



**CITY COUNCIL MEETING**  
**January 9, 2013 – 7:00 p.m.**  
**(Santiam Travel Station - 750 3rd Street)**

**A G E N D A**

**CALL TO ORDER / FLAG SALUTE**

**ROLL CALL**

**OATH OF OFFICE (Newly Elected Officials)** – by Linda Kaser, City Clerk

**ELECT COUNCIL PRESIDENT**

**APPROVAL OF CITY COUNCIL MINUTES:** Regular Session – December 12, 2012

**CONSENT CALENDAR:** *The following item(s) are considered routine and will be enacted by one motion. There will not be a separate discussion of these items unless a Councilor so requests. In this case, the item(s) will be removed from the Consent Calendar and considered separately.*

***AGENDA:*** City of Lebanon Council Agenda – January 9, 2013

***APPOINTMENTS:*** Building Board of Appeals – Brian Vandetta  
Cascades West Regional Consortium – City Administrator/Manager and Councilor Barry Scott

***BOARD MINUTES:*** Library-Senior Center Trust – August 13, 2012  
Senior Center Advisory Board – August 15, 2012

**CITIZEN COMMENTS:** *Citizens may address the Council on any matters that do NOT pertain to scheduled Public Hearings or other items already on the agenda. Comments are limited to 5 minutes per citizen to afford everyone the opportunity to be heard.*

*All comments concerning a Public Hearing must be addressed during that agenda item. As for other items listed on the agenda, the Mayor will ask for input in the order they appear.*

**PRESENTATION:** City of Lebanon 2011/12 Audit Report  
Presented by Mr. Chuck Swank of Grove, Mueller & Swank

**REGULAR SESSION:**

**1) Accepting the City of Lebanon's 2011/12 Audit Report**

Presented by: Dean Baugh, Finance Manager

Approval/Denial by **RESOLUTION NO. 2013-1**

**PUBLIC HEARING(S):**

**2) City of Lebanon 2012/13 Supplemental Budget Amendments**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by RESOLUTION NO. 2013-2*

*[Temporarily Adjourn as the Lebanon City Council and Convene as the Board of the Urban Renewal Agency.]*

**3) North Gateway URD 2012/13 Supplemental Budget Amendments**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by RESOLUTION NO. 2013-3*

**4) Lebanon Northwest URD 2012/13 Supplemental Budget Amendments**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by RESOLUTION NO. 2013-4*

**REGULAR SESSION:**

**5) Intergovernmental Agreement between City of Lebanon and Lebanon Urban Renewal Agency**

Presented by: Ginger Allen, Assistant City Manager

*Approval/Denial by RESOLUTION NO. 2013-5 (as Lebanon Urban Renewal Agency)*

*[Adjourn as the Urban Renewal Agency Board and Reconvene as the Lebanon City Council.]*

**6) Intergovernmental Agreement between City of Lebanon and Lebanon Urban Renewal Agency**

Presented by: Ginger Allen, Assistant City Manager

*Approval/Denial by RESOLUTION NO. 2013-5 (as Lebanon City Council)*

**7) 2012/13 City of Lebanon Budget Adjustments Appropriating Oregon MAP Grant**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by RESOLUTION NO. 2013-6*

**8) Creating a City of Lebanon Audit Committee**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by RESOLUTION NO. 2013-7*

**9) Authorization to Advertise an RFP for Auditing Services**

Presented by: Dean Baugh, Finance Manager

*Approval/Denial by MOTION*

**10) Proposed "Library Passport" Program**

Presented by: Carol Dinges, Library Program Manager

*Approval/Denial by MOTION*

**11) Schedule 2013 Council Goal Setting Session**

Presented by: Mayor Aziz

*Discussion/Consensus*

**12) Proposed Technical Equipment Used for City Council Meetings and Social Media**

Presented by: Mayor Aziz

*Discussion Only*

**13) City Manager's Report**

Presented by: Ginger Allen, Assistant City Manager

*Discussion Only*

**ITEMS FROM COUNCIL**

**CITIZEN COMMENTS:** *Another opportunity for citizens to comment on items of city business.*

**EXECUTIVE SESSION(S)** – *Executive Sessions are closed to the public due to the highly confidential nature of the subject.*

- a) **City Attorney's Quarterly Report:** *Per ORS 192.660(2)(h) To consult with counsel concerning the legal rights and duties of the public body with regard to litigation or litigation likely to be filed.*
- b) **City Manager Contract / Recruitment:** *Per ORS 192.660(2)(a) To consider the employment of a public officer, employee, staff member or individual agent.*
- c) **Property Purchase (continued discussions):** *Per ORS 192.660(2)(e) To conduct deliberations with persons designated by the Council to negotiate real property transactions.*

**REGULAR SESSION** – *The City Council will likely reconvene (Open to the Public) in order to take action on Executive Session (b) City Manager Employment Contract, and/or (c) Property Purchase.*

**ADJOURNMENT**

# *Approval of Minutes*

**LEBANON CITY COUNCIL  
MINUTES  
December 12, 2012**

**Council Present:** Mayor Ken Toomb, Councilors Bob Elliott, Floyd Fisher, Rebecca Grizzle, Ron Miller, Wayne Rieskamp, and Ray Weldon

**Staff Present:** City Manager John Hitt, City Attorney Tré Kennedy, Assistant City Manager Ginger Allen, City Clerk Linda Kaser, AIC Police Captain Frank Stevenson, Finance Director Dean Baugh, Community Development Manager Walt Wendolowski, Utilities and Engineering Manager Dan Grassick.

**CALL TO ORDER / FLAG SALUTE / ROLL CALL**

Mayor Toomb called the Regular Session of the Lebanon City Council to order at 7:00 p.m. in the Santiam Travel Station Board Room. Roll call was taken with all Councilors present.

**APPROVAL OF CITY COUNCIL MINUTES**

*Councilor Grizzle moved, Councilor Rieskamp seconded, to approve the November 14, 2012 Regular Session minutes as written. The motion passed unanimously by roll call vote.*

**CONSENT CALENDAR**

**AGENDA:** Lebanon City Council Agenda – December 12, 2012  
**APPOINTMENTS:** Representative Nominations of Cascades West Area Commission on Transportation – Councilor Bob Elliott and Utilities & Engineering Services Manager Dan Grassick as an alternate  
**BOARD MINUTES:** Library Advisory Committee – October 10, 2012  
**EASEMENT:** McKinney Lane Apartments, Russell Drive  
**IRREVOCABLE PETITION:** Paist/Herman, Crowfoot Road  
**R-O-W DEDICATION:** Century Subdivision, S. Main Road  
McKinney Lane Apartments, Russell Drive/McKinney Lane

Councilor Miller requested that the Agenda be considered separately.

*Councilor Miller moved, Councilor Elliott seconded, that Councilor Presentations be moved to the end of the meeting. The motion passed unanimously by roll call vote.*

*Councilor Rieskamp moved, Councilor Miller seconded, to adopt the Agenda as amended. The motion passed unanimously by roll call vote.*

*Councilor Miller moved, Councilor Elliott seconded, to approve the Consent Calendar as amended. The motion passed unanimously by roll call vote.*

**CITIZEN COMMENTS** – There were no citizen comments.

## REGULAR SESSION

### 1) 2012 Certified Election Results

City Clerk Kaser stated that she reviewed the general election results received from Linn County on November 21, 2012 and prepared the registration of nominations as outlined in the Council packets. She declared Paul Aziz as Mayor of Lebanon for a two-year term; and Barry Scott, Rebecca Grizzle and Jason Bolen will each serve four-year terms on the Lebanon City Council. Kaser stated that Certificates of Election were issued to each of these candidates, who will be sworn in to office on January 9, 2013.

*Councilor Miller moved, Councilor Grizzle seconded, to accept the Certified Election Results as submitted by the City Clerk. The motion passed unanimously by roll call vote.*

### 2) Oregon Parks & Recreation Trails Grant – Cheadle Lake Connector Trail

Utilities and Engineering Manager Grassick requested Council approval of a resolution for the City to participate in the Oregon Parks and Recreation Department's 2013 Recreational Trails Program Grant. He gave a presentation on the project and indicated that total costs are estimated at \$125,720, of which the City will be requesting \$58,000 (46%) in grant assistance from ORPD. The remaining \$67,720 will be funded through City labor and equipment, \$10,000 in SDC funds, and a \$15,000 donation from Build Lebanon Trails in the form of cash and materials. The deadline for applications is Friday, January 17, 2013.

Responding to Councilor Rieskamp's question about the timeframe, Grassick stated that the applications will be reviewed in March or April. The City will find out about the notice to proceed in May or June. The project would need to be completed by July 1, 2015.

In response to Councilor Miller's question, Grassick stated that the project would actually be executed in 2013.

City Attorney Kennedy read the title of **Resolution No. 2012-26. Councilor Elliott moved, Councilor Fisher seconded, to APPROVE RESOLUTION NO. 2012-26 AUTHORIZING THE CITY OF LEBANON TO APPLY FOR A RECREATIONAL TRAILS PROGRAM GRANT FROM THE OREGON PARKS AND RECREATION DEPARTMENT FOR THE CHEADLE LAKE CONNECTOR TRAIL PAVING. The motion passed unanimously by roll call vote.**

### 3) Landscape Modifications at Grant & Main Parking Lot

Grassick requested that Council consider and approve the Lebanon Park Committee/Tree Board's recommendation for modifications to the existing landscaping at the City-owned parking lot at the corner of Grant and Main Streets. The Committee recommends removing all four sweet gum trees because their roots have grown under the pavements and sidewalks damaging both the asphalt and concrete, as well as creating a safety hazard.

Lebanon residents will be invited to submit concept proposals and funding strategies for a new landscape corner. The finalist would work with the committee to complete the design and provide input during construction. The Committee will solicit a local service organization to sponsor and assist with construction of the project, which has a completion goal of the end of December 2013.

Councilor Grizzle recalled that the sweet gum trees replaced a large tree, which had caused the same type of problem. Grassick briefly described what the project would entail.

Councilor Rieskamp asked if there was discussion about how this area could be made more efficient (power and/or water) for Farmer's Market events. Grassick stated that the tree roots broke the irrigation and water fountain vandalism caused the City to shut the water off there. Power is a viable option because a portion of the parking lot needs to be completely excavated.

Grassick agreed with and said he would forward Councilor Grizzle's suggestion that a representative from Farmer's Market work with the committee.

Responding to Councilor Miller's question, Grassick stated that the driveway beside the trees is an entrance and exit. A recommendation would be to shorten the improvements to match the driveway width. Councilor Miller suggested that it be made either an entrance or exit. Grassick stated that an "enter only" would require a re-configuration of the parking stalls, two of which would be eliminated, but staff can look at a change that might improve the efficiency.

Grassick confirmed for Councilor Miller that the existing trees could be made available for firewood, as a donation or trade for a new tree.

Grassick reported that, with Council's concurrence, he would take these suggestions to the committee and get the process started.

*There was Council consensus to move forward with the proposed process.*

#### **4) Review of City's Business Registration Program**

Community Development Manager Wendolowski indicated that the Business Registration Ordinance requires most business-type activities to register, with exemptions granted for certain activities. To help fund the program, a small fee (\$25.00) is charged for the initial registration. There is no annual renewal fee (except for a late fee of \$20.00) and a fee of \$7.50 is charged for any change to the registration information.

He described the annual renewal notice process, which has a minimum cost of more than \$6,000 (at least 140 hours of staff time, which totals \$5,320 for wages/benefits and estimated hard costs for renewal forms, envelopes and postage. Although some additional revenue may be generated through the mailing, it is limited to informational changes (\$7.50) and possible late responses (\$20.00). Along with additional new businesses, it is doubtful that the annual revenue generated by the registration program exceeds \$500.

While this program's purpose is to provide a contact registry, there have been few actual inquiries. It also appears that with a possible exception or two, the information was currently available on our water billing records. This brings into question whether it is cost-effective to continue with the business registration program. Although the program has merit, these resources are not currently available within the Department and will likely not be until there is a significant increase in development activity. For these reasons, he recommended that the City Council either eliminate the business registration program, or curtail the annual renewals, until such time sufficient resources become available to manage the program.

Councilor Weldon asked whether this information is available for tourism. Wendolowski explained that, in many cases, businesses do not want their information to be released. The hope was to use this information for the downtown group, but due to the restrictions on disseminating the information, they have been unable to use it. Responding to Councilor Weldon's comment that the list could just include the business name and address, Wendolowski reported that the City has not had those types of requests for information.

Councilor Grizzle asked how Partners for Progress feels about this because she remembers that the businesses wanted a comprehensive list. Wendolowski stated that there has been very little need for this, at this juncture. The group has had very little response from businesses on a variety of issues. Councilor Grizzle felt that this is a little tedious and unnecessary if nobody is using the information, but she would feel more comfortable if she heard from Partners for Progress. Wendolowski stated that he could share this request with the group and bring it back at the January meeting.

Regarding Wendolowski's comment that the Chamber of Commerce has a list of businesses, Councilor Weldon stated that he does not mean just paid members, but all businesses for tourism. Wendolowski pointed out that tourism goes through the Chamber of Commerce. Councilor Grizzle stated that for the tourism portion, she does not believe that the Chamber is strictly for members.

Councilor Fisher recalled that what prompted this program was that this would help law enforcement expedite communications in situations like a break-in. He felt that this was more valuable than people wanting a list of merchants. Wendolowski stated that he does not believe that staff recalls a single request by the Police Department for information from the registry.

Councilor Miller pointed out that the Water Department may not have information on the building occupant, if billing is under the owner's name.

City Manager Hitt stated that the current focus is not on getting rid of the database, but just not asking for re-registrations or soliciting registrations for at least a year.

Councilor Grizzle commented that a lot of ground would not be lost. By then, we may better know if the downtown businesses and the Chamber of Commerce could come to a consensus about how they feel about it.

*There was Council consensus to bring back a resolution suspending the program for one year.*

**5) City Manager's Report** – Hitt and other staff provided updates:

*Update of City Manager Recruitment* – According to PERS, Hitt has to formally end his service with the City, so this will be effective December 31, [2012]. The January Council Agenda will include a proposal to hire him back as an independent contractor.

*City Council Training Session Schedule for Friday, January 4, 2013* – Kaser reported that the session will be held at 1:00 - 4:00 p.m. with lunch from 12:30-1:00 p.m.

*City Property Tax Collections Update* – Property tax collections have been very erratic so far this year. We should have a better understanding of where we stand in January before the proposed budget amendments are brought back.

*Goal Setting Session* – Staff will provide a status report of current goals to the new Council in January at which time a goal setting session date can be scheduled.

**CITY COUNCIL SERVICE AWARDS**

Mayor Toomb presented City Council Service Awards to Councilors Margaret Campbell [not in attendance], Ron Miller and Ray Weldon.

City Clerk Kaser presented Mayor Toomb with the gavel he used during his time as Mayor (2003 – 2012).

Council President Elliott presented a plaque to Mayor Toomb for his 26 years of continuous service on the Lebanon City Council beginning in 1986.

**ITEMS FROM COUNCIL** – *There were none.*

**CITIZEN COMMENTS:**

Bill Sullivan, 435 W. Carolina Street, Lebanon, examined Councilor Miller's question regarding the type of tree that will be replanted (Agenda Item 3). Regarding Hitt's comment that City property tax collections are short this quarter, Mr. Sullivan questioned why the City donated \$1.4 million to LBCC. Mayor Toomb indicated that these funds came out of the Northwest URD and could not have been used for General Fund expenditures.

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Bryan Davis, 760 E. Elmore Street, Lebanon, suggested that the Council consider having Mark Staneart, who established LebaNetwork, possibly take on the City's Business Registration Program.

Mayor Toomb asked Mr. Davis to speak with Mr. Staneart about setting up a meeting with Mr. Hitt to discuss that possibility.

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David Briggs, 2855 Parkway, Lebanon, complimented Wendolowski for trying to save City funds.

*Mayor Toomb convened the Executive Session at 8:15 p.m. after a 10-minute recess.*

**EXECUTIVE SESSION** *Per ORS 192.660(2)(e) To conduct deliberations with persons designated by the Council to negotiate real property transactions.*

*Mayor Toomb adjourned the Executive Session at 8:45 p.m. and reconvened into Regular Session at 8:48 p.m.*

**REGULAR SESSION / COUNCILOR PRESENTATION**

Councilor Weldon gave a presentation [submitted for the record] which consisted of information (including internal control, financial reporting, audit committees, fiscal oversight, and perpetual inventory) from the last two League of Oregon Cities monthly books. He briefly discussed how he felt the City was not complying with some rules.

**ADJOURNMENT:** *Mayor Toomb adjourned the meeting at 9:05 p.m.*

*[Meeting recorded by Linda Kaser and transcribed by Donna Trippett]*

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Paul Aziz, Mayor

ATTESTED:

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Linda Kaser, City Clerk

# *Consent Calendar*

APPOINTMENTS: Building Board of Appeals – Brian Vandetta  
Cascades West Regional Consortium – City Administrator/Manager  
and Councilor Barry Scott

BOARD MINUTES: Library-Senior Center Trust – August 13, 2012  
Senior Center Advisory Board – August 15, 2012



## MEMORANDUM

### *Community Development Building Services*

**To:** Mayor Paul Aziz

**Date:** January 2, 2013

**From:** Walt Wendolowski, AICP  
Community Development Manager

**Subject:** Appointments to Board of Appeals – Building Services

#### **BACKGROUND**

In accordance with Chapter 15.20 of the Lebanon Municipal Code, the City must establish a “Board of Appeals” for building services. The purpose of this Board is to create a body to hear appeals relating to Building Official interpretations, and render decisions solely on the merits of the questions without the influence of a perceived political consideration.

There is an upcoming vacancy on the Board. Accordingly, Municipal Code Section 15.20.010 requires the City to provide for replacement members as vacancies occur.

#### **VACANT POSITION**

The terms of the following Board position expired on January 1, 2013:

1. *Brian Vandetta, PE, PLS*, who has served on the Commission since January 22, 2010, is seeking reappointment;

#### **RECOMMENDATION TO CITY COUNCIL**

Given his expertise and knowledge of community conditions, Department staff unanimously recommends the City Council re-appoint Brian Vandetta to the Board of Appeals.



## MEMORANDUM

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### *Administration*

**To:** Mayor Aziz and City Council

**Date:** December 31, 2012

**From:** John Hitt, City Manager

**Subject:** Appointments to Cascades West Council of Governments Regional Consortium

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The Cascades West Regional Consortium is an independent organization for the purpose of acquiring or developing wetlands in order to meet wetlands mitigation requirements for new industrial development.

The consortium meets two or three times a year, usually during lunch.

Staff recommends the appointment of the City Administrator and City Councilor Barry Scott.

JH/jb

# Lebanon Public Library-Senior Center Trust

Senior Center Conference Room

August 13<sup>th</sup>, 2012, 4:30 p.m.

## Minutes

**BOARD MEMBERS PRESENT:** Linda Darling, Sue Spiker, Anita Johnson, Regina Wilcox, Kindra Oliver and Carol Dinges

**ABSENT:** Remona Simpson, Cathy Benneth and Denice

### 1. CALL TO ORDER

Linda called the meeting to order at 4:30 p.m.

### 2. MINUTES & NOTES

*Regina moved, Anita seconded, to approve the minutes from April 9<sup>th</sup> and notes from June 18<sup>th</sup>, 2012. All approved and motion passed unanimously.*

### 3. DONOR ACKNOWLEDGEMENT

No new donations have been received.

### 4. TREASURER'S REPORT

Sue prepared the report and the ending balance was \$33,839.98, after a bill was paid for the annual po box fee and to the State of Oregon for our annual non-profit status.

*Anita moved, Regina seconded, to approve the Treasurer's report. All approved and motion passed unanimously.*

Linda said she would fill out the CT-12 form and submit it by September.

The budget for this year should be the same as last year. We have the project figures listed and will hopefully be able to fund it this year.

*Anita moved, Sue seconded, to roll over budget numbers from FY 11-12 to FY 12-13. All approved and motion passed unanimously.*

## 5. PLAZA~FUNDRAISING DISCUSSION

We have heard back from Collins Foundation and Autzen that they weren't able to fund our request. We have yet to hear back from Juan Young and Spirit Mountain. We were hoping to get a "yes" from someone before we apply for any large requests.

Anita said if Collins comes back as a "no," then we will send out another round of requests. We probably won't hear back for awhile, so we probably don't need to meet in September.

We will talk to the Optimists group to see how they're coming along with their project for the new gazebo on the Academy Square site.

## 6. UPDATES

Library:

- Denice is working every Tuesday and Thursday in August. Her last day will be on August 30<sup>th</sup>.

Senior Center:

- We had 250 attend the Luau, which is the most to date.
- We have several upcoming events, including our fourth annual 50+ Resource Symposium, Harvest Festival and a fantastic Lunch and Learn series.
- Our Dial-a-Bus numbers for FY 2011-12 were up 28% over the last two fiscal years.

## 7. ADJOURNMENT:

*Meeting Adjourned.*

**Next Meeting Date:**  
Monday, December 10, 2012  
4:30 p.m.  
Senior Center



**Senior Center**  
80 Tangent Street  
Lebanon OR 97355  
(541) 258-4919 ~ fax (541) 258-4956  
[www.ci.lebanon.or.us](http://www.ci.lebanon.or.us)

## ADVISORY BOARD MEETING

August 15<sup>th</sup>, 2012

# MINUTES

Members Present: Alice Unger, Lori McNulty, Mac McNulty, Darlene Johnson, Laura Wallace, Mary Sue Reynolds, Cleora Wymore, Fran Bonnarens, Angie Kutsch, Kindra Oliver

Absent: Bob Elliott, Tori Hartman

### 1) WELCOME:

Alice opened the meeting at 10:00 a.m.

### 2) MINUTES:

*Cleora moved, Lori seconded to approve the minutes from June 13<sup>th</sup>, 2012, Advisory Board meeting. All in favor. Motion passed unanimously.*

### 3) CHAIRPERSON'S REPORT:

Alice talked to Karen about curtains for the front doors. One of them was broken during a rental, so she is looking at options.

Alice mentioned that the Wii "all star" bowling tournament in Oregon City went well. The Lebanon Senior Center team took second place!

### 4) REPORTS:

#### Meal Site:

- Kindra talked to Robbie, back up supervisor, and she said they could use some more drivers, but seem to be doing well with the number of volunteers in the kitchen.

#### Senior Center:

- Senior Center staff is still looking at ways to enhance the front lobby area, as well as the rest of the Senior Center. The closet is now an open space, with overhead lighting and we have solicited estimates for the custom brochure rack to go in that niche. We have something specific in mind, so it could take

- a bit to find what we're looking for. We have been looking at furniture and paint options as well.
- We have recently had an issue with fleas in the building!! We are in the process of trying to remedy this.
  - We ended FY 2011-12 at 18,655 rides, compared to 14,412 in FY 2010-11 and 14,274 in FY 2009-10. This is an increase of almost 30%!
  - Numbers for attendance, participation and referrals for the Senior Center for FY 2011-12 were also up over previous fiscal years. We foresee a big increase this coming fiscal year now that we have a full-time activities coordinator.

**CONTINUED BUSINESS:**

- The group talked about the interior improvements to the Senior Center, including paint, décor and signs.
- The group agreed that the Craft Room should be a slate grey/blue since it is the Heritage Room and we can purchase two quilt racks to display the quilts. The group also thought that some historic photos might look nice on the partial wall.
- We purchased the new tread mill for the Wellness Room and it is getting lots of use!

**NEW BUSINESS:**

- Alice reported that tax volunteers totaled 700 hours at the Senior Center last fiscal year and processed 516 "e" returns.

**ADJOURNMENT:**

- *Lori moved, Fran seconded to adjourn. All in favor. Motion passed unanimously.*

Next Meeting: **Scheduled for October 17<sup>th</sup>, 2012**

# *Presentation(s)*

City of Lebanon 2011/12 Audit Report  
Presented by: Chuck Swank of Grove,  
Mueller & Swank

# Agenda Item 1



## MEMORANDUM

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### *Finance Department*

**To:** Mayor Aziz and City Council

**Date:** December 21, 2012

**From:** Dean Baugh, Finance Manager

**Subject:** Lebanon Audit Report for Year Ending June 30, 2012

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The FY 2011/12 City of Lebanon Audit Report, prepared by the firm of Grove, Mueller & Swank, was mailed to Council for their review on December 21, 2012.

**Staff Recommendation:** Staff recommends City Council approval of the attached Resolution to accept the City of Lebanon audit report and management letter for the audit of the City's financial statements for the year ending June 30, 2012.

DB/jb

Finance Department

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**A RESOLUTION ACCEPTING THE CITY OF )  
LEBANON AUDIT REPORT FOR YEAR ENDING )  
JUNE 30, 2012 )**

**RESOLUTION NO. 2013-1**

WHEREAS, ORS 297 establishes the laws requiring an annual financial audit of a municipal corporation's financial statements at least once every fiscal year by a qualified independent auditor,

WHEREAS, For the fiscal year ending June 30, 2012 the firm of Grove, Mueller & Swank certified public accountants performed the financial audit of the City of Lebanon's financial statements now therefore,

BE IT RESOLVED, that the City of Lebanon hereby accepts the audit report and management letter for the audit of the City's financial statements for the fiscal year ending June 30, 2012.

Passed by the Lebanon City Council and executed by the Mayor on this 9<sup>th</sup> day of January 2013, by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

\_\_\_\_\_  
Paul R. Aziz, Mayor

ATTEST:

\_\_\_\_\_  
Linda Kaser, City Clerk

# Agenda Item 2



## MEMORANDUM

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### *Finance Department*

**To:** Mayor Aziz and City Council

**Date:** December 19, 2012

**From:** Dean Baugh, Finance Manager

**Subject:** FY2012-13 Budget Amendment

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A number of budget items have developed since the budget was adopted in June 2012. The attached resolution proposes the following changes to the 2012-13 Budget:

#### **General Fund**

- Based on the NW URD amendment that was adopted this year the property tax revenues in the general fund are projected to increase \$300,000.
- Based on the updates to the Gateway URD budget with regards to the loan payments to Samaritan Health Services 2009 promissory note. The transfers into the general fund will be reduced by \$59,191.
- Based on the new agreement with the Chamber on the distribution of Motel taxes the Fund 510 is being adjusted and the contribution to the general fund is being increased.
- Various general fund expense accounts have been increased or decreased, (see attachment A).
- General fund amendment includes the addition of three positions, Police Captain, Police Lieutenant and PT clerk in the Court department.
- Fund 520 is being added to account for contributions for the Gazebo project proposed by the Optimist Club of Lebanon.
- Fund 527-Building, contract services are being increased to support a contract building inspector, salary and benefits are reduced for the remainder of the year due to vacant position.
- Fund 542-IS, Transfers in from the general fund are increasing, contract services are increasing to provide for contract assistance on various IT projects. Salary and benefits are reduced for the remainder of the year due to vacant position.
- Fund 820 CIP, increased due to unexpected computer and video equipment requirements at the police department.
- Unemployment charges across the city are being increase, received notification from the state after the budget was prepared that our unemployment rate would experience a large increase this year to replenish account balance.

**Staff Recommendation:** Staff recommends City Council approve the attached Resolution to amend the 2012-13 Budget.

Finance Department

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**A RESOLUTION AUTHORIZING SUPPLEMENTAL ) RESOLUTION NO. 2013-2  
BUDGET AMENDMENTS TO THE CITY OF )  
LEBANON 2012-13 BUDGET )**

**WHEREAS**, ORS 294.471 authorizes a supplemental budget amendment with the official action of the governing body when: An occurrence or condition that is not ascertained when preparing the original budget, ORS 294.471(a); or Property taxes that are received during the fiscal year or budget period are significantly greater than the amount estimated to be collected such that the difference will significantly affect the level of government operations, ORS 294-471(f).

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LEBANON AS FOLLOWS:**

**Section 1.** The Council of the City of Lebanon herein authorizes the supplemental budget amendment as specified by fund, activity, and amount attached hereto as "Exhibit A" and incorporated herein by this reference.

**Section 2.** This resolution is effective immediately upon passage.

Passed by the Lebanon City Council and executed by the Mayor this 9<sup>th</sup> day of January 2013 by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

\_\_\_\_\_  
Paul R. Aziz, Mayor

Attested by:

\_\_\_\_\_  
Linda Kaser, City Clerk

Budget Amendment  
Exhibit A

Account Number	Description	Adjustment	Balance	
<u>General Fund</u>				
100-000-47010	Current Property Taxes	300,000.00	3,929,000.00	
100-000-49000	Transfer in Salary	(59,191.00)	967,123.00	Fund 940 change
100-000-49030	Transfer In-Motel Tax	1,850.00	3,940.00	Fund 510 change
100-110-61112	Community Outreach	1,000.00	5,500.00	
100-116-61137	Contract Services	18,000.00	48,000.00	Starr Investigation
100-116-61137	Contract Services	35,000.00	83,000.00	ADP HR software
100-126-61245	Operating Expense	7,500.00	12,900.00	305 Mary
100-170-50250	PT Salaries	8,190.00	8,190.00	PT clerk muni court
100-170-50003	Fringe Benefits	2,305.00	62,120.00	PT clerk muni court
100-180-61130	Contract Services	7,500.00	53,500.00	Police background checks
100-180-61892	Training	(65,000.00)	20,000.00	Exp charged last FY Sweethome
100-195-61130	Contract Services	100,000.00	125,000.00	Fire dept contract
100-195-72300	Improvements	50,000.00	50,000.00	Property Purchase
100-195-90027	Transfer out to IS	75,000.00	75,000.00	
100-195-80005	Contingency	3,164.00	766,522.00	Balance
<u>Enterprise Fund</u>				
478-000-49901	Beginning Balance	211,831.00	435,651.00	adj Beg Bal
478-478-72300	Improvements	211,831.00	426,651.00	adj Beg Bal
<u>Special Revenue Fund</u>				
510-000-47090	Motel Tax	15,000.00	40,000.00	Adjust chamber agreement
510-510-61130	Contract Service	12,710.00	31,520.00	Adjust chamber agreement
510-510-61240	Operating Expense	440.00	3,940.00	Adjust chamber agreement
510-510-90005	Transfer to General Fund	1,850.00	3,940.00	Adjust chamber agreement
520-000-48053	Donations	40,000.00	40,000.00	Gazebo
520-520-61130	Contract Services	40,000.00	40,000.00	Gazebo
527-527-61130	Contract Services	37,148.00	52,148.00	Contract inspector
527-527-50001	Salaries	(24,472.00)	54,677.00	Reduce salary
527-527-50003	Fringe Benefits	(12,676.00)	28,989.00	Reduce Benefits
542-000-49010	Transfer in from GF	75,000.00	349,080.00	Transfer from GF
542-542-50001	Salaries	(47,000.00)	158,351.00	Transfer to contract services
542-542-50003	Fringe Benefits	(28,000.00)	81,531.00	Transfer to contract services
542-542-61130	Contract Services	75,000.00	161,930.00	Temp contract help in IT
542-542-61130	Contract Services	100,000.00	261,930.00	
542-542-80005	Contingency	(25,000.00)	5,628.00	Transfer to contract services
<u>Capital Projects Fund</u>				
820-820-72600	Improvements	40,000.00	40,000.00	Police Equipment
820-820-72602	Improvements	35,000.00	35,000.00	Police Equipment
820-820-80005	Contingency	(75,000.00)	1,155,745.00	Balance
<u>Unemployment changes</u>				
100-110-61401	Unemployment Insurance	360.00	600.00	Unemployment changes
100-133-61401	Unemployment Insurance	1,296.00	1,296.00	Large increase after budget prepared
100-140-61401	Unemployment Insurance	300.00	600.00	
100-165-61401	Unemployment Insurance	1,800.00	3,000.00	
100-180-61401	Unemployment Insurance	7,800.00	14,000.00	
100-195-80005	Contingency	(11,556.00)	754,966.00	
430-430-61401	Unemployment Insurance	3,280.00	6,000.00	
430-430-80005	Contingency	(3,280.00)	139,131.00	
470-470-61401	Unemployment Insurance	3,840.00	6,000.00	
470-470-80005	Contingency	(3,840.00)	132,043.00	
537-537-61401	Unemployment Insurance	260.00	520.00	
537-537-80005	Contingency	(260.00)	29,438.00	
542-542-61401	Unemployment Insurance	900.00	1,200.00	
542-542-80005	Contingency	(900.00)	4,728.00	
555-555-61401	Unemployment Insurance	80.00	160.00	
555-555-80005	Contingency	(80.00)	9,481.00	

General Fund Contingency		
Total GF budget	9,392,335	
Contingency	(754,966)	
Salary Transfer	(967,123)	
Material Transfer	(176,222)	
Adjusted Budget	7,494,024	
Council 10% goal	749,402	10%
Contingency	754,966	10.08%
Short	5,564	

# Agenda Item 3



## MEMORANDUM

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### *Finance Department*

**To:** Mayor Aziz and City Council

**Date:** December 7, 2012

**From:** Dean Baugh, Finance Manager

**Subject:** FY2012-13 Budget Amendment North Gateway URD Fund 940

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A number of budget items have developed since the budget was adopted in June 2012.

During the preparation of the FY 2012-13 North Gateway URD budget, an amount was budgeted for the first payment on the Economic Development Agreement signed with Samaritan Health Services (SHS) in 2009. The agreement called for the City to reimburse SHS for certain improvements on the Samaritan Healthcare Lebanon Campus.

The first payment was due in FY2012-13. The invoice was received after the budget was prepared, and was higher than the amount budgeted for the payment. The attached resolution proposes amending the 2012-13 North Gateway budget to allow payment of the first invoice.

**Staff Recommendation:** Staff recommends the Lebanon Urban Renewal Agency approve the attached Resolution to amend the 2012-13 North Gateway URD budget.

DB/jb

Finance Department

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**A RESOLUTION AUTHORIZING SUPPLEMENTAL ) RESOLUTION NO. 2013-3  
 BUDGET AMENDMENT TO THE NORTH )  
 GATEWAY URBAN RENEWAL DISTRICT )  
 2012-13 BUDGET )**

**WHEREAS**, ORS 294.471 authorizes a supplemental budget amendment with the official action of the Board of the Lebanon Urban Renewal Agency when an occurrence or condition that is not ascertained when preparing the original budget requires a change to the financial plan, ORS 294.471(a).

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE LEBANON URBAN RENEWAL AGENCY AS FOLLOWS:**

**Section 1.** The Board of the Lebanon Urban Renewal Agency herein authorizes the supplemental budget amendment as specified by fund, activity, and amount and for the purposes shown below, are hereby amended as follows:

<u>Account Number</u>	<u>Description</u>	<u>Adjustment</u>	<u>Balance</u>
940-000-49901	Beginning Balance	145,554	168,652
940-940-90011	Transfer to General Fund	(59,191)	.00
940-940-95501	Loan Principal	88,896	140,916
940-940-95601	Loan Interest	115,712	144,133
940-940-80005	Contingency	137	8,562

**Section 2.** This resolution is effective immediately upon passage.

Passed by the Lebanon Urban Renewal Agency and executed by the Mayor this 9<sup>th</sup> day of January 2013 by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY OF LEBANON, OREGON

\_\_\_\_\_  
 Paul R. Aziz, Mayor

Attested by:

\_\_\_\_\_  
 Linda Kaser, City Clerk

# Agenda Item 4



## MEMORANDUM

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### *Finance Department*

**To:** Mayor Aziz and City Council

**Date:** December 7, 2012

**From:** Dean Baugh, Finance Manager

**Subject:** FY2012-13 Budget Amendment Northwest URD Fund 925

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This budget allocates funds received through the Northwest Urban Renewal District to construct public infrastructure within the boundaries of the District.

Recommended changes to the adopted budget are the result of reduced revenue from property taxes from the under-levy of allowable tax rates and increase in the bond sale amount to fund the planned public improvements. The bond sale increase was necessary to provide adequate revenue for project and to meet the annual cash flow based on tax receipts and revenue.

**Staff Recommendation:** Staff recommends the Lebanon Urban Renewal Agency approve the attached Resolution to amend the 2012-13 Northwest URD budget.

DB/jb

Finance Department

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**A RESOLUTION AUTHORIZING SUPPLEMENTAL ) RESOLUTION NO. 2013-4  
 BUDGET AMENDMENTS TO THE NORTHWEST )  
 URBAN RENEWAL DISTRICT 2012-13 BUDGET )**

**WHEREAS**, ORS 294.471 authorizes a supplemental budget amendment with the official action of the Board of the Lebanon Urban Renewal Agency when an occurrence or condition that is not ascertained when preparing the original budget requires a change to the financial plan, ORS 294.471(a).

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE LEBANON URBAN RENEWAL AGENCY AS FOLLOWS:**

**Section 1.** The Board of the Lebanon Urban Renewal Agency herein authorizes the supplemental budget amendment as specified by fund, activity, and amount and for the purposes shown below, are hereby amended as follows:

<u>Account Number</u>	<u>Description</u>	<u>Adjustment</u>	<u>Balance</u>
925-000-47010	Current Property Tax	(1,649,737)	386,916
940-000-47020	Delinquent Property Tax	(10,000)	5,000
925-000-42030	Bond Sale Proceeds	4,000,000	12,000,000
925-925-61130	Contract services	200,000	200,000
925-925-72300	Improvements	4,000,000	12,000,000
925-925-72301	Improvements	(1,859,737)	3,590,263

**Section 2.** This resolution is effective immediately upon passage.

Passed by the Lebanon Urban Renewal Agency and executed by the Mayor this 9<sup>th</sup> day of January 2013, by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

\_\_\_\_\_  
 Paul R. Aziz, Mayor

Attested by:

\_\_\_\_\_  
 Linda Kaser, City Clerk

# Agenda Item 5

(Acting as Lebanon Urban Renewal Agency)



## MEMORANDUM

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### *Administration Department*

**To:** Mayor Aziz and City Council

**Date:** January 2, 2013

**From:** Ginger Allen, Interim City Manager

**Subject:** Intergovernmental Agreement City of Lebanon and Lebanon Urban Renewal Agency

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The attached resolution approving an Intergovernmental Agreement (IGA) between the City of Lebanon and the City's Urban Renewal Agency (URA) was recommended by our legal advisor, Jeannette Launer.

Ms. Launer felt it best that both the City and the URA recognize the on-going support of the City for its three Urban Renewal Agencies.

This support includes managerial, clerical, computer, technical, and communication.

This IGA does not represent any kind of significant change to what the City and its Urban Renewal Agencies have been doing for over twenty years. It simply provides formal recognition.

**INTERGOVERNMENTAL AGREEMENT BETWEEN ) RESOLUTION NO. 2013-5**  
**THE CITY OF LEBANON AND THE LEBANON URBAN )**  
**RENEWAL AGENCY RELATING TO SERVICES TO )**  
**BE PROVIDED BY THE CITY OF LEBANON TO THE )**  
**LEBANON URBAN RENEWAL AGENCY )**

**THIS INTERGOVERNMENTAL AGREEMENT (IGA)** is entered into between the **City of Lebanon (CITY)**, an Oregon municipal corporation, and the **Lebanon Urban Renewal Agency (AGENCY)**, the duly authorized and acting urban renewal agency for the CITY, created pursuant to ORS 457.035 through ORS 457.460.

**RECITALS:**

**Whereas**, the CITY activated the urban renewal agency for the CITY pursuant to ORS 457.035; and

**Whereas**, the AGENCY is public body, corporate and politic, exercising its powers to engage in urban renewal activity as authorized by ORS Chapter 457; and

**Whereas**, the AGENCY has developed the Lebanon urban renewal plans (“plans”), which have been approved by the CITY and as recorded in the Records of Linn County, Oregon.

**Whereas**, the AGENCY has engaged in, and will be engaging in, redevelopment activities to carry out the Plan; and

**Whereas**, the CITY has experience in the provision of the administrative services for local governments and in planning and constructing public improvements, and desires, pursuant to ORS 457.320, to assist the AGENCY in the planning and carrying out of the Plan by providing all administrative services necessary and proper for carrying out the AGENCY’s functions and the Plan(s); and

**Whereas**, ORS 190.010 and ORS 457.320 authorize the CITY and the AGENCY to enter into an intergovernmental agreement whereby the CITY provides administrative services to the AGENCY; and

**Whereas**, the CITY and the AGENCY wish to clarify the relationship between the CITY and the AGENCY with respect to administrative services to be provided by the CITY to AGENCY, and AGENCY’s obligation to pay the CITY for those services; and

**Whereas**, the CITY and the AGENCY executed an Intergovernmental Agreement effective January 9, 2013; and

**Whereas**, the CITY and AGENCY wish to clarify the role of CITY staff performing administrative services to the AGENCY, the respective responsibilities of the CITY and AGENCY to supervise and manage such staff, and certain other cooperative activities of the CITY and the AGENCY,

**NOW, THEREFORE, THE CITY AND AGENCY (THE PARTIES) AGREE AS FOLLOWS:**

**AGREEMENT:**

**1. General Duties of the CITY.** The CITY shall provide administrative services to the AGENCY as requested by the AGENCY to undertake urban renewal activity as set forth in the adopted Plan, including, but not limited to: staff support for public meetings, which may include but not be limited to preparation of meeting notices, agendas and minutes; budget preparation and oversight; accounting and fund management and annual audit; human resources, economic development activities, computer and communications support, payroll and benefits administration for CITY staff assigned to AGENCY duties; contract procurement and administration (“Administrative Services”). In so doing, the CITY shall provide Administrative Services in compliance with the laws of the State of Oregon, and in accordance with the urban renewal agency Plans and this IGA.

**2. General Statement of Consideration.** The AGENCY shall reimburse the CITY for all reasonable costs incurred by the CITY in providing Administrative Services pursuant to this IGA. The CITY shall provide to the AGENCY a statement of expenditures made by the CITY in providing Administrative Services pursuant to this IGA. Costs shall include the overhead charges described in Section 3.3 – 3.5 below.

**3. Detailed Statement of Personnel Services and Payment.** In accordance with paragraphs 1 and 2 of this IGA, as of the Effective Date, the following subparagraphs detail the Personnel Services and payment arrangements under this IGA:

**3.1. Employee Status.** AGENCY retains the right to hire employees or consultants (“Staff”) to administer and implement the Plan in its sole discretion, including providing Administrative Services. However, as of the Effective Date, CITY staff has been assigned pursuant to this IGA to perform the Administrative and Economic Development Services. CITY staff assigned to the AGENCY will be employees of the CITY assigned to support and implement the AGENCY Plan as directed by the AGENCY. The CITY Administrator/Manager has final and exclusive authority over decisions to hire, fire, and discipline CITY staff employed by the CITY and assigned to support and implement the AGENCY Plan, and to make annual performance reviews of such staff.

**3.2 Charges to AGENCY for Services.** Charges to AGENCY for personnel services will be determined based on the CITY’s cost allocation plan, annual budget, or such other documentation acceptable to the AGENCY. Such charges may include, but not be limited to:

3.3.1. Office of the City Manager to include the Legislative, City Manager, Asst. City Manager, City Clerk, City Attorney, Human Resource Services, Finance, and Information Services and costs.

3.3.2 Project Construction Management.

3.3.3. Engineering services.

3.3.4. Insurance expenses.

3.3.4 Preparation and Issuance services.

**3.4 AGENCY Payment for Direct Overhead Charges.** AGENCY agrees to pay the CITY for direct overhead charges relating to CITY provided Administrative Services. Direct overhead charges are based on specific AGENCY cost drivers, such as square footage occupancy, number of personal computers, number of employees, and other allocation methods as may be developed in the future. The direct overhead charges to AGENCY will be allocated in the same manner as the allocation to CITY departments.

**3.5 AGENCY Payment for Indirect Overhead Charges.** AGENCY agrees to pay CITY for indirect overhead charges relating to CITY provided Administrative Services. Indirect overhead charges allocate basic overhead costs such as accounting, payroll, accounts payable, budget preparation, human resources, legal services and organizational administration and are based on the CITY's budgeted appropriations in support of AGENCY.

**3.6 Allocation of Overhead Charges.** Both direct and indirect overhead charges will be allocated in the same manner as the allocation to other CITY departments.

**4. Location of AGENCY Office.** As of the Effective Date, the office of the Agency is located at Lebanon City Hall, 925 S. Main Street, Lebanon, OR, with a mailing address of 925 S. Main Street, Lebanon, OR 97355. AGENCY may relocate its office in its sole discretion. AGENCY will notify CITY not later than thirty (30) days before the relocation is effective. CITY will transfer all records of the AGENCY to the AGENCY office at the request of the AGENCY.

**5. CITY to Process and Administer AGENCY Contracts.** At the AGENCY's direction, CITY will be responsible for processing the solicitation, award and the administration of any contract entered into with any independent contractors or consultants hired or retained on behalf of AGENCY, provided that all forms of solicitation for contracts and the form of any contract will be approved in advance by the AGENCY Chair and AGENCY Legal Counsel. All invoices submitted for payment pursuant to AGENCY contracts will be approved prior to payment by the AGENCY Chair.

**6. Detailed Statement of Financial Services.** Without limiting the general CITY duties stated under paragraph 1 above, the CITY may manage the AGENCY funds using the following procedures, as may be amended or supplemented by AGENCY Board action from time to time.

- 5.1 The AGENCY may maintain one or more checking or savings/investment accounts with the financial institution of the AGENCY's choice to hold the assets of its General Fund.
- 5.2 The AGENCY may maintain one Local Government Investment Pool (LGIP) account into which all urban renewal tax proceeds will be deposited by the Linn County Treasurer, and from which all debt of the AGENCY will be paid. This account will hold the assets of the AGENCY's Tax Increment Fund.
- 5.3 All checks or other forms of withdrawal from any AGENCY account will require two signatures: the signature of the AGENCY Chair and of the CITY designee. No account will be opened or closed without AGENCY Board resolution.
- 5.4 The CITY Auditor will provide an annual reconciliation of all AGENCY accounts to the AGENCY Board, and prepare and distribute to the AGENCY Board an annual expense and balance sheet for AGENCY Board approval.

- 7. Coordination of Improvement Work.** AGENCY will coordinate with the CITY regarding any improvements or work done in CITY owned right-of-way.
- 8. Permits and Fees.** AGENCY will be responsible for obtaining any permits and paying any standard fees for any construction projects, planning review, engineering review or other aspects of land use applications, the same as any other landowner or developer or as negotiated by CITY and AGENCY.
- 9. Provision of Information for CITY Report.** AGENCY will cooperate with providing all necessary financial information to the CITY for the CITY to include in its Comprehensive Annual Financial Report (CAFR).
- 11. Selection of Debt Issuance and Audit Professional.** The AGENCY will select its own bond counsel, the financial advisor for debt issuance for the AGENCY, after consulting with the City. The AGENCY agrees to use the same provider of audit services as the CITY.
- 12. Legal Services.** Legal services for the AGENCY will be provided by legal counsel of the AGENCY's choice, at AGENCY's cost, which cost is not included in this IGA. However, the CITY will administer the AGENCY's contract for legal services pursuant to the IGA.
- 13. Designated Representatives and Cooperation.** The City Manager and the AGENCY Chair, as the designated representatives of the CITY and the AGENCY respectively, shall be responsible for working cooperatively to assure compliance with this IGA.
- 14. Term and Termination.** This IGA shall become effective upon the date of the last signature hereon ("Effective Date"), and shall continue in full force and effect until the City's last urban renewal district is terminated, unless sooner terminated as provided herein. This IGA may be terminated at any time by either party by giving the other party not less than thirty (30) days notice, in writing, of that party's intent to terminate this IGA.
- 15. Indemnification.** CITY agrees to save, defend and hold the AGENCY harmless from all claims, suits, or actions of whatever nature that arise out of or result from the negligent or intentional acts of the CITY's officials, employees and agents providing service to the AGENCY pursuant to this IGA.
- 16. Insurance.** CITY shall maintain in force, workers' compensation insurance for all covered workers providing service to AGENCY in compliance with ORS 656.017, and general liability insurance in amounts not less than the tort claim limitations of the Oregon Tort Claims Act.
- 17. Modification.** This IGA may not be altered, modified, supplemented, or amended in any manner whatsoever except by mutual agreement of the parties in writing, and approved by the City Council for the CITY and the Agency Board for the AGENCY. Any such alteration, modification, supplementation, or amendment, if made, shall be effective only in the specific instance and for specific purpose given, and shall be valid and binding only if signed by the parties' designated representatives.
- 18. Waiver.** No provision of this IGA may be waived except in writing by the party waiving compliance. No waiver of any provision of this IGA shall constitute waiver of any other provision, whether similar or not, nor shall any one waiver constitute a continuing waiver. Failure to enforce any provision of this IGA shall not operate as a waiver of such provision or of any other provision.

**19. Severability.** The parties agree that if any term or provision of this IGA is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the IGA did not contain the particular term or provision held to be invalid.

**20. Notices.** Any notice or communication under this Agreement by a party to the other shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by first class U.S. mail, postage prepaid, or (b) when received if personally delivered, and:

In the case of a notice or communication to City,  
addressed as follows:

City Manager  
925 S. Main Street  
Lebanon, OR 97355

In the case of a notice or communication to Agency,  
addressed as follows:

Lebanon Urban Renewal Agency  
925 S. Main Street  
Lebanon, OR 97355

or addressed in such other way in respect to either party as that party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the party for whom the same is intended.

**21. Entire Agreement.** This IGA sets forth the entire understanding between the parties with respect to the subject matter of this IGA, and supersedes any and all prior understandings and agreements, whether written or oral, between the parties with respect to such subject matter.

**PASSED** by the Lebanon Urban Renewal Agency and executed by the Mayor this 9th day of January 2013, by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

LEBANON URBAN RENEWAL AGENCY

By \_\_\_\_\_  
Paul R. Aziz, Mayor

By \_\_\_\_\_  
Title: \_\_\_\_\_

*Approved as to form:*

*Approved as to form:*

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Agency Legal Counsel

Attested by:

\_\_\_\_\_  
Linda Kaser, City Clerk

# Agenda Item 6

(See Agenda Item 5 --

Acting as Lebanon City Council)

# Agenda Item 7



## MEMORANDUM

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### *Finance Department*

**To:** Mayor Aziz and City Council

**Date:** December 19, 2012

**From:** Daniel Grassick, PE, General Manager Engineering & Utility Services

**Subject:** Supplemental Budget for Boat Ramp Maintenance Assistance Fund 593

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The current budget allocates funds received via grants from the Oregon State Marine Board that are used to operate and maintain the boat ramps at Gill's Landing and Cheadle Lake. Additional grant funds were received for the Cheadle Lake boat ramp that are unallocated in the adopted budget document.

The grant amount is variable and is renewable each year as long as specific Marine Board criteria are satisfied when allocating these funds. Revenue is placed in two line items in Fund 593: Contract Services for maintenance projects that are typically beyond routine maintenance tasks; and Operating Expense for in-house repair and maintenance.

**Staff Recommendation:** Staff recommends City Council approve the attached Resolution for a supplemental budget amendment for the Maintenance Assistance Program Fund 593.

DG/jb

Finance Department

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**A RESOLUTION APPROPRIATING GRANT ) RESOLUTION NO. 2013-6  
 FUNDS FOR THE MAINTENANCE AND )  
 OPERATION OF BOAT RAMPS PER STATE )  
 OF OREGON MAP GRANT IN THE AMOUNT )  
 OF \$2,175 IN THE 2012-13 BUDGET )**

**WHEREAS,** The City of Lebanon received an unanticipated MAP grant in the amount of \$3,100 from the State of Oregon for the specific purpose of providing funds for the maintenance and operation for boat ramps as specified by the grant.

**WHEREAS,** Oregon Local Budget Law, under ORS 294.338 provides that money from an unanticipated grant which has been transferred to a municipal corporation in trust for a specific purpose may be lawfully expended after enactment of an appropriate resolution; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LEBANON AS FOLLOWS:**

**Section 1:** The Council of the City of Lebanon herein authorizes the appropriation of grant funds in the amount of \$2,175 for the purposes identified, as follows:

<u>Account Number</u>	<u>Description</u>	<u>Adjustment</u>	<u>Balance</u>
593-000-41050	State Grant	3,100	7,400
593-000-49901	Beginning Balance	458	7,685
593-593-50001	Salaries	777	777
593-593-50003	Fringe Benefits	333	333
593-593-61240	Operating Expense	315	3,315
593-593-61241	Operating Expense	2,975	2,975
593-593-80005	Contingency	(842)	6,668

**Section 2:** This resolution is effective immediately upon passage.

Passed by the Lebanon City Council and executed by the Mayor this 9<sup>th</sup> day of January 2013, by a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

\_\_\_\_\_  
 Paul R. Aziz, Mayor

Attested by:

\_\_\_\_\_  
 Linda Kaser, City Clerk

**ALLOCATION CERTIFICATION AGREEMENT  
MAINTENANCE ASSISTANCE PROGRAM (MAP) 2012/13**

This Maintenance Assistance Program (MAP) Allocation Certification Agreement entered into by and between the State of Oregon, acting by and through its State Marine Board, hereinafter called the "Board" and **City of Lebanon**, hereinafter called the "Recipient". In accordance with OAR 250-14-004, the parties agree to the following:

- I. The Recipient certifies that:
  - A. A budget has been adopted which includes the MAP allocation amount of **\$7,400.00** state funds for the fiscal year period of July 1, 2012 to June 30, 2013; and
  - B. The attached list of facilities and site elements "Attachment-A" is maintained by the Recipient; and
  - C. MAP funds will be spent only to maintain improved marine facilities identified on "Attachment - A", in accordance with MAP procedures and policies; and
  - D. During the season of use identified on "Attachment - A", the facilities will be open and maintained for public use; and
  - E. That the amount of any user fee, identified on "Attachment - A", that are presently charged or will be charged during the fiscal year include the highest of any entrance, day use, launch ramp, parking , transient moorage or other fees paid excluding annual passes or donations; and
  - F. The Board will have access to all eligible boating facilities, maintenance expenditure and performance records upon request and cooperate during any audit; and
  - G. MAP funds will not exceed sixty-percent of the overall maintenance cost of eligible boating facilities; and
  - H. A minimum of **\$4,933.33** matching resources will be provided. Matching funds do not include any cash, or in-kind activities expended on campgrounds, marinas, fuel stations, trails, picnic shelters, swim areas, or other large day-use components. The percentage of shared use has been documented for areas such as restrooms and parking that serve eligible marine facilities and other park uses.
  - I. MAP funds are principally targeted for labor, supplies, or contract services that will be expended at the eligible marine facilities. Expenditures for program administration, supervision, or other general service assessments will be limited to a maximum of fifteen-percent.
  - J. MAP funds will not be expended for capital projects or used as match to other grants.

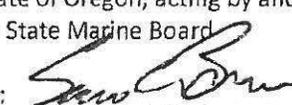
- I. The Recipient agrees that the MAP Program is designed to supplement funds expended at eligible marine facilities and the intent is to assist in improving the quality of maintenance at the facilities identified on "Attachment - A".
- II. The Recipient shall notify the Board of any changes in operation or maintenance to include fees, season of use, or public access immediately and the Recipient agrees to reimburse the Board any MAP funds deemed an overpayment as a result of the changes.
- III. The Recipient agrees to reimburse the Board any excess MAP funds not expended within the fiscal year that exceed the ten-percent maximum carry forward amount.
- IV. The Recipient agrees to provide at the end of each fiscal year an expenditure report for maintenance and operations outlining labor, supplies, materials and services for all facilities identified on "Attachment-A".

The Board certifies that:

- A. It is authorized by ORS 830.150(2)(a) to provide MAP funds for annual maintenance of improved boating facilities.
- B. It has sufficient MAP funds available within its current biennial budget and has authorized expenditure of MAP funds to the Recipient for the eligible marine facilities identified on "Attachment A".

The Recipient, by the signature below of its authorized representative, hereby acknowledges that it has read the agreement, understands it, and agrees to be bound by its terms and conditions.

BOARD:  
 State of Oregon, acting by and through  
 Its State Marine Board

By:   
 (Signature)

By: Scott Brewen  
 (Printed Name)

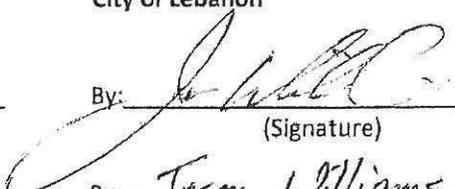
Title: Director

Date: 10/29/12

Phone: 503-378-2619

Fax: 503-378-4597

RECIPIENT:  
 City of Lebanon

By:   
 (Signature)

By: Jason Williams  
 (Printed Name)

Title: Utility Services Manager

Date: 10-23-12

Phone: 541-258-4280

Fax: 541-258-4957

**ATTACHMENT "A"**  
**MAINTENANCE ASSISTANCE PROGRAM 2012-13**

City of Lebanon MAP 2012-2013 Inventory	Gill's Landing		Cheadle Lake	
	Agency Reported	Point Value/ Allocation	Agency Reported	Point Value/ Allocation
<b>Restroom</b>				
Flush Y/N	Y	12	N	0
Vault/Compost Y/N	N	0	N	0
Portable Y/N	N	0	Y	8
Number of Additional Stalls	6	0	1	0
Season of Use (3, 6, 9, 12 months)	12	\$1,200.00	12	\$800.00
<b>Grounds</b>				
Vegetation Maintenance Y/N	Y	6	Y	6
Garbage Can or Dumpster Y/N	Y	6	Y	6
Season of Use (3, 6, 9, 12 months)	12	\$1,200.00	12	\$1,200.00
<b>Parking</b>				
Total Number of Paved Single Car Stalls	20	0	0	0
Total Number of Paved Boat Trailer Stalls	7	6	0	0
Gravel Parking Square Feet	0	0	40,000	6
Gravel Overflow Square Feet	0	0	0	0
Season of Use (3, 6, 9, 12 months)	12	\$600.00	12	\$600.00
<b>Hard Surface Ramp</b>				
Single Lane Y/N	Y	6	Y	6
Additional Number of Lanes	0	0	0	0
Season of Use (3, 6, 9, 12 months)	12	\$600.00	12	\$600.00
<b>Boarding Floats</b>				
Total Linear Feet	80	3	30	3
Season of Use (3, 6, 9, 12 months)	12	\$300.00	12	\$300.00
<b>Transient Tie-Up</b>				
Total Linear Feet	N	0	N	0
Season of Use (3, 6, 9, 12 months)	N	\$0.00	N	\$0.00
<b>Debris Boom</b>				
Log Y/N	N	0	N	0
Polypipe Y/N	N	0	N	0
Season of Use (3, 6, 9, 12 months)	N	\$0.00	N	\$0.00
<b>Vessel Waste Disposal (CVA)</b>				
Pumpout/Dump Station Y/N	N	0	N	0
Monitoring System Y/N	N	0	N	0
Pumpout only Y/N	N	0	N	0
Dump only Y/N	N	0	N	0
Holding Tank Y/N	N	0	N	0
Season of Use (3, 6, 9, 12 months)	N	\$0.00	N	\$0.00
<b>Floating Restroom</b>				
Season of Use (3, 6, 9, 12 months)	N	\$0.00	N	\$0.00

<b>Sub-Total Allocation</b>	<b>\$3,900.00</b>	<b>\$3,500.00</b>
Use Fee	\$0.00	\$0.00
Use Fee Adjustment	\$0.00	\$0.00
Multiple Facility Travel Adjustment _2_sites	\$0.00	\$0.00
<b>Total Awarded Allocation</b>	<b>\$3,900.00</b>	<b>\$3,500.00</b>
<b>TOTAL</b>	<b>\$7,400.00</b>	

STATE OF OREGON REMITTANCE ADVICE

TO SIGN UP FOR DIRECT DEPOSIT PAYMENT SERVICE AND RECEIVE CONVENIENT, ELECTRONIC PAYMENTS, LOG-ON TO <http://egov.oregon.gov/DAS/SCD/SFMS/ach.shtml> ON THE INTERNET. CLICK ON: FORMS AND BROCHURES THEN SELECT DIRECT DEPOSIT (ACH) AUTHORIZATION FORM.

WARRANT NO.  
122979374

OREGON STATE MARINE BOARD

(503) 378-2630 EXT.

INVOICE NO.	INVOICE DATE	INVOICE DESCRIPTION	AGY	DOCUMENT	AMOUNT
		MAINTENANCE ASSIST 2012-2013	250	VP017360	7,400.00

593-000 - 41050

D

VENDOR NAME: CITY OF LEBANON	ISSUE DATE: 12/14/12	WARRANT AMOUNT 7,400.00
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FOLD ON PERFORATION LINE BELOW BEFORE DETACHING.

DO NOT ACCEPT THIS CHECK UNLESS YOU CAN SEE A TRUE WATERMARK OF CHAIN-LINKED SHAPES WHEN HELD TO THE LIGHT

STATE OF OREGON  
Dept of Administrative Services

To the State Treasurer, Salem, Oregon  
PAYABLE THROUGH US BANK

96-10  
1232

CHECK DATE  
12/14/12



BANK WARRANT NO.  
12 2979374

PAY THIS AMOUNT  
\$7,400.00

OREGON STATE MARINE BOARD  
(503) 378-2630 EXT.

VP017360

\*\*\*\*\*SEVEN THOUSAND FOUR HUNDRED AND 00/100 DOLLARS

PAY TO THE ORDER OF:

CITY OF LEBANON  
CITY TREASURER  
925 MAIN STREET  
LEBANON

OR 97355-3213

VOID 2 YEARS AFTER DATE ISSUED

AUTHORIZED SIGNATURE

⑈ 122979374 ⑈ ⑆ 123200101⑆ 10501⑈

# Agenda Item 8



## MEMORANDUM

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### *Finance Department*

<b>To:</b> Mayor Aziz and City Council	<b>Date:</b> January 3, 2013
<b>From:</b> Dean Baugh, Finance Manager	
<b>Subject:</b> Audit Committee	

The following resolution is being submitted to the City Council for consideration and approval at the January 9, 2013 meeting.

The resolution establishes a City Audit Committee and outlines their responsibilities and powers.

end/sb

**A RESOLUTION CREATING THE CITY OF )  
LEBANON AUDIT COMMITTEE )**

**RESOLUTION NO. 2013-7**

**WHEREAS**, upon the recommendation of the City Manager, the Lebanon City Council finds it desirable to create an Audit Committee; and

**WHEREAS**, the purpose of the Audit Committee will be to aid City staff in the selection of highly qualified City auditors and to assure clear and complete transmittal of audit results to the City Council and the community.

**NOW, THEREFORE, BE IT RESOLVED by the Lebanon City Council as follows:**

**Section 1: Establishment of City Audit Committee.** The Lebanon Audit Committee is hereby established. The committee shall consist of four voting members, three of whom shall, at the time of their appointment, be serving City Councilors and/or the Mayor, and the fourth shall, at the time of appointment, be a currently serving member of the Lebanon Budget Committee. The Finance Manager of the City of Lebanon shall serve as a nonvoting, ex officio member of the Committee.

**Section 2: Term-Vacancies.** The voting members of the Committee shall be appointed for a two- (2) year term. Terms of appointment shall be staggered so that two (2) positions will become vacant each year. The initial appointees to the Audit Committee are Councilor \_\_\_\_\_, whose term shall expire December 31, 2014, Councilor \_\_\_\_\_, whose term shall expire December 31, 2014, Councilor \_\_\_\_\_, whose term shall expire December 31, 2013, and Budget Committee member \_\_\_\_\_, whose initial term shall expire December 31, 2013. Appointees serve at the pleasure of the Council and may be replaced with or without cause. Vacancies during any term shall be filled by vote of the Council.

**Section 3: Quorum and Rules.** Three (3) voting members of the Committee shall constitute a quorum. The vote of three (3) members of the Committee shall be required to take any action. Notwithstanding the foregoing, the Chair of the Audit Committee, or in the Chair's absence the Vice Chair, may establish the date and time of the next Committee meeting.

**Section 4: Responsibilities.** The responsibilities of the Audit Committee shall be as follows:

1. Review with the Finance Department and/or staff those firms or individuals proposed for appointment as City auditors in succeeding years.
2. Recommend to the City Council of the appointment of those certified public accountants whom the Committee deems best suited to perform the annual City audit.
3. Discuss, as necessary, with the City auditors, any additional or particular areas of inquiry or audit focus which they deem desirable or appropriate.

4. Receive, consider, and transmit to the Lebanon City Council the results of the annual City audit.

**Section 5: Reports.** The Audit Committee shall submit copies of its approved minutes of its meetings to the City Clerk for dissemination. Reports or recommendations of the Committee shall be considered advisory in nature and shall not be binding on the Mayor or City Council.

Passed by the Lebanon City Council and executed by the Mayor on this 9<sup>th</sup> day of January, 2013 with \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

CITY COUNCIL OF LEBANON, OREGON

---

Paul R. Aziz, Mayor

Attested:

---

Linda Kaser, City Clerk

THIS CONTRACT, made this 30<sup>th</sup> day of June, 2002, in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555 between Grove, Mueller & Swank, P.C., Certified Public Accountants of Oregon, and the City of Lebanon, Oregon (hereinafter the City) provides as follows:

1. It hereby is agreed that Grove, Mueller & Swank, P.C. shall conduct an audit of the accounts and fiscal affairs of the City, for the period beginning July 1, 2001 and ending June 30, 2002, (and annually thereafter) in accordance with the Minimum Standards for Audits of Municipal Corporations as prescribed by law. The audit shall be undertaken in order to express an opinion upon the financial statements of the City, and to determine if the City has complied substantially with appropriate legal provisions.
2. Grove, Mueller & Swank, P.C. agrees that the services they have contracted to perform under this contract shall be rendered by them or under their personal supervision and that the work will be faithfully performed with care and diligence.
3. It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of Grove, Mueller & Swank, P.C. are necessary beyond the extent of the work contemplated, written notification of such unusual conditions shall be delivered to the City, who shall instruct in writing Grove, Mueller & Swank, P.C. concerning such additional services, and that a signed copy of each such notification and instruction shall be delivered immediately to the Secretary of State by the Party issuing the same.
4. The audit shall be started as soon after this contract is executed as is agreeable to the Parties hereto and shall be completed and a written report thereon delivered within a reasonable time, but not later than six months, after the close of the audit period covered by this contract. Adequate copies of such report shall be delivered to the City and its form and content shall be in accordance with and not less than that required by the Minimum Standards for Audits of Oregon Municipal Corporations.
5. It is understood and agreed that the City is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the period under audit and the financial condition at the end of that period. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood that Grove, Mueller & Swank, P.C. shall draft them for the City. The cost of preparing such financial statements shall be included in the fee for conducting the audit as set forth in paragraph seven below.
6. It is understood and agreed that either party may cancel this contract by giving notice in writing to the other party at least ninety days prior to July 1 of any year.
7. In consideration of the faithful performance of the conditions, covenants, and undertakings herein set forth the City hereby agrees to pay Grove, Mueller & Swank, P.C. the sum of \$8,250 and the City hereby affirms that proper provision for the payment of such fee has been or will be duly made and that funds for the payment thereof are or will be made legally available.

CITY OF LEBANON, OREGON

GROVE, MUELLER & SWANK, P.C.

by John E. Hill  
City of Lebanon

by Charles A. Swank  
Charles A. Swank, Shareholder



## BUDGET COMMITTEE

as of January 9, 2013

MAYOR	Term Expires
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Paul Aziz 312 Sherman 401-2497 (C)	12/31/15
------------------------------------------	----------

Citizen	Term Expires	Councilor	Term Expires
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### WARD 1

Ralph Gaston 2170 S. 5 <sup>th</sup> St. 258-3904	12/31/14	Barry Scott 2725 S. 12 <sup>th</sup> St 401-1644 (C)	12/31/17
---------------------------------------------------------	----------	------------------------------------------------------------	----------

Dean Barnes 2080 Omire Lane 451-3045	12/31/13	Wayne Rieskamp 87 W. Cedar St 258-3376	12/31/14
--------------------------------------------	----------	----------------------------------------------	----------

### WARD 2

Janet Blair 431 Hiatt St 451-2088 (no voice mail)	12/31/12	Rebecca Grizzle 333 E. Ash Street 409-1037 (C)	12/31/17
---------------------------------------------------------	----------	------------------------------------------------------	----------

Kim Ullfers 578 W. Sherman St. 258-5597	12/31/14	Floyd Fisher 170 S. 2 <sup>nd</sup> St 259-2969	12/31/14
-----------------------------------------------	----------	-------------------------------------------------------	----------

### WARD 3

Cary Jeffers 60 Grace St 812-2279	12/31/12	Jason Bolen 3426 Duck Pl. 990-1651 (C)	12/31/17
-----------------------------------------	----------	----------------------------------------------	----------

Todd Gestrin 12 W. Cedar 451-4540	12/31/13	Bob Elliott 795 Binshadler 258-5593	12/31/14
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*term is for 3 years*

# Audits & ELECTED OFFICIALS

## Fiscal Oversight Responsibilities of Elected Officials

By Brad Nanke & Deborah Bond, CPA

In the public sector, an audit can take a number of forms, from performance and quality management to financial and compliance. One form of auditing that is of particular importance to government officials is the annual financial statement audit.

A financial statement audit sets a measure of accountability on those who manage the financial resources of an organization. Chapter 297 of the Oregon Revised Statutes (ORS) establishes the laws requiring an annual financial audit of a municipal corporation's financial statements at least once every calendar or fiscal year by a qualified independent auditor. Audits can occur more often if considered advisable by the governing body or executive officer of the municipal corporation. ORS 297.435 exempts the audit requirement for smaller jurisdictions that meet specific criteria, but they are still required to file their financial statements annually with the secretary of state.

In addition to the statute requirements, financial institutions, investors and credit rating agencies may also require audited financial statements to determine credit worthiness and fiscal health for financing and investment purposes.

### What is an Audit?

The auditing function is an established systematic process, conducted in an objective manner, to collect and evaluate data regarding management's affirmations about an organization's economic actions and events. The auditor uses this data to determine the degree to which those affirmations meet an established set of criteria and to report on the audit findings to executive management.

The objective of a financial audit is to have an auditor examine an organization's financial statements to express an opinion on the fairness with which the statements present the financial condition, changes in financial position and operating results. They seek to obtain reasonable assurance, not absolute certainty, that the financial statements are a fair representation of an organization's financial information and free from any material misstatements that could lead readers of the statements to the wrong conclusion about the

fiscal condition of the organization. To maintain objectivity for expressing an opinion, the auditor must not be affiliated with the organization.

Auditors perform their work on a test basis using accepted methodologies designed to provide adequate evidence for their examination. They typically do not attempt to examine individually every transaction or event affecting the financial statements. The unfortunate circumstances surrounding high profile private sector cases of fraud and embezzlement in past decades has prompted changes to the auditing standards which auditors must follow. These standards now encompass a risk-based approach to evaluating an entity's fiscal strengths and weaknesses. This requires auditors to gain a greater understanding about the entity's leadership, financial management, and system of internal control in planning the level and degree of the tests that would be performed during an audit.

### Internal Controls – How They Work

Internal controls are processes and procedures that are an integral part of daily operations. They are designed to ensure the accuracy and reliability of financial data used in decision-making, and that the assets of an organization are safeguarded from losses due to theft, fraud or misuse. Internal controls also promote operational efficiency and encourage adherence to management policies. For the auditor, the review and evaluation of the strength of an organization's system of internal control aids in determining whether an audit is possible, and the type and level of audit testing that needs to be performed to opine on whether the financial statements are fairly presented in accordance with generally accepted accounting principles.

Controls vary dependent upon the activity to be monitored and the identified level of risk that needs to be minimized. The types of controls employed by management should be selected by comparing the cost to implement and maintain the control to the benefit expected. One of the benefits to management, but certainly not the most important, is the reduced audit costs when the controls evaluated by the auditor are ranked as good or excellent.

"Tone at the top" is key to having a reliable internal control system. Management is primarily responsible for maintain-



ing a fully functioning internal control structure. A well designed internal control system is only effective with management's ongoing evaluation of the controls and an engaged governing body that ensures that internal controls remain a top management priority.

### **The Role of the Elected Official in an Audit**

Elected officials have a duty to the public to ensure that their government's resources are properly managed. Reliable financial reporting, produced in a timely manner, is an essential communication tool for officials to retain the trust of their constituents. By adopting and enforcing sound management and financial policies, elected officials establish the guidance for the best practices and procedures used by senior management in daily operations that support responsible stewardship of public funds.

An audit committee, composed of elected officials, is a practical tool for ensuring that the governing body periodically considers the internal control environment and quality of the financial reporting. The committee further serves as the direct contact with the auditor for communications during the audit process. In its recommended practices, the Government Finance Officers Association states that every governing body, no matter the size, should formally establish an audit committee of its members.

The auditor may encounter deficiencies during the course of their testing of controls. Deficiencies are categorized by the degree that they could cause a misstatement in the financial statements. For significant deficiencies or material weaknesses, the auditor has a professional responsibility to inform senior management and the governing body. While these audit findings are included as part of the auditor's reports provided at the conclusion of the audit, it is important that communication with the governing body in this regard occur prior to the final report being issued. A governing body should not be surprised with a finding when reviewing the audit report for the first time.

Management has a duty to investigate and resolve deficiencies or weaknesses but ultimately, it is the governing body's responsibility to ensure that any problems disclosed by the auditor are satisfactorily resolved in a timely manner. The governing body or the audit committee should have formal review procedures, timelines for resolving an audit issue and reporting requirements for documenting corrective actions taken by management. They should also follow up on corrective actions not yet taken.

*(continued on page 10)*

## **STATE OVERSIGHT OF MUNICIPAL AUDITS – Three Questions**

### **What role does the state play in the municipal audit process?**

In Oregon, the secretary of state's office serves as the repository of municipal audits and as the regulatory body that ensures the requirements of the statutes are carried out. The agency collects audits or summaries of financial transactions (for smaller jurisdictions) from 1,700 local governments throughout Oregon. The agency then takes a sampling of the audits it has received and reviews them to ensure the required accounting standards are met.

### **What options does the state have if a municipal government's audit is out of compliance?**

If a local government turns in an audit that shows a problem, the secretary of state can require the jurisdiction to develop a compliance plan that will address the problem. If the entity fails to do so, the secretary of state may request that state revenue to that jurisdiction be reduced by 10 percent. To date, the state has never had to use this authority.

### **What authority does the state have over a local government that fails to turn in an audit?**

According to the secretary of state's office, no sanction is specified in statute. However, the secretary of state has established a website that lists all local governments in Oregon that are more than six months late on their audits. Public and media pressure, along with the awareness of elected officials, seems to be sufficient for most jurisdictions to comply with the municipal audit statutes. The list currently includes 55 local governments, 11 of which are cities.

*Source – Oregon secretary of state's office ■*

# Audits & ELECTED OFFICIALS

## Continued

### Audits – Elected Officials

*continued from page 9*

At the conclusion of the audit, the financial statements prepared by management will be issued together with the Independent Auditor's Report. When reviewing the financial reports several items should be considered. The Independent Auditor's Report will identify whether the audit is unqualified (clean), if there are suggestions for improvement, or if deficiencies have been identified. The auditor's report on their tests of internal control over financial reporting describes the results of their testing and should be considered in assessing the results of the audit.

The Management's Discussion and Analysis (MD&A) contains the overview of the financial activities of the government entity and an analysis of operating results for the year. It is most critical that a governing body understand the budgetary statements and remembers that capital assets don't play a big factor in financial health. What matters most is that the debt capacity can be addressed by the revenue generation capacity.

While an audit represents that financial statements are materially accurate and are performed to comply with state law, it is important to remember that there are limitations to the audit. The audit purpose is not to expose fraud. Some auditors will identify fraud, while others may miss it. An audit also tells you the financial situation for an identified period of time. An audit does not necessarily identify the financial future even a few years down the road. There are budgetary items that are difficult to predict that can affect future performance; PERS is one such example of an item that can have a significant impact.

Fiscal oversight of city resources is one of the many important roles assumed by elected officials. The auditors and city management can serve to support the governing body in fulfilling this role to meet the expectations of their constituents. To the right are some helpful questions that elected officials can use to begin to engage in a conversation with staff and the auditors about the annual financial audit. ■

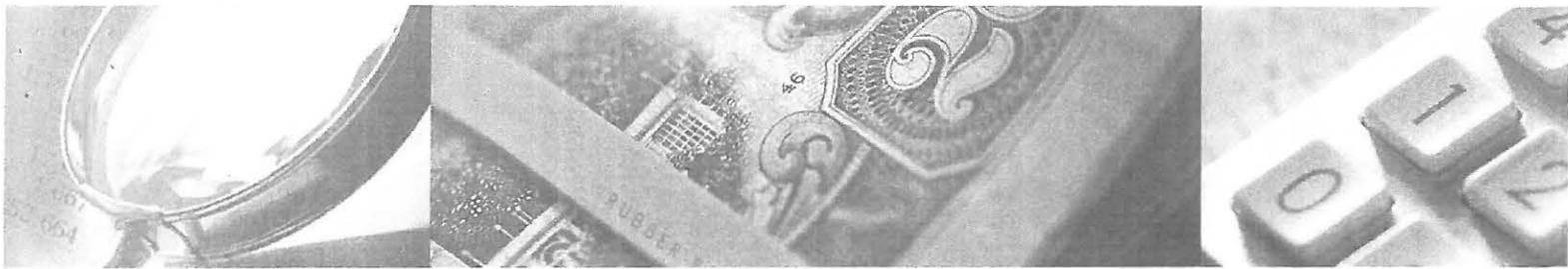
### Questions for the auditor:

- Did the auditor issue an unqualified ("clean") opinion? If not, why?
- Did management fully cooperate with the auditor during the audit?
- What programs, services or accounts did you focus your testing on this year?
- Were there any issues that came to the auditor's attention during the audit that did not rise to a deficiency or weakness that was reportable but that we should be made aware of?
- Does the auditor have any observations or recommendations for improving operational efficiencies?

### Question for the staff:

- Who are our auditors and when are we scheduled to meet with them?
- What are the auditors' qualifications for performing a municipal audit of our size?
- When will the audit and financial statements be completed?
- When will the auditors issue their report?
- Were the financial statements and auditor's report filed timely with the state and other agencies?
- When was the last time a Request for Proposals was issued for audit services?
- How many years has the auditor been performing our audit?

*Editor's Note: Mr. Nanke is a Salem city councilor and a member of the LOC Board of Directors. Ms. Bond is the administrative services director for the city of Salem.*



# Securing a Quality Audit Through an RFP

By Jennie Messmer, LOC Member Services Director

For cities, the reward for taking the time to choose a quality auditor should be a smooth, timely and comprehensive audit. In addition, a city can avoid wasting the taxpayers' money on a substandard audit. As stated in *An Elected Official's Guide to Auditing*, a publication of the Government Finance Officers Association (GFOA), "a poor quality audit is no bargain, at any price." While the selection of an auditor is a subjective process, price alone should not be the sole determining factor.

## The RFP Process

When creating a request for proposal, or RFP, for auditing services, it is essential to communicate the audit requirements and solicit proposals from as many qualified audit firms as possible. The prime consideration in preparing an RFP is to make sure it contains enough information to provide proposers with a common basis by which to prepare proposals that address a city's audit needs. In Oregon, essential elements of an RFP include:

- Introductory information about the RFP and how it should be submitted;
- A description of the government, the records to be audited and the nature of services provided; and
- Questions for perspective auditors that will help a city make its selection, such as:
  - How would they conduct the audit?
  - What are their qualifications and the qualifications of those who will work on your audit?
  - Do they have a list of references?
  - Are they licensed or on the list of approved auditors?
  - Does their staff receive continuing education?
  - What are their fees?

## Online Resources for Cities

To assist cities in the selection of a quality auditor, there are multiple resources available from GFOA. A model audit RFP and a best practices report on procuring audit services can be found online at: [www.gfoa.org/downloads/caafr-audit-procurement.pdf](http://www.gfoa.org/downloads/caafr-audit-procurement.pdf).

In addition, the Oregon Secretary of State Audits Division prepares and maintains a roster of accountants authorized to conduct municipal audits in Oregon. The 2012 list of approved auditors can be found at: [www.oregon.gov/BOA/docs/muniroster-march2012.pdf](http://www.oregon.gov/BOA/docs/muniroster-march2012.pdf).

Because each city varies with regard to management structure, management information systems and internal controls, it is important that an independent auditor be familiar with the legal provisions applicable to a municipal corporation and the accounting principles recommended by Government Accounting Standards Board (GASB) and other accounting principles considered to be generally acceptable for governmental organizations.

According to the Oregon Administrative Rules (162-010-0030), once proposals have been received and a city is ready to make its selection, audits are to be undertaken in accordance with a contract executed by the independent auditor and the municipal corporation. The contract clearly sets forth the scope of work to be conducted by the auditor, and must include provisions for an expression of opinion on the financial statements of the municipal corporation and for a determination of compliance with finance related legal provisions. A standard contract, including all required language, is available on the secretary of state's website at: [http://arcweb.sos.state.or.us/pages/rules/oars\\_100/oar\\_162/162\\_010.html](http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_162/162_010.html). ■

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# Audits & OREGON LAW

## An Overview of Municipal Audit Law, ORS Chapter 297

By Sean O'Day, LOC General Counsel

With some exception for cities with less than \$500,000 in expenditures, state law requires that every city will have an auditor who is an accountant authorized by the Oregon Board of Accountancy. This individual will audit and review the city's accounts and fiscal affairs at least once each calendar or fiscal year, and more often if considered advisable by the city council or executive officer (ORS 297.425).

State law requires auditors to inquire into and review:

- The principles of accounting and methods followed by the municipal corporation in recording, summarizing and reporting its financial transactions and financial condition;
- The accuracy and legality of the transactions, accounts, records, files and financial reports of the officers and employees of the municipal corporation as they relate to its fiscal affairs; and
- Compliance with requirements, orders and regulations of other public officials which pertain to the financial condition or financial operations of the municipal corporation.

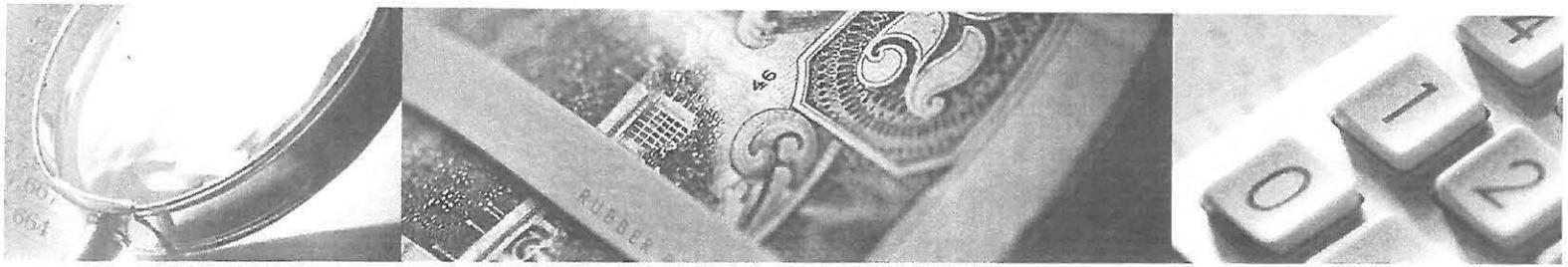
The secretary of state, in cooperation with the Oregon Board of Accountancy, and in consultation with the Oregon Society of Certified Public Accountants, prescribes the minimum standards for conducting audits of municipal corporations (ORS 297.465). The minimum standards, set out in Chapter 162, Division 10 of the Oregon Administrative Rules, make it clear that city management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising a system of internal control that will, among other things, help assure the production of proper financial statements.

In turn, the auditor is expected to determine if the accounts and records are maintained in a manner that will permit the preparation of financial statements which will fairly present the financial position and results of operations of the municipal corporation in accordance with legal provisions and in accordance with generally accepted accounting principles. In addition to auditing the accounts and financial statements

of a municipal corporation, the auditor is required to review the city's fiscal affairs. The review shall include, but not necessarily be limited to, determining if financial operations have been carried out in accordance with appropriate legal provisions including federal and state laws, charter provisions, court orders, ordinances, resolutions, and rules and regulations issued by other governmental agencies. It is the auditor's responsibility to disclose in the audit report material instances of noncompliance with such legal provisions.

The audit report must contain:

- An individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual, for each fund of any municipal corporation for which budgets are legally required;
- A schedule of accountability for each independently elected official collecting or receiving money in the municipal corporation;
- A schedule of property tax transactions or acreage assessments which presents the current year and each of the previous five years, separately, and all prior years in the aggregate;
- A schedule of bonded or long-term debt transactions (where applicable);
- A schedule of future requirements for retirement of bonded or long-term debt (where applicable);
- Appropriate comments and disclosures relating to the independent auditor's review of fiscal affairs and compliance with legal requirements;
- Comments regarding the municipal corporation's compliance with ORS Chapter 295—*Depositories of Public Funds and Securities*;
- Comments regarding the municipal corporation's compliance relating to short-term and long-term debt (where applicable);
- Whether the city complied with legal requirements relating to the preparation, adoption and execution of the annual or biennial budget for the year being audited, and



the preparation and adoption of the budget for the next succeeding year;

- Whether the city complied with legal requirements and the government's policies relating to insurance and fidelity bond coverage;
- Whether the city complied with appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies;
- Whether the city complied with legal requirements (as contained in Article IX, section 3a of the Oregon Constitution) pertaining to the use of revenue from taxes on motor vehicle use and fuel;
- Whether the city complied with legal requirements (as contained in ORS Chapter 294) pertaining to the investment of public funds; and
- Whether the city complied with the Oregon Public Contracting Code, contained in ORS Chapters 279A, 279B and 279C, pertaining to the awarding of public contracts and the construction of public improvements.

State law requires that the auditor complete the audit within six months after the close of the calendar or fiscal year. The secretary of state, for good cause shown, may grant the auditor a reasonable extension of time. The auditor is to provide each member of the city council a copy of the auditor's report. The report must contain the auditor's opinion as to whether the city followed generally accepted accounting principles in reporting its financial condition and operations, established appropriate accounting systems and internal controls, and substantially complied with legal requirements in conducting its financial affairs. If the auditor's report notes any deficiencies, the council is required to adopt a resolution setting forth the corrective measures and the period of time estimated to complete them (ORS 297.465, ORS 297.466).

A city is required to file one copy of the auditor's report with the secretary of state and any resolution setting forth corrective measures. State law allows the state to withhold state shared revenues if a city does not adequately address deficiencies noted in an auditor's report (ORS 297.466). ■

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# Audits & FRAUD PROTECTION

## How Internal Controls Can Deter Employee Theft

By Mike Mischkot

In recent years, the news has been full of articles about organizations large and small, private and public, that have fallen victim to employee theft. There is potential for fraud and embezzlement in any organization. Employee theft can be a difficult reality to confront for reasons such as the inherent sense of trust that exists in a workplace. Employees and business partners can often be referred to as family, and it's difficult to address mistrust or acts of dishonesty within a family. But since no organization is immune to fraud, it can be reasonably assumed that it will happen at some point.

### Types of Employee Theft

Employee theft generally falls into one of the following five categories:

- **Embezzlement** – theft by stealing cash directly or forging signatures on company or customer checks to be deposited in a personal account;
- **Phantom Vendors** – creating a fictitious vendor and producing fake invoices. An employee may form a partnership with an actual vendor to split money that is paid for work that is not performed or supplies that are never delivered;
- **Vendor Kickbacks** – a vendor overcharging for supplies or services and providing payments to an employee for accepting their bid over more competitive bids;
- **Padded Expense Accounts** – employees may charge the organization (or submit for reimbursement) for personal items or inflate the cost of legitimate expenses through fake receipts; and
- **Theft of Inventory** – organizations may experience a shrinkage in inventory as employees take items home, either to use or re-sell.

### Why It Happens

The reasons people steal are as numerous as the ways to do it. Government employees might find an excuse such as budget cuts, staff reductions, increased workload, forced furlough days, and the like, to rationalize diverting a few zeros for a questionable purpose. There are three components describing why employees may steal, commonly known as the fraud triangle:



- **Motivation** – Personal circumstances, such as a gambling or drug problem, threatened foreclosure on their home, or a greedy desire for a different lifestyle may motivate an employee to steal.
- **Rationalization** – They may rationalize their theft and think that they are “owed” more because they believe they are being treated poorly or were given extra responsibilities without an increase in compensation. They may also believe that what they are doing will not have any effect on the organization.
- **Opportunity** – Employees may feel comfortable stealing because they are knowledgeable in the handling of finances and can exploit weakness in controls.



It's important to note not all people with bad credit, nor every person in dire financial need, are motivated to steal. The same holds true for rationalization. Not every disgruntled employee will resort to theft.

### Opportunity is Actionable

The best way to prevent fraud in the work environment is to restrict the third element of the fraud triangle, opportunity. The key is to embed and practice an effective system of business internal controls and create a wide range of acceptance based on internal controls. Internal controls are a management responsibility that once actualized, return great dividends including a zero tolerance attitude. Providing an opportunity to keep people honest is one of management's most important responsibilities.

### Elements of Effective Internal Controls

#### Isolate duties

No single person can complete a transaction in a vacuum, especially transactions involving incoming or outgoing funds. Just the knowledge that a transaction will be transparent to another person is a very strong deterrent to theft. Segregation of duties is necessary at many levels of operations. For

example, splitting up who handles taking money in and sending it out for deposit at a bank is critical. The list of segregations is too vast to list them all, but the table below gives a few examples of duties to segregate. Optimally, Employee A would be dedicated to accounts receivable, Employee B to accounts payable, and Employee C would reconcile the work of Employees A and B.

CIS recommends cities develop an assessment of risk in various processes, and then act on the areas that emerge with the highest risk. Risks should be prioritized by those with a high likelihood of fraud, as well as those with large dollars at stake. By first focusing on a few key risks, implementation success is better assured and will provide a gateway to department and organizational habits of recognizing risks and implementing controls.

Principal duties to be segregated are:

- Custody of assets;
- Authorization or approval of the transactions; and
- Recording and reporting of transactions and keeping documentation of actions taken.

*(continued on page 16)*

Function	Employee A	Employee B	Employee C
Cash/Accounts Receivable	Cash/accounts receipting	Cash/accounts recording	Cash/accounts deposit
Vendors	Vendor invoice setup	Vendor invoice approval	Generate vendor disbursement checks
General Ledger	Account reconciliation	Journal entry creation	Journal entry posting
Checks	Write checks	Sign checks	Mail checks
Accounts Payable	Approve invoices for payment	Record accounts payable	Secondary approval process
Payroll	Approve authorized changes/ time cards	Generates/submits payroll	Distribute payroll Review reports
Bank Transfers	Requests bank transfer	Approves/performs bank transfer	Reconciles bank transfer
ACH	Setup ACH	Creates batch submission	Approves and releases ACH batch

# Audits & FRAUD PROTECTION

## Continued

### Audits – Fraud Protection

continued from page 15

#### Scrutinize reconciliations

Account reconciliations, especially physical accounts like checking and savings, are reconciled to every statement issued, prior to issuance of the next statement. The “one person ban” applies here as well in the form of review. This is an opportunity to set the tone at the top by requesting review of your transactions and other work by subordinate staff, in exchange for your review of theirs.

#### Don't hesitate to ask

Employees shouldn't question just the questionable transactions. Even if curious, an employee should question every transaction they have a concern about. Others should be encouraged to do the same.

#### Review expenditures

Organizations must take their budget process seriously and review actual expenditures against the budget. Variance tolerances should be as narrow as possible while considering the number and size of transactions. It's also important to stay abreast of vendor and contractor relationships and follow purchasing guidelines provided by the state at [www.oregon.gov/DAS/EGS/PS/pages/ors279-menu.aspx#general\\_policies](http://www.oregon.gov/DAS/EGS/PS/pages/ors279-menu.aspx#general_policies) and [http://arcweb.sos.state.or.us/pages/rules/oars\\_100/oar\\_137/137\\_046.html](http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_137/137_046.html).

#### Keep Track

This means producing monthly financial statements accompanied by supporting schedules and reconciliations that have been reviewed as thoroughly as possible.

#### Use Technology

Organizations should move toward an environment of electronic funds transfer. This creates a problem set of its own, but with controls that can be implemented more efficiently and for less money.

Common electronic fraud techniques include criminals (not necessarily associated with an organization) tricking people into divulging confidential information via authentic looking electronic communication. Employees should be advised to never act on an email or phone call that they were not expecting or did not initiate. They must also pay close

attention to what's being asked and divulge no information until they are assured a transaction is legitimate. There are very few legitimate communications requiring such information and verification is essential.

Malware is the term for software installed on a computer without the user's consent. It is normally used to access confidential information such as bank account numbers and passwords. Malware and virus detection software is very effective against these threats but only if properly installed, maintained and

updated by competent personnel. Proof of its existence and effectiveness should be required.

#### Bank on Assistance

Because it is equally vested, a bank plays a key role as an organization's partner in prevention. The bank's online electronic payment and receipting system provides an effective tool, and organizations should seek the bank's assistance in

**CIS members purchasing property coverage through CIS automatically have \$50,000 in crime coverage; additional amounts in “excess crime” coverage may be purchased.**

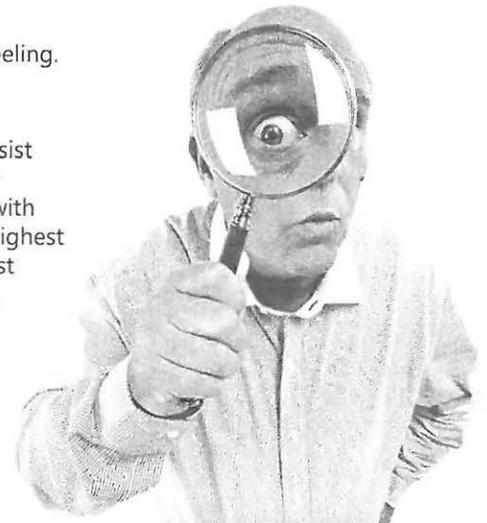
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maximizing its effectiveness. The bank can recommend process attributes such as dual control for all transactions. This will call for assignment of system rights where portions of the transaction are segregated. For instance, the person who sets up a transaction capability or vendor destination will not be the same person who initiates an individual transaction, who in turn will not be the same person who approves the transaction. Other capabilities a bank can provide include:

- Transaction limits;
- Event notification systems;
- Electronic payment fraud filter options. These can be as strict as only accepting transfers that are pre-approved, or that all transfers require a specific approval;
- Paycard systems (to replace physical checks and reimbursement systems). This also enables good reporting to manage expenses;
- Account reconciliation services;
- Positive pay (for physical checks). Check amounts are provided to the bank before the check is issued, then only those checks are tendered by the bank;

- Proxy account numbers. Account numbers used by customers to pay the organization electronically are not the same as the actual account number used to initiate general transactions; and
- Text and email notifications of account activity.

**Communication is Key**

City leaders should also communicate the controls in place to staff and that the controls are safeguards and not just extra time-consuming busy work. Communication is essential, as knowledge of the controls in place is often deterrent enough of employee theft for the wayward employee, and most fraud is discovered as a result from tips made by alert colleagues. Encourage staff to report signs of misconduct by providing safe, anonymous methods of reporting suspicions and/or suggestions for improvement.

There will always be some risk; each city must determine its level of acceptable risk. Implementing preventative controls such as the ones discussed here limits the opportunity for fraud.

*Editor's Note: Mr. Mischkot is the Chief Financial Officer for CIS. ■*



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# Agenda Item 9



## MEMORANDUM

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### *Finance Department*

**To:** John E. Hitt, City Manager

**Date:** December 19, 2012

**From:** Dean Baugh, Finance Manager

**Subject:** RFP Financial Audit Services

---

Per ORS 297 the City is required to have an annual financial audit of our municipal corporation's financial statements. The City has contracted with Grove, Mueller & Swank PC since 1999 to perform the annual audit. The current contract was signed in 2002. The City is satisfied with the performance of our current auditors.

It is the intent of the City to award a contract for audit services for five consecutive years starting with the audit for the fiscal year ending June 30, 2013, with options for two, one year extensions.

**Recommendation:** Staff recommends City Council pass a motion to advertise the RFP for Financial Audit Services

Finance Department

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# City of Lebanon, Oregon

## REQUEST FOR PROPOSAL

## FINANCIAL AUDIT SERVICES

Issue Date: January 10, 2013

Proposal Due Date: 2:00 p.m., February 15, 2013

Submittal Location: City of Lebanon  
Finance Department., Attn: Dean Baugh  
925 Main Street  
Lebanon, OR 97355

City Manager..... John Hitt  
Finance Manager..... Dean Baugh  
Accounting Specialist .....Sarah Bishop

**For more information regarding this Request for Proposals,  
contact Dean Baugh at (541) 258-4212**

## FINANCE DEPARTMENT

# FINANCIAL AUDIT SERVICES

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## SECTION 1: INVITATION

The City of Lebanon invites Proposals to provide **Financial Audit Services**. It is the intent of the City of Lebanon to award a contract for audit services for five consecutive years starting with the audit for the Fiscal Year 2013, beginning July 1, 2012 through June 30, 2013.

Proposals must be received no later than **2:00 p.m. on February 15, 2013 at the location shown below**. Proposals received after this date and time shall be considered late and will not be returned and will become part of the public records. Proposals will be opened in the Conference Room at City Hall and only the names of Proposers will be disclosed. All other Proposal information will not be released until contracts are executed.

**Prior to submitting a proposal, interested Proposers must submit a “Notice of Intent to Propose” by January 31, 2013, at the location listed below. The form is included in the Solicitation packet as Attachment C. A copy of the document should be submitted with your final Proposal.**

To ensure proper identification and handling, Proposal envelopes must be sealed and shall be identified with the Proposal title, Financial Audit Services, the name and address of the Proposer, and delivered to the address listed in Section 1.1 of this Invitation.

The solicitation package can be downloaded from the following Website, [www.lebanon.or.us](http://www.lebanon.or.us).

It can also be obtained at the City of Lebanon, City Hall, at the address listed below, Monday through Friday, between the hours of 7:00 a.m. and 5:00 p.m. It is imperative that those who download the solicitation document check the site regularly for addenda and other notifications that may be pertinent.

A copy of the June 30, 2012, audited financial statements of the City of Lebanon and the Lebanon Urban Renewal Agency will be available after January 9, 2013 Council meeting to all interested Proposers. These documents will be available on the City’s website at [www.ci.lebanon.or.us](http://www.ci.lebanon.or.us).

Proposal, performance, and payment securities are not required.

### 1.1 Location and Contact

The Solicitation Document pick-up location, submittal location, and the destination address for all associated communications is the following:

**City of Lebanon  
Finance Department  
Attn: Dean Baugh  
925 Main Street  
Lebanon, OR 97355**

Contact: **Dean Baugh, Finance Manager**  
E-mail: [dbaugh@ci.lebanon.or.us](mailto:dbaugh@ci.lebanon.or.us)  
Phone: **(541) 258-4212**

## **SECTION 2: INTRODUCTION**

### **2.1 Purpose**

The City of Lebanon invites Proposals from Certified Public Accounting firms (hereinafter, "**Proposer**," or "**Firm**," or "**Contractor**," or "**CPA**," or "**Auditor**," or "**Audit Services Provider**,") to **act as the City's Provider of Financial Audit Services**.

The selected Proposer will be contracted to provide annual financial audit services and other associated work, as assigned. Firms and individuals which are interested in providing these services and which qualify in accordance with the requirements stated herein are invited to submit Proposals to accomplish the Scope of Work. For the purposes of this document, those responding to this solicitation will be referred to as "Proposers"; those qualified as a result of this RFP will be referred to as "Successful Proposer(s) or "Contractors" or "Auditors."

### **2.2 Contract Term and Type**

The City of Lebanon intends to award one contract as a result of this RFP. The contract term will be five years with an option to renew for up to two additional one-year terms.

### **2.3 Background**

The City of Lebanon is a municipal governmental entity providing a full range of services, including police protection; sewer services; water services; construction and maintenance of streets, and infrastructure; recreational activities, Library and Senior Services.

Lebanon is located in the heart of the Willamette Valley, 37 miles south of Salem, the state capital, and 46 miles north of Eugene, the state's second largest city. With a 2011 population of 15,565, Lebanon sits in Linn County.

With a diverse economic base Lebanon is experiencing growth common to the Willamette Valley, and is well poised to maximize the current growth potential. The city has a new Mayor and three new Council members as a result of the 2012 elections. The City has begun the search for a new City Manager, Current City Manager; John Hitt is retiring after serving the City for thirteen years.

### **2.4 Technical Considerations**

The City of Lebanon utilizes Springbrook financial software V7.14 for General Ledger, Utility billing, CR, AP, Special assessments, and fixed Assets tracking. The City is in the process of implementing ADP software for both PR and HR, the go live date is in January 2013

### **2.5 Auditor Considerations**

The City seeks a highly qualified Certified Public Accounting (CPA) firm to work in close partnership with staff throughout the audit process to demonstrate the fairness of the City's financial statements, the integrity of the Comprehensive Annual Financial Report (CAFR), and the overall financial stability of the City of Lebanon. In addition, over the term of this contract the City seeks Management Letter recommendations to the governing Council that policies and internal controls are achieving compliance standards and effectiveness goals. It is the intent of staff to maximize efficiencies with potential decreases in workflows through best practices and automation. The City seeks experienced auditors that can guide staff to meet these goals through an interactive and collaborative partnership.

## 2.6 Notice of Intent to Propose

All potential Proposers shall notify the City in writing by submitting a “Notice of Intent to Propose” by January 31, 2013, at the location listed in Section 1.1, to be considered an interested Proposer. The Notice of Intent to Propose is included in the Solicitation packet as Attachment C. Submit the original by the deadline and retain a copy to be submitted with your Proposal.

## 2.7 RFP Schedule

RFP approved for advertising and is available	January 10, 2013
<b>Final date to submit Notice of Intent to Propose</b>	<b>January 31, 2103</b>
Final date to submit changes or solicitation protests	February 4, 2013
Final addendums from the City	February 5, 2013
<b>Proposals due to City</b>	<b>February 15, 2013, 2:00 p.m.</b>
RFP evaluations	February 18-March 1, 2013
Interview of finalists, if requested by review committee	February, 27-28, 2013
Protest period ends 7 calendar days from Notice of Intent to Award	
Projected finalization of contract	March 15, 2013
Contract Award	April 10, 2013
Pre-audit work services to begin	Preference is prior to June 30, 2013

Every effort will be made to maintain this schedule. However, all dates are subject to change if it is deemed to be in the best interest of the City.

## 2.8 Equal Opportunity in Public Contracting Program

Lebanon encourages the participation of Target Businesses. These businesses are defined as Disadvantaged, Minority-Owned, Women-Owned, and Emerging Small Businesses (DMWESB) certified by the State of Oregon (OMWESB), and businesses certified as Small Disadvantaged Businesses by the Small Business Administration.

## **Section 3: Scope of Work – Mandatory Requirements**

### **3.1 Audit Services**

The Contractor shall perform the following work within the scope of this agreement:

- a) City expects to receive prior to June 1st of each year, a list of schedules to be prepared and other items required for the audit.  
  
Pre-closing, interim, tests and procedures shall be conducted at a mutually agreeable time.  
The final onsite audit will be scheduled at a mutually agreeable time.
- b) Audit the financial statements of the City of Lebanon in accordance with Generally Accepted Auditing Standards (GAAS), the standards set forth for financial audits in the Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and Budget (OMB), Audits of State and Local Governments and prescribed Minimum Standards for Audits of Oregon Municipal Corporations.
- c) Conduct separate audits within this engagement for the Lebanon Urban Renewal Agency. The above audit is to be priced separately within the total engagement amount to be paid by the City.
- d) The audit scope shall be planned so as to preclude the necessity for exceptions arising from scope limitations and shall be sufficient to enable the expression of an audit opinion concerning whether the financial statements present fairly, in all material respects, the City of Lebanon's financial position in conformity with Generally Accepted Accounting Principles (GAAP).
- e) Review drafts of all reports and management letter(s) with the Finance Manager and other officials as may be appropriate and make necessary clarifications as may be appropriate, before any final publication or notification.
- f) The audit firm is expected to assist the City in obtaining the Certificate of Achievement for Excellence in Financial Reporting awards for their CAFR from the Government Finance Officers Association. This certificate program affirms that the City's financial report not only complies with generally accepted accounting principles and applicable legal requirements, but it is also easy to read, efficiently organized, and conforms to program standards.
- g) Complete the audit and deliver the Audit Report , Opinion Letter and Management Letter to the Finance Manager and/or the City Manager annually by November 30.
- h) The auditor may be requested to present the Financial Statement and Management Letter at a City Council meeting or designated committee as requested by the City Manager or Finance Manager.

### **3.2 Public Contract Compliance**

A review of the City of Lebanon's public contract practices and procedures shall be performed within the context of the normal scope of the audit.

### **3.3 Technical Assistance**

The City of Lebanon expects to receive from the Contractor a variety of technical assistance throughout the fiscal year as a part of the overall audit contract and included in the proposed fee for the overall audit. This

assistance would include answers to accounting, reporting, or internal control questions that could require telephone conversations of ten to fifteen minutes in length. These types of quick assistance shall be rendered within the context of the overall fee and shall not be charged in addition to the agreed upon fee unless approved in advance as discrete items by separate purchase order.

### **3.4 Changes of Scope and Additional Work**

The Contractor may be requested to perform special projects for the City of Lebanon. Special projects will be agreed upon in advance, contracted for, provided, and billed separately to the City of Lebanon on an hourly basis due to variations in the demand for additional services from year to year. All such work will be defined within a separate purchase order stating the maximum hours and fees. Hourly rates submitted by the Proposer shall be used to ascertain costs of separately contracted services. In the event that audit findings require more intensive and detailed examination in addition to that which would be sufficient under normal circumstances, the Contractor shall provide all pertinent facts relative to the extraordinary circumstances together with the Contractor's estimate of the additional services to the City of Lebanon as required to resolve the issue(s). Any fees relating to such extensions of examination procedures shall be considered as additional fees subject to negotiation and such fees are not included within the scope of services to be performed under the original contract and the scope of work defined herein.

### **3.5 Management Letter and Other Reports**

Reports covering examinations of Financial Statements, compliance with grant programs, and Management Letters shall be a matter of public record following acceptance by the City Council. The audited financial statements may appear in all official statements or other documents as may be applicable.

### **3.6 Periodic Reports**

The Contractor shall provide summary reports and associated information within the boundaries of propriety and confidentiality on all Audit activities, progress, incidents, and occurrences when appropriate and/or as requested from time to time by the City of Lebanon.

### **3.7 Elective Reports**

The Contractor is encouraged to provide reports to the Finance Manager in addition to the final audit report and associated formal management letter. Such reports shall be in letter form and should include any findings, observations, opinions, recommendations, options, controls, accounting systems, data processing alternatives, compliance with laws, rules, and regulations, or any other matters related to the provision of audit services and the intent to provide sound financial management that come to the attention of the Contractor during the course of the contract and, in the opinion of the Contractor, warrant the attention of management.

### **3.7 Irregularities and Illegal Acts**

Auditors are required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Mayor  
City Manager  
Finance Manager

In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial statement. In addition, the following conditions shall be considered reportable:

- Reportable conditions that are also material weaknesses shall be identified as such in the report

- Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls

The report on compliance shall include all material instances of noncompliance. All non-material instances of non-compliance shall be reported in a separate management letter, which shall be referred to in the report on compliance

#### **Section 4: Specific Work Requirements**

The Contractor shall perform all work in compliance with the following:

- a) Contractor shall perform an annual audit of the City of Lebanon and the Lebanon Urban Renewal Agencies financial statements as of and for the year ending, June 30, 2013.
- b) Those audits shall be on an organization-wide basis in accordance with The Single Audit Act Amendments of 1996 by Independent Auditors.
- c) Those audits shall be conducted in accordance with Generally Accepted Auditing Standards; "Government Auditing Standards" issued by the Comptroller General of the United States, and the State of Oregon "Minimum Standards for Audits of Oregon Municipal Corporations."
- d) Those audits shall report on compliance with laws, regulations, and internal controls. The audits shall be designed to provide reasonable assurance of detecting errors, fraud, illegal acts, and instances of noncompliance with laws and regulations, which have a direct and material effect on the financial statements.
- e) Those audits shall report on compliance with statutory, regulatory, and contractual matters that meet the requirements of the Government Auditing Standards and the requirements of reports on the Organization's internal control structure and controls used in administrating federal program awards that meet the requirements of the Government Auditing Standards.

#### **Section 5: City of Lebanon Requirements**

##### **5.1 Audited Financial Statement Availability**

A copy of the June 30, 2012, audited financial statements of the City of Lebanon and the Lebanon Urban Renewal Agency will be available after January 9, 2013 Council meeting to all interested Proposers. These documents will available on the City's website at [www.ci.lebanon.or.us](http://www.ci.lebanon.or.us). Examples of work papers prepared by City staff are available for inspection in the City Finance office (925 Main Street).

##### **5.2 City Staffing**

The City of Lebanon has approximately 100 employees, and all accounting functions are centralized at City Hall. The core financial system accounts for all general ledger transactions, fixed assets, and payroll. The CPA firm of Grove, Mueller & Swank P.C. has been the auditor for the City since 1999. Their most recent report, issued in December 2012, expressed an unqualified opinion on the financial statements for the fiscal year ended June 30, 2012. City accounting staff prepares substantially all account analysis and supporting schedules. Proposers should consider this factor in their estimates of time and fees.

##### **5.3 City Responsibilities and Prerogatives**

- a) The Finance Manager is the City contract for all the work described herein and shall manage the Audit Services on behalf of the City of Lebanon. This person or designated representative(s) shall be available to the Contractor to provide oversight and administrative

direction by phone at (541) 258-4212, or in person during normal business hours, Monday through Friday, 7:00 a.m. - 5:00 p.m.

- b) The City of Lebanon shall provide all information necessary for the completion of all audit functions; City staff will prepare work papers to support analysis of general ledger accounts and other schedules deemed necessary by auditor.
- c) The City of Lebanon shall provide on-site, secure, temporary office space for the period during which the audit field work takes place.

## **Section 6: Proposer Qualifications - Mandatory**

Requirements the Proposer shall meet to qualify for consideration for award of the work are:

- a) The Proposer shall employ accountants properly licensed by the Oregon State Board of Accountancy as Certified Public Accountants and as Municipal Auditors;
- b) The Proposer shall meet the independence standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions, most current revision; and
- c) The Proposer shall not have a record of substandard work and will furnish the City of Lebanon with a copy of the most recent Peer Review Report. The City may elect to verify these requirements with the Oregon State Board of Accountancy and other references as desired.
- d) The Proposer shall furnish three (3) Oregon municipal government references within the last three (3) years.
- e) The Proposer shall furnish a minimum list of two (2) CAFR's, prepared by the submitting accounting firm, for an entity that approximates the size and complexity of the City of Lebanon.

## **Section 7: Instructions to Proposers**

### **7.1 Submittal Requirements**

This RFP sets forth the minimum requirements that all Proposals should meet. Failure to submit Proposals in accordance with this RFP may render the Proposal unacceptable or non-responsive. All written communications regarding this RFP should be directed to:

**City of Lebanon  
Finance Department  
Attn: Dean Baugh  
925 Main Street  
Lebanon, OR 97355**

### **7.2 Changes to the Solicitation (Addenda)**

The City of Lebanon reserves the right to make changes to the RFP by written addendum, which shall be issued to all prospective Proposers known to the City of Lebanon's to have received the Proposal Document.

A prospective Proposer may request a change in the RFP by submitting a written request to the address set forth in Section 1.1. The request must specify the provision of the RFP in question, and contain an explanation for the requested change.

**NOTE: All requests for changes or additional information must be submitted to the City of Lebanon no later than the date set in the RFP Schedule found in Section 2.7.**

The City of Lebanon will evaluate any request submitted, but reserves the right to determine whether to accept the requested change. If in the Finance Manager's opinion, additional information or interpretation is necessary; such information will be supplied in the form of an Addendum as stated above. Any addenda shall have the same binding effect as though contained in the main body of the RFP. Oral instructions or information concerning the specifications of the project given out by City of Lebanon managers, employees, or agents to the prospective Proposers shall not bind the City of Lebanon.

- a) Addenda will be emailed or delivered to all Interested Proposers known by the City of Lebanon to have received the Proposal Document.
- b) No addenda will be issued later than the date set in the RFP Schedule, except an addendum, if necessary, postponing the date for receipt of Proposals or withdrawing the invitation.
- c) Each Proposer shall ascertain, prior to submitting a Proposal, that the Proposer has received all Addenda issued, and receipt of each Addendum shall be acknowledged in the appropriate location on each Addendum and included with the Proposal.

### **7.3 Proposal Format**

Proposals should be prepared simply and economically, providing a straightforward, concise description of Proposer's capabilities to satisfy the requirements of the RFP. Proposals shall be submitted with the original Proposal signed in ink by an official authorized to represent and bind the proposing firm and shall be marked "original".

### **7.4 Clarifications**

The City of Lebanon reserves the right to obtain clarification of any point in a firm's Proposal or to obtain additional information necessary to properly evaluate a particular Proposal. Failure of a Proposer to respond to such a request for additional information or clarification could result in rejection of that firm's response or responses.

### **7.5 Confidentiality**

All information submitted by Proposers shall be public record and subject to disclosure pursuant to the Oregon Public Records Act, except such portions of the Proposals for which Proposer requests exception from disclosure consistent with Oregon Law. All requests shall be in writing, noting specifically which portion of the Proposal the Proposer requests exception from disclosure. Proposer shall not copyright, or cause to be copyrighted, any portion of any said document submitted to the City of Lebanon as a result of this RFP.

### **7.6 Cancellation**

The City of Lebanon reserves the right to cancel award of this contract at any time before execution of the contract by both parties if cancellation is deemed to be in the City of Lebanon's best interest. In no event shall the City of Lebanon have any liability for the cancellation of award. The Proposer assumes the sole risk and responsibility for all expenses connected with the preparation of its Proposal.

## 7.7 Late Proposals

All Proposals that are not received by the deadline stated in the RFP Schedule in Section 2.7 will be considered late and will not be returned to the Proposer and will become part of the public records. Delays due to mail and/or delivery handling, including, but not limited to delays within City of Lebanon's internal distribution systems, do not excuse the Proposer's responsibility for submitting the Proposal to the correct location by the stated deadline.

## 7.8 Disputes

In case of any doubt or differences of opinions as to the items or service to be furnished hereunder, or the interpretation of the provisions of the RFP, the decision of the City of Lebanon shall be final and binding upon all parties.

## 7.9 Pre-Contractual Expenses

Costs incurred by any Proposer in the preparation of their response to the RFP are the responsibility of the Proposer and will not be reimbursed by City of Lebanon. Proposers shall not include any such expenses as part of their Proposals.

## 7.10 Proposer's Representation

Proposers, by the act of submitting their Proposals, represent that:

- a) They have read and understand the Proposal Documents and their Proposal is made in accordance therewith;
- b) They have familiarized themselves with the local conditions under which the work will meet their satisfaction;
- c) Their Proposal is based upon the requirements described in the Proposal Documents without exception (unless exceptions are clearly stated in the response).

## 7.11 Conditions of Submittal

By the act of submitting a response to this Invitation, the Proposer certifies that:

- a) The Proposer and each person signing on behalf of any Proposer certifies, and in the case of a sole proprietorship, partnership or corporation, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief, no elected official, officer, employee, or person, whose salary is payable in whole or in part by the City of Lebanon, has a direct or indirect financial interest in the Proposal, or in the services to which it relates, or in any of the profits thereof **other than as fully described in the Proposer's Transmittal Letter submitted in response to this Invitation.**
- b) The Proposer has examined all parts of the Request for Proposal, including all requirements and contract terms and conditions thereof, and, if its Proposal is accepted, the Proposer shall accept the contract documents thereto unless substantive changes are made in same without the approval of the Proposer.
- c) The Proposer, if an individual, is of lawful age; is the only one interested in this Proposal; and that no person, firm or corporation, other than that named, has any interest in the Proposal, or in the proposed contract.

- d) The Proposer is duly licensed by the Oregon Board of Accountancy as a Certified Public Accountant and Municipal Auditor.

### **7.12 Interpretation or Correction of Proposal Documents**

- a) Proposers shall promptly notify the City of Lebanon of any ambiguity, inconsistency or error, which they may discover upon examination of the Proposal Documents or the site and local conditions.
- b) Proposers requiring clarification or interpretation of the Proposal Documents shall make a written request for same to the City of Lebanon's Finance Manager to the submittal address listed in Section 1.1 of the Invitation.
- c) The City of Lebanon shall make interpretations, corrections or changes of the Proposal Documents in writing by published Addenda. Interpretations, corrections or changes of the Proposal Documents made in any other manner will not be binding, and Proposers shall not rely upon such interpretations, corrections, and changes.
- d) Should any doubt or difference of opinion arise between the City of Lebanon and a Proposer as to the items to be furnished hereunder or the interpretation of the provisions of this solicitation, the decision of the City of Lebanon shall be final and binding upon all parties.

### **7.13 Requests for Additional Information**

Requests for information regarding City of Lebanon services, programs, personnel or financial systems, or any other information shall be submitted in writing directly to the Finance Manager at the address in the Invitation. All requests for clarification of any part of this solicitation or for additional information shall be submitted in writing on or before ten (10) calendar days prior to the Proposal opening. Answers shall be provided to all Proposers of record on the date that answers are available.

### **7.14 Competition**

Respondents are encouraged to comment, either with their Proposals or at any other time, in writing, on any specification or requirement within this RFP, which the respondent believes, will inordinately limit competition.

### **7.15 Complaints and Inequities**

Any complaints or perceived inequities related to this RFP or award of work referenced herein shall be in writing and directed to the Finance Manager at the Proposal submittal address listed in Section 1.1 of the Invitation of this RFP and shall be received not later than the date or time period listed in the RFP Schedule, Section 2.7. Such submittals will be reviewed upon receipt and will be answered in writing.

### **7.16 Cost of RFP and Associated Responses**

This RFP does not commit the City of Lebanon to paying any costs incurred by any Proposer in the submission or presentation of a Proposal, or in making the necessary studies for the preparation thereof. Responses to this solicitation are purely voluntary.

### **7.17 Right to Clarification and Additional Research**

- a) The City of Lebanon reserves the right to obtain clarification of any point in a Proposal or to obtain additional information necessary to properly evaluate a particular Proposal. Failure of a

Proposer to respond to such a request for additional information or clarification could result in a finding that the Proposer is non-responsive and consequent rejection of the Proposal.

- b) The City of Lebanon may obtain information from any legal source for clarification of any Proposal or for information on any Proposer. The City of Lebanon need not inform the Proposer of any intent to perform additional research in this respect or of any information thereby received.
- c) The City of Lebanon may perform, at its sole option, investigations of the responsible Proposer. Information may include, but shall not necessarily be limited to credit history, recent financial statements, current litigation, bonding capacity and related history, contracting references, etcetera. All such documents, if requested by the City of Lebanon, become part of the public records and may be disclosed accordingly.

### **7.18 Quantity of Proposals**

Each Proposer shall submit **one original and five identical copies** of its Proposal. Proposals shall be identified on the cover sheet or front page as "Original" or "Copy" as applicable. Only one Proposal set will be considered from each Proposer.

### **7.19 Rejection of Proposals**

The City of Lebanon reserves the right to reject any or all Proposals received as a result of this request. Proposals may be rejected for one or more of the following reasons, including but not limited to:

- a) Failure of the Proposer to adhere to one or more of the provisions established in this RFP.
- b) Failure of the Proposer to submit a Proposal in the format specified herein.
- c) Failure of the Proposer to submit a Proposal within the time requirements established herein.
- d) Failure of the Proposer to adhere to ethical and professional standards before, during, or following the Proposal process.

The City of Lebanon may reject any Proposal not in compliance with all prescribed public procurement procedures and requirements, and may reject for good cause any or all Proposals upon a finding of the City of Lebanon that it is in the public interest to do so.

### **7.20 Modification or Withdrawal of Proposal**

- a) A Proposal may not be modified, withdrawn, or canceled by the Proposer for 60 (sixty) calendar days following the time and date designated for the receipt of Proposals.
- b) Prior to the time and date designated for receipt of Proposals, Proposals submitted early may be modified or withdrawn only by notice to the City of Lebanon Finance Manager, at the Proposal submittal location, prior to the time designated for receipt of Proposals. Such notice shall be in writing over the signature of the Proposer. All such communications shall be so worded as not to reveal the amount of the original Proposal or any other material contents of the original Proposal.
- c) Withdrawn Proposals may be resubmitted up to the time designated for the receipt of Proposals provided that they are then fully in conformance with these Instructions to Proposers.

## **7.21 Proposal Ownership**

- a) All Proposals submitted become and remain the property of the City of Lebanon and, as such, are considered public information and subject to public disclosure within the context of the federal Freedom of Information Act and Oregon Revised Statutes (ORS) 192.501 and ORS 192.502, public records exempt from disclosure.
- b) Unless certain pages or specific information are specifically marked "proprietary" and qualify as such within the context of the regulations stated in the preceding paragraph, the City of Lebanon shall make available to any person requesting information through the City of Lebanon's processes for disclosure of public records, any and all information submitted as a result of this solicitation without obtaining permission from any Proposer to do so.

## **7.22 Prevailing Opinion**

Should any doubt or difference of opinion arise between the City of Lebanon and a Proposer as to the items to be furnished hereunder or the interpretation of the provisions of this RFP, the decision of the City of Lebanon shall be final and binding upon all parties.

## **7.23 Only Whole Dollars Considered**

Throughout the Proposal analysis only *whole dollar amounts* shall be considered. Where Proposal amounts show fractions of dollars, i.e., pennies, the fractional amount shall be disregarded without rounding. Any ranking involving fees and/or costs shall be based upon the truncated whole dollar amount; that is, upon that portion to the left of the decimal point only, as presented by the Proposer.

## **Section 8: Evaluation Process**

### **8.1 Basic Factors for Consideration**

During the technical evaluation of the Proposals the primary factors which will be considered, include (but are not limited to):

- a) A clear understanding of the work to be performed, demonstrated by the comprehensiveness and appropriateness of the Proposal;
- b) The Proposer's ability to undertake a contract of the size indicated and to complete the work in a timely manner, demonstrated by the size and organizational structure of the Proposer;
- c) Specific technical experience of the Proposer and specific prior audit experience in a governmental environment;
- d) Staff qualifications, demonstrated through resumes and descriptions provided as specified within this RFP;
- e) Proposed fees and estimated hours as extrapolated to represent an approximate total cost to the City of all audit activities;
- f) As a policy, the City of Lebanon does not pay travel expenses. Costs for those expenses should be included in the overall proposed audit cost.

## 8.2 Scoring

Scoring shall be completed using an Analysis Sheet as rated by each member of the Evaluation Team. When the Analysis Sheet is complete, all scores for each Proposer shall be added together to arrive at a final score for each Proposer. Proposals will then be ranked in descending order by the total Proposal score.

The City is seeking technical value from the audit and total cost will not be the deciding factor. While cost is important to the overall evaluation process, the technical experience of the entire team including time spent by the Senior Auditor, will be assigned a higher weighted value.

The basis for scoring the Analysis Sheet will be:

50%	Technical skills, including but not limited to the evaluation of the resumes of audit staff, and estimated total hours of each individual on the team, including supervisory management of the team, along with the total audit hours
15%	Quality of the references of three (3) Oregon governmental clients within the last three (3) years
<u>35%</u>	Cost to total project
100%	Total

## 8.3 Interviews

Interviews may be held at the sole discretion of the City. If held, a possible 50 points will be attributed to interviews, the interview scores will be added to the paper scores, and the list re-ordered. Then, final negotiations shall be conducted with the top-ranked Proposer.

## 8.4 Ranking of Proposals

- a) Proposals shall be ranked by the Evaluation Committee based on evaluation of responses and oral interviews (if any), with the first-ranked Proposer being that Proposer which is deemed to be the most appropriate and fully able to perform the services, and the second-ranked Proposer being the next most appropriate, etc., all in the sole judgment of the Evaluation Committee team.
- b) Respondents will be ranked in the format of an Analysis Sheet. Any Proposer's response to this RFP shall be considered de facto permission to the City of Lebanon to disclose the Analysis Sheet, when completed, to selected viewers at the sole discretion of the City of Lebanon.
- c) The Evaluation Committee will then submit its ranked list to the Lebanon City Manager. If approved: a recommendation will be submitted to the City Council, the top-ranked Proposer usually being awarded the contract. If, for any reason, the top-ranked Proposer is unacceptable to the City Manager or the City Council, the remaining Proposers will be considered in the order of their ranking and the process will be repeated until a Proposer acceptable to the City is identified.

## **8.5 Award Process**

This entire Request for Proposal, the Proposer's response and any clarifications, addenda or additions which may evolve during the process of invitation, analysis, and selection will be incorporated into the contract documents.

## **8.6 Contract Management**

By delegation from the Lebanon City Council through the City Manager, the Finance Manager is the Contract Manager for all the work described herein and shall manage the Audit Services on behalf of the City.

## **Section 9: Proposal Requirements**

### **9.1 General Proposal Requirements**

The following information shall be submitted by the Proposer and analyzed by the City in accordance with the evaluation rules set forth in Section 8. During the analysis phase, submittals may be separated in order to provide copies for distribution.

Clearly identify each page of each submittal and its membership in a particular group or section. Pages that are not clearly identified may not be replaced correctly. Do not bind any papers together - they may be separated for copying; this applies to the original and to the five (5) required copies to be submitted.

### **9.2 Mandatory Submittals**

**In order to be fully Responsive to this solicitation, the Proposer shall submit, at a minimum, the following items listed in Attachment A, Proposal Form. Please begin each section on a new page.**

### **9.3 Specific Proposal Requirements**

The following information shall be submitted by the Proposer and analyzed by the City of Lebanon in accordance with the evaluation process rules defined in Section 8:

**a) Cover Sheet**

This sheet shall contain the Proposal Title, Financial Audit Services, the Proposer's name, and the date the Proposal was submitted.

**b) Notice of Intent to Propose**

A copy of the original Notice of Intent to Propose should be submitted with the Proposal. The original should be submitted **no later than the date set in the RFP Schedule found in Section 2.7** to the City of Lebanon at the address listed in Section 1.1. The Notice of Intent to Propose is included in the Solicitation Document as Attachment C.

**c) Proposal Form**

Submit the Proposal Form (Attachment A) as a check sheet, signed, and complete in every respect. The information requested in the Proposal Form shall be fully addressed in your response and the letters "N/A" shall be used to respond to areas that are not applicable to the Proposer. Proposers who do not submit Attachment A, or who submit incomplete responses to the information requested in the Proposal Form, shall be ruled non-responsive and, hence, will not be considered for inclusion in the pool for any work.

**d) Transmittal Letter**

The Transmittal Letter shall be not more than two (2) pages long and shall address the Proposer's understanding of the objective of the services to be provided. The Transmittal Letter shall list the names of persons authorized to represent the Proposer, their titles, addresses and telephone numbers (if different from the individual who signs the Transmittal Letter and/or the Proposal Form). Any conflicts of interest or negative disclosures that are relevant and necessary to be addressed shall be included in this letter. Identify any associated firms or sub-consultants, including qualifications of individuals who may be involved in the performance of the project(s) who/which may be subcontracted and are not specifically identified within the requests directly below. Additionally, the letter shall include:

- 1) A brief statement of the Proposer's understanding of the objective of the audit and the Audit Services to be performed; and
- 2) A positive commitment to perform the services within the time period specified, starting and completing the audit within the timelines given in this RFP; and
- 3) The names of persons authorized to represent the Proposer, their titles, addresses and telephone numbers (if different from the individual who signs the Transmittal Letter); and
- 4) Information required within the context of the solicitation such as any ownership conflict, which must be declared, termination conditions, and a short narrative on any disciplinary action to which the Proposer has been subjected.

**e) Summary of Proposer's Qualifications**

State, in general terms, the Proposer's qualifications to perform the work described herein. Identify the audit managers, field supervisors, and other staff who will work on the audit, including staff from other than the local office. Provide brief resumes describing auditing experience for Oregon Municipal Corporations, and federal, state, and Foundation grants and loans. Please provide relevant continuing education within the past three (3) years for the Contractor-in-charge up through the individual with final responsibility for the engagement. Indicate all applicable Oregon Municipal Auditor roster numbers.

**f) Administrative Capabilities**

Describe the range of activities performed by the Proposer's office, such as auditing, accounting, tax service, or management services.

**g) Similar Experiences & References**

Describe recent local and regional office auditing experience similar to the type of work requested. For three (3) of the governmental audits within the last three (3) years, provide the name, title, and telephone number of the client official responsible for the audit.

**h) General Approach to Examination**

Submit a conceptual plan to accomplish the Scope of Work as defined in this RFP in Section 3. The planned use of specialists (if any) should also be described, as well as the general

qualifications of all staff of the engagement. The conceptual plan should completely cover what audit work will be accomplished to allow the Contractor to issue:

- 1) An Opinion Report on the financial statements;
- 2) A report on the study and evaluation of internal control systems; and
- 3) A report on the City of Lebanon's internal control systems to assure compliance and assure whether or not the City of Lebanon has complied with laws and regulations that may have an effect on every federal and state assistance program.

**i) Contribution Expectations**

Indicate the extent to which City of Lebanon personnel would be expected to contribute to the audit work effort.

**j) Schedule of Reports**

Demonstrate Proposer's ability to meet the reporting requirements of the City of Lebanon and its component units by providing a schedule which lists the various reports and their applicable due dates.

**k) Fee Proposal**

Proposer shall list the proposed total hours and dollar amounts, for each of the categories listed in the Fee Proposal. The City of Lebanon does not pay segregated travel expenses.

Submit the Fee Proposal form, Attachment B, in a sealed envelope within the RFP Solicitation package.

**l) Attachments and Addendums**

All Attachments and Addendums of this RFP shall be submitted as part of the Proposal. Receipt of each Addendum shall be acknowledged by the Proposer by signing in the appropriate designated location and including this document with the Proposal. Each Proposer shall ascertain, prior to submitting a Proposal, that the Proposer has received all Addenda issued by the City of Lebanon.

## **9.4 Page Identification**

Please be sure to identify each page of each submittal with the Proposer's name.

## Attachment A: Proposal Form

### Submittal Pages:

- a) Cover Sheet
- b) Notice of Intent to Propose
- c) Proposal Form
- d) Transmittal Letter
- e) Summary of Qualifications
- f) Administrative Capabilities
- g) Similar Experiences & References
- h) General Approach to Examination
- i) Contribution Expectations
- i) Schedule of Reports
- k) Fee Proposal – sealed envelope
- l) Attachments & Addendums

### Proposer Information:

- a) Federal ID Number (or Social Security Number if not a corporation)
- b) If a corporation, list the date, state, and type of incorporation.
- c) How long has the Proposer been in business? Under what name(s)?
- d) Who is the Proposer a subsidiary of or is wholly-owned by?
- e) Proposer is configured as: a/an Individual (Sole Proprietorship), Partnership, Corporation, Joint Venture, or Other (describe)
- f) Has the Proposer or any of its members ever had a license or permit revoked or suspended, or sustained any form of bankruptcy including receivership during the last ten (10) years? If yes, describe action and outcome. Use attached sheets as necessary.
- g) Has the Proposer, or any of its current associates, members, partners, been involved in any lawsuits or mediations or arbitrations (including those which may be presently pending), either as plaintiff or defendant, during the period of January 1, 2000 to the present?
- h) List the number of professional CPA staff by level employed in the local office and indicate the number of staff on the Oregon Municipal Auditor's Roster.
- i) Has the Proposer received a positive Peer Review within the past three (3) years? If yes, describe. If not, please provide copies of the Peer Review Report.

Signer's Name and Title (Printed): \_\_\_\_\_

Proposer's Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Attachment B: Fee Proposal

### Fee Proposal

The undersigned hereby proposes and, if selected, agrees to furnish all services in accordance with the Request for Proposal identified as "Financial Audit Services" for the sums shown immediately below and in associated attachments. Proposer shall provide the following for each of the five fiscal years 2013 through 2017:

Audit Services	Total Staff Hours	Total Dollars
a) General Audit of City of Lebanon's Annual Financial Report (including preparation of the Financial Statements and related management letter) as specified;	_____	_____
b) Urban Renewal Agency audit, as specified;	_____	_____
d) Totals	_____	_____

### Additional Local Office Services

Provide current hourly rates for the staff listed below. These rates will be used for negotiation of specific assignments not included within the scope of this RFP, which will, as described herein, be awarded as separate orders.

### Staff Member Billable Hourly Rate

- a) General Partners (CPA) \_\_\_\_\_ / hour
- b) Managers (CPA) \_\_\_\_\_ / hour
- c) Senior Staff (CPA) \_\_\_\_\_ / hour
- d) Junior Staff (CPA) \_\_\_\_\_ / hour
- e) Junior Staff (Non-CPA) \_\_\_\_\_ / hour
- f) Clerks & Typists (Non-CPA) \_\_\_\_\_ / hour
- g) Other (describe) \_\_\_\_\_ / hour
- h) Other (describe) \_\_\_\_\_ / hour

### Certifications

#### Non-Collusion

The undersigned Proposer hereby certifies that it, its officers, partners, owners, providers, representatives, employees and parties in interest, including the affiant, has not in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, potential Proposer, firm or person, in connection with this solicitation, to submit a collusive or sham bid, to refrain from bidding, to manipulate or ascertain the price(s) of other Proposers or potential Proposers, or to secure through any unlawful act an advantage over other Proposers or the City. The fees and prices submitted herein have been arrived at in an entirely independent and lawful manner by the Proposer without consultation with other Proposers or potential Proposers or foreknowledge of the prices to be submitted in response to this solicitation by other Proposers or potential Proposers on the part of the Proposer, its officers, partners, owners, providers, representatives, employees or parties in interest, including the affiant.

**Conflict Of Interest**

The undersigned Proposer and each person signing on behalf of the Proposer certifies, and in the case of a sole proprietorship, partnership, or corporation, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief, no member of the City Council, officer, employee, or person, whose salary is payable in whole or in part by the City, has a direct or indirect financial interest in the award of this Proposal, or in the services to which this Proposal relates, or in any of the profits, real or potential, thereof, except as noted otherwise herein. The undersigned hereby submits this Proposal to furnish all work, services systems, materials, and labor as indicated herein and agrees to be bound by the following documents: Request for Proposal, Professional Services Contract, and associated inclusions and references, specifications, Proposal Form, Proposer’s response, mutually agreed clarifications, appropriately priced change orders, exceptions which are acceptable to the City, and all other Proposer’s submittals.

**Signature Block**

The Proposer hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

\_\_\_\_\_  
Proposer’s Firm Name:

\_\_\_\_\_  
Proposer’s Mailing Address, City, State, Zip

\_\_\_\_\_  
Proposer’s Telephone Number

\_\_\_\_\_  
Proposer’s Facsimile Number

\_\_\_\_\_  
Signer’s Email Address

\_\_\_\_\_  
Signer’s Name (Printed)

\_\_\_\_\_  
Signer’s Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Attachment C: Notice of Intent to Propose**

Date \_\_\_\_\_

City of Lebanon  
Finance Department  
Attn: Dean Baugh  
925 Main Street  
Lebanon, OR 97355

CITY OF LEBANON RFP – FINANCIAL AUDIT SERVICES

This letter serves to notify the City of Lebanon that *[Proposer's company name]* intends to submit a Proposal in response to the above identified Request for Proposals and should be considered by the City of Lebanon as an interested Proposer.

Sincerely,

*[Signer's name]*  
*[Proposer's company name]*  
*[Proposer's mailing address]*

*[Signer's e-mail]*  
*[Signer's phone number]*

## Attachment D: Personal Services Contract

This contract for services is entered into by and between the City of Lebanon, herein after called the City, and \_\_\_\_\_, hereinafter called the Contractor. Whereas the City has need for the professional services of an individual or firm with the particular training, skills, ability, knowledge, and experience possessed by the Contractor, now therefore, the Contractor agrees to provide these services beginning \_\_\_\_\_, 20\_\_\_\_, (“Effective date”) through \_\_\_\_\_, 20\_\_\_\_.

The Contractor agrees to provide the personal services as outlined in the attached Exhibits, and in performing these services it is understood and agreed that these services are subject to the following:

1. **TIME IS OF THE ESSENCE** - Time is of the essence in the performance of this Contract. The Contractor’s failure to perform services on time shall be a material breach of this contract. If the Contractor fails to perform services on time, the City, at its discretion, may procure those services, to the extent not already performed by the Contractor, from another source. If the price paid by the City, for services procured from another source under this Paragraph is higher than the price paid under this contract, the City, may, deduct that difference from any amount the City owes the Contractor at the time of termination as a setoff as provided in Paragraph 14(c) herein.

2. **INDEPENDENT CONTRACTOR STATUS** – The Contractor is an independent contractor, and neither the Contractor, the Contractor’s subcontractors, nor the Contractor’s employees are employees, officers, or agents of the City. The Contractor is responsible for all federal, state, and local taxes and fees applicable to payments for services under this Contract. Although the City, reserves the right to determine (and modify) the delivery schedule for the Work to be performed, and to evaluate the quality of the completed performance, the Contractor shall be free from the City’s direction and control over the means and manner of providing the labor or service. The Contractor is responsible for obtaining all assumed business registrations or professional occupation licenses required by state or local law. The Contractor shall provide and pay for all labor, materials, equipment, utilities and other goods or services necessary for full contract performance, unless this contract specifically provides otherwise.

3. **SUBCONTRACTORS, ASSIGNMENT; SUCCESSORS-IN-INTEREST** - Except as specifically authorized in the contract documents, the Contractor shall not make any subcontract with any other party for furnishing any of the work and services contemplated under this contract or assign or transfer any interest in this Contract, without obtaining the express prior written consent of the City. In any case, this contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns, if any.

4. **NO THIRD PARTY BENEFICIARIES** – The City and the Contractor are the only parties to this Contract and are the only parties entitled to enforce its terms. Nothing in this Contract gives, is intended to give, or shall be construed to give or provide, any benefit or right, whether directly or indirectly or otherwise, to third persons.

5. **RECORDKEEPING; ACCESS TO RECORDS** – The Contractor shall maintain all fiscal records relating to this Contract in accordance with Generally Accepted Accounting Principles. In addition, the Contractor shall maintain any other records pertinent to this Contract in such a manner as to clearly document the Contractor’s performance hereunder. All such fiscal records, books, documents, papers, plans, and writings shall be retained by the Contractor and kept accessible for a minimum of three (3) years, except as required longer by law, following final payment and termination of this Contract, or until the conclusion of any audit, controversy, or litigation arising out of or related to this Contract, whichever date is later.

The Contractor agrees that the City, and its authorized representatives shall have access to all books, documents, papers, and records of the Contractor that are directly related to the Contract for the purpose of making any audit adjustments, examination, copies, excerpts, and transcripts.

6. **KEY PERSONNEL** – The Contractor acknowledges and agrees that the City selected the Contractor and is entering into this Contract because of the special qualifications of the Contractor’s key personnel. In particular, through this Contract, the City, is engaging the expertise, experience, judgment, and personal attention of \_\_\_\_\_ (“key personnel”). The Contractor shall not reassign or transfer the key personnel to other duties or positions, such that the key personnel [ARE/IS] no longer available to provide the City, with [HIS/HER/THEIR] expertise, experience, judgment, and personal attention, without first obtaining the City’s prior written consent to such reassignment or transfer. In the event the Contractor requests that the City approve a reassignment or transfer of the key personnel, the City shall have the right to interview, review the qualifications of, and approve, or disapprove the proposed replacement(s).

7. **NONDISCLOSURE** – The Contractor agrees not to divulge to third parties, without the written consent of the City, any information obtained from or through the City in connection with the performance of this contract unless:

- a) The information is known to the Contractor prior to obtaining the same from the City;
- b) The information is, at the time of disclosure by the Contractor, then in the public domain; or
- c) The information is obtained by the Contractor from a third party who did not receive same, directly or indirectly from the City. The Contractor further agrees not to disclose to any third party any information developed or obtained by the City in the performance of this contract, without the written consent of the City, except to the extent that such information falls within one of the categories described in (a), (b), (c), above.

8. **OWNERSHIP OF WORK PRODUCT** - All work product of the Contractor that results from this Contract (“the work product”) is the exclusive property of the City. If, for any reason, the work product is not deemed “work made for hire”, the Contractor hereby irrevocably assigns to the City all of the Contractor’s right, title, and interest in and to any and all of the work product, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrine. The Contractor shall execute such further documents and instruments as the City may reasonably request, in order to fully vest such rights in the City. The Contractor forever waives any and all rights relating to the work product, including without limitation, any and all rights arising under 17 USC Section 106A, or any other rights of identification of authorship or rights of approval, restriction, or limitation on use or subsequent modifications.

9. **FOREIGN CONTRACTOR** – If the Contractor is not domiciled in, or registered to do business in the State of Oregon, the Contractor shall promptly provide to the Oregon Department of Revenue and the Oregon Corporation Division all information required by those agencies relative to this Contract.

10. **COMPENSATION** – The City shall pay to the Contractor the total amount of compensation under this Contract which shall not exceed a total amount of \$\_\_\_\_\_, for work performed under this Contract after the effective date as set out above. The payment shall be full compensation for work performed and for services rendered. This fee is based on actual time incurred for services provided.

11. **REIMBURSABLE EXPENSES** – Reimbursable expenses will not be allowed by the City and reasonable costs should be included in the total budget for the audit.

12. **TIME OF PAYMENT** – The Contractor will, within ten (10) calendar days after the end of each month, submit a statement to the City describing the services performed by the Contractor during that month and the portion of the fee which is payable with respect to those services. The City will pay each statement within thirty (30) days after receipt, except that the final statement will not be payable by the City until thirty (30) days after the City's acceptance of the final product.

13. **TERMINATION FOR CONVENIENCE** - This Contract may be terminated as follows:

- a) This Contract may be terminated by mutual consent of both parties at any time.
- b) The City in its sole discretion may terminate this Contract for any reason upon thirty (30) days written notice to the Contractor.
- c) Either the City or the Contractor may terminate this Contract in the event of a breach of the Contract by the other. Prior to such termination the party seeking termination shall give to the other party written notice of the breach and intent to terminate. If the party committing the breach has not entirely cured the breach within fifteen (15) days of the date of notice, then the party giving the notice may terminate the Contract at any time thereafter by giving a written notice of termination.
- d) Notwithstanding Paragraph 13(c), the City may terminate this Contract immediately by written notice to the Contractor upon denial, suspension, revocation, or non-renewal of any license, permit, or certificate that the Contractor must hold to provide services under this Contract.

14. **PAYMENT ON EARLY TERMINATION** - Upon termination pursuant to Paragraph 13, payment shall be made as follows:

- a) If terminated under Paragraph 13(a) or 13(b) for the convenience of the City, the City shall pay the Contractor for work performed prior to the termination date if such work was performed in accordance with the contract. The City shall not be liable for direct, indirect, or consequential damages. Termination shall not result in a waiver of any other claim the City may have against the Contractor.
- b) If terminated under Paragraph 13(c) by the Contractor due to a breach by the City, then the City shall pay the Contractor for work performed prior to the termination date if such work was performed in accordance with the contract.
- c) If terminated under Paragraph 13(c) or 13(d) by the City due to a breach by the Contractor, then the City shall pay the Contractor for work performed prior to the termination date provided such work was performed in accordance with the Contract less any setoff to which the City is entitled.

15. **REMEDIES** - In the event of breach of this Contract the parties shall have the following remedies:

- a) If terminated under Paragraph 13(c) by the City due to a breach by the Contractor, the City may complete the work by agreement with another Contractor.
- b) In addition to the remedies in Paragraphs 13 and 14 for a breach by the Contractor, the City also shall be entitled to any other equitable and legal remedies that are available.

- c) If the City breaches this Contract, the Contractor's remedy shall be limited to termination of the contract and receipt of contract payments to which the Contractor is entitled.

16. **NOTICE** – Except as otherwise expressly provided in this Contract, any communications between the parties hereto or notices to be given hereunder shall be given in writing, by personal delivery, facsimile, or mailing, postage prepaid, to the Contractor or the City at the address or number set forth on the signature page of this Contract, or to such other addresses or numbers as either party may hereafter indicate pursuant to this paragraph. Any communication or notice so addressed and mailed shall be deemed to be given five (5) days after mailing. Any communication or notice given by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine. To be effective against the City, such facsimile transmission must be confirmed by telephone notice to the Assistant City Manager/Chief Financial Officer. Any communication or notice by personal delivery shall be deemed to be given when actually delivered.

17. **RECYCLABLE MATERIALS** – The Contractor shall use recyclable products to the maximum extent economically feasible in the performance of this Contract.

18. **ERRORS** – The Contractor shall perform such additional work as may be necessary to correct errors in the work required under this Contract without undue delays and without additional cost to the City.

19. **NON-DISCRIMINATION** – The Contractor agrees to comply with all applicable requirements of federal, state, and local civil rights and rehabilitation statutes and ordinances, including, but not limited to, Title VI of the Civil Rights Act of 1964 related to non-discrimination in housing, the Fair Housing Act, the Age Discrimination Act, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973. The Contractor shall not discriminate based on race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, source of income, or political affiliation in programs, activities, services, benefits, or employment. The Contractor shall not discriminate against minority-owned, women-owned, or emerging small businesses.

20. **ADHERENCE TO LAW** – The Contractor shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this Contract, and all regulations and administrative rules established pursuant to those laws, including, without limitation, the following paragraphs. Failure to comply with this Section shall be a breach of this Contract.

- a) The Contractor shall make payment promptly, as due, to all persons supplying the Contractor labor or material for work under this Contract; pay all contributions or amount due the Industrial Accident Fund from the Contractor or any subcontractor incurred in the performance of the Contract; not permit any lien or claim to be filed or prosecuted against the state, county, school district, municipality, municipal corporation, or subdivision thereof, on account of any labor or material furnished; and pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167 and ORS 279B.220.
- b) The Contractor shall promptly, as due, make payments to any person, co-partnership, association, or corporation furnishing medical, surgical, and hospital care or other needed care and attention incident to sickness or injury to the employees of such Contractor, of all sums which the Contractor agrees to pay for such services and all moneys and sums which the Contractor collected or deducted from the wages of the employees pursuant to any law, contract, or agreement for the purpose of providing or paying for such services. All employers working under this Contract are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126 or ORS 279B.230.

- c) The Contractor shall pay employees for overtime work performed under this Contract in accordance with ORS 653.010 to 653.261 and the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) and stated in ORS 279B.235.

#### 21. WORKERS' COMPENSATION INSURANCE -

- a) The Contractor shall maintain current workers' compensation insurance coverage for all non-exempt workers, employed by the Contractor in the performance of the work, either as a carrier or insured employer as provided in Chapter 656 of Oregon Revised Statutes.
- b) If the Contractor has no employees and will perform the work without the assistance of others, a certificate to that effect may be attached in lieu of the certificate showing current workers' compensation insurance coverage as described in Paragraph 21(a) directly above.
- c) If the Contractor's workers' compensation insurance coverage is due to expire before completion of the work, the Contractor will renew or replace such insurance coverage and provide the City of Lebanon with a certificate of insurance coverage showing compliance with this section prior to such expiration.

#### 22. INDEMNIFICATION -

- a) The Contractor hereby releases and shall indemnify, defend, and hold harmless the City, its subsidiaries, affiliates, officers, agents, employees, successors, assigns, and authorized representatives, of all of the foregoing from and against all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, attorney fees, costs, and expenses of any kind or nature, whether arising before or after completion of the work hereunder, and in any manner directly or indirectly caused, occasioned, or contributed to in whole or in part, or claimed to be caused, occasioned, or contributed to in whole or in part, by reason of any act, omission, fault, or negligence of the Contractor, the Contractor's subcontractor, or of anyone acting under the Contractor's direction or control or on the Contractor's behalf in connection with or incidental to the performance of this contract. The City shall be indemnified and held harmless to the fullest extent permitted by law. If any portion of this indemnity clause is invalid or unenforceable, it shall be deemed excised and the remaining portions of the clause shall be given full force and effect.
- b) The Contractor hereby agrees to require all its subcontractors or anyone acting under its direction or control or on its behalf in connection with or incidental to the performance of this contract to execute an indemnity clause identical to the preceding clause, specifically naming the City as indemnitee.

23. **INSURANCE** – The Contractor shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees. There shall be no cancellation, material change, potential exhaustion of aggregate limits, or intent not to renew insurance coverage(s) without providing thirty (30) days' written notice from the Contractor or its Insurer(s) to the City. The Contractor shall commence no work under this Contract until all insurance requirements have been met. Evidence of insurance coverage(s) shall be provided. If any of the referenced insurance is due to expire before the completion of the work, the Contractor will renew or replace such insurance coverage and provide the City with a certificate of insurance coverage showing compliance with this provision prior to such expiration. Failure of the City to demand insurance certificates or other evidence of full compliance with these insurance requirements, or failure of the City to identify a deficiency from evidence that is provided, shall not be construed as a waiver of the Contractor's obligation to maintain such insurance.

24. **MINIMUM LIMITS OF INSURANCE** – The Contractor shall maintain limits no less than:

- a) General Liability: \$1,000,000 per occurrence for Bodily Injury, Personal Injury, and Property Damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract or the general aggregate limit shall be twice the required occurrence limit.
- b) Automobile Liability: \$1,000,000 per accident for Bodily Injury and Property Damage.
- c) Workers' Compensation (statutory) and Employer's Liability: \$1,000,000 per accident for Bodily Injury or Disease.
- d) Professional Errors and Omissions Liability insurance: \$1,000,000 per occurrence.

25. **DEDUCTIBLES AND SELF-INSURED RETENTIONS** - Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

26. **OTHER INSURANCE PROVISIONS** - The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

- a) The Authority, its officers, officials, employees, and volunteers are to be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of the Contractor; or automobiles owned, leased, hired, or borrowed by the Contractor.
- b) The Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance.
- c) Each insurance policy required by these specifications shall be endorsed to state that coverage shall not be cancelled or materially changed, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
- d) Maintenance of the proper insurance for the duration of the contract is a material element of the contract. Material changes in the required coverage or cancellation of the coverage shall constitute a material breach of the contract by the Contractor.

27. **ACCEPTABILITY OF INSURERS** - Insurance is to be placed with insurers with a current A.M. Best rating of no less than B+: VI. Contractors must provide written verification of their insurer's rating.

28. **VERIFICATION OF COVERAGE** - Contractor shall furnish the City with original certificates and amendatory endorsements effecting coverage required by these specifications. The endorsements should conform fully to the requirements. All certificates and endorsements are to be received and approved by the City in sufficient time before the agreement commences to permit Contractor to remedy any deficiencies. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

29. **SUB-CONTRACTORS** - Use of sub-contractors must be pre-approved by the City. Consultant shall include all sub-contractors as insureds under its policies or shall furnish separate insurance certificates and endorsements for each subcontractor in a manner and in such time as to permit the City to approve them before sub-contractors' work begins. All coverages for sub-contractors shall be subject to all of the requirements stated above. Notwithstanding this provision, Contractor shall indemnify the City for any claims resulting from the performance or non-performance of the Contractor's sub-contractors and/or their failure to be properly insured.

30. **CONTRACT RENEWAL** – The City shall have the option to renew this contract for two (2) additional one (1) year period(s) by notice in writing, mailed or delivered to the Contractor not less than thirty (30) days prior to contract anniversary. All contract terms shall apply during any renewal period. The first contract anniversary shall be one (1) year from the effective date of this contract.

31. **COOPERATIVE PURCHASING** - Pursuant to ORS 279A.215, and as noted in Section 2.9 Intergovernmental Cooperative Purchasing of the Financial Audit Services RFP, other governmental agencies, bodies, or districts may use the Financial Audit Services Agreement resulting from this Proposal. The condition of such use by other agencies is that any such Agency must make and pursue contact, purchase order, delivery arrangements, and all contractual remedies directly with the successful Contractor. The City of Lebanon accepts no responsibility for performance by either the successful Contractor or such other Agency using this agreement. With such condition, the City of Lebanon consents to such use by any other Public Agency.

32. **PROHIBITED INTERESTS**

- a) No City Board member, officer, employee, or agent shall have any direct or indirect interest in this contract or its proceeds during, or within one (1) year after, that person's tenure with the City, except to the extent such interest is permitted and disclosed as may be required under applicable law and City policy.
- b) No City Council member, officer, employee, or agent shall solicit or accept, and the Contractor shall not offer or give to any City Council member, officer, employee, or agent, any gratuities, favors, or anything of monetary value, in connection with the administration of this contract, except to the extent permitted by applicable law and Council policy.
- c) No member of, or delegate to, the Congress of the United States shall be admitted to a share or part of this contract or to any benefit arising there from.

33. **SEVERABILITY** - If any provision of this Contract is found to be illegal or unenforceable, this Contract nevertheless shall remain in full force and the provision shall be stricken.

34. **WAIVER** – The failure of the City to enforce any provision of this Contract shall not constitute a waiver by the City of Lebanon of that or any other provision.

35. **GOVERNING LAW** - This contract is entered into within the State of Oregon, and the law of said state, whether substantive or procedural, shall apply to this contract. Any litigation between the City and the Contractor arising under this Contract or out of work performed under this Contract, shall occur, if in the state courts, in the Linn County Court having jurisdiction thereof, and if in the federal courts, in the United States District Court for the District of Oregon.

36. **ENTIRE AGREEMENT** - This Contract, including all Exhibits attached hereto, sets forth the entire agreement between the parties and replaces or supersedes all prior discussions and agreements between the parties related to the same subject matter. The parties agree that any modification whatsoever to this Contract must be mutual and in writing and signed by individuals authorized to bind each of the parties contractually. Such modification, if made, shall be effective only in the specific instance and for the specific purpose given IN WITNESS WHEREOF, the City and the Contractor have executed this Contract as of the date and year first written above.

**CONTRACTOR DATA AND SIGNATURE**

Contractor's Name and Title: \_\_\_\_\_

Contractor's Firm Name: \_\_\_\_\_

Contractor's Address: \_\_\_\_\_

Contractor's Telephone: \_\_\_\_\_

Contractor's Fax: \_\_\_\_\_

**Business Designation** (check one):

- Corporation    Partnership    Limited Partnership    Limited Liability Company
- Limited Liability Partnership    Sole Proprietorship    Other \_\_\_\_\_

Federal Tax ID#: \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_, or SSN#: \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Federal Tax ID numbers or Social Security numbers are required pursuant to ORS 305.385 and will be used for the administration of state, federal, and local laws. Payment information will be reported to the Internal Revenue Service under the name and Federal Tax ID number, if none, the Social Security number provided above.

**Certification**

The individual signing on behalf of the Contractor hereby certifies and swears under penalty of perjury:

- a) The number shown on this form is the Contractor’s correct taxpayer identification;
- b) The Contractor is not subject to backup withholding because:
  - i) The Contractor is exempt from backup withholding;
  - ii) The Contractor has not been notified by the IRS that the Contractor is subject to backup withholding as a result of a failure to report all interest or dividends; or
  - iii) The IRS has notified the Contractor that the Contractor is no longer subject to backup withholding
- c) That she/he is authorized to act on behalf of the Contractor, she/he has authority and knowledge regarding the Contractor’s payment of taxes, and to the best of her/his knowledge, the Contractor is not in violation of any Oregon tax laws;
- d) The Contractor is an independent contractor as defined in ORS 670.600; and
- e) The above Contractor data is true and accurate.

I have read this Contract including the attached Exhibits. I understand the Contract and agree to be bound by its terms.

**Contractor**

\_\_\_\_\_  
Contractor’s Signature and Title

\_\_\_\_\_  
Contractor’s Name (please print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contractor’s Business Name

**City of Lebanon**

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date

# Agenda Item 10



## MEMORANDUM

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### *Library Services*

<b>To:</b>	<b>Mayor Aziz and City Council Members</b>	<b>Date: December 28, 2012</b>
<b>From:</b>	Carol Dinges, Library Services Manager	
<b>Subject:</b>	Oregon Library Passport Program	

The Lebanon Public Library proposes to participate in the Oregon Library Passport Program, as developed by the Oregon Library Association Resource Sharing Committee. Please refer to the supporting document *Proposal: Lebanon Public Library Passport Card*.

Participation in the Oregon Library Passport Program will provide the following advantages:

- Lebanon Public Library patrons frequently inquire about access to materials from the Albany Public Library (APL) that they can see on our shared catalog. Since APL is also planning to participate, our patrons will be able to check out APL materials without having to purchase a non-resident ALP library card.
- The value of a LPL card is significantly increased, since it provides access to “Passport” cards at all other participating libraries.

We do not anticipate that participation will incur additional costs to the library, other than the one-time cost of having new “Passport” patron cards printed.

**Staff Recommendation:**

Move to approve the Lebanon Public Library’s participation in the Oregon Library Passport Program.

Finance Department

## **Proposal**

### **Lebanon Public Library “Passport” Card**

The Lebanon Public Library proposes to participate in the Oregon Library Passport Program, as developed by the Oregon Library Association Resource Sharing Committee. Please refer to the Addendum #1: “Oregon Library Passport Program: Library Access for the Way Oregonians Live” document for an overview of the program.

#### **Rationale:**

Participation in the Oregon Library Passport Program will provide the following advantages:

- Lebanon Public Library patrons frequently inquire about access to materials from the Albany Public Library that they can see on our shared catalog. Since APL is also planning to participate, our patrons will be able to check out APL materials without having to purchase a non-resident ALP library card.
- The value of a LPL card is significantly increased, since it provides access to “Passport” cards at all other participating libraries.

#### **Requirements:**

In order to be a participating library, the Lebanon Public Library will need to create a specific user profile for “Passport” card holders. A “Passport” library card will be a distinct color in order to easily differentiate it from a regular patron card, and a new user profile will need to be added to the ILS.

#### **“Passport” application requirements:**

- Applicant must hold a valid “regular” library card in good standing (no outstanding fines) from another participating library (“home” library).
- Applicant must provide the following:
  - Library card from “home” library
  - Photo identification
- Verification of the “home” library card, including expiration date, must be made before issuing the “Passport” card and checking out materials:
  - Applicant may bring a signed letter on the “home” library letterhead with the required information to be immediately allowed to borrow items. The letter must be dated within the last 30 days.
  - or*
  - Library staff will contact the “home” library via e-mail, and the “Passport” card will be activated and issued upon receipt of the required confirmation of a library card in good standing.

- The actual card will either be mailed to the applicant's address or available to be picked up at the circulation desk, as the patron prefers.

**“Passport” patron profile guidelines:**

- All materials are checked out from and returned to the lending library. Those who return materials to LPL which have been checked out from other libraries will be charged for the cost of shipping and handling.
- Limit of five (5) items to be checked out at a time
- Limit of two (2) holds
  - If a patron wants to check out an item from a participating library (i.e., a Lebanon patron wants to get an item from the Albany Public Library), the item can be held while the patron drives there to get it. Otherwise, the item might be gone by the time the patron arrives, wasting a trip.
- No Inter-Library Loan or other special services
  - These services are provided by the “home” library
- No remote access to library databases
  - In-library access is available
  - Remote access to statewide databases is provided by “home” library

Addenda:

- #1: Oregon Library Passport Program overview
- #2: Statement of Shared Understanding

**Addendum #1**  
**Oregon Library Passport Program**  
**LIBRARY ACCESS FOR THE WAY OREGONIANS LIVE**

Oregon libraries traditionally supported cooperative programs that extend service across boundaries, including services such as Library2Go and AnswerLand. These have a shared goal of meeting Oregonians where they are. The Oregon Library Passport Program builds on this tradition by providing access to physical materials as well. The Passport Program is sponsored by the Oregon Library Association's Resource Sharing Committee and is set to begin January 1, 2013.

The Oregon Library Passport Program recognizes that library service ought to mirror the way Oregonians live, work, shop, and play, and reduce barriers to library service. The underlying premise of the Passport Program is that card-holders of tax-supported libraries ought to be able to use other tax-supported libraries. The Passport Program is meant to be an exchange; a library extends service to users of other participating libraries, and vice versa.

**Why should a library participate? What are the benefits of the Passport Program?**

- Opens new doors to materials, information and resources for your patrons,
- Expands access to the state's library resources,
- Increases use of your library materials and resources,
- Libraries give a little and their patrons get a lot back in return,
- Improves goodwill between neighboring jurisdictions creating cooperative relationships that will foster additional cooperative opportunities in the future.

**Summary of the Oregon Library Passport Program:**

- The Passport Program is a voluntary, opt-in program and a library's participation is free. A library's choice to participate determines whether or not its patrons can participate.
- The Passport Program is open to all tax-supported public libraries, and both public and private academic libraries.
- Borrowing is free of charge to the patron and activity is patron initiated: patron goes to a Participating Library and registers for a card; patron complies with that library's policies for personal identification, checkout periods, limits, etc.; patron checks out materials; patron returns the materials to the owning library; and patron is responsible for costs of any overdue or lost materials. There is no library-to-library intervention required.
- The Participating Library is allowed to set its own limits on use by Passport patrons. These may be different from local patrons' limits. For example, local

patrons may be able to check out 50 items at a time, but Passport patrons have a checkout limit of 10 items at a time.

- The Program provides access to materials: checking out materials, placing holds on materials, etc. The Participating Library can determine what other services, if any, are extended (for example, Inter-Library Loans from outside the area or access to online resources).
- In order to participate, patrons are required to have a Home Library card first. This becomes his or her “Passport” to other Participating Libraries. Patrons present their Home Library cards at each Participating Library in order to register for cards at those libraries.
- Patrons who reside in areas that are unserved by a public library may purchase a library card at a neighboring library. This becomes their “Home” Library for the purposes of this Program.
- The Passport Program will begin with a three year trial period beginning January 1, 2013. This will allow time to collect and analyze statistical and other data on the program. Participating Libraries will be surveyed during the trial period and may be asked to survey Passport Program patrons as well.
- Participating Libraries will identify participants in borrowing records using a unique patron code or type, for example “Passport Program,” in order to facilitate statistical data-gathering and to allow local libraries to set their own use parameters.
- The Oregon State Library will provide support via the [LibrariesofOregon.org](http://LibrariesofOregon.org) website, including lists of Participating Libraries, basic rules of the program for libraries and the public, and participation documents for libraries. It is anticipated that information will be available on the website sometime in October.

Questions can be directed to members of the Resource Sharing Committee:

- Eva Calcagno, Washington County Cooperative Library Services
- Ed Gallagher, Albany Public Library
- John Hunter, Woodburn Public Library
- Buzzy Nielsen, Hood River County Library District
- Robin Shapiro, Portland Community College
- Stephen Skidmore, Siuslaw Public Library
- Steven Sowell, Oregon State University
- Jane Tucker, Astoria Public Library
- Dan White, Scappoose Public Library

**Addendum #2**  
**Oregon Library Passport Program**  
**Statement of Shared Understanding**

The Oregon Library Passport (OLP) Program is scheduled to begin January 1, 2013 and operate as a pilot program through December 31, 2015. Libraries are encouraged to begin participation by January 1, 2013 in order to have a large core of Participating Libraries at inception, but may join at a later date.

In exchange for allowing its registered patrons to have expanded access to the resources of other participating libraries in the OLP Program, Participating Library agrees to:

- Establish a unique patron registration code for OLP participating patrons with library use parameters determined by the Participating Library (check out limits, holds placed, services provided, etc.)
- Issue local library cards to OLP Patrons who present their home library cards as program passports
- Participating Library will not charge OLP Patrons for registration beyond any previously established registration fee levied on other patrons as well
- Provide access to library materials as determined by the locally-set parameters
- Provide information to OLP Patrons on requirements and limits of use
- Compile and report statistics as requested by OLP
- Survey OLP Patrons as requested by OLP
- Provide information and feedback to continually improve the OLP Program
- Join and participate in the OLP email discussion list
- If a library wishes to withdraw from the OLP Program it will give 60 days' notice to OLP and other Participating Libraries

OLP Patrons agree to:

- Obtain a "Home" library card to present at other Participating Libraries as his/her passport to the OLP Program
- Oregon residents who live outside a public library service area may purchase a card at a neighboring library (this becomes patron's Home Library) as passport to other Participating Libraries
- Comply with registration, circulation and other use policies determined by each Participating Library
- Be responsible for any fines and fees associated with his/her use of any Participating Library
- Promptly notify Home Library and any OLP Program libraries of changes in address, phone, email, etc.

OLP Participating Library Agreement:

Please mail or FAX signed agreement to OLP Program Participating Library Agreement Coordinator:

Ed Gallagher, Director  
Albany Public Library  
2450 14<sup>th</sup> Avenue SE  
Albany, OR 97322  
503-917-7589  
503-XXX-XXXX FAX – do you have a FAX?

Participating Library Name

Library Director Name

Signature

Designated OLP Program Liaison

Mailing Address

Telephone Number

FAX

Email Address

If applicable, list names of Participating Library branches or members included with this Agreement:

# Agenda Item 11



## MEMORANDUM

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### *City Council*

**To:** Lebanon City Council

**Date:** January 3, 2013

**From:** Paul Aziz, Mayor

**Subject:** Council Goal Setting Session

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The Lebanon City Council conducts a work session annually to review the status of the current fiscal year's Council goals and to set new goals for the upcoming fiscal year.

A consensus of Council establishing tentative date(s) in late January and February for the annual goal setting session.

PA/jb

# Agenda Item 12



## MEMORANDUM

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### *Administration*

**To:** Mayor Aziz and City Council

**Date:** December 31, 2012

**From:** John Hitt, City Manager

**Subject:** Proposed Technical Equipment for City Council Meetings and Social Media

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Mayor-elect Paul Aziz has asked that the City Council consider acquiring some additional equipment in order to facilitate video recording and broadcasting of Council meetings, as well as to monitor public comments/input during Council meetings.

Mayor-elect Aziz will make the presentation.

JH/jb

How to purchase Tel:516-625-5608 | Contact Form | Email: info@dsan.com

**DSAN**

**CATALOG OF PRESENTATION PRODUCTS**

home speaker timers laser pointers cue lights audio accessories projector accessories info displays

• TheDeliberator speaker timers - personal More Info:    

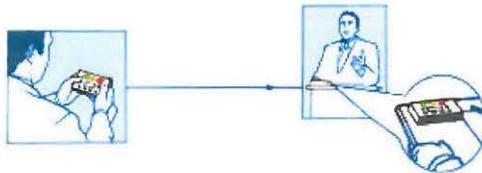
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- TheTimePrompt
  - ▶ Introduction
  - Timer Function
  - Clock Settings
  - Prices
  - FAQ

**the TIMEprompt**  
Automated Timekeeper for Meetings and Speeches

The Timeprompt is a battery-powered timer that is ideal for small conference rooms where all participants can see the lights. It is also suitable for speakers who need to practice short presentations.



The Timeprompt triggers green, yellow and red lights in pre-programmed sequences from 15 seconds to 90 minutes. The timer can count-up or count-down, and beep manually or automatically on the light changes. Light sequences can be re-programmed via a free application that runs on a USB-connected PC.



The Timeprompt may be operated by remote control using a second Timeprompt connected by modular Cat5 cable.

\$199 ea. TP-2000 [Buy Online](#)



The Timeprompt may be operated by *wireless* remote control using a second Timeprompt. Both must be model TP-2000RF. Effective communication distance is 300-feet (100M)!

\$249 ea. TP-2000RF [Buy Online](#)



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142 Mineola Avenue Roslyn Heights, New York 11577

# Agenda Item 13



## MEMORANDUM

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### *Administration Department*

**To:** Mayor Aziz and City Council

**Date:** January 2, 2013

**From:** Ginger Allen, Interim City Manager

**Subject:** City Manager's Report

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At the January 9, 2013 City Council meeting, I will provide a brief, oral report on the following:

- Current City Council goals status;
- Information Services update;
- COG wetlands update;
- Miscellaneous

# \*Executive Session(s)

- a) *Per ORS 192.660(2)(h) To consult with counsel concerning the legal rights and duties of the public body with regard to litigation or litigation likely to be filed.*
- b) *Per ORS 192.660(2)(a) To consider the employment of a public officer, employee, staff member or individual agent.*
- c) *Per ORS 192.660(2)(e) To conduct deliberations with persons designated by the governing body to negotiate real property transactions.*

*\* Executive Sessions are closed to the public due to the highly confidential nature of the subject. It is unlawful to discuss anything outside of the Executive Session.*



## MEMORANDUM

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### *Administration Department*

**To:** Mayor Aziz and City Council

**Date:** January 3, 2013

**From:** Ginger Allen, Assistant City Manager

**Subject:** Executive Session – City Attorney’s Quarterly Report

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This Executive Session is on the Agenda to allow the City’s legal counsel, *The Morley Thomas Law Firm*, to present their quarterly report to Council.

GA/jb



## MEMORANDUM

### *Administration Department*

**To:** Mayor Aziz and City Council

**Date:** December 31, 2012

**From:** John Hitt, City Manager

**Subject:** City Manager Contract

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Attached for Council review and consideration is a proposed employment contract between the City of Lebanon and John Hitt.

This contract differs from his previous ones in several particulars:

- The term of the contact is slightly less than nine months—January 10, 2013 to September 30, 2013;
- The contract can be terminated by either party with only 30 days written notice, rather than the customary 60 or 90 days;
- The contract grants Hitt, when circumstances permit, the possibility of working part time;
- The contract does provide for continued deferred compensation and health insurance coverage;
- The contract designates the Assistant City Manager as the Budget Officer, allowing this important function to have a smooth transition since the new City Administrator/ Manager will almost certainly not be part of the City's FY 13/14 process.



## MEMORANDUM

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### *Administration Department*

**To:** Mayor Aziz and City Council

**Date:** January 3, 2013

**From:** Ginger Allen, Assistant City Manager

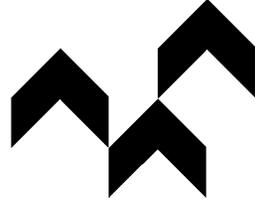
**Subject:** Executive Session – Property Purchase

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This Executive Session is on the Agenda to continue discussions (from the December 12 Council Meeting) on the negotiations to purchase real property.

Any actual decisions must be made in public session. However, discussions can occur in Executive Session.

GA/jb



CITY OF LEBANON  
*It's easier from here.*

## Regional Industrial Lands Readiness – Wetlands Mitigation Solutions

<b>Key Regulatory Hurdles</b>	<b>Future: Regional Permit Process</b>	<b>Current: Individual Permit Process</b>
Delineation	Needed for final permit issuance 5- to 10-year shelf life	Need for development plan & application 5-year shelf life
Alternatives analysis	Pre-approved	Must evaluate other locations Development plans must avoid > minimize wetland impacts
Water quality review	Expedited Focus on project-specific storm water	Up to one-year review Separate, but related, permit
Cultural resources review	Screening complete	Consult SHPO and Tribes 30- to 60-day review & comment period
Wetlands mitigation	Off-site approved On-site concepts pre-identified	Negotiated with regulators
Threatened & endangered species impacts	Preliminary review done <i>Pending</i>	Fedl. agencies consult. may be needed If so, up to 135-day review period
Public comment	Less than 30-days on development	30-days open comment

*Please note that this table reflects the current concept for the regional permit proposal - a work in progress. This is based on OCWCOG's understanding of permitting – it is not the product of any regulatory agency.*

### The Partners

*This highly collaborative effort is coordinated by -*

**Oregon Cascades West Council of Governments**

*In cooperation with the -*

**City of Adair Village**

**City of Albany**

**City of Corvallis**

**City of Lebanon**

**City of Millersburg**

**City of Tangent**

**State of Oregon**

**Owners of 20 Industrial Sites Economic Development Network**

*Funding provided by -*

**Oregon Strategic Reserve Fund  
Business Oregon**

**Oregon Department of Land Conservation & Development**

**BL3 Regional Investment Board  
Pacific Power**

**Oregon Department of State Lands**

**Oregon Cascades West Council of Governments - Member Dues**



## Regional Industrial Lands Readiness – Wetlands Mitigation Solutions



### For Further Information

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**The Issue:** **Time** and **uncertainty** of wetlands permitting have been defined as major impediments to siting industry in the Linn-Benton region -

- ◆ All sites in the region's inventory of prime (10+ acre) undeveloped industrial lands have wetlands.
- ◆ Development impacting these wetlands must obtain both State and Federal permits.
- ◆ Actual, detailed site development plans and a recent delineation are required to begin the permit process.
- ◆ The timeframe for wetland delineation and permit review varies widely, sometimes taking a year or more.
- ◆ The industrial developer must negotiate between distinct State and Federal permit approvals.

**The Solution:** Twenty prime industrial sites will be pre-qualified for use of an **expedited regional permit** that will be approved by both the Oregon Department of State Lands and the U.S. Army Corps of Engineers. Developers of these sites will have the option of utilizing the regional permit or of pursuing an individual permit on their own.

The permitting timeframe is dramatically reduced and a high level of certainty is assured under the regional permit -

- ◆ High value resources are identified for protection.
- ◆ The remainder of the site may be developed under the conditions of the permit.
- ◆ Mitigation preference under the regional permit is established as through a wetland bank.
- ◆ Wetlands delineation is still needed, but is only used to quantify mitigation requirements. (Delineation is needed at the beginning of individual permit review to assess how development impacts wetlands.)
- ◆ The required analysis of alternative locations (why industry cannot locate elsewhere) is complete and approved.
- ◆ Public comment on the proposed permit is separate from limited development-specific comment opportunities.

Important nuances of the regional permit proposal -

- ◆ The regional permit will be limited to industrial development, with a small allowance for ancillary commercial development (envision a coffee shop or deli within an industrial park).
- ◆ The permit is capped at the projected demand for industrial land to 2030. Once this acreage cap is reached, no additional development may use the regional permit.
- ◆ Many protection areas will need to be planted with native trees and shrubs at the time of initial development.
- ◆ This solution does not deal with the highly flexible marketplace for wetland mitigation credits. Partner cities continue to seek a joint approach to holding wetland credits and/or wetland bank development.
- ◆ Pending: Water quality review is expected to be tied to the regional permit. Specifying storm water discharge requirements in the regional permit will greatly improve the timeline for obtaining water quality permits.
- ◆ Pending: The ability to review development impacts on threatened and endangered species as a part of the regional permit will be discussed with regulatory agencies in mid-December.

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Administration (A)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
A1	City-owned Property Assessment	Jan 2008	Completed review of long term uses of current city property.	Goal amended 01-13-10 to also assess all city-owned properties.	Complete	*Properties no longer needed for future City use have been declared surplus.
A2	New City Entrance Sign	Oct 2005	New Entrance Sign Completed for South Entrance	South Entrance Sign	Sign Installed. Landscaping Summer 2012	Landscaping yet to be installed.
A3	New City Entrance Sign	Dec 2011	New Entrance Sign at North end - Hwy 20.	Under discussion with Samaritan Health Services	Summer 2012	Property part of SHS Campus
A4	Human Resources Software Program	Jan 2010	Research, purchase, and install a software program that tracks all employee data.	Software Scheduled for installation in January 2012	April 2012	
A5	Conduct an Internal Employee Survey	Dec 2011	Conduct a survey to determine employee attitudes, goals, concerns & suggestions		Sept 2012	
A6	Conduct Management Audit	Dec 2011	Have outside management consultant review City's organizational structure, work flows, & performance benchmarks.		Dec 2012	

**FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)**

**Administration - City Clerk (B)**

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
B1	Establish Records Management Program in accordance with state law.	Jan 2009	1) Policies and Procedures written and implemented for records management program. Program includes purchase of electronic records management system that monitors the State's Retention Schedule.	<del>Records Management Software has been determined. Purchase put on hold due to HR software purchase.</del> Contracts with the SOS's Office and Chaves Consulting have been signed. Initial setup of the new electronic records management software (HP TRIM) is expected to begin in approx. 6 mths. (Timeframe depends on the State)	Phase 2: 2012/2013 Phase 3: 2014	<b>Phase 1: Completed Nov 2010</b> (Construction/Relocation of Archive Room); <b>Phase 2: Meet with State Reps and TRIM Software Vendor</b> (Met Feb 2012) while <b>Drafting/Implementing Records Management Policies and Procedures</b> ; and <b>Phase 3: Purchase / Implement Citywide Electronic Records Management &amp; Retention Software.</b> (We will initially have 12 users)

**Administration - Economic Development (C)**

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
C1	Attract Hotel/Motel and Restaurant Facilities	Oct 2005 & Redefined 2008	Assist Lebanon Community Hospital to Attract Hotel/Motel and Restaurant Facilities	Have had several conversations with potential developers and assisted with marketing study.	2012	Nothing new to report as of Dec 2011.

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Community Development (D)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
D1	Permit Tracking Software	Jan 2008	GIS compatible software to improve tracking of development activities by affected departments & agencies.		Complete	
D2	Continue with PFP as a City representative to Promote Downtown Revitalization (attract new businesses downtown)	2004	Promote downtown revitalization thru URD, zoning, research & alternative developments & handling parking.		Indefinite	Community Development Manager continues to work with Partners for Progress on downtown revitalization.
D3	Buildable Lands Inventory	2009	Update our inventory of all buildable lands and analyze information by GIS	Postponed due to staffing cuts but will begin to move forward.	Oct 2012	GIS base is nearly 5 yrs outdated & needs to be updated to reflect recent growth. Aerial photography update scheduled for Spring 2012.
D4	Procedural Manuals	Jan 2010	Create a clerical procedural manual to ensure staff consistency.	Complete	Complete	
D5	Rezone "Public" designated properties	Jan 2010	Ensure consistency between Plan and zone maps, establish Public zone on Public designated property.	Complete	Complete	
D6	Archive a large volume of records	Jan 2010	Get caught up on archiving of old documents including commercial and industrial plans	On-going	Spring 2013	Pending coordination with City Clerk and the acquisition of archiving software.
D7	Establish Mixed Use Zone on property south of Academy Square and north of Downtown	Dec 2011	Provide development opportunities to serve new employment centers to the north.	To date, majority of contacted owners support zone change	Dec 2012	Pending property owner acceptance, zone change may incorporate a design-based development standards (i.e., form based code).

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Finance (E)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
E1	Update accounting software to the newest version	Jan 2010	Springbrook software package updated to Version 7.14	Software Installed Nov 2011	Complete	
E2	Finance Dept Procedural Manual	Jan 2010	Completed Manual will assist in staff cross-training efforts.	Underway concurrent w/ new software	Spring 2012	Computer procedures manual will be completed in conjunction with software upgrade.

### Information Services (F)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
F1	Install security camera at Ralston & Downtown trouble areas	Dec 2011	High quality security cameras with taping capability installed to Ralston Park & numerous downtown area streets/alleys	Researching costs & highest priority locations	Sept 2012	Coordinating with Police Dept.

### Library Services (G)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
G1	Create/Update Library Policies Manual & Procedures Manual	Dec 2011	Written manuals providing library use standards for the public and internal procedures to allow employee cross-training.		Spring 2013	

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Police Department (H)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
H1	"Best Practice" Patrol Scheduling (links with & directly impacts Goal #H2)	Jan 2008	Staff Police Patrol Unit to such level to maintain an average of 30 minutes unobligated patrol time per hour. ( A National Best Practices Standard)	Since July 2010, sworn staff has been reduced due to numerous unique and unrelated circumstances. Recruitment efforts are currently in place to increase staff.	July 2012	Objectives & accurate way of measuring staffing needs based on real call for service data. Latest study results conducted in 2010 and based on 2009 data showed only 20 minutes unobligated time per hour per officer.
H2	Reduce Part 1 Index Crime Rate	Jan 2010	Reduce City index Crime Rate to 5% or more below state average.	New - Revision of prior goal	July 2013	Index Crime Rate continues to slowly increase last three years.
H3	Begin housing sentenced misdemeanor offenders in municipal jail by November 2009. Increase sentence length with implementation of medical procedures. Partner with medical college to provide medical staff.	Jan 2009	Long-term sentencing of misdemeanor prisoners in city jails. Meet medical standards necessary to hold offenders for periods exceeding 14 days.	Currently holding sentenced misdemeanor offenders for periods up to 14 days.	Jan 2013	Jail has received high marks in all areas of required inspections by state and local officials during 2011. Nine sworn personnel are now corrections certified. Offenders currently sentenced up to 14 day stays. Longer sentence periods are pending development of adequate medical processes and staffing.
H4	Obtain and implement an on-line reporting system (CopLogic) (Directly impacts Goal #1 and #2)	Oct 2011	Provides citizens on-line capability to report crimes reducing need for officer response by up to 25%.	Have obtained cost proposal, documentation and demo. Pending budget approval for FY 12/13	June 2012	Widely utilized and highly recommended by many other agencies. Used to report "cold" calls and property crimes valued at less than \$1,500.00 Uploads directly to current Police Records Management System. Increases time for Proactive Police efforts.

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Public Works - Engineering (I)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
I1	Utility systems asset management database update	Dec-11	Complete utility systems condition assessments and enter data into Geographical Information System (GIS) database. Begin evaluation and prioritization of major maintenance needs as part of a long term strategic management plan	Working with GIS contractor on integration of field assessment data into GIS software database	Jan-14	GIS is the critical component of the PW asset management plan providing the inventory list, value, location, and condition of each utility system. A functional GIS program will be the foundation of an overall utility management plan.

### Public Works - Storm Drain (J)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
J1	Storm Drainage Condition Assessment	Dec-11	Begin field inspection and condition assessment of utility system components and enter into GIS database	Data collection started Nov 2011. GIS attributes evaluated Aug 2011	Dec-13	Small local storm rehabilitation projects already underway based on initial field condition findings.

### Public Works - Streets (K)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
K1	Streets Maintenance Funding Strategy	Jan 2008 Concept Revised Dec 2011	Identify options for leveraging limited gas tax and federal surface transportation program funds for maintenance of local streets	Assessing effectiveness of using in-house labor and equipment with contract forces.	Dec-13	First project completed October 2011 on Garvord/Glenwood/Park streets.

## FY 2012/13 CITY COUNCIL GOALS (Established 12/14/2011)

### Public Works - Water (L)

No.	Goal Description	Date Formed	Definition of Goal Accomplishment/Achievement	Current Goal Status	Estimated Completion Date	Comments
L1	Water Treatment Plant	Jan 2008 Revised Dec 2011	Issue RFP for new WTP design services. Develop 65% design and construction cost estimate for revenue bond planning.	Drafting RFP	Fall 2013	65% design will provide qualified cost estimate that will be used to identify amount required for revenue bond sale that will fund project construction.
L2	Water Capital Improvement Program	Feb 2009	Replace South 5th water tank	Design engineering consultant hired Nov 11.	Jul-13	Replace existing 2 MG tank with one 4 MG tank at same location.

### Public Works - Wastewater (M)

M1	Wastewater Treatment Plant	Dec-11	Rehabilitate existing headworks bar screen system. Install second screen and update solids removal system.	Replacement screens located - awaiting intergovernmental agreement for transfer	Fall 2013	Replacement screens obtained from Oak Lodge Sanitary District. Design, modifications, and installation over 2012 and 2013.
M2	Wastewater Capital Improvement Program	Aug-11	Complete system condition assessment and develop prioritized reahbilitation program.	TV program on 5-year cycle. Populating attributes in GIS	Fall 2013	Small sewer replacement projects underway based on intital TV report evaluations.

