as a Council on this issue.

CM Helfrich said he has talked to several people that want jobs and this will be 50 job opportunities that we don't currently have. He said there will also be jobs added as a result from the Nestlé development. CM Helfrich said take the water out of it and look at all the other things that are in plastic bottles. He said the problem with plastic bottles should go to the end user and not the

company. He gave an example of someone purchasing a gun legally and using it in a crime. He said it is the end users responsibility and not the manufacturer. He said Nestlé has won awards in reducing the amount of plastic used. He said Nestlé is doing research using other items. He said Nestlé is doing their due diligence and some people don't like Nestlé for whatever reason. CM Helfrich said this company is the company that's looking at building in Cascade Locks. He said the truck traffic will be 100 trips in and 100 trips out. He said any issues with truck traffic can be mitigated. He said he appreciates the thoughts and emotions from everyone but wants to assure all that the Council will do their due diligence. He said no one else is coming in to invest in the community. CM Busdieker said Nestlé won't be investing in the community but in their bottom line.

CM Busdieker said the Fact Sheet states water is coming from Mt. Hood. Mayor Cramblett said that needs to be deleted. CA Zimmerman said the water is coming from everything above us. CM Busdieker said there isn't any snow pack and nothing to replenish the aquifer. CA Zimmerman said rain soaks into the ground and replenishes the aquifers. Mayor Cramblett said water is a resource. CM Busdieker said the City will be letting someone else make millions of dollars on our resource.

Jamie gave an example of a company coming into Coos Bay. He said greed and money isn't going to get the City anywhere. He said we'll be all dead and gone but Nestlé will still be taking all the water. CM Busdieker said all she's seen so far for due diligence is that the City is taking whatever Nestlé has to say and passing it on to us. Mayor Cramblett said the City is doing their due diligence and will continue. He said the water right is to be used by the City to help the City. He said the City will be asking a fair price for the water. He said the City has natural resources and are allowed to manage them. He said the state allows tax breaks in an effort to build business.

The motion passed with CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett voting in favor. CM Busdieker opposed. CM Busdieker said the facts presented are one-sided. She said the facts are not showing both sides of the issues.

d. Approve City of Cascade Locks TGM Code Assistance Final Action Plan. CA Zimmerman said these are the recommendations being made for the Community Development Code. He said if the Council approves then an application can be made to start phase two of this process. Mayor Cramblett clarified that the CDC isn't being changed by this action but just accepting recommendations. CA Zimmerman said the revisions would go to the Planning Commission first for their approval, then to Council for final approval. **Motion:** CM Fitzpatrick moved, seconded by CM Busdieker, to accept the Final Action Plan Report developed by Siegel Planning Services and direct staff to apply for a Transportation Growth Management (TGM) Grant to accomplish the items in this report. CM Walker said he would abstain as he is an employee of ODOT. The motion passed with CM's Groves, Fitzpatrick, Randall, Helfrich, Busdieker, and Mayor Cramblett voting in favor.

e. Approve Purchase of Electric Meters. CA Zimmerman said Keith Terry and Sheldon Price are both here tonight to answer any questions regarding water or electric meters. EDF Terry said 100 electric meters were purchased seven or eight months ago and 86 meters were replaced in the southbank area. He said there are 76 that still need to be replaced. He said the meters being replaced are the old style dial meters. He said they are not efficient and the City is losing money. He said there is no way to test them. He said there are 76 very old meters in town that also need to be changed out. He said he would like to order another 100 meters. CM Groves said she thought the plan was to only replace meters that weren't working. CA Zimmerman said the meters being replaced in the southbank area were radio read meters so that the crew can read the meters, most of the time, without even getting out of the truck. He said the meters that get replaced can then replace any in town that fail. He said the old style dial meters are not reading accurately and need to be replaced. CM Groves asked if

CA Zimmerman was saying that the 45 year old meter on her house is not accurate. CA Zimmerman said he would almost guarantee that. CA Zimmerman said that CM Groves, as a City Councilor, has the responsibility to make them as accurate as possible so that everyone is paying their share.

Mayor Cramblett said what he understood from the last meeting this was discussed was to replace failing meters and obviously it seems we're going beyond that now. He said how this all started was accounting saying that meters were messed up and not getting reads. Mayor Cramblett said those are the meters that he wants replaced. He said guessing that a meter isn't accurate doesn't seem to be a concern for accounting. CA Zimmerman said the meters of concern with accounting were water meters. He said because the City has multiple styles and ages of meters the handheld has two programs. He said the City has water meters that are 35 years old and they start to wear out at 5 years. CA Zimmerman said part of the water loss could be from worn out meters. Mayor Cramblett said then there is another discussion regarding water loss and needing a water system. CA Zimmerman said the City doesn't know how much the meters are registering.

EDF Terry said there is no way to test the electric meters. He said he is just trying to get southbank meters replaced. He said he gets rid of the dial meters but keeps the digital style meters. He said the age of the meters gives an idea of their accuracy. EDF Terry said when he ordered the last batch of meters there weren't any in inventory. He said now he does have some on hand when meters fail. Mayor Cramblett said it seems we're back to a plan of purchasing 100 new meters a year to replace meters. He said he doesn't see the need to replace a working meter. He said today a lot of the older equipment is made better than the new. EDF Terry said part of the dilemma is due to the handheld programming. He said he would like southbank to be on the same program. CM Busdieker pointed out that the staff report shows that it takes six to eight months to receive the meters so the 100 would really be purchased in the next fiscal year. Mayor Cramblett said his issue is that the idea was presented to replace bad meters and now is going beyond that.

CM Helfrich asked about reduction of staff time, etc. CA Zimmerman said with the replacement of meters in the southbank area thus far the read time went from five to eight hours to two and half hours. He said we do know of 55 water meters that have to be replaced. CM Helfrich said it is up to the Council to make sure there is accuracy and we're recouping costs.

CM Walker said it sounds like all the billing is a guess. EDF Terry said the accuracy of the billing is a guess. CM Walker said we don't know what we're selling and for all we know we could be giving away 50%. EDF Terry said that information he has is that a meter of 10 years old will lose at least 1%.

Motion: CM Busdieker moved, seconded by CM Walker, to approve the purchase of electric meters from Sensus for the 2015/2016 financial year.

CM Fitzpatrick said he was prepared to vote against it but in light of efficiency and southbank being on one system he is in favor. Mayor Cramblett said he still would like the crew to be looking at the southbank system.

Mayor Cramblett asked EDF Terry to report on the last outage in southbank area. EDF Terry explained that a very small limb took one phase down.

The motion passed with CM's Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett voting in favor. CM Groves opposed.

CA Zimmerman said we need to purchase 100 water meters. PWF Price said he currently has six meters on the shelf. He said there is money in the budget to replace meters. **Motion:** CM Helfrich moved, seconded by CM Randall, to purchase 100 water meters not to exceed \$28,000.

CM Fitzpatrick asked if water meters would be replaced with water improvement project. PWF Price said he would like to eventually replace all of them within five or six years. He said a lot of these meters have been in the ground for 35 years. He said most cities have replacement plans of 10 – 15 years. He said the new water meters have no inside moving parts to wear out and have a 20 year warranty. CM Groves asked if this is the same as electric meters and guessing that they are not accurate. She said her point is that the meters are going to be “willy-nilly” replaced. PWF Price said water meters operate differently than the electric meters and there is no doubt about them losing accuracy. He said he would like to start a replacement plan with the 20 year warrantied meters. CM Groves asked where he would start with replacement. PWF Price said he would replace the problem meters first then pick an area to start. He explained that the replacement is logged in the system. CM Walker asked if the meter fee showing on the bill is used for this. CA Zimmerman said that is the money that is set aside for meter replacement and that is what is being asked for. Mayor Cramblett asked how long it would take to replace the meters and sure it was more of a process than for electric meters. PWF Price said it would take two or three months to replace the problem meters.

The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett.

f. Resolution No. 1324: Allocation of Proceeds from the Sale of the Old Fire Hall. CM Randall moved, seconded by CM Walker, to approve Resolution No. 1324, which distributes the loan proceeds from the sale of the old fire hall to the OIB loans and the City's Electric Fund Capital Reserve. CM Fitzpatrick said he would like to pay off the fire truck. CA Zimmerman said they are both zero interest loans. He said the Lions have donated money toward the fire truck every year. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett.

g. Resolution No. 1325: Reallocation of OIB Payment to Fire Station Building Loan. CM Busdieker moved, seconded by CM Walker, to approve Resolution No. 1325, which reallocates the OIB payments to the City's Electric Fund Capital Reserve. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett.

6. Appearance of Interested Citizens to Share a Variety of Perspectives on Issues Facing Our Community. None.

7. Reports and Presentations.

a. City Committees. None.

b. City Administrator Zimmerman Report. CA Zimmerman reminded Councilors that any correspondence is subject to disclosure under the public records laws. He also reminded them that their Statement of Economic Interest is due by April 15th. He reported on the Hood River County unemployment rate and low and moderate income limits. CA Zimmerman updated Council on the quiet zone and stated that the Port would be asked to pay for half of the costs of the easement and improvements.

8. Mayor and City Council Comments. CM Helfrich said the emails he has received regarding Nestlé are negative and was surprised at the profanity included within the emails. He said to keep the Kononen family in our thoughts and prayers.

CM Fitzpatrick said that Arni Kononen donated a lot of his time to this City.

CM Busdieker said basketball playoffs start this weekend and added, "Go Blazers!"

CM Walker thanked Cascade Locks Ambulance. He said he needed the service a few weeks ago and the ambulance crew did a fabulous job. He gave his condolences to the Kononen family. He said Arni was passionate about the emergency services and Cascade Locks as a whole. CM Walker said he will be missed.

CM Walker said it is refreshing to be able to express different opinions and disagree without it becoming personal. He said we all live here.

CM Randall thanked the Lions for all they do for the community. He expressed condolences for the Kononen family.

CM Groves said her thoughts and prayers go out to the Kononen family.

Mayor Cramblett said Arni raised good kids. He said they were good students, workers, and citizens. He said any student growing up with his kids were appreciative to be around his kids.

Mayor Cramblett said this Council has committed to the training of our Ambulance Department. He said Jessica Bennett is a committed volunteer and taking advantage of the training. He said he appreciated Council's commitment to this.

9. **Other matters.** None.

10. **Executive Session as may be required.** None.

11. **Adjournment. Motion:** CM Helfrich moved, seconded by CM Randall, to adjourn. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, Busdieker, and Mayor Cramblett. The meeting was adjourned at 8:58 PM.

Prepared by
Kathy Woosley, City Recorder

APPROVED:

Tom Cramblett, Mayor

Pipe Size Capacities

Size	Max GPM	
2"	45	
2.5"	75	
3"	130	
4"	260	Nestle
6"	800	
8"	1,600	City Water Right
10"	3,000	
12"	4,700	New City Main

4.0 cfs
 7.5 gallons in a cubic foot
 449 gallons per minute at 1 cfs
 1571 gallons per minute at 3.5 cfs
 1795 gallons per minute at 4 cfs

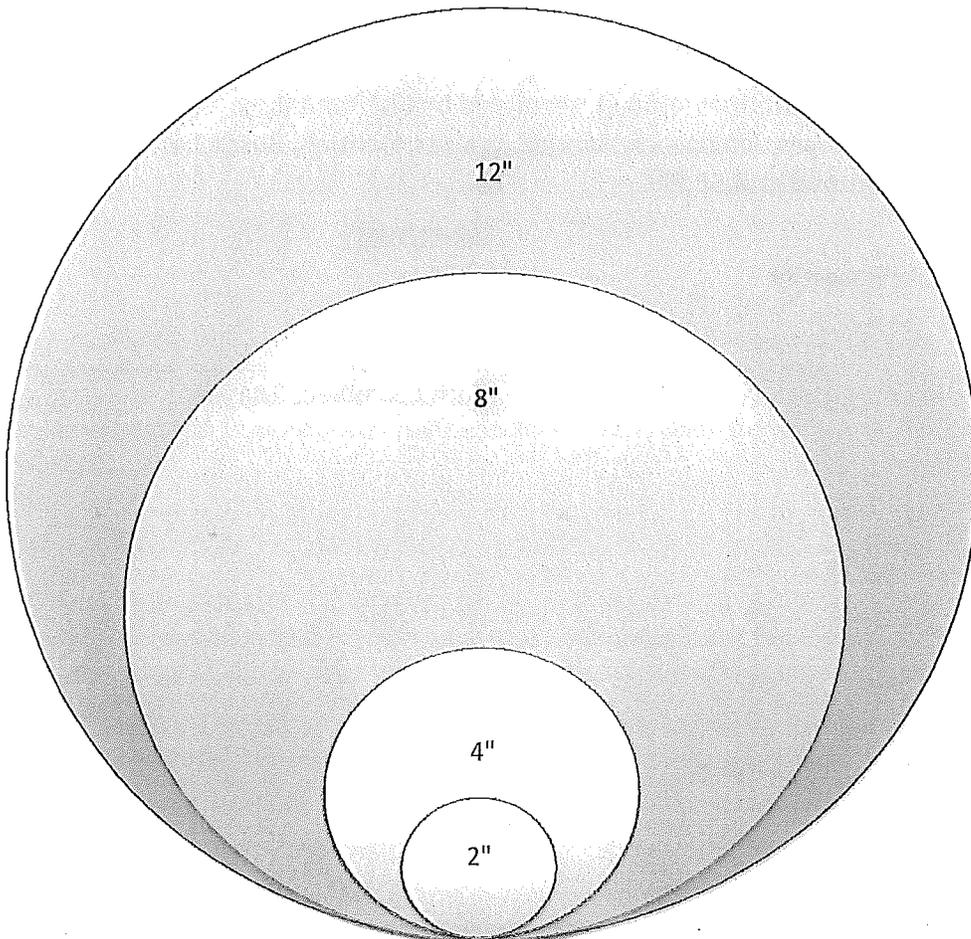
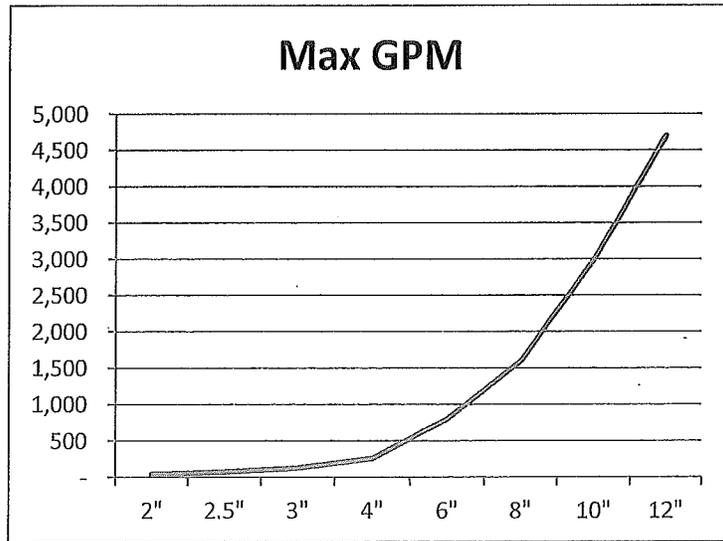


EXHIBIT A *pg 1 of 1*
 TO MINUTES OF *04/10/15*
City Council MEETING

BLANKET VOUCHER APPROVAL

PAGE NO. 1

=====

DEPARTMENT: CITY OF CASCADE LOCKS
COVER SHEET AND SUMMARY

DATE:	DESCRIPTION:	AMOUNT:
4/17/2015	PR	\$ 58,493.34
4/15/2015	A/P	\$ 166,551.05
GRAND TOTAL		\$ 225,044.39

=====

APPROVAL:

Mayor

Report Criteria:
 Report type: GL detail

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
5729	04/15	04/15/2015	6822	0103689	American Legal Publishing Corporation	folio supplement	0140162110	158.00
5729	04/15	04/15/2015	6822	0103690	American Legal Publishing Corporation	supplement pages	0140162110	852.80
5729	04/15	04/15/2015	6822	0103836	American Legal Publishing Corporation	Internet Renewal 2015--16	0140162110	395.00
Total 5729: 1,405.80								
5730	04/15	04/15/2015	370	42408	BIO-MED TESTING SERVICE	Pre-Employment Drug Screening	0540562063	40.00
Total 5730: 40.00								
5731	04/15	04/15/2015	460	5652	BROWN & KYSTAR, INC	Substation Consulting	5645163941	2,212.50
Total 5731: 2,212.50								
5732	04/15	04/15/2015	6900	V500968	BSK Associates	water testing	2140562150	45.00
5732	04/15	04/15/2015	6900	V501083	BSK Associates	water testing	2140562150	32.00
Total 5732: 77.00								
5733	04/15	04/15/2015	610	638595	CASCADE COLUMBIA DISTRIBUTION	Chlorine	2140562650	170.00
Total 5733: 170.00								
5734	04/15	04/15/2015	6853	2015	Cascade Locks Business Association	membership fee	0140162030	25.00
Total 5734: 25.00								
5735	04/15	04/15/2015	670	100001500 4	CASCADE LOCKS LIGHT CO.	fire station	0540562439	499.88
5735	04/15	04/15/2015	670	100003500 4	CASCADE LOCKS LIGHT CO.	res no 2	2140562070	33.23
5735	04/15	04/15/2015	670	100030200 4	CASCADE LOCKS LIGHT CO.	pump lift station	3140562070	28.30
5735	04/15	04/15/2015	670	100038200 4	CASCADE LOCKS LIGHT CO.	well house	2140562070	1,178.57
5735	04/15	04/15/2015	670	100379100 4	CASCADE LOCKS LIGHT CO.	treatment plant	3140562070	1,856.40
5735	04/15	04/15/2015	670	100381300 4	CASCADE LOCKS LIGHT CO.	warehouse	2140562070	48.00
5735	04/15	04/15/2015	670	100381300 4	CASCADE LOCKS LIGHT CO.	warehouse	3140562070	48.01
5735	04/15	04/15/2015	670	300155100 4	CASCADE LOCKS LIGHT CO.	main lift station	3140562070	377.16
5735	04/15	04/15/2015	670	300155900 4	CASCADE LOCKS LIGHT CO.	museum	0140762530	177.02
5735	04/15	04/15/2015	670	300159202 4	CASCADE LOCKS LIGHT CO.	fire hall	0540562439	103.11

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
5735	04/15	04/15/2015	670	300171800 4	CASCADE LOCKS LIGHT CO.	mail lighting	5140562800	39.68
5735	04/15	04/15/2015	670	300183900 4	CASCADE LOCKS LIGHT CO.	moody lift station	2140562070	71.17
5735	04/15	04/15/2015	670	301961200 4	CASCADE LOCKS LIGHT CO.	bike path	0140162552	11.38
5735	04/15	04/15/2015	670	600135000 4	CASCADE LOCKS LIGHT CO.	city hall utilities	0140162552	1,492.49
5735	04/15	04/15/2015	670	600136900	CASCADE LOCKS LIGHT CO.	87 Ruckle	3140562070	40.24
5735	04/15	04/15/2015	670	600149800 4	CASCADE LOCKS LIGHT CO.	city hall irrigation	0140162552	86.03
5735	04/15	04/15/2015	670	601369800	CASCADE LOCKS LIGHT CO.	radio tour	0540562439	138.61
5735	04/15	04/15/2015	670	CCLEP 4/15	CASCADE LOCKS LIGHT CO.	cclp	5140562138	150.00
5735	04/15	04/15/2015	670	CCLEP 4/15	CASCADE LOCKS LIGHT CO.	cclp	5140562138	150.00
5735	04/15	04/15/2015	670	CCLEP 4/15	CASCADE LOCKS LIGHT CO.	cclp	5140562138	150.00
5735	04/15	04/15/2015	670	CCLEP 4/15	CASCADE LOCKS LIGHT CO.	cclp	5140562138	150.00
5735	04/15	04/15/2015	670	CCLEP 4/15	CASCADE LOCKS LIGHT CO.	cclp	5140562138	150.00
5735	04/15	04/15/2015	670	SSS 4/15	CASCADE LOCKS LIGHT CO.	senior sewer subsidy	0140862025	249.70
Total 5735:								7,378.98
5736	04/15	04/15/2015	740	64491	CASELLE, INC.	Contract Support	0140162082	1,220.00
Total 5736:								1,220.00
5737	04/15	04/15/2015	6912	63	db design	contract support	0840562110	1,548.50
Total 5737:								1,548.50
5738	04/15	04/15/2015	1540	APRIL 2015	DMV SERVICES STATE OF OREGON	Driving Records	0540562110	1.50
5738	04/15	04/15/2015	1540	APRIL 2015	DMV SERVICES STATE OF OREGON	certified court print	5140562110	3.00
Total 5738:								4.50
5739	04/15	04/15/2015	1620	706	EFFICIENCY SERVICES GROUP, LLC	BPA Program Service March 2015	5140562139	750.00
Total 5739:								750.00
5740	04/15	04/15/2015	6882	17193	Ernie's Locks & Keys	Re-key outside doors	0140462520	853.00
Total 5740:								853.00
5741	04/15	04/15/2015	1760	ORHOD4068	FASTENAL	misc.	5140562900	7.79

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 5741:								
5742	04/15	04/15/2015	6865	32415	Gearhead Transmission Rebuilders	replace power steering pump on dodge p	5140562201	331.20
5742	04/15	04/15/2015	6865	32415	Gearhead Transmission Rebuilders	replace power steering pump on dodge p	5140562201	82.80
Total 5742:								
414.00								
Total 5743:								
5743	04/15	04/15/2015	6854	040215	Gordon Zimmerman	OMEUmeu borad meeting	5140562020	38.64
5743	04/15	04/15/2015	6854	040215	Gordon Zimmerman	OMEUmeu borad meeting	5140562020	9.68
5743	04/15	04/15/2015	6854	040815	Gordon Zimmerman	reimburse mileage	0140882020	111.55
5743	04/15	04/15/2015	6854	041015	Gordon Zimmerman	reimburse mileage	2140562020	106.95
Total 5743:								
266.80								
Total 5744:								
5744	04/15	04/15/2015	2420	7885	HOOD RIVER CO. - FINANCE	April 2015 Deputy Service	0141962250	8,217.50
5744	04/15	04/15/2015	2420	APRIL 2015	HOOD RIVER CO. - FINANCE	Dog License	0121011	18.00
5744	04/15	04/15/2015	2420	APRIL 2015	HOOD RIVER CO. - FINANCE	Dog License	0130143280	1.00
Total 5744:								
8,234.50								
Total 5745:								
5745	04/15	04/15/2015	2580	71180	HOOD RIVER SAND & GRAVEL	Gravel for new shop	5645163941	539.50
5745	04/15	04/15/2015	2580	71197	HOOD RIVER SAND & GRAVEL	Gravel for new shop	5645163941	440.80
Total 5745:								
980.30								
Total 5746:								
5746	04/15	04/15/2015	4910	100724704 4	Jennifer Ryan	Refund Deposit	5121130	9.56
Total 5746:								
9.56								
Total 5747:								
5747	04/15	04/15/2015	2840	MARCH 201	JESSE METHENY	reimburse mileage	0540562020	472.65
Total 5747:								
472.65								
Total 5748:								
5748	04/15	04/15/2015	2980	7092705-00	L.N. CURTIS & SONS	ambiant aircheck air analysis	0540562440	90.00
Total 5748:								
90.00								
Total 5749:								
5749	04/15	04/15/2015	6874	APRIL 2015	LIN Television Corporation	programming	4140562740	245.05

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 5749:								
5750	04/15	04/15/2015	3380	KPDX APRIL	Meredith Corporation	Retransmission	4140562740	135.20
5750	04/15	04/15/2015	3380	KPTV/APRIL	Meredith Corporation	Retransmission	4140562740	321.10
Total 5750:								
5751	04/15	04/15/2015	6844	9477	Merina & Company, LLP	TRT Audit BW	0140362081	910.00
5751	04/15	04/15/2015	6844	9477	Merina & Company, LLP	TRT Audit BW	0840562081	390.00
Total 5751:								
5752	04/15	04/15/2015	3490	1860	MID-COLUMBIA ECONOMIC	582 HR EDWOG	0140162030	250.00
5752	04/15	04/15/2015	3490	2015	MID-COLUMBIA ECONOMIC	Economic Symposium Registration	0140162020	10.00
5752	04/15	04/15/2015	3490	96-01-01 4/1	MID-COLUMBIA ECONOMIC	Loan 96-01-01 payoff	4640562711	62,261.07
5752	04/15	04/15/2015	3490	96-01-01 4/1	MID-COLUMBIA ECONOMIC	Loan 96-01-01 payoff	4640562712	197.78
5752	04/15	04/15/2015	3490	96-01-02 4/1	MID-COLUMBIA ECONOMIC	Loan 96-01-02 payoff	4640562711	62,321.43
5752	04/15	04/15/2015	3490	96-01-02 4/1	MID-COLUMBIA ECONOMIC	Loan 96-01-02 payoff	4640562712	198.07
Total 5752:								
5753	04/15	04/15/2015	4910	100724803 4	Mikayla Ryan	Refund Deposit	5121130	77.85
Total 5753:								
5754	04/15	04/15/2015	3590	MARCH 201	MR. B.S SMALL ENGINE REPAIR	power match bar	5140562900	40.00
Total 5754:								
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	0140162020	15.58
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	0340562530	129.42
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	0540562420	304.74
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	2140562530	207.11
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	3140562530	148.55
5755	04/15	04/15/2015	4020	ME118425	ODOT-FUEL SALES	Fuel	5140562200	813.49
Total 5755:								
5756	04/15	04/15/2015	4910	300150101 4	ORE-CAL Land Development	Refund Water Deposit	2121130	511.95

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 5756:								511.95
5757	04/15	04/15/2015	4150	MA116448	OREGON DEPARTMENT OF AVIATION	Annual Lease Payment	0140862022	125.00
Total 5757:								125.00
5758	04/15	04/15/2015	6769	03-15-170	PARC Resources, LLC	PC Meeting	0140262075	490.35
Total 5758:								490.35
5759	04/15	04/15/2015	4810	16567	PRINT IT	archive labels	0140162010	90.00
Total 5759:								90.00
5760	04/15	04/15/2015	6824	040315	Providence Health & Services	respirator evaluation-evans	0540562017	17.00
Total 5760:								17.00
5761	04/15	04/15/2015	6780	5035344028	Ricoh Americas Corporation	Copies	0140162110	131.62
Total 5761:								131.62
5762	04/15	04/15/2015	5040	339	ROCKRANCH ENTERPRISES	Contract PW Super	2140562080	555.00
5762	04/15	04/15/2015	5040	339	ROCKRANCH ENTERPRISES	Contract PW Super	3140562080	555.00
Total 5762:								1,110.00
5763	04/15	04/15/2015	4910	301877213 4	Shella Miller	Refund Deposit	5121130	218.54
Total 5763:								218.54
5764	04/15	04/15/2015	6886	APRIL 2015	Sinclair Television Group, Inc.	retransmission	4140562740	371.80
Total 5764:								371.80
5765	04/15	04/15/2015	5460	MARCH 201	Sosnkowski & Cleaveland P. C.	Attorney Fees	0140162100	1,200.00
Total 5765:								1,200.00

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
5766	04/15	04/15/2015	5510	8033735296	STAPLES CONTRACT & COMMERCIA	Office Supplies	0140162010	106.18
5766	04/15	04/15/2015	5510	8033819838	STAPLES CONTRACT & COMMERCIA	keyboard, batteries, staples	0140162010	81.69
Total 5766:								
5767	04/15	04/15/2015	5720	15-174	Tenneson Engineering Corp	Water Right Time Extensions	2140562091	1,201.61
Total 5767:								
5768	04/15	04/15/2015	4910	107241205 4	Tim & Ashley Jech	Refund Deposit	5121130	204.84
Total 5768:								
5769	04/15	04/15/2015	6070	917890	TWGW, INC NAPA AUTO PARTS	lashing winch	5140562201	18.44
5769	04/15	04/15/2015	6070	918801	TWGW, INC NAPA AUTO PARTS	bit set	5140562201	100.12
5769	04/15	04/15/2015	6070	919036	TWGW, INC NAPA AUTO PARTS	battery and core	0140462520	34.99
Total 5769:								
5770	04/15	04/15/2015	6210	598561	USA BLUEBOOK	mounting bracket and float switch	3140563040	343.84
Total 5770:								
5771	04/15	04/15/2015	6834	040715	William Randolph	Energy Efficiency Rebate	5140562140	800.00
Total 5771:								
5772	04/15	04/15/2015	6897	E130142100	Witmer Public Safety Group, Inc.	uniform	0540562029	299.94
Total 5772:								
4151501	04/15	04/15/2015	3650	15031837	NATIONAL CABLE TELEVISION COOP.	Programming	4140562740	3,955.82
Total 4151501:								
Grand Totals:								166,551.05

Summary by General Ledger Account Number

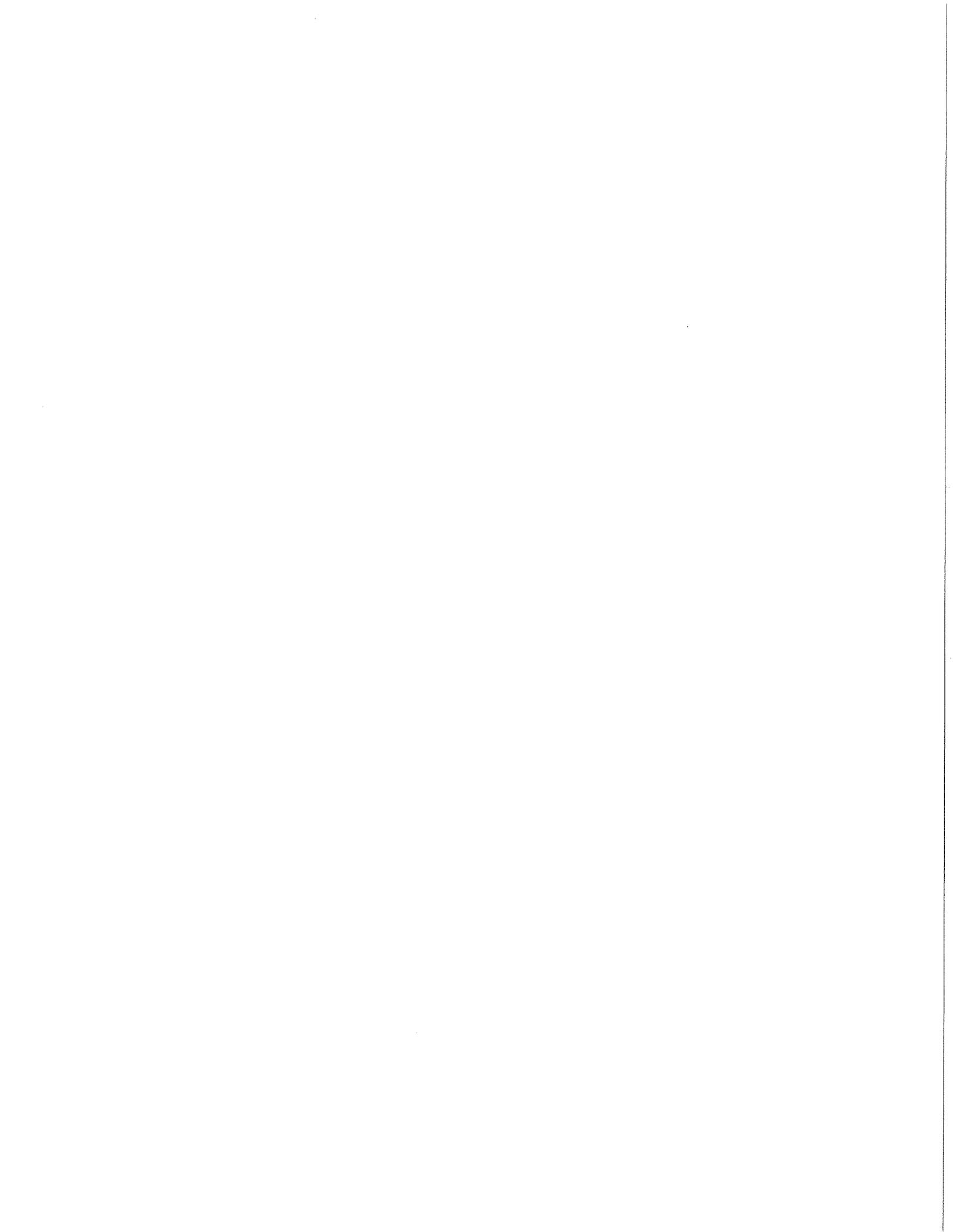
GL Account	Debit	Credit	Proof
01-21010	1.00	17,312.88-	17,311.88-
01-21011	18.00	.00	18.00
01-301-43280	.00	1.00-	1.00-
01-401-62010	277.87	.00	277.87
01-401-62020	25.58	.00	25.58
01-401-62030	275.00	.00	275.00
01-401-62082	1,220.00	.00	1,220.00
01-401-62100	1,200.00	.00	1,200.00
01-401-62110	1,537.42	.00	1,537.42
01-401-62552	1,589.90	.00	1,589.90
01-402-62075	490.35	.00	490.35
01-403-62081	910.00	.00	910.00
01-404-62520	887.99	.00	887.99
01-407-62630	177.02	.00	177.02
01-408-62020	111.55	.00	111.55
01-408-62022	125.00	.00	125.00
01-408-62025	249.70	.00	249.70
01-419-62250	8,217.50	.00	8,217.50
03-21010	.00	129.42-	129.42-
03-405-62530	129.42	.00	129.42
05-21010	.00	1,967.43-	1,967.43-
05-405-62017	17.00	.00	17.00
05-405-62020	472.65	.00	472.65
05-405-62029	299.94	.00	299.94
05-405-62063	40.00	.00	40.00
05-405-62110	1.50	.00	1.50
05-405-62420	304.74	.00	304.74
05-405-62439	741.60	.00	741.60
05-405-62440	90.00	.00	90.00
08-21010	.00	1,938.50-	1,938.50-
08-405-62081	390.00	.00	390.00
08-405-62110	1,548.50	.00	1,548.50
21-21010	.00	4,160.59-	4,160.59-
21-21130	511.95	.00	511.95
21-405-62020	106.95	.00	106.95
21-405-62070	1,330.97	.00	1,330.97
21-405-62080	555.00	.00	555.00
21-405-62091	1,201.61	.00	1,201.61

M = Manual Check, V = Void Check

GL Account	Debit	Credit	Proof
21-405-62150	77.00	.00	77.00
21-405-62530	207.11	.00	207.11
21-405-62850	170.00	.00	170.00
31-21010	.00	3,397.50-	3,397.50-
31-405-62070	2,350.11	.00	2,350.11
31-405-62080	555.00	.00	555.00
31-405-62530	148.55	.00	148.55
31-405-63040	343.84	.00	343.84
41-21010	.00	5,028.97-	5,028.97-
41-405-62740	5,028.97	.00	5,028.97
46-21010	.00	124,978.35-	124,978.35-
46-405-62711	124,582.50	.00	124,582.50
46-405-62712	395.85	.00	395.85
51-21010	.00	4,445.61-	4,445.61-
51-21130	510.79	.00	510.79
51-405-62020	38.64	.00	38.64
51-405-62110	3.00	.00	3.00
51-405-62138	900.00	.00	900.00
51-405-62139	750.00	.00	750.00
51-405-62140	800.00	.00	800.00
51-405-62200	813.49	.00	813.49
51-405-62201	449.76	.00	449.76
51-405-62800	39.68	.00	39.68
51-405-62900	47.79	.00	47.79
51-406-62020	9.66	.00	9.66
51-406-62201	82.80	.00	82.80
55-21010	.00	3,192.80-	3,192.80-
56-451-63941	3,192.80	.00	3,192.80
Grand Totals:	166,553.05	166,553.05-	.00

Report Criteria:
Report type: GL detail

M = Manual Check, V = Void Check



CASCADE LOCKS STAFF REPORT

Date Prepared: April 21, 2015

For City Council Meeting on: April 27, 2015

TO: Honorable Mayor and City Council

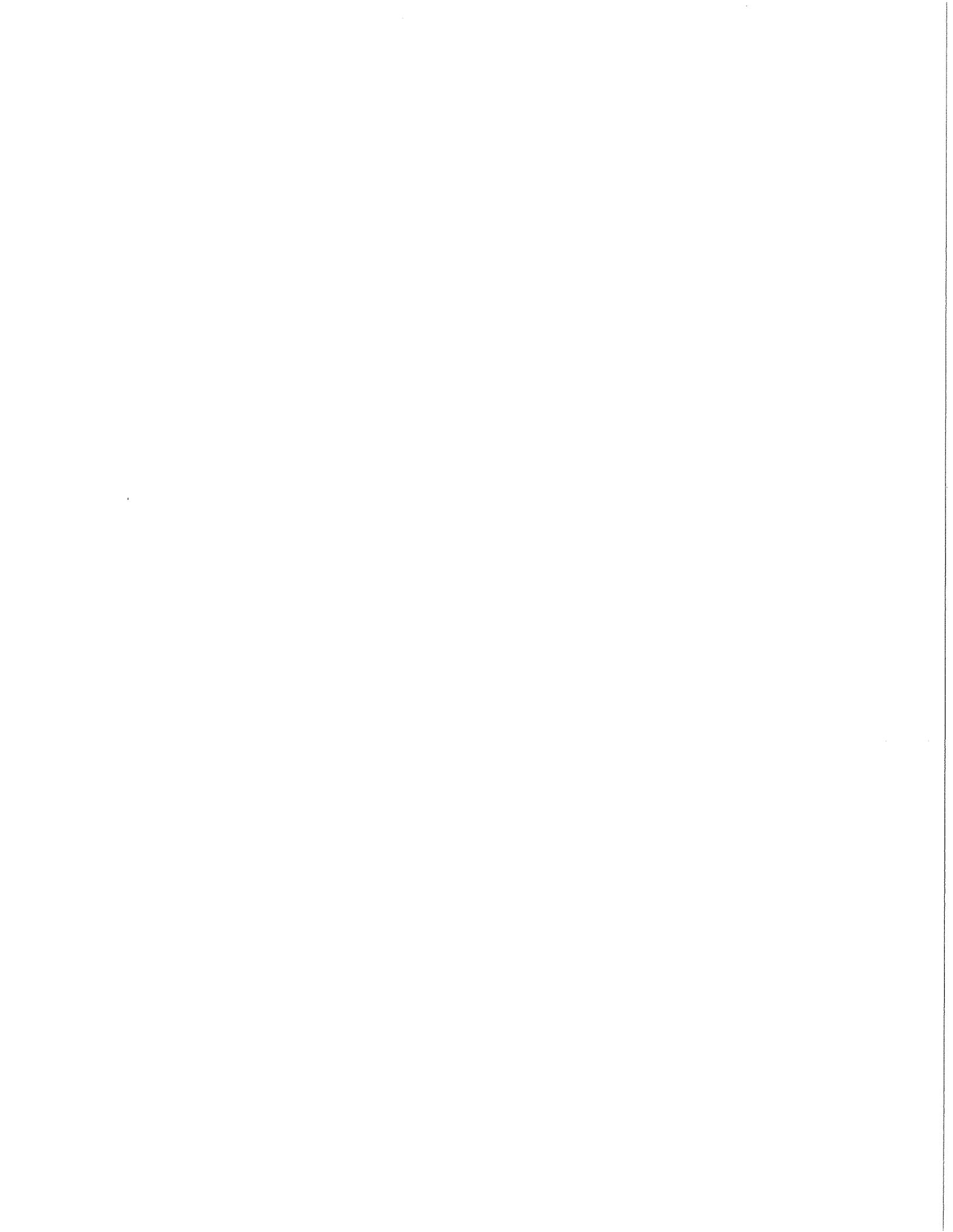
PREPARED BY: Gordon Zimmerman, City Administrator

SUBJECT: Approve Resolution No. 1326 Authorizing a Budget Amendment for the Receipt of Unanticipated Revenue in the Amount of \$2,500 for Fiscal Year 2014/2015 Making Appropriations and Authorizing Expenditures.

SYNOPSIS: At our last Council Meeting, the Lions Club very generously donated \$2,500 to the City of Cascade Locks for two purposes, to pay down the debt on the Fire Truck and to pay for maintenance on the gym floor. This resolutions places the money in the correct accounts to accomplish those purposes.

CITY COUNCIL OPTIONS: Approve, modify or reject the resolution.

RECOMMENDED MOTION: "I move to approve Resolution No. 1326 accepting the donation of funds from the Columbia Gorge Lions Club and moving the monies into the appropriate accounts to help pay down the fire truck loan and to redo the City Hall gymnasium floor."



RESOLUTION NO. 1326

A RESOLUTION AUTHORIZING A BUDGET AMENDMENT FOR THE RECEIPT OF UNANTICIPATED REVENUE IN THE AMOUNT OF \$2,500 FOR FISCAL YEAR 2014-2015 MAKING APPROPRIATIONS AND AUTHORIZING EXPENDITURES.

WHEREAS, the City has received a donation from Columbia Gorge Lions for the purpose of gym maintenance and payment on the Fire Truck Loan and;

WHEREAS, the city will apply \$2,000 to the Fire Truck loan debt leaving a remaining balance of \$11,368 and;

WHEREAS, the City will use the \$500 for gym maintenance expenses;

NOW, THEREFORE, BE IT RESOLVED THAT THE FOLLOWING BUDGET AMENDMENT BE AUTHORIZED;

Section 1. Authorizing Budget Amendment.

<u>FUND OR DEPT.</u>	<u>BUDGETED</u>	<u>RESOURCES ADDED</u>	<u>TOTAL</u>
<u>General Fund</u>			
Miscellaneous Revenue	\$ 1,000	\$ 500	\$ 1,500
Property Maint. Materials	\$ 2,000	\$ 500	\$ 2,500
<u>EMS Fund</u>			
Miscellaneous Revenue	\$ 1,500	\$ 2,000	\$ 3,500
Interfund Transfer Fire Truck Loan	\$ 2,460	\$ 2,000	\$ 4,460
<u>Capital Reserve Fund</u>			
Transfer from EMS Fire Truck Loan	\$ 2,460	\$ 2,000	\$ 4,460
Water Dept. Capital Outlay Reserve	\$ 153,250	\$ 2,000	\$ 1,55,250

Section 2. Expiration. This resolution shall remain in effect until completion and acceptance of the annual Audit for Fiscal Year 14/15.

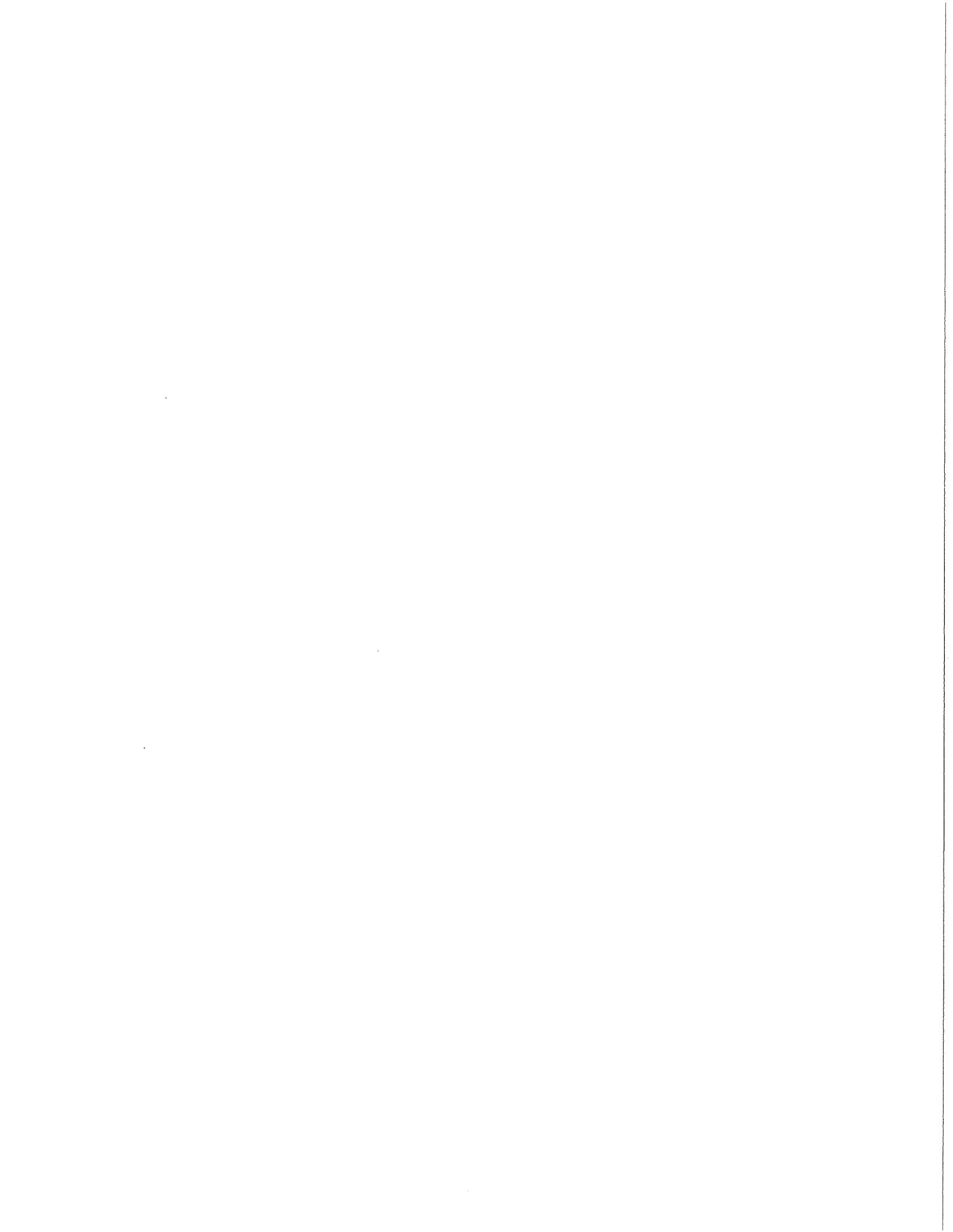
Adopted by the City Council this 27th day of April, 2015.

Approved by the Mayor this 27th day of April, 2015.

Tom Cramblett, Mayor

ATTEST:

Kathy Woosley, City Recorder



CASCADE LOCKS STAFF REPORT

Date Prepared: April 21, 2015

For City Council Meeting on: April 27, 2015

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator

SUBJECT: Selection of Auditor

SYNOPSIS: We received three responses to our request for proposals for audit services. The proposals are attached. The financial impact follows:

Audit Firm		1st Year	2nd Year	3rd Year	Total
Dickey and Tremper	Pendleton				
	Audit	\$ 26,910	\$ 27,717	\$ 28,549	\$ 83,176
	Single Program	<u>\$ 3,000</u>	<u>\$ 3,090</u>	<u>\$ 3,183</u>	<u>\$ 9,273</u>
	Total	\$ 29,910	\$ 30,807	\$ 31,732	\$ 92,449
Merina & Company	West Linn				
	Audit	\$ 25,500	\$ 26,250	\$ 27,000	\$ 78,750
	Single Program	<u>\$ 3,000</u>	<u>\$ 3,090</u>	<u>\$ 3,183</u>	<u>\$ 9,273</u>
	Total	\$ 28,500	\$ 29,340	\$ 30,183	\$ 88,023
Onstott, Broehl, & Cyphers	The Dalles				
	Audit	\$ 24,750	\$ 25,000	\$ 25,500	\$ 75,250
	Single Program	<u>\$ 1,200</u>	<u>\$ 1,250</u>	<u>\$ 1,300</u>	<u>\$ 3,750</u>
	Total	\$ 25,950	\$ 26,250	\$ 26,800	\$ 79,000

CITY COUNCIL OPTIONS: Choose one of the three proposals.

RECOMMENDED MOTION: "I move to accept the proposal from _____ for audit services for the next three years for the City of Cascade Locks."

Financial Review and Status: This is a budgeted line item. We have budgeted \$27,250 in the proposed budget for this year which does not cover the proposals from Dickey and Tremper or Merina. If one of them is selected, we will have to adjust the budget.

Legal Review and Opinion: In answer to the question "Is the Council bound to go with the lowest proposal," the City Attorney responded with:

"This is an intermediate proposal under ORS 279B.070. It is for contracts from \$10,000 to \$150,000. Under 279B.070(4): If a contracting agency awards a contract, the contracting agency shall award the contract to the offer or whose quote or proposal will best serve the interests of the contracting agency, taking into account price as well as considerations including, but not limited to, experience, expertise, product functionality, suitability for a particular purpose and contractor responsibility under ORS 279B.110."

All of these bids seem responsible and could serve the best interests of the City. We know Onstott is responsible because we currently use them. Merina and Company is the city's auditor for the Transient Room Tax program. Dickey and Tremper have several municipal clients. The Council must have a legitimate, objective, defensible reason for whichever firm selected.

Selection of an auditor is critical at this time for our water project. We have to supply a copy of the contract with our audit firm as one of the mileposts in the stack of paperwork for the project. While we have received approval of the engineering contract, we have not yet received the letter of conditions that is required before we can move ahead with financing the project. I would not want to see the selection delayed because it could impact our water project.

**CITY OF CASCADE LOCKS, OREGON
PROPOSAL FOR AUDITING SERVICES
April 15, 2015**

**CONTACT PERSON:
ROBERT TREMPER, CPA, CVA**

EMAIL: rtremper@dickeyandtremper.com

TELEPHONE: (541) 276-6862

FAX: (541) 276-9040

PREPARED BY:



**Dickey and Tremper, LLP
Certified Public Accountants and
Business Advisors**

Federal EIN: 20-0350998

State BIN: 1199410-3

**CITY OF CASCADE LOCKS, OREGON
REQUEST FOR PROFESSIONAL SERVICES
TECHNICAL PROPOSAL
TABLE OF CONTENTS**

	<u>Page</u>
TRANSMITTAL LETTER	1
GENERAL REQUIRMENTS:	
1. Office Location and Staffing	2
2. Knowledge of GASB Requirements	2
3. Professional Experience	3
4. Audit Approach	4
5. Governmental Audit Experience Listing	7
6. Professional Independence Standards	8
7. Peer Review Process	8
8. Complaints or Disciplinary Action by Oversight Agencies	8
9. Audit Report	8
10. Costs for Auditing Services	9
11. Other Cost Information	9
12. City Staffing Requirements	9
13. Additional Services	10
14. Other Information	11
ACCOMPANYING INFORMATION:	
Peer Review Letter	13
Memory stick with an electronic copy of a sample audit report and our audit proposal.	



Dickey and Tremper, LLP

Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: 541-276-6862
Toll Free: 800-332-6862
Fax: 541-276-9040
Web: www.dickeyandtremper.com

April 15, 2015

To Gordon Zimmerman and Audit Selection Committee
City of Cascade Locks
PO Box 308
Cascade Locks, OR 97014

We are pleased to have the opportunity to submit our proposal to provide audit services to the City of Cascade Locks, Oregon. The objective of our audit will be to conduct an examination of the financial statements and supplemental schedules in accordance with auditing standards generally accepted in the United States of America, Governmental Auditing Standards, the laws of Oregon, the OMB Circulars, and the Single Audit Act, if required. This examination will serve as a basis for our firm to render an opinion on the City's financial statements and supplemental schedules.

As an experienced auditing firm, we have the ability and staffing necessary to complete the engagement outlined in your request for proposal in an effective and efficient manner. Dickey and Tremper, LLP, is the best candidate to select as your independent auditing firm for the following reasons:

- We have over 30 years combined experience working with, and auditing, cities, urban renewal agencies, school districts, and other governmental and non-profit organizations, including several cities similar to your size and complexity.
- We also have extensive experience performing single audits.
- Our experienced personnel are available throughout the year to provide needed services.
- It is our practice to provide a total service approach and follow-up for each audit engagement.

Thank you for including our firm in the selection process for the City's auditing services. It is our intent to comply with all terms, conditions, and specifications set forth in the request for proposal. Our compliance can only be guaranteed with the timely and explicit cooperation of the staff of the City. Our proposal, as included, is a firm and irrevocable offer for forty-five days from April 15, 2015. We appreciate this opportunity and are pleased to present the following information.

Please contact Rob Tremper, CPA, CVA for any necessary communications, including comments and questions. He can be reached via telephone (541) 276-6862 or email at rtremper@dickeyandtremper.com.

1. OFFICE LOCATION AND STAFFING

Dickey and Tremper, LLP is organized as a limited liability partnership. Our firm was formerly Jim A. Dickey, P.C. and prior to that, an office of Yergen and Meyer, LLP, a regional accounting firm with eight offices located in the states of Oregon and Washington and one of the one hundred largest public accounting firms in the United States.

We have been located in Pendleton since 1951. Our clientele is highly diversified and includes representation in essentially all types of commercial businesses, non-profits and governmental entities. To maintain and strengthen our professional standards, we highly encourage emphasis on professional development and training. Accordingly, our staff continually participates in numerous formal professional development programs. Staffing assignments are planned to provide a broad range of experience to all staff members.

Our professional objective is to provide the finest quality of services on a timely basis. We endeavor to build a warm relationship, which continues throughout the year rather than an association limited to year-end contact. We are dedicated to a high quality practice of public accounting. We realize that we have professional, civic, and social responsibilities to our clients and our staff. These responsibilities are met through our quality control programs and continuing professional education.

Our office in Pendleton will perform your entire audit. Our staff presently includes two licensed Municipal Auditors and several staff accountants. Tentative planning indicates a need for three professional staff to be assigned various aspects of the audit. All of our firm personnel are employed on a full time basis.

Dickey and Tremper LLP is a member of the Government Audit Quality Center (GACQ) and the Private Companies Practice Section (PCPS). We also participate in the AICPA peer review program, both as an audit firm and as a peer reviewer. Our firm has always received an unqualified opinion (pass rating) with no deficiencies.

2. KNOWLEDGE OF GASB REQUIREMENTS

Our firm is experienced in interpreting and implementing the requirements of various GASB Statements. The Governmental Accounting Standards Board has issued GASB Statements through number 71, many of which will be applicable or implemented for the upcoming fiscal year. We have also worked closely with various entities to implement major statements such as GASB Statement No. 34- Basic Financial Statements, and subsequent amendments; GASB Statement No. 35- Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities; GASB Statement No. 44- Economic Condition Reporting: The Statistical Section; GASB Statement No. 45- Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions; GASB Statement No. 54- Fund Balance Reporting and Governmental Fund Type Definitions; GASB Statement No. 63- Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities. In addition, we have received training in the upcoming implementation of the pension standards.

All licensed members of our firm receive Continuing Professional Education directly relating the audits of municipal agencies, and for the last several years, much of the education has been focused on the requirements of GASB Statements.

Our professional staff has experience and expertise in auditing various federal, state, county, and local grants and programs. Most of our governmental and non-profit clients participate in federal and state programs and are frequently subject to the requirements of the "Single Audit Act". We also have significant training and experience auditing Federal Student Financial Aid Programs. Through our experience with grants and programs with other clients we are familiar with the auditing and reporting requirements for the specific programs that may affect the City of Cascade Locks.

3. PROFESSIONAL EXPERIENCE

The staff we expect to be assigned to your audit is introduced below. There may be additional support staff assigned to your audit, but the professional staff listed below will always supervise them. All senior members of our professional staff have significant municipal and non-profit auditing experience, and have met, or exceeded, continuing education standards set by the United States General Accounting Office, as well as the Oregon State Board of Accountancy.

We expect the audit team members assigned to your audit to include the audit partner, Rob Tremper, CPA, CVA, senior accountant, Rosita Beers, and one or two additional professional staff accountants. Rob will be responsible for the successful and timely completion of the audit. He will direct and coordinate audit planning, field audit performance, and reviews of audit working papers and reports. The senior auditor and staff accountant will be involved in interim procedures, and year-end audit procedures, under the direct supervision of the audit partner. We also expect that the audit partner and senior accountant will be assigned to your audit for the duration of the contract.

Robert F. Tremper, CPA, CVA, Partner, is in charge of audits for our firm, and will be available to you whenever needed. He will have the final responsibility for our relationship with the City, including informing management of significant developments, which may affect the City. Rob will be responsible for the successful and timely completion of the audit. He will direct and coordinate the audit planning, field audit performance, and reviews of audit working papers and reports. In addition, Rob is a "hands on partner", and will be heavily involved in our firm's audit fieldwork.

Rob has been with our firm since graduating, with honors, from Pacific University. Rob is a licensed municipal auditor and Certified Valuation Analyst, and has over fifteen years municipal and non-profit auditing experience including implementing GASB Statements, performing Single Audits, preparing Comprehensive Annual Financial Reports, and auditing an assortment of state and federal program requirements. Rob has also served as a concurring reviewer of municipal and school district audits performed by Hough, Macadam, and Wartnik, (formerly the North Bend office of Moss Adams, LLP).

Rob is a member of the American Institute of Certified Public Accountants, the National Association of Certified Valuation Analysts, and the Oregon Society of Certified Public Accountants.

Mark D. Dickey, CPA, CVA, Partner, is a licensed municipal auditor with over fifteen years of public accounting experience and eight years of experience in the banking industry. Mark is in charge of tax compliance for our firm and a Certified Valuation Analyst, as well as having In-Charge responsibilities for various non-profit audits, involving Single Audit requirements. Mark also performs second partner review for municipal and non-profit audits and performs external peer reviews under the AICPA peer review program.

Mark is a member of the American Institute of Certified Public Accountants, the National Association of Certified Valuation Analysts, Oregon Society of Certified Public Accountants, and a board member of the Oregon Board of Accountancy Peer Review Committee.

Rosita Beers, is a senior staff accountant at our firm. Rosita has been a member of our firm for over 30 years, and graduated, with honors, from Blue Mountain Community College with an Advanced Accounting Degree. Rosita has completed advanced accounting courses, including auditing and governmental accounting, and has substantial work experience with various accounting systems, payroll rules and regulations, and has worked as an audit assistant on several municipal and community college audits.

Professional Staff Accountants are CPA's or CPA candidates. They have prior experience auditing other governmental and non-profit clients, performing single audits and testing compliance with Oregon Local Budget Law. They have been through continuing education that emphasizes governmental and non-profit auditing and accounting, as required by the State of Oregon.

4. AUDIT APPROACH

It is our practice to provide a total services approach for each audit engagement. Our firm is experienced with preventing and detecting fraud and assessing internal controls. In addition, Dickey and Tremper, LLP maintains its own high quality control standards. As a result, our firm provides a higher level of auditing services than you would receive from most firms.

The quality control of our audit work has resulted in an extensive audit program that has been tailored for the auditing standards generally accepted in the United States of America, the laws of Oregon, the OMB Circulars, the Single Audit Act, and generally accepted auditing procedures as prescribed in the AICPA Industry Audit Guides – Audits of Governmental Agencies and Single Audits. As audit tools, we use Practitioners Publishing Company (PPC) manuals, checklists and auditing programs along with various authoritative sources. We also use PPC Smart Practice Aids to customize our audit programs for each audit engagement and to address specific risks of the audit. Additional computer resources include spreadsheet programs, word processing programs, and Creative Solutions Audit Software.

As a normal part of the audit, we will request an electronic trial balance, which we will import into our software to check for data integrity, help in preparation of the financial statements, and to streamline the audit process. Rob Tremper, Rosita Beers and other professional staff accountants all have experience auditing the City's accounting system. Other methods will be used to test authorization and security measures. Should we find that these other methods are not satisfactory, we have computer specialists available to assist.

We would work closely with your staff to complete the audit in an effective and efficient manner. We would request that your staff provide various schedules and reconciliations such as: balanced trial balances for all funds, bank reconciliations, property tax reconciliation, detailed reconciliations of accounts payable and receivable, and various other reconciliations and schedules. A listing of items requested to be prepared by your staff will be delivered and discussed prior to the audit fieldwork. We also request that your staff be available for questions, and to provide supporting documentation for transactions chosen for testing. Our initial plan is to be in your office for one to two days in May or June to complete the preliminary fieldwork and planning, and four to five days in October or November to complete the audit fieldwork, so that the disruption to your staff would be minimal. Our general audit procedures are comprised of several phases, as follows:

Planning: Initially, we inquire of you regarding your system of internal control, various aspects of your business transactions, your accounting systems, and other matters of information. We build an organized permanent file of reference material so that we don't have to repeat the same questions year after year. From this we organize the general approach to the audit and set our risk assessments. Whenever possible, this phase begins prior to the end of your fiscal year. In accordance with the new Risk Assessment Standards, we will also tailor our audit programs and procedures to respond to any significant risk factors. It is our intention to begin the audit fieldwork as soon as reasonably possible. We would work with your staff to schedule the fieldwork and planning conferences at a time, which is agreeable to all parties.

Analytical review procedures will be used as required by generally accepted auditing standards. We will analytically review the records for variances from year to year and current year budget amounts, and to aid in identifying areas requiring further analysis. We will then assess materiality levels and develop our final plan for the engagement. The results of the analytical review and planning will assist us in determining the extent of substantive testing deemed necessary, and allow us to complete the audit in an effective and efficient manner.

In addition, we will perform a fraud risk assessment, as required by Statement of Auditing Standards No. 99. This assessment will include inquiry of the City's management and other employees, a brainstorming session by the audit team, and assessments of the City's programs and activities. Additional procedures may be added in response to significant risk factors. We will also approach the audit with "professional skepticism" and update the fraud risk assessment during each segment of the audit if additional risks are encountered.

Pre-Audit Conference: Prior to beginning fieldwork, we will meet with management and staff to discuss the audit schedule, listing of schedules to be prepared, the audit plan, and any other important matters.

Tests of Controls: During the second phase of the audit, we may perform detailed tests of a sample of transactions to determine the general reliability of the information produced by the system. Based on the results of these tests, our overall audit strategy is reviewed and adjusted as appropriate. We may also perform an inventory observation close to fiscal year-end and perform numerous test counts.

Compliance Audit: Single Audit procedures are normally performed during both the preliminary and testing phases of the audit. We have developed processes to

ensure the compliance section of the audit is thoroughly planned and includes testing of all direct and material compliance requirements in an effective and efficient manner. We start with obtaining knowledge of the entities specific programs and assessing risks applicable to each program. Once the major programs are determined, we obtain an in depth understanding of the program compliance requirements and internal controls and perform detailed testing of all significant areas through sampling and other procedures.

Testing Phase: After the audit has been thoroughly planned, we will determine which areas to focus our substantive testing and additional tests of transactions. Our substantive testing may include the testing of year-end balances for significant accounts and for accounts identified during the analytical review process. Our tests may also include the use of confirmations from entities the City conducts business with; a detailed review of selected accounts, the use of specialized auditing programs modified for pertinent requirements, analytical procedures, and may include testing a sample of individually significant items.

Post-Audit Conference: Prior to leaving the field, we will meet with management to review constructive recommendations for improvements, propose adjustments to the financial records, discuss the timeline for preparation of the audit reports, and to communicate other important matters. We will meet again with management for a final exit conference, if required, after allowing management time to review the financial statements and other required reports for the engagement.

Management Letter: As an important by-product of this audit approach, we may develop constructive recommendations for improvements in internal controls, managerial systems, and accounting systems. We will review any recommendations with management during the course of our examination, which will facilitate early implementation of accepted recommendations. Our findings and recommendations will be summarized and submitted, in the form of a management letter, to the City council and management.

Technical Review: The review process takes place during every phase of the audit. The Audit Partner will review the workpapers and reports to ensure that all audit procedures and report preparations meet the proper and appropriate standards. Upon completion of the audit all reports will be proofread, mathematically checked, and reviewed for compliance with our firm policies and all legal and reporting standards. A copy of the audit report is then sent to a second reviewer. We will also provide a draft copy of the report, management letter, and any adjusting entries to City personnel for their final review and approval. This process assures additional quality to you, our client, and compliance with independence standards applicable to governmental entities.

Subsequent Years Preparation and Training: We try to keep most aspects of the audit consistent from year to year. This includes the information we request from City staff and the staff we assign to this audit. However, auditing standards require that we incorporate some unpredictability into our audit steps. To accomplish this, we may rotate our emphasis from year to year and rotate staff, as needed, to give a fresh look at the audit. We expect that the senior audit staff will notify the City's staff of any unexpected changes.

A tentative schedule to complete the audit of the City within the specified deadlines is as follows:

Interim Fieldwork and Planning	May or June
Confirmation Preparation and Mailing	Mail on June 30
Audit Fieldwork	October or November
Draft Audit Reports and Management Letter	By December 15
Final Audit Reports and Management Letter	By December 30

5. GOVERNMENTAL AUDIT EXPERIENCE LISTING

A list of the governmental audits performed in the last five years is as follows:

<u>Government Entity</u>	<u>Years Served</u>
City of Redmond	* **14
City of Redmond Urban Renewal	**14
City of Fairview	7
City of Pendleton	* 14
City of Pendleton Urban Renewal	9
City of La Grande	1
La Grande Urban Renewal Agency	1
City of Sisters	7
City of Sisters Urban Renewal	7
City of Milton-Freewater	* 9
City of Milton-Freewater Urban Renewal	9
City of Madras	* 6
City of Madras Urban Renewal	6
City of the Dalles	* ***9
Columbia Gateway Urban Renewal Agency	***9
Qualitylife Intergovernmental Agency	6
InterMountain ESD	* 8
Blue Mountain Community College	* 16

* Subject to Single Audit requirements

** Years before and after a 2 year break in service

*** Years before and after a 3 year break in service

The audits we are currently providing services for which are most comparable to the City of Cascade Locks would be the City Fairview and the City of Sisters. Both cities are comparable in size. In addition, City of Redmond would be an excellent reference. If you need any further references, please let us know.

The contact information for each entity is as follows:

City of Fairview	Lesa Folger 1300 NE Village Street Fairview, OR 97204	(503) 674-6247
City of Sisters	Lynne Fujita-Conrads 520 East Cascade Ave. Sisters, OR 97759	(541) 323-5222
City of Redmond	Jodi Burch 716 SW Evergreen Ave. Redmond, OR 97756	(541) 923-7735

6. PROFESSIONAL INDEPENDENCE STANDARDS

We are aware of, and comply with, the Sarbanes Oxley laws and regulations and the Yellow Book standards relating to client independence. Our firms internal control documentation requires that we complete an extensive checklist and evaluation to assure that we are independent. It is our policy to avoid any situations that may give a perception that our firm is not independent.

To further ensure compliance with independence standards, we provide a draft copy of all proposed adjustments to management for their approval prior to issuance of the final report. Any additional services required beyond the scope of our audit are normally performed as an agreed-upon-procedure to ensure continued independence.

7. PEER REVIEW PROCESS

Our firm has participated in the peer review process as required by Government Auditing Standards, and has always received an unqualified opinion, with no letters of comments. These peer reviews have included governmental agencies. We have included a copy of our latest peer review letter, as required by Government Auditing Standards, on page 13.

8. COMPLAINTS OR DISCIPLINARY ACTION BY OVERSIGHT AGENCIES

Our office has never received any complaint or disciplinary communications from any state or federal oversight agency. Our audit workpapers are reviewed by the Oregon Secretary of State, Audit's Division, periodically on a random basis. The results of these visits have only resulted in constructive suggestions and comments, which we have incorporated.

9. AUDIT REPORT

An electronic copy of the City of Sisters Comprehensive Annual Report has been included on a memory stick along with an electronic copy of our proposal.

10. COSTS FOR AUDITING SERVICES

A summary of the costs for auditing services is as follows:

Personnel	Estimated Hours					Hourly Rate	Total Cost	Total Cost	Total Cost
	Planning	On-site interim	On-site fieldwork	Auditor's office	Total Hours		FY2015	FY2016	FY2017
Partner	24	8	40	32	104	\$ 165	\$17,160	\$17,675	\$18,205
Staff	16	8	40	66	130	75	9,750	10,043	10,344
Total	40	16	80	98	234		26,910	27,717	28,548
Total Base Audit Fee for City							<u>\$26,910</u>	<u>\$27,716</u>	<u>\$28,549</u>
Audit fee for City of Cascade Locks							\$26,910	\$27,717	\$28,549
Audit fee for OMB-133 Compliance							3,000	3,090	3,183
Total Audit Fee							<u>\$29,910</u>	<u>\$30,807</u>	<u>\$31,732</u>

The above fees include travel and out-of-pocket expenses such as printing reports. We expect our additional fees to be \$3,000 per major program of the Single Audit, dependent upon the requirements of the specific program. Estimated fees assume a 3% increase in CPI for each year after fiscal year 2015.

Our firm believes in performing the highest quality of audits and we perform most municipal audits under Governmental Auditing Standards, which provides a higher level of audit. Audits under Governmental Auditing Standards require higher levels for communication, independence, auditor experience, auditor continuing education, and audit firm quality control. An audit under Governmental Auditing Standards also provides for additional testing for grant compliance and abuse.

11. OTHER COST INFORMATION

The above fees are based on anticipated cooperation from your personnel, management's preparation of the financial statements, and the assumption that major unexpected circumstances will not be encountered during the fieldwork. If significant additional time is found to be necessary or if any substantial changes are made in the accounting system, City operations, or scope of our original engagement, we would meet with you to determine the effect on the year's fees, prior to the beginning of our fieldwork, or soon after point of discovery.

We would expect to continue our services for the arrangements discussed above, unless for some reason, you or we find that some change is necessary. It is understood that either party may cancel this contract by giving notice, in writing, to the other party at least ninety days prior to June 30 of each year.

12. CITY STAFFING REQUIREMENTS

The required assistance from your staff varies for each situation. We will prepare a listing of documents that could be prepared prior to fieldwork. These documents will be the basis for our audit workpapers and normally include items such as the trial balance, Schedule of Expenditures of Federal Awards, bank statements and

reconciliations, budget information, significant contracts, summary of long-term debt, confirmations, and various other schedules substantiating account balances and activity. In the event difficulties arise, we will contact the staff for further explanation. For example, alternative procedures may be used to reconstruct the detail of account balances. Some of these procedures may include review of subsequent payments or receipts, review of source documents, or reconciliation of the current subsidiary ledgers to the amount reported at year-end. In this type of instance, we would expect City staff to print reports detailing the subsequent payments or receipts, and may inquire of them of the items that substantiate the balance. In addition, we would also expect City staff to be available to supply source documents to substantiate the balances or activity.

If significant difficulties or indications of fraud are discovered, we would discuss the situation with management to determine what additional procedures may be necessary. In extreme situations where the difficulties involve actions of management, which cannot be resolved, the issue may be discussed with a higher level of management or with the City Council directly.

13. ADDITIONAL SERVICES

It is our practice to provide a total service approach and follow-up for each audit engagement and we welcome inquiries from your staff. Our office is available to work with your staff to answer periodic and incidental telephone or other inquiries at no additional charge.

If any significant additional services, special requests, or reports broadening the scope of the engagement are required, we will meet with the City's management to negotiate the maximum additional fees and the specific hourly rates of personnel necessary to provide the requested services prior to performing the additional services. In most cases, these additional services will be billed at our standard hourly rates. Travel and out-of-pocket expenses will be negotiated dependent upon timing of the requested services and the nature of the services.

Our firm is experienced in providing management consulting services to local government units. These types of services are normally performed by the Partners in the firm. We have performed a number of management consulting engagements in the past. These consultations have included:

- Design of extensive chart of accounts for an entity with approximately twenty individual funds, with provisions for cost accounting.
- Implementation of GASB Statements and assistance with compiling fixed asset and infrastructure data.
- Assessing and designing internal control systems.
- Agreed Upon Procedures to test franchise fee payments and fuel tax revenues.
- Agreed Upon Procedures for testing of System Development Charges expenditures and revenues, and maintenance of restricted funds.
- Agreed Upon Procedures to test transient room tax revenues reported by local hotels
- Agreed Upon Procedures to test compliance with conservation measures and energy efficiency
- Agreed Upon Procedures for landfill financial assurance and recertification

- Assistance pertaining to valuation of "side accounts" related to issuance of PERS pension obligation bonds.
- Assistance in preparation of corrective action plans.
- Reconciliation of cash accounts and activity recorded in the general ledger.
- Evaluation of software programs and installation of selected software.
- Computer trouble-shooting, to include hardware and software maintenance.
- Compliance with Oregon Budget Laws and procedures and the preparations of annual budgets.
- Fixed asset accounting and depreciation schedules.
- Interviewing and providing recommendations for accounting applicants.
- Evaluation of financing options.
- Fraud investigation and substantiation.

14. OTHER INFORMATION

Urban Renewal Experience

Our firm has considerable experience performing audits for Urban Renewal Agencies. We have performed audits and prepared financial statements for seven separate Urban Renewal Agencies for multiple years.

Single Audit Act

Our professional staff has experience and expertise in auditing various federal, state, county, and local grants and programs. Most of our governmental and non-profit clients participate in federal and state programs and are frequently subject to the requirements of the "Single Audit Act". Through our experience with grants and programs with other clients we are familiar with the auditing and reporting requirements for the specific programs that may affect the City of Cascade Locks.

Community Involvement

Each member of our office has been heavily involved in the community and serves a significant role in the organization of their choice.

Rob is a member of the American Institute of Certified Public Accountants, and the National Association of Certified Valuation Analysis. Rob is also the Partner in Charge of our affiliation with the Government Audit Quality Center and has been asked to be a presenter at the Municipal Auditing Conference. Rob contributes to the local community by participating as a member of the Pendleton City Club and as a board member of the Pendleton Youth Wrestling Association. Rob also volunteers at the annual Pendleton Round-Up and provides services to various non-profit organizations at no cost or for highly discounted fees.

Mark is a member of the American Institute of Certified Public Accountants, the National Association of Certified Valuation Analysts, Oregon Society of Certified Public Accountants, and a board member of the Oregon Board of Accountancy Peer Review Committee. Mark is a past member of the Pendleton Rotary Club Board of Directors and the Treasurer for the Pendleton Air Museum.

Rosita is member of her local church organization and has held board positions within that organization. She has volunteered with Salvation Army and Blue Mountain Community College serving meals to members of our community. She has promoted and volunteer at the Walk for Life event in Pendleton, as a cancer survivor. Rosita has also spent time volunteering during the Pendleton Round-Up, Cycle Oregon event and MS Walk.

We appreciate this opportunity and would be happy to discuss our proposal with you at your convenience. Our proposal, as presented, is a firm and irrevocable offer for forty-five days from April 15, 2015.

Sincerely,

Dickey and Tremper, LLP

A handwritten signature in black ink that reads "Robert Tremper, CPA". The signature is written in a cursive, flowing style.

Robert Tremper, CPA, CVA
Audit Partner

System Review Report

June 30, 2014

To the Partners of
Dickey and Tremper, LLP
and the Peer Review Committee of the Oregon Society of CPAs

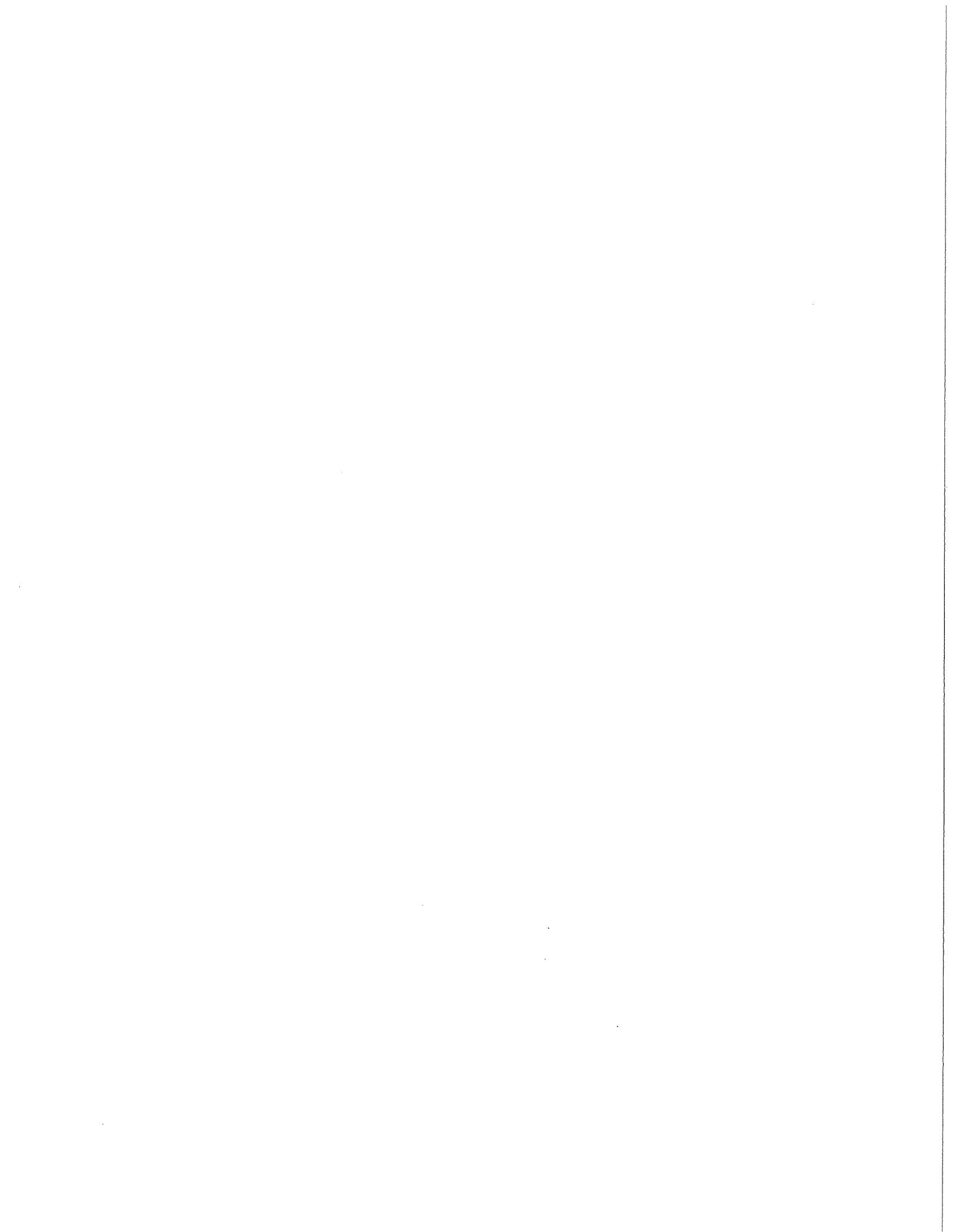
We have reviewed the system of quality control for the accounting and auditing practice of Dickey and Tremper, LLP (the firm) in effect for the year ended December 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Dickey and Tremper, LLP in effect for the year ended December 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Dickey and Tremper, LLP has received a peer review rating of *pass*.

Wall & Wall P.C. CPA's

Wall & Wall, P.C., Certified Public Accountants



**PROPOSAL TO PROVIDE
MUNICIPAL AUDIT SERVICES
FOR
CITY OF CASCADE LOCKS
APRIL 15, 2015**

Prepared by

**MERINA
& COMPANY, LLP**

Certified Public Accountants and Consultants

Contact: Tonya Moffitt, Partner
tmoffitt@merinacpas.com

5499 Amy Street
West Linn, OR 97068-1707
(503) 723-0300
www.merinacpas.com

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Table of Contents

Transmittal Letter i

Firm Profile 1

 Contact Information 1

 Firm Qualifications and Experience 1

 Municipal and Non-Profit Experience..... 2

 Single Audit Experience 2

Firm Size..... 2

Audit Team 2

 Management Team..... 2

 Audit Team..... 3

 Staff Continuity 5

 Independence 5

Audit Approach 5

 Statement of Understanding of the Nature of the Engagement..... 5

 Work Plan & Schedule 6

 Audit Hours 10

 Audit Procedure Methodology 10

 Current Clients & References..... 12

Regulatory Action 13

Sample Audit Report..... 13

Peer Review 14

Fee 14

 Audit Fee 14

 Single Audit Fee 14

 Future Fees and Changes in Scope 14

 Special Requests, Reports and Professional Advice..... 14

Appendix A – Resumes

Enclosure – City of The Dalles, Oregon Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014

April 15, 2015

City of Cascade Locks
140 WaNaPa
Cascade Locks, OR 97014

Merina & Company, LLP (MCO) is pleased to present this proposal to provide municipal audit services for the City of Cascade Locks (City). The audit will be performed in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* issued by the Comptroller General of the United States, and minimum standards for audits of Oregon Municipal Corporations. We will demonstrate in this proposal that we have the experience and qualifications to provide these services in a competent and cost effective manner.

We believe MCO is the best firm for the City because we have a long history performing audits of state and local governments. This provides you with an audit team who has an in-depth knowledge of the problems, issues, and challenges faced by governmental entities such as the City of Cascade Locks. The individuals to be assigned to the audit of the City have direct experience and qualifications relating to municipal auditing. We make every effort to keep the same staff on the engagement. We meet all mandatory requirements as stated in the RFP.

Our proposal will demonstrate we have recent experience with the audit requirements of the City, understand the environment in which it operates, and have developed a proven work plan that will achieve the scope of the engagement. The work plan is designed to perform the audit efficiently, without sacrificing quality, and result in starting and completing the audit within the deadlines published in the RFP. We affirm that MCO and all partners named in this proposal are:

- Duly licensed by the Oregon Board of Accountancy to practice as Certified Public Accountants
- Licensed Municipal Auditors
- Meet the independence requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States
- Certified Women Business Enterprise (WBE) with the State of Oregon

We appreciate the opportunity to propose on this engagement. This proposal is a firm and irrevocable offer open for 90 days. Tonya Moffitt, CPA, Partner, who is authorized to represent MCO and to bind the firm in a contract, signs this proposal.

Sincerely,



Tonya Moffitt, CPA
Partner
Merina & Company, LLP
Certified Public Accountants and Consultants

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Firm Profile

Contact Information

Merina & Company, LLP
5499 Amy Street
West Linn, OR 97068
503.723.0300 (T)
503.723.9943 (F)

Primary contact:
Tonya Moffitt, CPA, Partner
tmoffitt@merinacpas.com

Firm Qualifications and Experience

Merina & Company, LLP (MCO) is a diverse local accounting and consulting firm located in West Linn, Oregon and from where this engagement will be administered. Our firm is committed to and specializes in providing government and non-profit organizations with independent and accurate auditing and assurance services.

MCO is a certified Women Business Enterprise with the State of Oregon. The partners have 30 years of combined experience with MCO and municipal auditing. From this combined experience, the partners have nurtured the firm's experience, knowledge, and expertise, placing high value in top quality work that is performed efficiently and timely.

At MCO we put our clients first. We believe providing quality customer service leads to a better audit. We work to create a trusting relationship with open communication. We strive to meet the audit requirements of your organization in a timely manner and at a reasonable cost. Our audits are tailored to your requirements and our deliverables will be efficiently prepared, on-time, and of the highest quality.

We will be available to you on a year round basis. Our policy is to not charge for occasional calls on accounting, budgeting, new accounting and Governmental Accounting Standards Board pronouncements, or other matters in the normal course of business. In fact, we encourage you to call us so potential future problems can be avoided. We make it a point to establish a trusting professional relationship with you so you feel comfortable calling when you have questions or concerns.

In addition, MCO practices an open door policy between staff and management. We place just as much value in our relationships with our employees as we do with our clients. We strongly support and encourage our employees to practice a proper work-live balance resulting in employees who are dedicated to our company and to you.

MCO is licensed to practice accounting in the State of Oregon, Washington and Hawaii. We are a member of the following professional organizations:

- American Institute of Certified Public Accountants
- Oregon State Society of Certified Public Accountants
- Government Finance Officers Association
- Oregon Government Finance Officers Association
- American Institute of Certified Public Accountants Governmental Audit Quality Center
- The Nonprofit Association of Oregon

MERINA
& COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Municipal and Non-Profit Experience

We have performed audits and provided other services for a wide range of governments and non-profit organizations, from small municipalities with few resources, to large agencies that face heavy workloads and complicated compliance requirements. Services provided have included auditing government financial statements, A-133 compliance single audits, evaluating the internal controls structure, assessing control risk, performing tests of controls, and testing compliance with applicable laws and regulations. From this experience, we have created extensive standardized work programs, procedures, and clear reporting templates that allow us to work swiftly and creatively to get the job done. We also offer other services including a variety of agreed upon procedures such as transient room tax audits, energy incentive program cost certifications (formerly business energy tax credits), rate consulting, and franchise fee setting. We have taken the time to focus on these categories of service to be able to respond quickly and efficiently to our governmental clients.

Single Audit Experience

We perform audits in accordance with the provisions of the Single Audit Act, as amended, and OMB Circular A-133 for many of our clients every year. In the last five years we have audited nearly 60 different federal programs. This experience with federal programs has given us the ability and expertise to audit any federal program. We have performed single audits for cities, counties, school districts, state agencies, state departments, and non-profit organizations. Several of these engagements have been peer reviewed without any findings. In addition, we have also performed program specific audits of federal programs at the State level for the Oregon Secretary of State Audits Division.

We are monitoring the upcoming changes to the OMB's Uniform Guidance with regards to the single audit. The Partner assigned to the City's audit has actively participated in responding to the proposed rules. We are up-to-date with the proposed changes and can provide resources to assist the City in compliance with the Uniform Guidance for the pre-award, post-award, and cost principles that is effective December 26, 2014 and single audit changes effective for the City for the fiscal year ending June 30, 2016.

Firm Size

Our partners are Kamala Austin, CPA and Tonya Moffitt, CPA. Our firm has eight professional accountants and two support staff. Five of our professional accountants are Certified Public Accountants, four of which are Licensed Municipal Auditors and one who is in the process of becoming licensed. All CPA candidates are in the process of meeting the requirements to become certified. All staff work nearly exclusively in municipal auditing.

Audit Team

Management Team

MCO provides a high level of management participation and hands-on involvement in all phases of the audit. During the course of the engagement and as well as the rest of the year the City can expect full access to the audit team including the engagement partner. All work will be reviewed by the



Proposal to Provide Municipal Audit Services for City of Cascade Locks April 15, 2015

engagement partner. Progress meetings will be held as needed or required. If we encounter any issues or findings they will be brought to management's attention right away.

In accordance with Statements of Quality Control (SQCS) No. 7, issued by the Auditing Standards Board of the AICPA, we have fully implemented the use of an engagement quality control reviewer. The purpose is to provide an objective evaluation of the significant judgments made and conclusions reached by the engagement team and that reports are appropriate for the circumstances. The engagement quality control reviewer will be a person or team of persons in the firm not involved in the audit who have the sufficient and appropriate experience and authority to perform the engagement quality control review.

Audit Team

We have selected the staff for this engagement based on their experience and training in relation to the requirements of the City. We understand that an audit can either be a disruptive experience or an opportunity to bring to the City best practices we see in other audit clients. We are committed to providing our clients with competent services, professionally delivered. We have assigned an engagement partner, quality control partner, and an in-charge senior accountant to perform the audit. Additional staff accountants will be assigned as needed. Detailed resumes can be found in Appendix A.

Engagement Partner

Tonya Moffitt, CPA (CPA License #11063; Municipal License #1392), is a Partner at MCO and will be the engagement partner on this engagement. She received her Bachelor of Science in Accounting from Portland State University and then a Master of Science in Financial Analysis.

Ms. Moffitt has experience working with various municipalities and non-profits with a focus on cities, special districts, and state agencies. She has been Engagement Partner for MCO's audits of the City of The Dalles, City of Damascus, City of Oregon City, City of Klamath Falls, and City of Happy Valley and many others. She has also managed several federal compliance audits at the Oregon Secretary of State Audits Division. She is also responsible for training the new staff who assist in governmental and compliance audits.

She is a reviewer for the GFOA Certificate of Excellence in Financial Reporting Award program and has assisted several of our clients in their initial submission and retention of the award. Ms. Moffitt is also currently a committee member and former co-chair of the Accounting Standards Review Committee for the Oregon Government Finance Officers Association, a member of the OSCP Legislative Committee, Government Strategic and Not-for-profit Strategic Committees, and a member of the Oregon Board of Accountancy CPE Committee. She participates in the Oregon Society of Certified Public Accountants' and Portland State University's Coaching Programs as a guide to students as they make the transition from college into the accounting profession. She served as Chair of the Board of Directors and is a current finance committee member for Forward Stride, a non-profit therapeutic equine program which provides, promotes, and supports quality therapeutic recreation services for children and adults.

Ms. Moffitt focuses her continuing professional education in governmental accounting, Oregon Budget Law, and non-profit accounting. She meets all Yellow Book continuing education requirements for in-charge auditors. Ms. Moffitt will be present during a portion of field work and will be responsible for:

- Development of the overall audit plan
- Determine the nature, timing, and scope of specific audit procedures
- Consultation with audit staff and management over important issues

MERINA
& COMPANY, LLP

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

- Review of audit work performed by the in-charge senior accountant and selected other areas
- Quality of the audit and the audit reports
- Issuance of the audit reports
- Presentations to management and City Council

Quality Control Partner

Kamala Austin, CPA (CPA License #9198; Municipal License #1287), will be the quality control partner. She oversees the firm's municipal audit practice. Ms. Austin received her Bachelor of Science in Accounting from Portland State University. In her eighteen years of experience she streamlined the MCO's audit process and achieved significant efficiencies through development of custom audit programs, standardized workpapers, and financial statement templates. She is a reviewer for the GFOA Certificate of Excellence in Financial Reporting award program and has assisted several of our clients in their initial submission as well as retention of the award. She is also a committee member of the OSCP Governmental Accounting and Auditing Strategic Committee.

Ms. Austin is focused and experienced in accounting and auditing for cities and counties, special districts, state agencies and commissions, and non-profit organizations. She is an expert in Oregon Budget Law and financial and compliance reporting requirements for governmental organizations. She has in-depth knowledge of accounting systems and software applications including many fund accounting and commercial software. Ms. Austin has worked with the City of Sandy, City of Tualatin, City of Clatskanie, City of Independence, and City of Dallas as well as many other governmental entities.

The majority of Ms. Austin's continuing professional education is directly related to governmental audits and she meets all Yellow Book continuing education requirements for in-charge auditors.

Ms. Austin will be responsible for the Engagement Quality Control Review.

Senior Accountant

Rochelle Friend, CPA (CPA License #13348; Municipal License #1550), will be the in-charge senior accountant on this engagement. She received a Bachelor of Arts in Accounting from Linfield College. Prior to joining MCO Ms. Friend gained valuable audit experience as a Staff Accountant with Friend & Reagan, PC. Ms. Friend has five years of public accounting experience in governmental and non-profit auditing and specializes in performing single audits of federal programs. She has performed many aspects of financial audits including planning, conducting, leading and reviewing audits through the reporting stages. Ms. Friend has assisted on several clients with MCO such as the City of The Dalles, City of Klamath Falls, City of Tillamook, City of Independence, and Clean Water Services of Washington County, among others. Her areas of focus include A-133 single audits and financial audits of municipalities and non-profit organizations including Yellow Book requirements. Ms. Friend will be responsible for:

- Supervision of senior and staff accountants if additional staff is assigned
- Execute audit procedures
- Performance of the Single audit when necessary
- Review of the financial statements

Proposal to Provide Municipal Audit Services for City of Cascade Locks April 15, 2015

Staff Accountants

Our senior and staff accountants are all CPA's or CPA candidates. They have prior experience auditing other MCO governmental and non-profit clients, performing single audits, and testing compliance with Oregon Local Budget Law. Continuing education emphasizes governmental and non-profit auditing and accounting and also Oregon requirements. As a result of our specialization in governmental auditing all of our staff has in-depth experience with municipal engagements. Responsibilities include but are not limited to:

- Execution of audit procedures such as internal controls testing, tests of detail, and compliance testing
- Preparation of financial statements and reports

Staff Continuity

Staff continuity enables us to be more familiar with the City personnel and with the issues the City faces. Therefore, it is our policy to keep the same audit team assigned to the engagement for the duration of the contract so the City will have the benefit of working with the same audit team from year to year. Changes to the audit team should only occur due to turnover which has been historically low. In the unlikely event that the audit personnel should change, a seasoned replacement with substantially the same or better qualifications or experience will be assigned.

Independence

MCO is independent and has no conflict of interest with regards to the City under AICPA standards in its Code of Professional Conduct and *Government Auditing Standards, 2011 Revision*, as issued by the U.S. General Accounting Office. At the time of hire and annually thereafter, all audit staff are required to review the firm's list of audit clients for potential independence issues and document in writing the results of the review.

Audit Approach

Statement of Understanding of the Nature of the Engagement

The City of Cascade Locks is seeking an audit firm to express an opinion on the financial statements of the City. MCO will complete the annual financial audits for three years, beginning with fiscal year ending June 30, 2015. In addition, a single audit covering the City's federal grants will be performed if federal expenditures exceed the prescribed threshold. The audit is to be completed with the provisions of the following as they pertain to financial and single audits:

- Generally accepted auditing standards as issued by the American Institute of Certified Public Accountants
- *Government Auditing Standards* as issued by the Comptroller General of the United States
- The Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- Minimum Standards for Audits of Oregon Municipal Corporations issued by the Secretary of State
- State of Oregon and local laws and regulations

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

MCO will prepare the City's Annual Financial Report. The firm will also be available to give guidance to City personnel on various accounting and reporting questions throughout the year. At the completion of the audit the deliverables are audit opinion reports and management letters.

Work Plan & Schedule

MCO is committed to meeting all desired timelines and required deadlines. To do this we prefer to perform as many audit procedures as possible during the planning phase of the audit, including interim fieldwork. This includes documenting or updating our understanding of the financial system and internal controls, performing a preliminary analytical review, developing tests of controls and sampling plan, and performing a risk assessment, in order to develop our audit plan and procedures. MCO has specialized government auditing programs that are customized to each individual client during the planning of the audit. This practice will minimize disruption to City staff during final fieldwork and allow for quicker identification of any problem areas.

Should any unforeseen circumstances arise during the course of the audit, we will gain a clear understanding of the problem, assess the audit exposure, and identify possible solutions or work arounds. If we believe there is a significant change in scope we will immediately present the situation to Management. We will not proceed with extra work unless agreed upon by both the City and MCO.

The audit approach for this engagement is presented in the form of a comprehensive work plan that we have developed to complete the engagement. The work plan is broken down by major audit activity and is presented below. Steps for a single audit are also included.

Planning the Audit –June or July 2015

1. **Obtain and document an understanding of the City and its Federal program environment**
 - a. Determine the firm and audit team are independent
 - b. Document engagement staff's compliance with continuing education requirements required by *Governmental Auditing Standards*, if applicable
 - c. Review prior audit workpapers, audit reports completed since the prior audit, and grantor correspondence pertaining to the audit
 - d. Conduct an entrance conference with the City at a mutually agreeable date
 - i. Meet key audit contacts
 - ii. Development of specific time line for the audit
 - e. Submit an audit documentation request list
 - f. Review City minutes
 - g. Obtain and prepare extracts of relevant information from grant agreements, contracts, and pertinent laws and regulations
 - h. Complete MCO planning form
 - i. Obtain the Schedule of Expenditures of Federal Awards if a single audit will be performed
 - i. Complete the major program determination worksheet
 - j. Compute materiality and tolerable misstatement
 - k. Identify related parties and communicate them to MCO audit team
 - l. Inquire and search for commitments and potential contingencies that may relate to the audit
 - m. Inquire of any known subsequent events that may relate to the audit
 - n. Perform a preliminary analytical review

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

2. Risk Assessment

- a. Identify and assess risks related to fraud
 - i. Make inquiries of Council, management, and key employees about known instances of fraud, allegations of fraud having occurred, inappropriate or unusual activities
 - ii. Hold a fraud discussion with audit team
- b. Obtain and document an understanding of the financial reporting system and the supporting computer system
- c. Perform walkthroughs to gain an understanding of the City's accounting cycles that may be susceptible to error or fraud
- d. Document the state of the control environment, the internal risk assessment process, and the results of monitoring activities
- e. Assess the City's inherent risk and control risk including material misstatement and noncompliance
- f. Consider the internal control environment and internal controls established to link the results of the risk assessment to the audit programs
- g. Develop additional or modify planning procedures, if necessary

3. Audit Procedures Development

- a. Prepare financial audit work programs for significant audit areas identified during the risk assessment
- b. Prepare compliance audit work programs designed to determine compliance with laws, regulations, and the provisions of contracts or grant agreements that have a direct and material effect on the audit, as applicable
- c. Determine that the audit programs are tailored to reflect identified engagement risks, including inherent risk, control risk, and detection risk, and any unique characteristics identified in the planning, risk assessment, and internal control evaluation processes
- d. Determine that the nature, timing, and extent of auditing procedures reflected in the audit programs address the assessed risk of material misstatement and material noncompliance, including the risk due to fraud

4. Planning Tests of Internal Controls

- a. Plan the tests of internal controls to achieve a low assessed control risk
- b. If a single audit is required, review federal compliance key requirements using:
 - i. The 2015 Compliance Supplement
 - ii. Any addendums to the Compliance Supplement that may be issued
 - iii. Grant agreement
- c. If a single audit is required, determine and document which key requirements to test
- d. Identify the audit assertions relevant to each significant audit area and if applicable, key compliance requirement
- e. Identify the internal controls over each assertion
 - i. Design test of controls sufficient to allow the assessment of control risk to be low
 - ii. Be alert for opportunities for dual-purpose tests of controls and compliance, if applicable
- f. Assess the level of inherent risk for each key financial statement audit area and if applicable, federal compliance requirement
- g. Determine allowable detection risk for each audit area and if applicable, key federal compliance requirement
- h. Design dual-purpose tests of controls over financial reporting and compliance for each key compliance requirement to ensure detection risk is limited to computed amount, if applicable

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

5. Sampling Plan

- a. Identify which financial audit areas and compliance requirements are susceptible to sampling
- b. Select the appropriate sampling technique for audit areas and compliance requirements
- c. Sampling plan
 - i. Define the population and segregate individually significant dollar items and unusual items
 - ii. Define the sampling unit
 - iii. Define what constitutes an error
 - iv. Determine the population is complete
 - v. Select sample items for test of controls over financial reporting and compliance for substantive testing
 - vi. Use dual purpose testing whenever possible
- d. Project sample results onto the population
- e. Consider data mining software to test the population in lieu of sampling

Conducting the Audit –October 2015

1. Substantive Procedures and Testing

- a. Perform test of controls and compliance for each key financial audit area and if applicable, federal compliance requirement, using dual purpose testing where feasible
- b. Perform analytical procedures including but not limited to - predictive tests, expectations, trends, ratio analysis
- c. Perform substantive audit procedures and tests including but not limited to:
 - i. Cut-off testing
 - ii. Examining journal entries
 - iii. Scan general ledger postings for unusual items
 - iv. Vouch selected transactions to supporting documents
 - v. Trace selected supporting documents through the system
 - vi. Confirmation of cash and account balances
 - vii. Determine personnel expenditures are supported by time sheets or monthly certification and supervisory approval
 - viii. Test expenditures for allowable costs
 - ix. Perform procedures noted in the specific audit approach
- d. Complete audit program for financial audit in significant audit areas
- e. If a single audit is required, complete audit programs for all major programs
- f. Complete audit program and test compliance with Oregon Minimum Standards
- g. Complete audit program and test compliance with Oregon Budget Law

2. Fieldwork completion and wrap-up

- a. Review workpapers
- b. Evaluate results of procedures to determine if results are sufficient to support the opinion
- c. Perform additional procedures, if necessary
- d. Conduct an exit conference with management
 - i. Discuss results of our audit
 - ii. Discuss any findings, if any
 - iii. If a single audit is required, discuss any findings and questioned costs, if any
 - iv. Discuss unadjusted misstatements and passed journal entries, if any

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Concluding the Audit – November and December 2015

1. Audit wrap-up

- a. Compute final materiality
- b. Perform final analytical review
- c. Obtain and evaluate any attorney letters received
- d. Consider the accumulated results of audit procedures in relation to the audit risk assessment made in the planning stage of the audit and that audit evidence supports our opinion
- e. Consider whether the nature of audit findings (including unadjusted audit differences), if any, noted may be indicative of possible fraud, illegal acts, or other noncompliance
- f. Summarize any findings and recommendations, if any
- g. If a single audit is required, summarize any findings and questioned costs, if any
- h. Summarize unadjusted misstatements and passed journal entries, if any
- i. Consider whether the qualitative effects of audit findings are indicative of noncompliance with provisions of contracts or grant agreements or abuse that must be reported
- j. Update from the last day of field work through the report date
 - i. Commitments and contingencies
 - ii. Significant estimates and concentration
 - iii. Subsequent events
 - iv. Related-party transactions
- k. Complete and document MCO quality control procedures

2. Prepare Reports and Drafts

- a. Draft financial statements
- b. Review Management Discussion and Analysis
- c. Prepare disclosure checklist
- d. Independent Auditor's Report
- e. Independent Auditor's Report Required by Oregon State Regulations
- f. Schedule of Findings and Questioned Costs, if applicable
- g. Report on Internal Control over Financial Reporting, if applicable
- h. Report on Compliance with OMB Circular A-133, if applicable
- i. Letter to Those Charged with Governance (AU-C 260)
- j. Management Letter (AU-C 265), if applicable
- k. Obtain responses to AU-C 265, if applicable
- l. Management Letter of nonreportable recommendations and suggestions for improving internal accounting controls
- m. Send draft financial statements and reports for review and comment
- n. Obtain a management representation letter
- o. Prepare Summary of Revenues and Expenses for submission to the Secretary of State Audits Division
- p. Data Collection Report, if applicable

Deliver Final Reports – December 14, 2015

Presentation to City Council – Mutually Agreeable Date

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Audit Hours

Position	Audit Segment			Totals
	Planning	Conducting	Concluding	
Engagement Partner	12	20	8	40
Audit Manager	19	32	13	64
Staff	47	78	31	156
Totals	78	130	52	260

Audit Procedure Methodology

Analytical Procedures

We will perform preliminary analytical procedures during the planning phase of the audit. We will also perform substantive analytical tests in most key audit areas. Typically we compare current year balances to prior years and budget and investigate variances outside of the scope. The scope is determined by our assessment of materiality, internal control understanding, and expectations based on external information and knowledge of the City. For instance, an account balance with a large number of small items would lend itself to analytical procedures, whereas an account balance with a small number of large items would be detail tested. We will also perform predictive analytical tests and ratio analysis and determine whether actual balances are in line with our expectations.

Sampling

We use sampling throughout the audit process to obtain and evaluate audit evidence about a characteristic of the population in order to form a conclusion or determine if additional audit procedures are needed. Sampling is used extensively in testing of internal controls and compliance with applicable rules, regulations, and/or award requirements. Sample sizes will be determined during the planning phase of the audit and reassessed as necessary during interim and final fieldwork.

We may conduct the audit with the assistance of data extraction software. This software allows our audit teams to extract data and efficiently analyze the population. Automated applications that we typically utilize are sample planning and selection, statistical analysis data mining, identify sequence gaps, and identify duplicate transactions, vendors, and/or employees.

Testing for compliance is generally attribute sampling and is concerned with the rate of a characteristic rather than a dollar amount. Thus, it is appropriate for tests of compliance with laws and regulations in a Single Audit.

Documenting an Understanding of the Internal Control Structure

Our audit approach uses an understanding and evaluation of the system of internal controls. Depending on the circumstances and transaction cycle in question, we will use a combination of checklists, flowcharts, and a risk assessment matrix to document the system. The controls in each major transaction cycle will be identified and tested so that we may determine which controls can be relied upon. This will enable us make decisions about inherent risk and control risk and allow us to tailor an efficient audit program which may lead to reduced substantive testing.

Proposal to Provide Municipal Audit Services for City of Cascade Locks April 15, 2015

We will determine the amount and sufficiency of the City's current level of internal controls documentation. Our approach is to then test the controls in that documentation, evaluate the operating effectiveness of the controls, and design appropriate audit procedures. We will use the City documentation of the controls. If more documentation of the various processes in the accounting cycles is determined to be needed to gain a better understanding of the City's controls, we can work with City personnel to develop the needed documentation.

Determining Laws and Regulations

We will familiarize and comply with the provisions of federal, state, and City statutes, local ordinances, charter, bond covenants, administrative code and orders, and rules and regulations that may pertain to work required in the engagement. We will review the City's Charter, By-laws, Ordinances, Minutes, and Resolutions, as well as make inquiries of City personnel to discover compliance requirements. Federal compliance requirements for a single audit will be determined from OMB Circular A-133 and grant agreements. Other restrictions and covenants will be determined from prior year financial statements and reading leases, contracts, and bond indentures. We also perform compliance audits on a wide variety of federal award programs. We have developed audit programs that allow us to:

- Identify compliance requirements
- Prepare tests to measure compliance
- Evaluate compliance

MCO has created a custom audit program to test compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The results are reported in the Independent Auditor's Report Required by Oregon State Regulations included in the financial statements.

Understanding of City's Use of Electronic Data Processes

We will attain a general understanding of the computer system and the software used by the City. Our understanding will be documented in the form of checklists and related explanations that will enable us to assess the audit risk and tailor audit programs accordingly. We have found that gaining an understanding of the City's use of electronic data processes will not impose any more procedures for obtaining an understanding of computerized accounting systems than manual systems. The major differences are that the audit trail is sometimes more difficult to follow in computer systems and that there can be other considerations for obtaining a further understanding of computer controls if necessary.

New Accounting Pronouncements

Due to MCO's specialization in municipal audits we have significant experience implementing new accounting pronouncements. Our approach is to proactively help our clients understand and implement new accounting pronouncements that are applicable to them. The partner assigned to this engagement, is the former co-chair and is currently a member of the OGFOA's Accounting Standards Review Committee. The committee's primary responsibilities are to review, evaluate and prepare responses to GASB exposure drafts and to provide OGFOA members with information on accounting issues and developments. The partner's involvement on this committee enables her to study in advance which pronouncements will affect our clients. She is currently on a GASB 68 task force to help identify any missing data elements from the draft information that OPERS has handed out.

Proposal to Provide Municipal Audit Services for City of Cascade Locks April 15, 2015

MCO takes a hands-on approach in helping our clients with new accounting pronouncements. We have offered free training classes on recently issued GASB pronouncements. We also send our clients governmental updates pertaining to significant changes in reporting requirements. We will be available to give guidance to City staff on various accounting and reporting questions throughout the year. When MCO learns about potential new pronouncements or changes to current pronouncements we will notify clients how these potential changes could affect their entity, so they can have an opportunity to respond to the OMB proposed rules or GASB preliminary views and exposure drafts.

Suggestions for Improving Internal Accounting Controls

We believe that communication is vital to a successful audit. Since MCO audits many local governments we are able to observe "best practices" other local governments have implemented and make recommendations accordingly. We make it a practice to offer these suggestions informally during the course of the audit by keeping the management team informed of our status and any observations, opinions, or comments we note. Any findings will be brought to management's attention right away.

Under the Clarified U.S. Auditing Standards Section (AU-C) 260 and 265 we are required to communicate certain internal control deficiencies and other audit communications to those charged with governance. Reportable items will be discussed with management and drafts will be provided for review and comment prior to final issuance. In addition a management letter will be issued to management to communicate other non-reportable observations and recommendations.

Use of City Personnel

It is our practice to work with City personnel whenever possible to minimize costs and improve efficiencies. We recognize that City personnel have their own full workloads and priorities. We will make every effort to keep our requests to a minimum and avoid disruptions.

We assume we will receive assistance from the accounting personnel. We will expect City personnel to provide us with a trial balance, internal control documentation, reconciliations, and general ledger detail. We anticipate accounting personnel will be available to assist us in understanding your processes and locating documents, invoices, etc. needed for our testing. In the initial year of our audit, however, we will need to obtain copies of charters, loan agreements, leases, bonds indentures, etc. in order for us to build a permanent file. We are prepared to absorb that time to demonstrate our commitment to providing quality services to the City.

GFOA Certificate of Achievement for Excellence in Financial Reporting

If desired, we will assist the City in obtaining the GFOA Certificate of Achievement for Excellence in Financial Reporting by carefully reviewing the CAFR and completing the Disclosure Checklist. We have three people who are reviewers for the GFOA in this program and have an in-depth knowledge of the program requirements. We have assisted many cities and counties in their initial submission as well as retention of the award and expect no difficulties in doing so for the City.

Current Clients & References

MCO specializes in serving government and non-profit organizations ranging from small to large municipalities to state departments and agencies. The scope of work performed has included financial audits, single audits, compliance audits, urban renewal agencies and other component units, rate and fee consulting, room tax audits, energy incentive program cost certifications, and various other agreed-

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

upon procedures. Below is a list of our current clients. Clients that have included a single audit are noted with a "*" in the following list.

Annual Financial Audits

City of Clatskanie
 City of Cornelius*
 City of Dallas
 City of Gates
 City of Gladstone
 City of Happy Valley
 City of Independence*
 City of Klamath Falls*
 City of Mt. Angel
 City of Oregon City
 City of Salem*
 City of Sandy*
 City of The Dalles*
 City of Tillamook
 City of Tualatin

Annual Financial Audits

Port of Tillamook Bay*
 Corbett Water District
 Sunrise Water Authority
 Housing Authority of the
 City of Salem*
 Northwest Oregon Housing
 Authority*
 Clatsop County Housing Authority
 Woodburn Rural Fire Protection
 District
 Oregon Department of Veterans'
 Affairs
 Common School Fund of the
 Oregon Department of State Lands

Performance & Compliance Audits

City of Portland
 Hawaii Department of Commerce
 and Consumer Affairs

Rate and Financial Consulting

City of Portland
 Washington County
 City of Cascade Locks
 Hawaii Department of Commerce
 and Consumer Affairs

*Single Audit also performed

While any of our clients can be contacted as a reference we have provided three that demonstrate our ability to serve governmental entities of various sizes and scopes.

<u>Name</u>	<u>Location</u>	<u>Contact</u>
City of Oregon City Wyatt Parno, Finance Director	625 Center Street Oregon City, OR 97045	503.496.1525 wparno@orcity.org
City of The Dalles Kate Mast, Finance Director	313 Court Street The Dalles, OR 97058	541.296.5481 x1113 kmast@ci.the-dalles.or.us
City of Wood Village Peggy Minter, Finance Director	3055 NE 238 th Drive Wood Village, OR 97060	503.489.6858 minter@ci.wood-village.or.us

Regulatory Action

The firm as it exists today has never been subject to any regulatory action by any oversight body.

Sample Audit Report

We have provided a copy of the City of The Dalles, Oregon's audit report with our proposal.

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

Peer Review

The firm has participated in the American Institute of Certified Public Accountants Peer Review Program since its inception. We have undergone an external peer review every three years since that time and conduct internal quality reviews in each of the intervening two years for our audit assurance engagements. Every external review has resulted in an unqualified opinion or pass. In July of 2012 we received a peer review of *pass* under the most current Peer Review Standards and Interpretations that became effective January 1, 2009. Under these peer review reporting standards, a *pass* is the highest rating a firm can achieve. These reviews have placed an emphasis on our municipal, compliance, and single audit practices. A copy of our most recent peer review is displayed on page 15. There were no findings as a result of the peer review.

Fee

Audit Fee

Based on our experience with audits of similar size and scope, we estimate a fair price for this engagement of \$25,500. This is a Not-To-Exceed fee and includes all incidental costs such as preparing all report copies, travel, subsistence, etc. If we are able to complete the project in less time, we will bill only for costs actually incurred. This fee has been determined according to the following schedule.

Position	Total Hours	Hourly Rate	Total Audit Fee for Fiscal Year Ending June 30,		
			2015	2016	2017
Engagement Partner	40	\$ 175	\$ 7,000	\$ 7,210	\$ 7,430
Audit Manager	64	150	9,600	9,890	10,190
Staff	156	85	13,260	13,660	14,070
Discount			(4,360)	(4,510)	(4,690)
Totals	260		\$ 25,500	\$ 26,250	\$ 27,000

Single Audit Fee

Our single audit fee will be \$3,000 for one major program. If the federal program is significantly more complicated than expected we expect to discuss this with management and come to an agreed upon adjustment to the fee.

Future Fees and Changes in Scope

It is our practice to hold future fees at an increase of about three percent. If there is a change in scope or extraordinary situations arise that would require additional audit time, we would expect to be able to discuss this with management and arrive at a mutually agreeable adjustment to the basic fee.

Special Requests, Reports and Professional Advice

Our policy is to not charge for occasional calls on accounting, budgeting, or other matters in the normal course of business. In fact, we encourage our clients to call us so potential future problems can be avoided. We make it a point to establish a close professional relationship with our clients so they will feel comfortable calling when they have questions.

**MERINA
& COMPANY, LLP**

Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015

WALL & WALL, P.C. CERTIFIED PUBLIC ACCOUNTANTS

J. ROBERT WALL, C.P.A.
KAREN S. WALL, C.P.A.

System Review Report

July 13, 2012

To the Partners of
Merina & Company, LLP
and the Peer Review Committee of the Oregon Society of CPAs (OSCPA)

We have reviewed the system of quality control for the accounting and auditing practice of Merina & Company, LLP (the firm) in effect for the year ended May 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Merina & Company, LLP in effect for the year ended May 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Merina & Company, LLP has received a peer review rating of *pass*.

Wall & Wall P.C. CPAs
Wall & Wall, P.C., Certified Public Accountants

MEMBER • AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • OREGON SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

750 CENTRAL AVENUE, SUITE 102

COOS BAY, OREGON 97420

(541) 269-1358

FAX: (541) 269-0202

MERINA
& COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**Proposal to Provide Municipal Audit Services for
City of Cascade Locks
April 15, 2015**

From time-to-time an audit client requests that we prepare special reports or broaden the scope of our audit for a variety of reasons. Our approach is to define the scope of the request in as much detail as possible, evaluate whether the requested services maintains our independence from the City, determine an approach to accomplish the request, estimate the level of professional expertise involved, and estimate the cost. We then meet with the client to explain the approach and cost. During this phase, the client may alter the scope or suggest alternative approaches. We do not begin work until a negotiated scope and fee estimate is agreed upon. Hourly rates by position follow below:

<u>Position</u>	<u>Hourly Rate</u>
Partner	\$ 175
Manager	150
Senior Accountant	100
Staff Accountant	85

Appendix A

Resumes

Profile

Ms. Moffitt is a Partner of Merina & Company. Ms. Moffitt specializes in and has extensive experience performing and managing governmental audits. She is also on the Oregon Board of Accountancy CPE Committee, a committee member and the former Co-chair of the Accounting Standards and Review Committee for the Oregon Municipal Finance Officers Association (OMFOA), as well as a reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting awards program.

Ms. Moffitt is responsible for training new staff who assist in governmental and compliance audits and supervising managers, seniors, entry level staff and interns. Ms. Moffitt created the firm's financial statement template and is currently in charge of training numerous clients to use the template for financial statement preparation.

Specialization

Accounting and auditing for municipalities with a focus on Cities, Special Districts, State Agencies, and State Commissions, performing Financial Audits, Compliance Audits, Performance Audits, Franchise Fee and Rate Consulting.

Licensing

OR CPA License No. 11063

OR Municipal License No. 1392

HI CPA License No. 4886

Education

Master of Science in Financial Analysis – Portland State University

Bachelor of Science in Accounting – Portland State University

Continuing professional education focused on governmental accounting and *Government Auditing Standards*, OMB Circular A-133, and Oregon Budget Law and meets Yellow Book for in-charge auditors.

Engagement Clients

State of Hawaii	City of Gresham	Port of Astoria
City of Salem	City of Sandy	Union Health District
City of Klamath Falls	City of Clatskanie	Oregon Corrections Enterprises
City of The Dalles	City of Happy Valley	Oregon Secretary of State
City of Oregon City	Sunrise Water Authority	City of Gladstone
City of Damascus	Clean Water Services	Housing Works
Common School Fund of the State of Oregon	Attorney General's Sexual Assault Task Force	Northwest Oregon Housing Authority

Significant Affiliations and Achievements

Oregon Board of Accountancy CPE Committee	Oregon Municipal Finance Officers Association
Oregon Society of CPA's Governmental Accounting and Auditing Strategic Committee	American Institute of CPA's and Oregon Society of CPA's
OMFOA Standard and Review Committee Member and Prior Co-chair	Oregon Society of CPA's Not-for-Profit Strategic Committee
Oregon Society of CPA's Coaching Program	Served as Beta Alpha Psi, Treasurer
GFOA Certificate of Excellence in Financial Reporting Awards Program Reviewer	Forward Stride Equine Program Finance Committee Member and Prior Chair of the Board of Directors

Profile

Ms. Friend is a Senior Accountant for Merina & Company's governmental and non-profit clients. Ms. Friend has worked in public accounting for five years and has experience in municipal and non-profit audits. Prior to joining Merina & Company, Ms. Friend gained valuable audit experience as a Staff Accountant with Friend & Reagan, PC performing audit engagements which involved planning, conducting, managing, and reviewing audits through the reporting stages.

As a Senior Accountant at Merina & Company, Ms. Friend assists the Partners and Managers in establishing the scope and methodologies, determining the tests and procedures to be performed, and conducting the audit work. In addition, Ms. Friend has experience with single audits and has been responsible for preparing SEFAs as well as reviewing and analyzing control procedures for various clients.

Specialization

Accounting and auditing for municipalities with a focus on State agencies, Cities, Special Districts, Non-Profit, and For-Profit Organizations.

Licensing

CPA License No. 13348

Oregon Municipal Auditor License No. 1550

Education

Bachelor of Arts in Accounting – Linfield College

Engagement Clients

Clean Water Services of Washington County	Common School Fund – OR Dept of State Lands
Sunrise Water Authority	Port of Tillamook
City of Gates	City of Gladstone
City of Independence	City of Sandy
City of The Dalles	City of Tillamook
Sexual Assault Task Force	Mattie Younkin Manor and Powell Vista Manor
Rich and Rhine Distributors	Teachers Development Group

Significant Affiliations and Achievements

Oregon Society of Certified Public Accountants

Profile

Ms. Austin is a Partner for Merina & Company and oversees the firm's governmental and non-profit audit practice. Ms. Austin has worked in public accounting for 18 years. During her public accounting career she has gained extensive experience in accounting and auditing for governmental entities. She is an expert in Oregon Budget Law and financial and compliance reporting requirements for governmental organizations. Ms. Austin is also a reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting awards program.

As a Partner at Merina & Company Ms. Austin is in charge of the company's practice-monitoring standards, internal quality control program, and peer review. These programs are in place for all audit and assurance engagements to ensure all work is done free from personal and external impairment of independence and in accordance with professional standards.

Specialization

Accounting and Auditing for Municipalities with a focus on Financial and Compliance Audits, Performance Audits, Quality Assurance Reviews and Franchise Fee and Rate Consulting for Cities, Counties, Special Districts, State Agencies, State Commissions, and Semi-Independent State Boards.

Licensing

OR CPA License No. 9198

OR Municipal License No. 1287

WA CPA License No. 29642

Education

Bachelor of Science in Accounting – Portland State University

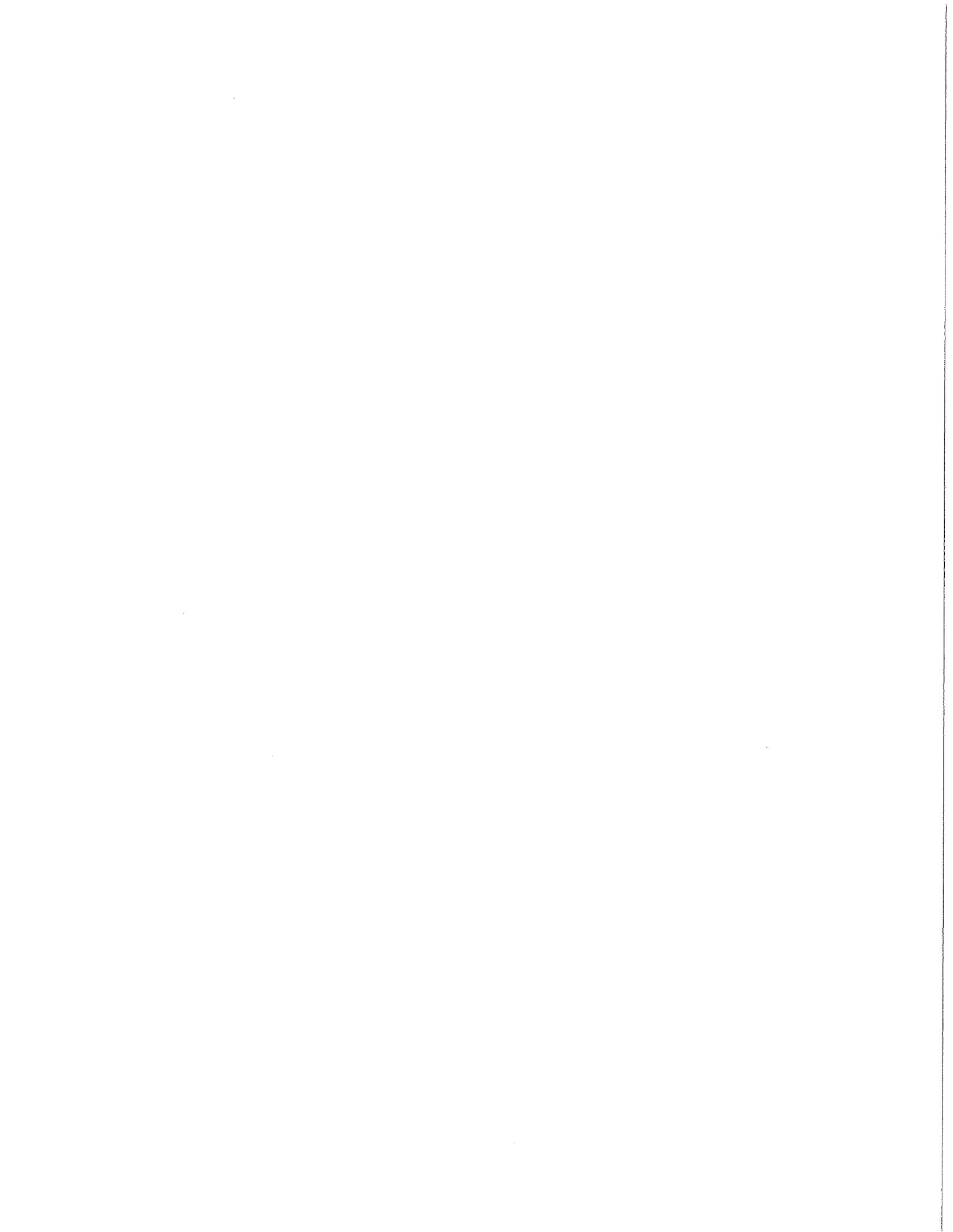
Continuing professional education focused in governmental accounting and Oregon Budget Law. Ms. Austin meets all Yellow Book continuing education requirements for in-charge auditors.

Engagement Clients

City of Bandon	City of Gladstone	City of Salem
City of Cornelius	City of Gresham	City of Sandy
City of Dallas	City of Independence	City of Tualatin
City of Florence	Port of Astoria	Port of Tillamook Bay
Clean Water Services	Corbett Water District	West Slope Water District
Oregon Secretary of State	Housing Works	Salem Housing Authority
Teachers Development Group	Northwest Oregon Housing Authority	Clatsop County Housing Authority

Significant Affiliations and Achievements

American Institute of CPA's	Special Districts Association of Oregon
Oregon Society of CPA's	Speaker at League of Oregon Cities Conference
Oregon Municipal Finance Officers Association	Association of Oregon Recyclers
Instructor of Oregon Budget Law and Minimum Standards for Audits of Oregon Municipalities	OSCPA Governmental Accounting and Auditing Strategic Committee
Reviewer for GFOA Certificate of Excellence in Financial Reporting awards program	Assisted several clients in receiving their initial GFOA Certificate of Excellence in Financial Reporting



CITYOF CASCADE LOCKS

Proposal for Professional Auditing Services

Onstott, Broehl & Cyphers, P.C.

100 E. 4TH Street
The Dalles, OR 97058
541-296-9131 (Telephone)
541-296-6151 (Fax)
keno@skyride.net

Contact Person: Kenneth Onstott, shareholder

April 6, 2015

TABLE OF CONTENTS

	<u>Page</u>
Transmittal Letter	1
Summary	2
Operational Proposal	2-3
Qualifications	3-4
Local Principals	4
Key Audit Personnel	4-6
References	6
Sample Audit Report	6
Fee Proposal	6
Equal Opportunity Policy	6
Summary	7
Appendix A – Peer Review Report	8
Appendix B – Fee Proposal Worksheet	9

Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

KENNETH L. ONSTOTT, c.p.a.
JAMES T. BROEHL, c.p.a.
RICK M. CYPHERS, c.p.a.

WILLIAM S. ROOPER, c.p.a. retired

MEMBERS:

American Institute of c.p.a.'s
Oregon Society of c.p.a.'s

OFFICES:

100 EAST FOURTH STREET
THE DALLES, OREGON 97058
Telephone: (541) 296-9131
Fax: (541) 296-6151

1313 BELMONT STREET
HOOD RIVER, OREGON 97031
Telephone: (541) 386-6661
Fax: (541) 308-0178

April 6, 2015

City of Cascade Locks
City Administrator
Attn: Gordon Zimmerman
PO Box 308
Cascade Locks, OR 97014

Re: Proposal For Auditing Services

Onstott, Broehl & Cyphers, P.C., CPA's are pleased to submit this proposal to perform the audit services as described in your Request for Proposal - Municipal Audit Services. Our firm is qualified to perform audits of Oregon municipal corporations and is capable of providing City of Cascade Locks quality auditing services in a timely and efficient manner and at a competitive price.

We are a local Mid-Columbia firm with offices in The Dalles and Hood River. We employ local people and thus contribute to the economy of the area. The firm has been in existence since 1952. We provide audit services for a number of small and medium sized municipal and non-profit corporations. We are licensed by the Oregon State Board of Accountancy to practice public accounting in Oregon and to perform Oregon municipal audits. We have audited the City for a number of years and are familiar with its operations and personnel.

Authorized Firm Representative

The firm representative who is authorized to make representations for our firm is:

Kenneth L. Onstott, CPA
100 E. 4th Street
The Dalles, OR 97058
Telephone 541-296-9131
Fax 541-296-6151

We appreciate your time and consideration. Should you have any questions not answered by this proposal, please contact us.

Submitted By:

Onstott, Broehl & Cyphers, P.C.


Signature/Title

SUMMARY

As outlined in more detail in the following, Onstott, Broehl & Cyphers plans to accomplish the objectives of the City's RFP as follows:

- Preliminary meeting with City officials and finalization of audit contract.
- Planning and interim review of City's internal controls.
- Fieldwork at City's offices.
- Closing conference with City officials.
- Preparation of report and management letter.
- Draft of report to City.
- Finalization of report and presentation to City Council.
- Submission of report to Oregon Division of Audits.
- Ongoing availability during year regarding questions about accounting, auditing or budgeting issues.

OPERATIONAL PROPOSAL

Our firm uses the Practitioner's Publishing Company *Audits of Local Governments* manual to generate audit programs, checklists, etc. These are modified as necessary to meet unique conditions for the client. Testing of accounts and accounting procedures is generally done by using random sampling techniques with appropriate statistical evaluation. Whenever possible, we use computer software to assist in the random selection of transactions to be tested, writing of memos, formatting of workpapers, and compilation of data for the audit. The risk assessment standards currently required by generally accepted auditing standards will be incorporated in our audit procedures. Our approach will include a review of City of Cascade Locks' internal control systems and environment and an assessment of the risk of material misstatement caused by fraud or error.

All audit fieldwork will be done in your office as we believe it gives us a better opportunity to assess your internal controls and develop suggestions for improving controls or efficiency. We will meet with your personnel at various intervals during the audit to inform you of the progress of the audit, any problems incurred and estimates for completion of the fieldwork. We will also meet with the City Administrator and City Finance Officer at conclusion of fieldwork to discuss findings and audit comments. The final audit report, management letter, and findings will be presented to the City Council upon completion of the audit. We are also available at any time to answer questions that may arise. Should unforeseen circumstances delay the completion date, we will advise the City Council in writing of the reasons for the delay and agree upon a mutually acceptable date of completion.

We anticipate using City of Cascade Locks' personnel in preparing working trial balances, pulling documents for review and preparing account summaries and reconciling schedules as needed. We will provide a list of such information during the planning stages of the engagement.

The tentative schedule for completing the various audit segments is as follows and is contingent on City staff meeting the timelines outlined in the RFP:

SEGMENT	TIMING	OBJECTIVES
Planning and Interim Work	July/ August	<ul style="list-style-type: none"> - Pre-audit conference - Prepare audit programs and schedule - Engagement letter and contract - Review internal controls and familiarize with accounting system and organization
Fieldwork	August/ September	<ul style="list-style-type: none"> - Test compliance with laws and regulations - Substantive tests of transactions and account balances - Analytical procedures
Review Workpapers and Draft Reports	November/December	<ul style="list-style-type: none"> - Review audit workpapers - Draft reports and management comments - Provide drafts to City officials - Report printing and binding
Council Presentation	December	<ul style="list-style-type: none"> - Summarize audit report and management letter and answer questions

QUALIFICATIONS

Audit Organization

Onstott, Broehl & Cyphers, PC is a local firm with offices in The Dalles and Hood River. The firm has been in existence since 1952. We provide audit services for a number of small and medium sized municipal and non-profit corporations. Onstott, Broehl & Cyphers presently employs three certified public accountants. All are licensed by the Oregon State Board of Accountancy to practice public accounting in Oregon. Two are also licensed to perform audits of Oregon municipal corporations.

Staff

The firm employs the following staff:

Certified Public Accountants	3
Professional audit staff	2
Clerical staff	3

Peer Review and Desk Reviews

During the past three years the firm has not had any federal or state field or desk reviews of any of our audits. We are not the subject of any disciplinary action of regulatory bodies or professional organizations. In 2012 the firm underwent its periodic peer review as required by Government Auditing Standards and the State of Oregon. This resulted in an unmodified opinion with a pass rating. A copy of that report is attached as Appendix A.

Specialized Skill, Training or Background in Public Finance

As noted below, each member of the audit team has had significant experience in the audits of municipal entities. This provides a solid background and knowledge of Local Budget Law and Oregon public finance.

LOCAL PRINCIPALS

Kenneth Onstott	Shareholder	CPA and Licensed Municipal Auditor
James Broehl	Shareholder	CPA
Rick Cyphers	Shareholder	CPA and Licensed Municipal Auditor

KEY AUDIT PERSONNEL

Members and qualifications of the audit team are as follows:

Kenneth Onstott, CPA (Shareholder) Mr. Onstott joined our firm in 1978. He has been a shareholder of the firm since 1979 and has been actively involved in auditing municipal entities since that time. He is licensed as a municipal auditor by the State of Oregon. He will act as audit partner, overseeing the work of other audit staff, performing a significant amount of the fieldwork, and acting as primary contact with the City in the preparation and finalization of the audit report.

Experience on municipal audits includes:

Wasco County	Shareholder in charge	1978-1988
Hood River County	Shareholder in charge	2000-2003
Hood River County School District No. 1	Shareholder in charge	1994-2002
City of Cascade Locks	Shareholder in charge	1980-present
Crystal Springs Water District	Shareholder in charge	1983-present
Hood River Valley Park & Recreation District	Shareholder in charge	1997-present
Mid-Columbia Economic Development District	Shareholder in charge	2003-present

Relevant continuing professional education courses for the past three years includes:

- Fraud Awareness Auditing
- Ethics and Professional Conduct
- FASB Review and Update
- Essentials of Accounting For Governmental & Not-for-Profit Organizations
- Assessing Fraud Risks
- Accounting for Governmental and Not-for-Profit Organizations
- Governmental and Nonprofit Update

Brian O'Shaughnessy (Staff Accountant) Mr. O'Shaughnessy graduated from Portland State University in 1998 and worked as an accountant at a Hood River lumber company prior to joining the firm in 1999. He has worked on various governmental audit engagements since joining the firm. Mr. O'Shaughnessy will perform significant amounts of the audit fieldwork.

Experience on municipal audits includes:

Hood River County	Staff accountant	1999-2003
City of Cascade Locks	Staff accountant	1999-present
Hood River County School District No. 1	Staff accountant	1999-2002
Port of Hood River	Staff accountant	1999-2011
Crystal Springs Water District	Staff accountant	1999-present
Hood River Valley Park & Recreation District	Staff accountant	1999-present
Wasco County Soil & Water Conservation District	Staff accountant	1999-2010

Relevant continuing professional education courses for the past three years includes:

- Audit Planning: A Risk-Based Approach
- Assessing Fraud Risks
- Essentials of Accounting for Governmental & Not-for-Profit Organizations

Brien Gibson (Staff Accountant) Mr. Gibson graduated from Oregon State University in 2009 and joined the firm in 2010. He has served two tours of duty in Iraq as a member of the Oregon National Guard. He is currently working on becoming certified. He will perform significant amounts of the audit fieldwork.

Experience on municipal audits includes:

City of Cascade Locks	Staff accountant	2011-present
Port of Hood River	Staff accountant	2011
Crystal Springs Water District	Staff Accountant	2010-present
Wasco County Soil & Water Conservation District	Staff Accountant	2010-present
Port of Cascade Locks	Staff Accountant	2011
Mid-Columbia Economic Development City	Staff Accountant	2012-present

Relevant continuing professional education courses for the past three years includes:

- Detecting Fraud in Organizations
- Cost Principles for State & Local Governments & Nonprofit Organizations
- Agreed-Upon Procedures Engagements

Because we are a small firm, we do not have a policy on rotation of personnel assigned to our audit clients. We have had minimal turnover of audit staff personnel over the years. Unlike many larger firms, you can generally expect to have the same persons assigned to the audit each year. This minimizes the disruption to your staff and increases audit efficiency.

REFERENCES

Following is a list of three municipal audit clients for whom we have performed audits in the past year:

<u>Organization</u>	<u>Contact Person</u>	<u>Years Served</u>
City of Cascade Locks P.O. Box 308 Cascade Locks, OR 97014 541-374-8484	Marianne Bump, City Finance Officer mbump@cascade-locks.or.us	1980 - present
Crystal Springs Water District P.O. Box 186 Odell, OR 97044 541-354-1818	Shirley Cree Office Manager csprings@pacifier.com	1983 - present
Mid-Columbia Economic Development District 515 E 2 nd Street The Dalles, OR 97058 541-296-2266	Sherry Wickert Finance and Operations Manager sherry@mcedd.org	2003 - present

SAMPLE AUDIT REPORT

Our firm has audited the City for the year ended June 30, 2014 and has previously submitted the audit report for that year. You are therefore referred to that submission as a sample audit report.

FEE PROPOSAL

Appendix B outlines our fee proposals for the three years.

Because we are a local firm, we do not have travel or other out-of-pocket expenses. Any such expenses would be included in the fee estimated above.

EQUAL OPPORTUNITY POLICY

Onstott, Broehl & Cyphers, PC is an equal opportunity employer and complies with all laws and regulations relating thereto.

SUMMARY

We believe you should choose Onstott, Broehl & Cyphers, PC as your independent auditors because:

- We are a local firm employing local people whose taxes support local municipalities such as City of Cascade Locks.
- We have extensive experience with government audits of similar size and complexity.
- We are available throughout the year to assist and answer your questions. We are only a few short minutes away.
- Our friendly auditors maintain an attitude of independence while demonstrating respect and consideration for your staff.
- We consistently meet our promised deadlines.
- Our fees are very competitive with others in the industry.

We appreciate the opportunity of presenting this proposal to you. We have provided services of this nature to City of Cascade Locks and various other municipal entities for a number of years and believe that we can continue to provide a high level of timely service to you. We are confident that we can give you quality service in the coming years and look forward to doing so.



READ & BOSE, PC

CERTIFIED PUBLIC
ACCOUNTANTS

APPENDIX A

System Review Report

To the Shareholders of
Onstott, Broehl & Cyphers, P.C.
and the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Onstott, Broehl & Cyphers, P.C. (the firm) in effect for the year ended January 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Onstott, Broehl & Cyphers, P.C. in effect for the year ended January 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Onstott, Broehl & Cyphers, P.C. has received a peer review rating of *pass*.

Read & Bose, PC

July 17, 2012

APPENDIX B

Fee Proposal Worksheet for Audit Services

Name of Vendor: Onstott, Broehl & Cyphers, PC.

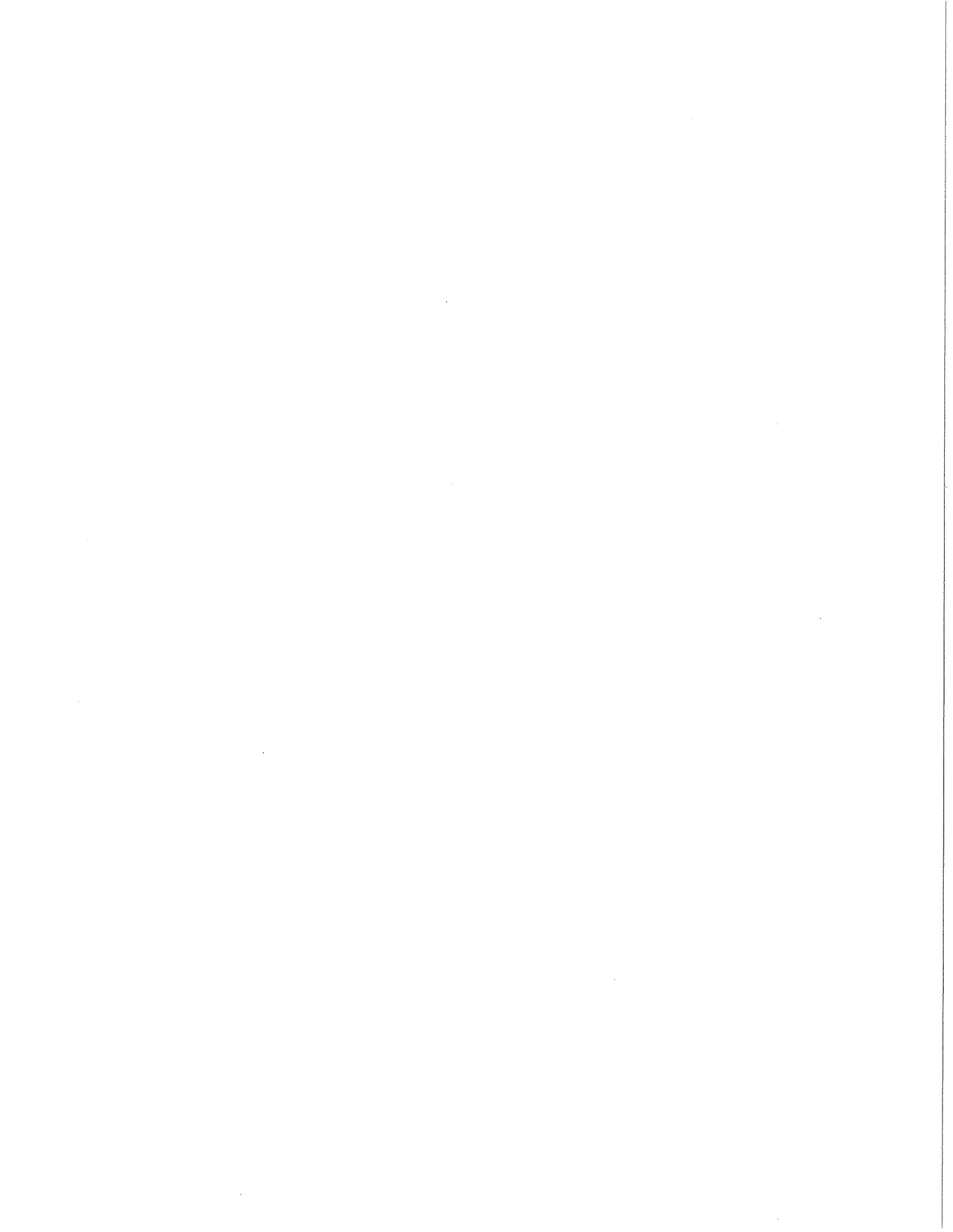
Date: April 6, 2015

Requirement	Year 1		Year 2		Year 3	
	Hours	Amount	Hours	Amount	Hours	Amount
Annual Audit with Opinion, Audit Letter, and preparation of Annual Financial Statements	275	\$24,750	275	\$25,000	275	\$25,500
Other (Specify)						
Single Audit (as necessary)	15	1,200	15	1,250	15	1,300
Other Services (as necessary)		\$110/hr		\$115/hr		\$120/hr
Totals						

Signature 

Name Kenneth Onstott

Title Shareholder



CASCADE LOCKS STAFF REPORT

Date Prepared: April 21, 2015

For City Council Meeting on: April 27, 2015

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator

SUBJECT: Approval of Tourism Photographer Personal Services Agreement

SYNOPSIS: The Tourism Committee has a goal of updating our Tourism Website and marketing presence with professional photographs that dramatically provide a glimpse of what we have to offer. The Committee requested proposals for photographers and received more than a dozen submittals that were considered. They interviewed the photographers who submitted the top three proposals and selected Michael Peterson as the professional they would like to hire for one year to provide print quality images.

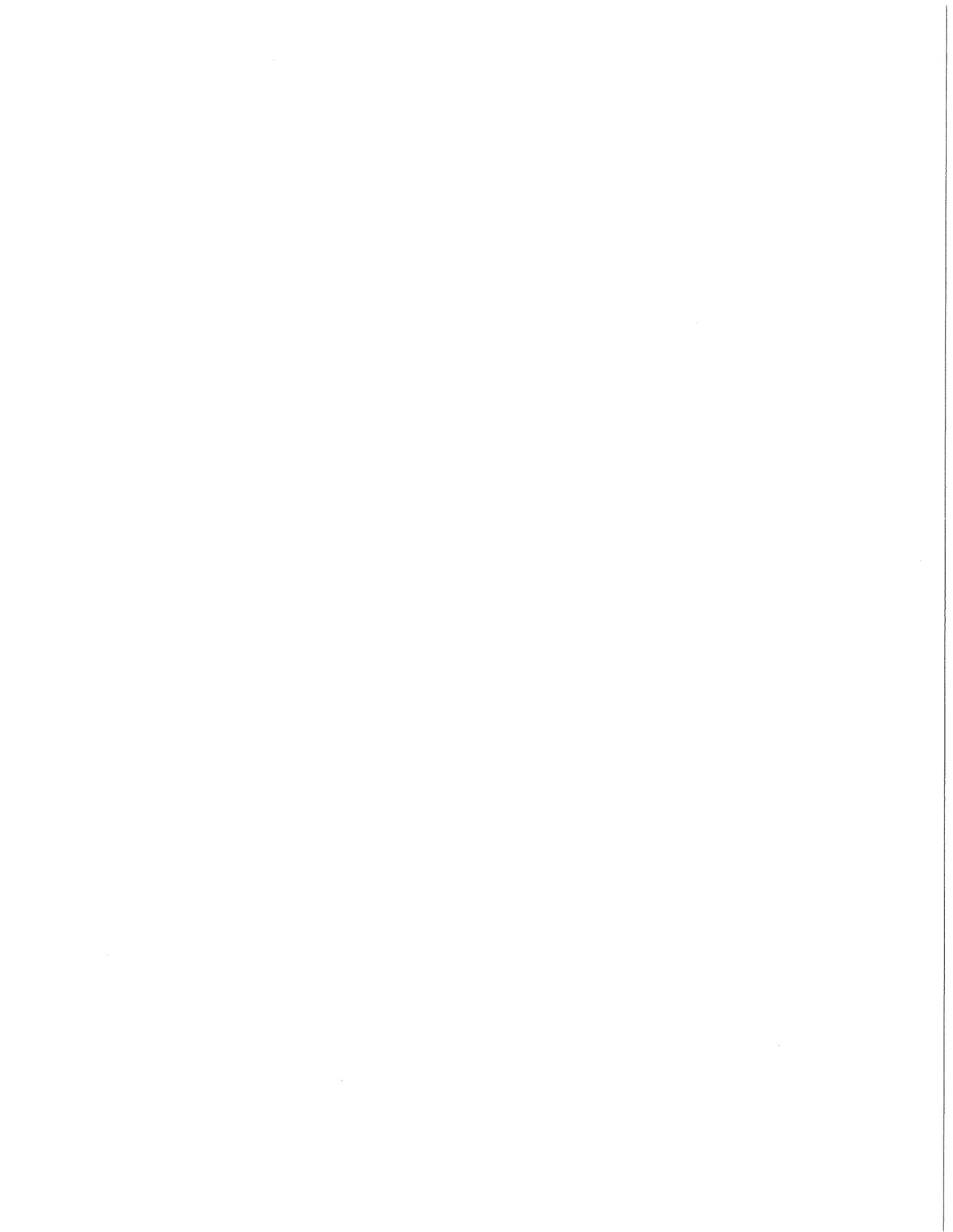
I had the City Attorney write up the personal services agreement with which Mr. Peterson is in agreement with and now bring it to the Council for your approval since the total contract exceeds my authority under the new program or equipment procedure adopted by the Council.

CITY COUNCIL OPTIONS: Approve or reject the proposed personal services agreement.

RECOMMENDED MOTION: "I move to approve the personal services agreement with Peterson ProMedia to provide print quality photographs under the supervision of the Tourism Committee."

Financial Review and Status: The Tourism Committee has the necessary funding in the budget for this project.

Legal Review and Opinion: The City Attorney drafted the agreement.



**CITY OF CASCADE LOCKS
PERSONAL SERVICES CONTRACT
(Tourism Photography Contract)**

DATE: April 25, 2015

PARTIES: City of Cascade Locks ("City")
PO Box 308
Cascade Locks, OR 97014

Peterson ProMedia ("Contractor")
27 Northwestern Lake Rd.
White Salmon, WA 98672

RECITALS

Contractor is being engaged to provide services as Cascade Locks Tourism Photographer. Contractor has been chosen by City to enter into this Contract in accordance with ORS 279B.065.

NOW, THEREFORE, BASED ON THE MUTUAL PROMISES OF THE PARTIES, THE PARTIES AGREE AS FOLLOWS:

- 1. Statement of Work.** Contractor shall perform the work (the "Work") as set forth in the scope of work attached as Exhibit A. Contractor shall perform the Work in accordance with the terms and conditions of this Contract.
- 2. All Costs by Contractor:** Contractor shall, at its own risk and expense, perform the Work described above and, unless otherwise specified, furnish all labor, equipment and materials required for the proper performance of the Work.
- 3. Qualified to Provide Work:** Contractor has represented, and by entering into this Contract now represents, that Contractor and all personnel assigned to the Work required under this Contract, if any, are fully qualified to perform the service to which they will be assigned in a skilled and workmanlike manner and, if required to be registered, licensed or bonded by the State of Oregon, are so registered, licensed and bonded.

4. Contract Term:

This Contract becomes effective on April 25, 2015. The term of this contract is for one (1) year. Unless extended or terminated earlier in accordance with its terms, this Contract shall terminate on April 24, 2016. Contract termination does not extinguish or prejudice City's right to enforce this Contract with respect to any default by Contractor that has not been cured.

/

5. Compensation:

a. Contractor shall be paid total compensation of Five Thousand Eight Hundred Dollars (\$5,800.00) for services. Payment shall be due on a quarterly basis.

b. Contractor shall submit quarterly invoices to the City for Work performed in the preceding three (3) months. Each invoice shall include the total amount invoiced to date by Contractor prior to the current invoice. Contractor shall send invoices to the City's Director of Finance. Payments shall be made within 30 days of the date of the invoice. Should the Contract be prematurely terminated, payments will be made for work completed and accepted to date of termination.

6. Ownership of Documents: City shall have perpetual unrestricted licensing and usage of all documents, images and other work product created by Contractor pursuant to this Contract. All documents, images and other work product may be shared by City with other organizations to promote Cascade Locks tourism.

7. Indemnification: CONTRACTOR SHALL DEFEND, SAVE, HOLD HARMLESS, AND INDEMNIFY THE CITY AND ITS OFFICERS, EMPLOYEES AND AGENTS FROM AND AGAINST ALL CLAIMS, SUITS, ACTIONS, LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES OF ANY NATURE WHATSOEVER, INCLUDING ATTORNEYS FEES, RESULTING FROM, ARISING OUT OF, OR RELATING TO THE ACTIVITIES OF CONTRACTOR OR ITS OFFICERS, EMPLOYEES, SUBCONTRACTORS, OR AGENTS UNDER THIS CONTRACT. Contractor shall not be held responsible for any claims, suit, actions, losses, damages, liabilities, costs and expenses directly, solely, and proximately caused by the negligence of City.

8. Termination: This Contract may be terminated by either party by giving thirty days written notice to the other party.

9. Independent Contractor Status:

a. Contractor shall perform all Work as an Independent Contractor. The City reserves the right (i) to determine and modify the delivery schedule for the Work and (ii) to evaluate the quality of the Work Product, however, the City may not and will not control the means or manner of Contractor's performance. Contractor is responsible for determining the appropriate means and manner of performing the Work.

b. For services performed pursuant to this Contract, Contractor understands and agrees that it is not an "officer", "employee", or "agent" of the City, as those terms are used in ORS 30.265.

c. Contractor is responsible for all federal or state taxes applicable to compensation or payments paid to Contractor under this Contract and, unless Contractor is subject to backup withholding, City will not withhold from such compensation or payments any amount(s) to cover Contractor's federal or state tax obligations. Contractor is not eligible for any social

security, unemployment insurance or workers' compensation benefits from compensation or payments paid to Contractor under this Contract, except as a self-employed individual..

10. Assignment and Subcontracts: Contractor shall not assign this Contract or subcontract any portion of the work without the written consent of City. Any attempted assignment or subcontract without written consent of City shall be void. Contractor shall be fully responsible for the acts or omissions of any assigns or subcontractors and of all persons employed by them, and the approval by City of any assignment or subcontract shall not create any Contractual relation between the assignee or subcontractor and City.

11. Governing Law; Venue; Consent to Jurisdiction. This Contract shall be governed by and construed in accordance with the laws of the State of Oregon. Any claim, action, suit or proceeding between City and Contractor that arises from or relates to this Contract shall be brought and conducted solely and exclusively within the Circuit Court of Hood River County for the State of Oregon or, if the claim, action, suit or proceeding must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

12. Merger Clause; Waiver. This Contract and attached exhibits, if any, constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Contract. No waiver, consent, modification or change of terms of this Contract shall bind all parties unless in writing and signed by both parties and all necessary State approvals have been obtained.

13. Amendments. No amendment to this Contract is effective unless it is in writing signed by the parties.

CONTRACTOR, BY EXECUTION OF THIS CONTRACT, HEREBY ACKNOWLEDGES THAT CONTRACTOR HAS READ THIS CONTRACT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

CONTRACTOR

CITY

By: Michael Peterson Date

By: Gordon Zimmerman Date
City Administrator

Approved as to form:

By: Ruben Cleaveland Date
Asst. City Attorney

EXHIBIT A

Cascade Locks Tourism Photography from Michael Peterson

Michael Peterson will provide:

Photography from April 25, 2015 to April 25, 2016

Delivery of 100 standard resolution images. These images will be magazine quality (25 per season).

In addition 6 high-resolution images will be delivered. These images will have a resolution of 4' at 300 dpi.

Images will have in perpetuity unrestricted licensing and usage by Cascade Locks Tourism (Michael Peterson will retain copyright of the images). Images may be shared with other organizations to promote Cascade Locks.

Total fee for photography for above services will be **\$5800**.
Quarterly payment is acceptable.

Gordon Zimmerman

From: Michael Peterson <michael@petersonpromedia.com>
Sent: Friday, April 17, 2015 10:35 AM
To: Gordon Zimmerman
Subject: Re: Personal Services Contract

Hi Gordon,

Here is the signed page, do you need the original hard copy?

Thank you,

Michael

security, unemployment insurance or workers' compensation benefits from or payments paid to Contractor under this Contract, except as a self-employed

10. Assignment and Subcontracts: Contractor shall not assign this subcontract any portion of the work without the written consent of City. An assignment or subcontract without written consent of City shall be void. Contractor shall be fully responsible for the acts or omissions of any assigns or subcontract persons employed by them, and the approval by City of any assignment shall not create any Contractual relation between the assignee or subcontract

11. Governing Law; Venue; Consent to Jurisdiction. This Contract shall be and construed in accordance with the laws of the State of Oregon. Any suit or proceeding between City and Contractor that arises from or relates to shall be brought and conducted solely and exclusively within the Circuit Court of River County for the State of Oregon or, if the claim, action, suit or proceeding is brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

12. Merger Clause; Waiver. This Contract and attached exhibits, if any, constitute the entire agreement between the parties on the subject matter hereof. All oral understandings, agreements, or representations, oral or written, not specifically set forth in this Contract shall be void and of no effect. No waiver, consent, modification or change of this Contract shall bind all parties unless in writing and signed by both parties and State approvals have been obtained.

13. Amendments. No amendment to this Contract is effective unless it is in writing and signed by the parties.

CONTRACTOR, BY EXECUTION OF THIS CONTRACT, ACKNOWLEDGES THAT CONTRACTOR HAS READ THIS CONTRACT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

CONTRACTOR

CITY

Michael A. Peterson 4/17/15

On Apr 14, 2015, at 4:33 PM, Gordon Zimmerman <gzimmerman@cascade-locks.or.us> wrote:

Sorry. Sometimes my fingers are too fast.

Gordon Zimmerman
Cascade Locks City Administrator
541-374-8484
gzimmerman@cascade-locks.or.us

Cascade Locks is where the Bridge of the Gods spans the Heart of the Gorge; where mountain, wind, and water create the best sailing in the Northwest; and where the "CL" on the license plate stands for Cascade Locks, the second largest city in Hood River County!

The City of Cascade Locks is an equal opportunity employer and service provider.
PUBLIC RECORDS DISCLOSURE: This is a public document. This email is subject to the State Retention Schedule and may be made available to the public.

From: Michael Peterson [<mailto:michael@petersonpromedia.com>]
Sent: Tuesday, April 14, 2015 4:31 PM
To: Gordon Zimmerman
Subject: Re: Personal Services Contract

Hi Gordon,

I don't see an attachment to the email.

Speak with you soon,

Michael

On Apr 14, 2015, at 1:51 PM, Gordon Zimmerman <gzimmerman@cascade-locks.or.us> wrote:

Michael:

Here is the personal services contract written by our city attorney. If this is ok with you, can you sign, scan and email it back to me? (You could even sign two copies and send snail mail.)

Thanks.

Gordon Zimmerman
Cascade Locks City Administrator
541-374-8484
gzimmerman@cascade-locks.or.us

Cascade Locks is where the Bridge of the Gods spans the Heart of the Gorge; where mountain, wind, and water create the best sailing in the Northwest; and where the "CL" on the license plate stands for Cascade Locks, the second largest city in Hood River County!

The City of Cascade Locks is an equal opportunity employer and service provider.

PUBLIC RECORDS DISCLOSURE: This is a public document. This email is subject to the State Retention Schedule and may be made available to the public.

<Tourism photography contract.pdf>

CASCADE LOCKS STAFF REPORT

Date Prepared: April 21, 2015

For City Council Meeting on: April 27, 2015

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator

SUBJECT: Approval of Technical Services Agreement for GIS Project

SYNOPSIS: When the City upgraded the computers many years ago, we lost the software capability of mapping our utility systems in a CAD (computer aided design) software package. We have retained that information on our server, but we are no longer able to use the CAD program we had. While the information is still good, we are unable to access it in a productive way. We have been approached by a non-profit organization that specializes in helping cities expand their capacity in GIS systems. This company is currently working with Hood River in upgraded the City's GIS information.

Christian Schumann-Curtis has written a proposal for our consideration that reviews our needs, the information we have, identifies which GIS software program would work best for us, and helps us migrate our information onto a free GIS platform. This would help us keep track of water, wastewater, and electric utility infrastructure. This will also help us keep our maps for planning and zoning, and other areas such as hydrant mapping and maintenance for the Emergency Services Department.

Once the data is transcribed onto a usable platform, Mr. Shumann-Curtis will help train our utility workers and city staff in the use of the software and maintenance. Keith Terry is already proficient in the use of GIS software. Because of that, the Electric Utility will be the main user in the beginning. With Keith's help, we will be able to input and maintenance information on all of our mapping for the management of the system. For instance, we can map the age and type of meters (both water and electric) for all utilities.

Again, in the spirit of the new program or procedure, this program is greater than the \$2,500 limit, but it is also of a limited duration, less than a year. The Electric Department is willing to fund this program because they will be the biggest beneficiary in the beginning. This is also a not to exceed program. If we are able to complete the transfer of data or input of new data faster than predicted, we will be able to reduce the hours we need to pay for.

CITY COUNCIL OPTIONS: Approve, modify, or reject the proposal.

RECOMMENDED MOTION: "I move to approve the Technical Services Agreement with Geo-CEG, Inc. for the implementation of a GIS system on our City's server."

Financial Review and Status: It would be funded within the normal City Light budget.

Legal Review and Opinion: This technical service agreement has been vetted and approved by the City Attorney.

TECHNICAL SERVICES AGREEMENT

This Technical Services Agreement (“**Agreement**”) is between Geo-CEG, Inc. (“**Consultant**”) and the City of Cascade Locks (“**Client**”) This ____ day of ____ 2015.

SECTION 1 SERVICES

1.1 Statement of Services. Consultant will provide to Client the services performed in accordance with the specifications set forth in the GIS Implementation Proposal (the “**Services**”) attached as Exhibit A.

1.2 Agreement Term. This Agreement shall become effective on the date set forth below. Unless extended or terminated in accordance with its terms, this Agreement shall terminate upon completion of the Services or September 30, 2015, whichever occurs first. Contract termination does not extinguish or prejudice Client’s right to enforce this Agreement with respect to any default by Consultant that has not been cured.

1.3 Termination. This Agreement may be terminated by either party by giving 30 days written notice to the other party.

SECTION 2 COMPENSATION

2.1 Compensation. Client will pay Consultant in accordance with the compensation schedule set forth in attached Exhibit B. This Agreement is not to exceed the total amount of \$10,000.00 covering all Services and expenses. In any given month, Consultant shall not submit any invoice for Services and expenses in excess of \$2,500.00. Consultant shall limit the total monthly hours worked to ensure any monthly invoice does not exceed \$2,500.00.

2.2 Invoices. Consultant shall submit monthly invoices to Client for Services performed. The invoices shall describe all Services performed with particularity and shall itemize and explain all expenses that this Agreement requires Client to pay and for which Consultant claims reimbursement. Each invoice also shall include the total amount invoiced to date by Consultant prior to the current invoice. Consultant shall send invoices to the Client’s Director of Finance by the tenth of the month for work completed in the prior month. Payments shall be made within 30 days of the date of the invoice. Should the Agreement be prematurely terminated, payments will be made for work completed and accepted to date of termination.

2.3 Estimated Costs. Consultant will complete the Services within the estimated cost specified in its proposal.

2.4 Adjusted Fee Schedule. In the event that the duration of this Agreement is more than one year and Consultant’s fee schedule changes during that year, Consultant may increase its hourly rates to its new fee schedule, provided that the percentage increase will not be more than 5%. The adjusted fee schedule will be applied to all remaining

compensation under this Agreement. Similar adjustments may be made annually thereafter.

- 2.5 Expenses.** Client will reimburse Consultant for reasonable out-of-pocket expenses incurred by Consultant in connection with the performance of the Services at Consultant's cost.
- 2.6 Additional Services.** Additional services provided by Consultant including but not limited to instrumentation usage, laboratory testing fees, investigatory contractors' costs, applicable taxes on professional services, blueprints and other reproduction, messenger services, postage, mileage and travel, and reproduction will be billed at Consultant's standard commercial rates of \$70/hour.

SECTION 3 COVENANTS OF CONSULTANT

Consultant covenants to Client as follows:

- 3.1 Insurance.** Consultant will obtain and maintain insurance policies that provide adequate coverage for all risks normally insured against by a person carrying on a similar business in a similar location, and for any other risks to which Consultant is normally exposed.
- 3.2 Compliance With Laws.** Consultant will comply with all applicable laws.
- 3.3 Governmental Authorizations.** Consultant will obtain and maintain all of the licenses, permits, registrations, bonding, and other governmental authorizations required to conduct Consultant's business and perform the Services.

SECTION 4 INTELLECTUAL PROPERTY RIGHTS

- 4.1 Drawings, Specifications and Other Documents.** Drawings, specifications and other documents (the "Documents") prepared by Consultant under this Agreement which are delivered to Client will be the property of Client. Consultant may retain copies for information and reference, and any ideas or concepts developed by Consultant will continue to be owned by Consultant. The Documents will not be used by Client on other projects nor will Client make changes in the Documents prepared by Consultant without Consultant's prior written authorization. Any reuse or adaptation of the Documents occurring with Consultant's permission will entitle Consultant to further compensation in an amount to be agreed upon in advance. Client agrees to waive any and all claims against Consultant resulting in any way from unauthorized alteration, misuse, or reuse of the Documents originally provided by Consultant.
- 4.2 Software.** When Consultant's scope of Services includes the use of computer software or tools developed by Consultant, Client's ownership rights will be limited to output data. Consultant retains ownership of all underlying software including, but not limited to, all improvements, modifications, enhancements and Derivative Works

(as defined by 17 U.S.C. §101 et seq.) which relate or refer to the Consultant software or tools.

- 4.3 Open Source.** Consultant's intends to comply with Open Source licensing. Improvements, enhancements, or modifications to Open Source software will be contributed back to that open Source project and will not become property of the client.
- 4.4 Project Data.** Consultant will have the right to use project data, including databases, in a generic form for, among other things, to enhance and expand the functionality of its analytical tools. Results will not be used in an identifiable form with the exception that the actual results may be used to substantiate Consultant's analysis or conclusions if Consultant is asked to support its position. All other uses will be subject to Client's express written permission which will not be unreasonably withheld.
- 4.5 Attribution to Consultant.** Client will not use Consultant's work product, content, images, or results relating to sustainability without attribution to Consultant. Client will provide attribution on all materials relating to sustainability in a manner, size and format reasonably acceptable to Consultant.
- 4.6 Consultant Marketing Materials.** Consultant will have the right to include images of the project and related background information in Consultant's marketing materials.

SECTION 5 LIMITED WARRANTY

- 5.1 Warranty.** Consultant warrants to Client that the Services will be performed by qualified personnel in a professional, skilled, and workmanlike manner, in accordance with the specifications set forth in the GIS Implementation Proposal.
- 5.2 Disclaimer of Warranties.** Except for the express warranties in this Agreement, Consultant expressly disclaims all warranties with respect to the Services, express and implied, including but not limited to any warranties that may have arisen or may arise from course of performance, course of dealing, or usage of trade.

SECTION 6 INDEMNIFICATION

CONTRACTOR SHALL DEFEND, SAVE, HOLD HARMLESS, AND INDEMNIFY THE CITY AND ITS OFFICERS, EMPLOYEES AND AGENTS FROM AND AGAINST ALL CLAIMS, SUITS, ACTIONS, LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES OF ANY NATURE WHATSOEVER, INCLUDING ATTORNEYS FEES, RESULTING FROM, ARISING OUT OF, OR RELATING TO THE ACTIVITIES OF CONTRACTOR OR ITS

OFFICERS, EMPLOYEES, SUBCONTRACTORS, OR AGENTS UNDER THIS CONTRACT. Contractor shall not be held responsible for any claims, suite, actions, losses, damages, liabilities, costs and expenses directly, solely, and proximately caused by the negligence of City.

SECTION 7 GENERAL

7.1 Independent Contractor Status:

- 7.1.1 Consultant shall perform all Work as an independent Contractor. The Client reserves the right (i) to determine and modify the delivery schedule for the Work and (ii) to evaluate the quality of the Work Product, however, the Client may not and will not control the means or manner of Consultant's performance. Consultant is responsible for determining the appropriate means and manner of performing the Work.
- 7.1.2 Consultant understands and agrees that it is not an "officer", "employee", or "agent" of the Client, as those terms are used in ORS 30.265.
- 7.1.3 Consultant is responsible for all federal or state taxes applicable to compensation or payments paid to Consultant under this Agreement and, unless Consultant is subject to backup withholding, Client will not withhold from such compensation or payments any amount(s) to cover Consultant's federal or state tax obligations. Consultant is not eligible for any social security, unemployment insurance or workers' compensation benefits from compensation or payments paid to Consultant under this Contract, except as a self-employed individual.
- 7.2 **Contingencies.** Neither party will be responsible for failure to perform the party's obligations under this Agreement due to contingencies beyond the party's reasonable control, including but not limited to earthquakes, floods, tornadoes, and other acts of nature, fires, epidemics, wars, riots, revolutions, acts of civil or military authorities, sabotage, or nuclear incidents. If any obligation of a party will be delayed by a contingency, the party will promptly notify the other party. Each party will use commercially reasonable efforts to remove the contingency as soon as practicable.
- 7.3 **No Assignment.** Consultant may not assign or delegate any of Consultant's rights or obligations under this Agreement to any person without the prior written consent of Client, which Client may withhold in its sole discretion. An assignment includes but is not limited to a transfer of shares or other ownership interests of Consultant that results in a change in the person owning more than 50% of the shares or other ownership interests of Consultant, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence.
- 7.4 **Binding Effect.** This Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

7.5 **Amendment.** This Agreement may be amended only by a written document signed by the party against whom enforcement is sought.

7.6 **Notices.** All notices or other communications required or permitted by this Agreement:

- (a) must be in writing;
- (b) must be delivered to the parties at the addresses set forth below, or any other address that a party may designate by notice to the other party; and
- (c) are considered delivered:
 - (1) upon actual receipt if delivered personally, by fax, or by a nationally recognized overnight delivery service; or
 - (2) at the end of the third business day after the date of deposit, if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

To Client:

City of Cascade Locks
PO Box 308
Cascade Locks, OR 97014

Fax: _____
Attn: _____

With a copy to:

Sosnkowski & Cleaveland LLC.
P.O. Box 1698
Hood River, OR 97031

Attn: Ruben Cleaveland

To Consultant:

Geo-CEG, Inc.
PO Box 86193
Portland, OR 97286

Fax: _____
Attn: _____

With a copy to:

Schwabe, Williamson & Wyatt
1211 SW 5th Ave., Suite 1900
Portland, OR 97204

Fax: 503-796-2900
Attn: Dan Eller

7.7 **Waiver.** No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. A party's waiver of a breach of a provision of this Agreement will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision.

- 7.8 **Severability.** If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.
- 7.9 **Further Assurances.** The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement.
- 7.10 **No Third-Party Beneficiaries.** The parties do not intend to confer any right or remedy on any third party.
- 7.11 **Termination.** The termination of this Agreement, regardless of how it occurs, will not relieve a party of obligations that have accrued before the termination.
- 7.12 **Survival.** All provisions of this Agreement that would reasonably be expected to survive the termination of this Agreement will do so.
- 7.13 **Attachments.** Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement.
- 7.14 **Remedies.** The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.
- 7.15 **Governing Law.** This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement.
- 7.16 **Venue.** Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Hood River County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Hood River County, Oregon.
- 7.17 **Attorney's Fees.** If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.
- 7.18 **Entire Agreement.** This Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement.

7.19 **Signatures.** This Agreement may be signed in counterparts. A fax transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax-transmitted signature page by delivering an original signature page to the requesting party.

Dated effective: _____

Client:

City of Cascade Locks
PO Box 308
Cascade Locks, OR 97014

Consultant:

Geo-CEG, Inc.
PO Box 86193
Portland, OR 97286

By: Gordan Zimmerman
Its: City Administrator

By: Christian Schumann-Curtis
Its: Director

Cascade Locks GIS Implementation Proposal: Strategic Planning Road Map



Christian Schumann-Curtis
Executive Director
Geo-CEG, Inc.
<http://www.geo-ceg.org/>
c.schumann-curtis@geo-ceg.org
503.774.3568

2015.03.30

INTRODUCTION: Why a Strategic Plan?

Strategic planning is a critical process for articulating a shared vision, and for building the partnerships that are necessary for disparate organizations to work together on common goals. It is a disciplined effort to establish a foundation and direction for GIS program development, operations and sustainability that address and organization's mission and business needs. Effective planning is essential for moving collaborative programs forward and for gaining the required support for investments¹ in geospatial information management and GIS at Cascade Locks.

The key is to identify the business needs for geospatial data and services that are shared by many stakeholder groups. For instance, it is easy to envision that making mapping data available online to city staff would be useful to all city departmental stakeholders as would sharing mapping resources with neighboring communities. The strategic planning process will ensure that we identify all shared business needs for GIS at the city. While the city's Public Works program is the primary source for geospatial infrastructure information, many internal and some external partners may find additional value in accessing this information and potentially providing input or suggested modifications. It is important to review the internal and external factors that impact the community's geospatial information management processes – including changing user demands, new competitive forces, external and internal economic factors and changing workforces.

DEFINITION: What will the Strategic Plan include?

This Roadmap will help navigate through the process of preparing effective strategic and business plans for GIS implementation. The process of working with the stakeholders to create the Strategic Plan, including the partnerships that are formed, may be more valuable than the actual plans. The intention is to make the process a valuable learning experience that leads to trust and new and renewed partnership opportunities.

The structure for creating this strategic planning phase is as follows:

- **Strategic Planning Road Map:** divides the process of creating the strategic plan into simple steps or phases that are characterized by certain activities, tasks, and accomplishments.
 - **Stakeholder Interviews:** Discussions with stakeholders to learn stakeholder priorities and to educate on GIS capabilities
 - **Data Discovery:** identifies what geospatial data already exists for the community, e.g. hardcopy maps, county & state GIS data, CAD data, etc.
 - **Planning Summit:** forum for stakeholders to engage in focused discussions concerning the current status and envisioned future of GIS
- **Deliverables:**
 - **Strategic Plan:** provides the structure for describing a clear path from present conditions to a vision for the future.
 - **Implementation Plan:** defines guidelines that provide a detailed description of how strategic goals and objectives will be achieved, along with the necessary justification for action.
 - **Data Catalog:** a collection of existing GIS data and an assessment of what additional GIS data should be acquired

¹ April 5, 2012: "Report shows King County GIS delivered \$775 million return on investment over past two decades" <http://www.kingcounty.gov/exec/news/release/2012/April/05GISroi.aspx>

- **GIS prototype:** a preliminary GIS interface to view and access any GIS data discovered. The role of the prototype is to demonstrate what GIS data already exists for the city and to provide some preliminary GIS functionality.

STRATEGY: How will the Strategic Plan be created?

A sustainable municipal GIS, capable of growing and serving the city infinitely will require a collaborative enterprise approach, where the various departments and partners operate as a single organization to make it work.

- What is our current GIS environment?
- What do we want?
- How do we accomplish this?

The first step is to understand the organizational structure and business connections between the departments and their business partners, as well as how department business processes interact with, and use – or could use – GIS data and GIS applications. Connections created now between departments, and various business partners, will shape the potential processes. With these systems solidified and formalized, using the right data and applications, GIS at the city is more resilient to changes in staffing, leadership and resources. Assessing the current state and operational level of GIS at the city will provide the baseline from which we can draw the plans for improving, maintaining or creating new functionalities, ultimately improving the business of government throughout the city.

In beginning the strategic planning process, a series of interviews will be conducted with the Stakeholders who will ultimately provide context to the current situation and description of the organization, to ensure that GIS objectives are linked to the overall organization's needs. Questions about the “what and why” of GIS at the city will be derived from the interviews.

During these interviews there will also be a Data Discovery process to identify what geospatial data may already be available, or what data would be most valuable to acquire. Where GIS data is already available it will be cataloged as part of the Data Catalog and collected and assembled in a Prototype GIS in preparation for subsequent full GIS implementation processes. city staff will have complete access to a existing GIS data in the prototype GIS platform.

The outcomes from the Stakeholder interviews, or defined strengths, weaknesses, opportunities and threats, will then be reviewed in either a series of focus groups, or among the larger stakeholder group, in a final GIS Stakeholder Summit. Questions, related to Stakeholder needs may include topics such as:

- Data interoperability, standardization and visibility amongst internal departments and external partners
- Prioritization of GIS type projects, such as internal mobile technology integration or regional public safety awareness
- Enhanced GIS functions for informing, educating and communicating information amongst departments and to the community.

After the Stakeholder Summit the final deliverables will include the Strategic Plan, the Implementation Plan, and the Data Catalog/GIS Prototype. The draft for these will be presented to all Stakeholders for review and feedback before being delivered in a final presentation.

Timeline: How will the Strategic Plan be created?

It is anticipated that the strategic planning roadmap process will take about 2-4 months from its beginning date.

Process phase	Timeframe	
	Beginning date	
	Minimum	Maximum
Initial Stakeholder meeting		
Stakeholder Interviews & Data Discovery	Weeks 1-4	Weeks 1-8
Planning Summit	Week 5	Week 9
Drafting Strategic and Implementation Plans & Assembling Data Catalog	Week 6-7	Week 10-13
Review and Feedback on Strategic and Implementation Plans	Week 8	Week 14-15
Final presentation	Week 9	Week 16

Next steps: What happens next?

Following the completion of the Strategic Plan it is anticipated that it will serve as the guideline for the full GIS implementation as described in the Implementation Plan. While one size does not fit all in GIS implantations, some process patterns do tend to emerge in GIS implementation.

- **Basemap creation:** There is usually an initial phase of data cleanup and ingestion for the data which will form the foundation of the municipal GIS. In this phase a GIS professional often works with city staff to clarify the accuracy and extent of the GIS data. It is then formatted and standardized to ensure that it will "play nicely" with the city's GIS design and meet user and stakeholder needs.
- **Interface assembly:** The user interface for accessing the GIS must be selected and adjusted to fulfill user requirements. There are a wide array of GIS user interfaces, from locally curated desktop platforms to cloud-based webmapping portals. The Strategic Plan usually describes what functions the interface should provide while the Implementation Plan typically determines what the interface platform will be. Some customization is typically required for whichever solution is selected.
- **Training:** When the basemap data is ready for use in the interface selected training on the GIS is typically provided. There is typically an initial general training session to provide users with basic functional skills. This can be followed up with additional periodic training to demonstrate additional and/or new features or data and update user skills. This can also include training on specific GIS functions and documentation of various GIS processes.
- **Maintenance:** GIS data is rarely static and GIS software is constantly improving. Existing GIS data will need to be occasionally updated and revised and the GIS interface will have version revisions and new functionality. Some maintenance functions can be performed by city staff while others can be performed by GIS professionals.
- **New data processing:** Usually new data is added to the GIS as it matures and as users discover more functionality. Best practices involve defining and documenting the processes for adding new data to the GIS, including new data collection.
- **Strategic review:** Periodically the Strategic Plan and Implementation Plan should be reviewed to ensure that the GIS is still meeting stakeholder needs and that all stakeholder needs are updated. This is usually done at least annually. As the number of users and/or stakeholders expands the GIS usually grows as well, sometimes even

adjusting to interact with the GIS of neighboring jurisdictions. Regular reviews of the GIS strategy extend the life and usefulness of this powerful tool

We look forward to working with Cascade Locks to help deliver the efficiency of sustainable municipal geospatial solutions.

Exhibit B: Price Summary

Process phase	Estimated Hours	Cost
Initial Stakeholder meeting	3	\$210.00
Stakeholder Interviews	18	\$1,260.00
Data Discovery	25	\$1,750.00
GIS Planning Summit	6	\$420.00
Draft Strategic Plan	25	\$1,750.00
Draft Implementation Plan	25	\$1,750.00
Assemble GIS Data Catalog	12	\$840.00
Assemble GIS Prototype	20	\$1,400.00
Review and Feedback on Strategic and Implementation Plans	5	\$350.00
Final presentation of Strategic Plan, Implementation Plan, & GIS Data Catalog	3	\$210.00
Totals	142	\$9,940.00

Terms: Time and materials not to exceed hours indicated at \$70/hour

In any given month, invoice for Services and expenses will not be in excess of \$2,500.00. Consultant shall limit the total monthly hours worked to ensure any monthly invoice does not exceed \$2,500.00.

Monthly invoices shall be sent to the Director of Finance by the tenth of the month for work completed in the prior month. Payments shall be made within 30 days of the date of the invoice.

Prices are given in US Dollars (\$) excluding any local taxes or duties unless within the State of Oregon.

Payment terms: Net 30

Past Due: A service charge of 1.5% per month (APR 18%) will be added to any account for which payment has not been received by the due date. Payment will be applied towards any interest and balance on past due accounts first.

