



*Home of the Tualatin River National Wildlife Refuge*

# **CITY COUNCIL MEETING PACKET**

**FOR**

**Tuesday, March 15, 2011**

**Sherwood City Hall  
22560 SW Pine Street  
Sherwood, Oregon**

**6:30pm Work Session**

**7:00pm Regular City Council Meeting**

**Executive Session**

**(Pursuant to ORS 192.660 (2)(i), Performance Evaluation)**



**WORK SESSION 6:30 PM**

**REGULAR CITY COUNCIL MEETING**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. CONSENT:
  - A. Approval of March 1, 2011 City Council Minutes
  - B. Resolution 2011-018 Reappointing David Bonfiglio to the Parks and Recreation Board
  - C. Resolution 2011-019 Reappointing Brian Stecher to the Parks and Recreation Board
  - D. Resolution 2011-020 Adopting criteria to be used in the annual performance evaluation of the City Manager
  - E. Resolution 2011-021 Authorizing the City Manager to enter into an Intergovernmental Agreement with Washington County for development of West Nile Virus Response Plan
  - F. Resolution 2011-022 Authorizing the City Manager to enter into an Intergovernmental Agreement (IGA) with the Washington County Watershed Technical Committee for the Regional Solid Waste Management Plan
  - G. Resolution 2011-023 Authorizing the City Manager to enter into an Intergovernmental Agreement (IGA) with Clean Water Services (CWS) for the Stella Olsen Stage View Corridor
5. NEW BUSINESS
  - A. Resolution 2011-024 Authorizing the City Manager to surplus vehicles and equipment to the State of Oregon (Darren Caniparoli, Operations Supervisor)
  - B. Resolution 2011-025 Resolution of the City of Sherwood authorizing the issuance of Full Faith and Credit Obligations and General Obligation Refunding Bonds (Craig Gibons, Finance Director)
  - C. Resolution 2011-026 Appointing new Audit Firm (Craig Gibons Finance Director)
  - D. Resolution 2011-027 Setting rates for water use and repealing Resolution 2009-018 (Craig Gibons, Finance Director)

**6. CITIZEN COMMENTS**

**AGENDA**

**SHERWOOD CITY COUNCIL  
March 15, 2011**

**6:30 pm Work Session**

**7:00 pm Regular City Council Meeting**

**Executive Session  
(Pursuant to ORS 192.660 (2)(i),  
Performance Evaluation)**

**Sherwood City Hall  
22560 Pine Street  
Sherwood, OR 97140**

**7. CITY MANAGER & STAFF DEPT REPORTS**

**8. COUNCIL ANNOUNCEMENTS**

**9. RECESS TO COUNCIL EXECUTIVE SESSION**

**10. RECONVENE TO REGULAR COUNCIL SESSION**

**11. ADJOURN**

**How to Find Out What's on the Council Schedule:**

City Council meeting materials and agenda are posted to the City web page at [www.sherwoodoregon.gov](http://www.sherwoodoregon.gov), by the Friday prior to a Council meeting. Council agendas are also posted at the Sherwood Library/City Hall, the YMCA, the Senior Center, and the City's bulletin board at Albertson's. Council meeting materials are available to the public at the Library. The public may make copies of any Council meeting materials, at no charge.

**To Schedule a Presentation before Council:**

If you would like to appear before Council, please submit your name, phone number, the subject of your presentation and the date you wish to appear to the City Recorder Sylvia Murphy by calling 503-625-4246 or by e-mail to: [citycouncil@ci.sherwood.or.us](mailto:citycouncil@ci.sherwood.or.us).



**SHERWOOD CITY COUNCIL MINUTES**  
**22560 SW Pine St., Sherwood, Or**  
**March 1, 2011**

**EXECUTIVE SESSION**

1. **CALL TO ORDER:** Mayor Mays called the meeting to order at 6:03pm
2. **COUNCIL PRESENT:** Mayor Keith Mays, Council President Dave Grant, Councilors Linda Henderson, Robyn Folsom, Bill Butterfield, Matt Langer and David Luman.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Jim Patterson, HR Manager Anna Lee, Finance Director Craig Gibbons and City Recorder Sylvia Murphy.
4. **TOPIC DISCUSSED:** Labor Negotiator Consultations regarding Labor Agreements, pursuant to ORS 192.660 (2)(d).
5. **ADJOURNED:** Mayor Mays adjourned the Executive Session at 6:55pm and convened to the regular Council Session.

**REGULAR COUNCIL MEETING**

1. **CALL TO ORDER:** Mayor Mays called the meeting to order at 7:05pm.
2. **PLEDGE OF ALLEGIANCE AND ROLL CALL:**
3. **COUNCIL PRESENT:** Mayor Keith Mays, Council President Dave Grant, Councilors Linda Henderson, Robyn Folsom, Bill Butterfield, Matt Langer and David Luman.
4. **STAFF PRESENT:** Community Development Director Tom Pessemier, Police Captain Jim Reed, Finance Director Craig Gibbons, Planning Manager Julia Hajduk, Assistant Planner Zoe Monahan and City Recorder Sylvia Murphy.

Mayor Mays addressed the Consent Agenda and asked for a motion.

**5. CONSENT AGENDA**

- A. **Approval of February 15, 2011 City Council Minutes**
- B. **Approval of February 21, 2011 City Council Minutes**
- C. **Resolution 2011-015 Expressing support for and authorizing staff to apply for Transportation Growth Management Grants to serve the Sherwood community**

**MOTION: FROM COUNCIL PRESIDENT DAVE GRANT TO APPROVE THE CONSENT AGENDA, SECONDED BY COUNCILOR LINDA HENDERSON, ALL COUNCIL MEMBERS VOTED IN FAVOR.**

Mayor Mays addressed the next agenda item.

**6. NEW BUSINESS**

**A. Resolution 2011-016 To Ratify the Contract Agreement between the City of Sherwood and the American Federation Of State, County and Municipal Employees (AFSCME); and to authorize the City Manager to sign the successor Collective Bargaining Agreement between the City Of Sherwood and the American Federation Of State, County And Municipal Employees (AFSCME) (Anna Lee, HR Manager)**

Councilor Luman recused himself from participating in Council's consideration of Resolution 2011-016 as his wife is directly affected by this agreement. Mr. Luman sat in the audience.

Anna Lee Human Resource Manager came forward and explained the resolution and stated the agreement was for a 3 year term.

Mayor Mays stated the Council appreciates the hard work of the represented employees and the approach taken to renew the agreement as well as the efforts of Anna Lee to move the agreement forward in a positive manner.

Mayor Mays said he believes it's a great agreement and suggested the term be for 1 year because things are changing and continue to change and to ensure we are do the best for the community and our employees. Mayor Mays stated the change to the term would be his only suggested change.

No other Council comments were made and the following motion was received.

**MOTION: FROM COUNCILOR BILL BUTTERFIELD TO AMEND RESOLUTION 2011-016 AND MODIFY THE AGREEMENT FROM A 3 YEAR TERM TO A 1 YEAR TERM, SECONDED BY COUNCIL PRESIDENT DAVE GRANT. MOTION PASSED 6:0 (COUNCILOR DAVID LUMAN DID NOT PARTICIPATE IN THE VOTE).**

Mayor Mays asked for a motion on the amended resolution.

**MOTION: FROM COUNCILOR LINDA HENDERSON TO ADOPT AMENDED RESOLUTION 2011-016, SECONDED BY COUNCILOR BILL BUTTERFIELD. MOTION PASSED 6:0 (COUNCILOR DAVID LUMAN DID NOT PARTICIPATE IN THE VOTE).**

Mayor Mays addressed the next agenda item and Councilor Luman regained his seat.

**B. Resolution 2011-017, a Resolution authorizing the City Manager to enter into a contract with Portland and Western Railroad for the reconstruction of the SW Oregon Street railroad crossing (Bob Galati, City Engineer)**

City Engineer Bob Galati came forward and explained the resolution and stated it authorizes the City Manager to enter into a contract with Portland Western Railroad for the construction of the SW Oregon/Railroad crossing and said this is separate from the work with Adams Ave. South and

Portland Western Railroad would be doing the work through their contractors and the City would pay them back.

Mayor Mays asked for Council questions.

Councilor Luman stated he noticed in the budgeted contingency amount indicated by staff a 15% contingency and a contingency amount on page 51 of their (the contractor's) estimate and said it has an additional 10% contingency. Bob replied this is because they are giving us the estimate and we are not generating it and it's a matter of staffs comfort level with the cost of the project. Bob said the consultant also provided an estimate and staff considered the two estimates and come up with a contingency amount.

Councilor Luman asked if the bidders know where the target amount is and do they bid to that target. Bob replied the bidders will go through the Portland Western Rail and contracting with them and said it's a very select group and they would have a good idea of what the cost will be.

With no other Council questions, Mayor Mays asked for a motion.

**MOTION: FROM COUNCIL PRESIDENT DAVE GRANT TO APPROVE RESOLUTION 2011-017, SECONDED BY COUNCILOR DAVID LUMAN. ALL COUNCIL MEMBERS VOTED IN FAVOR.**

Mayor Mays addressed the next agenda item.

## **7. CITIZEN COMMENTS**

Neil Shannon 23997 SW Redfern Drive, Sherwood came forward and stated he had an opportunity to watch the recording of the previous Council meeting and the comments made by Lori Randel regarding the construction in her area. Mr. Shannon stated he received notification from the State regarding Sherwood's plans for the Cedar Creek Sewer Extension. Mr. Shannon stated he foresees a lot of construction with this project and empathizes with Ms. Randel's concerns. Mr. Shannon stated he spoke with City Engineer Bob Galati and Bob has ensured Mr. Shannon that he would be speaking with the contractors regarding his concerns for parking, access to mailboxes etc., which Mr. Shannon appreciates. Mr. Shannon commented regarding the wetland in this area and said it's a jewel and asked with the excavations near Cedar Creek he wondered if there would be an opportunity to consider a pedestrian trail between Sunset and Cobbler Court. Mr. Shannon stated in speaking with Mr. Galati the trail is not in the current TSP and the Parks Board has not addressed it. Mr. Shannon stated he would be speaking to the Parks Board regarding consideration of a trail in this area. Mr. Shannon stated he spoke with Raindrops to Refuge and said they thought a trail would be a good idea. Mr. Shannon stated he appreciates the concerns staff will share with the contractors regarding construction and information shared with the citizens.

Mayor Mays thanked Mr. Shannon.

Omar N. Gadi 17618 SW Galewood Dr. Sherwood came forward and stated he is a former Sherwood high school student and had attended previous Council meetings. Omar stated he spoke with Councilor Henderson regarding replacement of the sinks in the restrooms at Snyder Park. Omar commented he has all the information to write a proposal for a grant writing project. Discussion occurred regarding the need to replace the sinks not due to maintenance issues but due to functionality. Omar commented regarding a letter he received from the Transportation Security Administration regarding work he has done on security devices and features at airports. Omar stated he would like to interview members of the Sherwood Police Department regarding questions he has and to understand security needs.

Mayor Mays addressed the next agenda item.

## 8. CITY MANAGER REPORT

City Manager Patterson provided Council with an update on an Emergency Management Tabletop Exercise the City conducted on February 22<sup>nd</sup> and explained the scope and purpose of the exercise.

Mr. Patterson informed Council that the Sherwood Police Department held their annual Awards function and recognized several police department officers and staff members for their service.

Mr. Patterson informed the Council he and Mayor Mays participated as judges in the Mr. Bowmen Pageant at the Sherwood High School. Mr. Patterson stated the event raised over \$21,000 for Doernbecher's Children Hospital and in the 4 years of holding the event, it has raised over \$50,000.

Mayor Mays addressed the next agenda item.

## 9. COUNCIL ANNOUNCEMENTS

Mayor Mays reported he attended a League of Oregon Cities Board Meeting last week and stated the Board received a presentation from the American Red Cross and the threat of earthquakes in Oregon and commended staff for doing tabletop emergency management exercises in preparation of events that would impact Sherwood.

Councilor Luman stated he attended the Planning Commission meeting on the 22<sup>nd</sup> and recapped the discussion of that meeting and stated they passed PA 11-01, which is Phase II of their Code simplification efforts and said information would be coming before the Council for consideration on home business, residential variances, heights of amateur radio and wind powered structures and the framework for keeping chickens in the City.

Mr. Luman stated he attended a YMCA Board meeting on the 17<sup>th</sup> and they discussed funding and allocations and discussed conducting a poll of the citizens regarding programming should an extension of the YMCA facility be offered to the public.

Councilor Butterfield stated a goal of his as a new Councilor was to get around and meet the City employees and with the assistance of City Manager Patterson he was able to meet staff at City Hall, Public Works and the Library. Mr. Butterfield stated the City has great staff and he was amazed at the amount of work performed by the limited number of staff. Mr. Butterfield stated he will continue with his goal and meet the staff at the police department. Mr. Butterfield thanked City staff for their work.

Councilor Henderson reminded of an event scheduled for March 18<sup>th</sup>, the Travis Brass Band from the US Air Force Band of the Golden West out of Travis Air Force Base. Ms. Henderson stated the event is a free concert held at 7 pm at the Sherwood High School PAC and they will be offering a master class with the middle school and high school players the afternoon of the 18<sup>th</sup> and have opened this up to other high school brass players. Ms. Henderson stated the event is brought to Sherwood by the Sherwood Foundation for the Arts, the Sherwood School District and the City of Sherwood and thanked City Manager Patterson for his assistance. Ms. Henderson stated the High School Jazz Band will be joining the Brass Band on stage.

## DRAFT

Councilor Folsom reminded the community of a meeting this coming Thursday, March 3 at 7pm in the Sherwood Community Room regarding the Community Center and encouraged the public's attendance to be able to receive input on the Community Center and Business Plan produced by PARC.

Councilor Luman stated Mr. Neil Shannon provided a great slide show at the Planning Commission meeting and said it's a great view of the area under consideration.

With no other business to conduct, Mayor Mays adjourned the Council meeting at 7:50 pm and convened to a work session.

### **WORK SESSION**

1. **CALL TO ORDER:** Mayor Mays called the Work Session to order at 7:55pm.
2. **COUNCIL PRESENT:** Mayor Keith Mays, Council President Dave Grant, Councilors Linda Henderson, Robyn Folsom, Bill Butterfield, Matt Langer and David Luman.
3. **STAFF PRESENT:** City Manager Jim Patterson, Finance Director Craig Gibons, Public Works Director Craig Sheldon, Economic Development Manager Tom Nelson, Police Chief Jeff Groth, HR Manager Anna Lee, Community Services Director Kristen Switzer and City Recorder Sylvia Murphy.
4. **OTHERS PRESENT:** Consultant Ray Bartlett with Economic and Financial Analysis and Ray Pitz with the Sherwood Gazette.
5. **TOPIC DISCUSSED:**
  - A. **Water Project Financing:** Mr. Bartlett and Craig Gibons provided Council with information on financing the Water Project and distributed documents (see record, Exhibits A, B, C & D) and explained the information.  
  
(City Recorder note: Councilor Butterfield left the meeting, time not noted.)
  - B. **Cannery Plaza Art:** Economic Development Manager Tom Nelson provided Council with information on the Plaza (see record, Exhibit E) and Council discussed elements of the design including the grass feature and brick plaza.
  - C. **Community Center Business Plan:** Council discussed the Center and revenue generated from rental space.
6. **ADJOURNED:** Mayor Mays adjourned the Work Session at 9:15pm

Submitted by:

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Sylvia Murphy, CMC, City Recorder

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Keith S. Mays, Mayor



**RESOLUTION 2011-018**

**A RESOLUTION REAPPOINTING DAVID BONFIGLIO TO THE PARKS AND RECREATION BOARD**

**WHEREAS**, David Bonfiglio was appointed to the Parks and Recreation Board by Resolution 2009-037 and served a two year term; and

**WHEREAS**, the Parks and Recreation Board currently has vacancies and David Bonfiglio has requested reappointment; and

**WHEREAS**, Council Liaison Bill Butterfield, and the Chair of the Parks Board, with assistance of staff, are recommending David Bonfiglio for reappointment; and

**WHEREAS**, according to Chapter 2.16 of the Sherwood Municipal Code, members of the Parks and Recreation Board shall be appointed by the Mayor with consent of the City Council.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The Mayor is authorized to reappoint David Bonfiglio to a two year term, expiring March 2013.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15th day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder



**RESOLUTION 2011-019**

**A RESOLUTION REAPPOINTING BRIAN STECHER TO THE PARKS AND RECREATION BOARD**

**WHEREAS**, Brian Stecher was appointed to the Parks and Recreation Board by Resolution 2009-038 and served a two year term; and

**WHEREAS**, the Parks and Recreation Board currently has vacancies and Brian Stecher has requested reappointment; and

**WHEREAS**, Council Liaison Bill Butterfield and the Chair of the Parks Board, with assistance of staff are recommending Brian Stecher for reappointment; and

**WHEREAS**, according to Chapter 2.16 of the Sherwood Municipal Code, members of the Parks and Recreation Board shall be appointed by the Mayor with consent of the City Council.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The Mayor is authorized to reappoint Brian Stecher to a two year term, expiring March 2013.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15<sup>th</sup> day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder



**RESOLUTION 2011-020**

**A RESOLUTION ADOPTING CRITERIA TO BE USED IN THE ANNUAL PERFORMANCE EVALUATION OF THE CITY MANAGER**

**WHEREAS**, Sherwood City Council with the assistance of the City Attorney has developed evaluation criteria for the City Manager' annual reviews; and

**WHEREAS**, The City Council desires to establish a process for reviewing and evaluating the City Manager's performance; and

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

Section 1: The Sherwood City Council shall adopt the attached criteria, Exhibit A to be used in the annual evaluation process for the City Manager.

**Duly passed by the City Council this 15<sup>th</sup> day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

## City Manager Performance Evaluation

For Period Jan. 2010 thru March 2011

<u>Category</u>	<u>Criteria</u>	<u>Examples</u>		
<b>City Manager Profile</b>				
<b>Resolution 2008-003</b>	Integrity and high ethical standards			
	approachable, positive, self-confident attitude			
	receptive to new ideas and change			
	takes innovative yet realistic approach to problem solving, decision making and goal achievement			
	exercise diplomacy/respects confidentiality in professional relationships as appropriate			
	willingness to take calculated risk, mitigate downside, and recover from failures			
	communicates clearly and effectively verbally and in writing			
	desire for continued personal growth and development			
	possesses leadership qualities that inspire staff, Sherwood citizens/business community/and region with trust and respect			
<b>Performance Skills / Knowledge / Responsibilities</b>				
<b>General Skills and Knowledge</b>				
	strong overall knowledge of city operations, City Code and governing policies			
	Keeping current on professional trends, legislation, public policy, funding opportunities and regulations, purchasing rules and regulations			
City Council Relationship	implement Council-approved policies and programs			

## City Manager Performance Evaluation

For Period Jan. 2010 thru March 2011

<u>Category</u>	<u>Criteria</u>	<u>Examples</u>		
	aid Council in establishing long range goals			
	keep Council informed of plans/activities of administration and new development with adequate information to make decisions			
	report to Council on a regular basis, accept direction and instruction			
<b>Human Resource Management</b>	knowledge of applicable laws and regulations			
	prompt, effective performance reviews and goal development			
	skill to communicate City's goals to employees and exercise leadership			
<b>Fiscal Management</b>	prepare realistic annual budget			
	seek efficiency and economy in all departments/programs in accordance with approved budgets			
	keep City bond rating at "A"			
	seek alternative funding sources including grants			
	keep Council abreast of City financial condition			
<b>Visibility / External Relations</b>	effectively handle citizen communications			
	promote transparency of City operations and public information			
	educate public on city problems/operations			
	promote positive image of City of Sherwood			
	maintain contact and good working relations with community groups, other governmental entities and media representatives			
<b>Implementing Council Goals</b>	understanding of and ability to implement Council Goals			

## City Manager Performance Evaluation

For Period Jan. 2010 thru March 2011

Category	Criteria		Examples	
	facilitate goal setting and Council works sessions to update and complete goals			
	update and develop ordinances to implement Council vision target and foster businesses that will help achieve the vision			
<b>2010-2011 City Council Goals</b>				
<b>Resolution 2010-022</b>				
<b>Public Safety</b>	The City of Sherwood will provide for the safety and security of the community and its citizens			
<b>Infrastructure</b>	The City of Sherwood will provide and maintain infrastructure for its citizens to live, work and play			
<b>Livability</b>	The City of Sherwood will provide opportunity for responsible community development and growth			
<b>Resident Well Being</b>	The City of Sherwood will facilitate the provision of services to encourage a balanced quality of life for its citizens			
<b>Economic Development</b>	The City of Sherwood will promote responsible economic development which benefits the community.			
<b>City Charter Responsibilities</b>				
<b>Resolution 2005-008</b>				
1	Attend all council meetings unless excused by the Mayor and Council			

## City Manager Performance Evaluation

For Period Jan. 2010 thru March 2011

<u>Category</u>	<u>Criteria</u>	<u>Examples</u>		
2	Make reports and recommendations to the Mayor and Council about the needs of the City			
3	Administer and enforce all city ordinances, resolutions, franchises, leases, contracts, permits, and other City decisions			
4	Appoint, supervise and remove city employees			
5	Organize city departments and administrative structure			
6	Prepare and administer the annual city budget			
7	Administer city utilities and property			
8	Encourage and support regional and intergovernmental cooperation			
9	Promote cooperation among the Council, staff, and citizens in developing city policies, and building sense of community			
10	Perform other duties as directed by Council			
11	Delegate duties, but remain responsible for acts of all subordinates			

Council Meeting Date: March 15, 2011

Agenda Item: Consent Agenda

**TO:** Sherwood City Council

**FROM:** Craig Sheldon, Public Works Director

**SUBJECT: RESOLUTION 2011-021 A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH WASHINGTON COUNTY FOR DEVELOPMENT OF A WEST NILE VIRUS RESPONSE (WNV) PLAN.**

**ISSUE:** Should the City adopt the Intergovernmental Agreement and Attachment A for a West Nile Virus Plan.

**BACKGROUND:** In 2003 the City entered into an Intergovernmental Agreement with Washington County governing a West Nile Virus Plan, which was renewed in 2005, 2007 and 2009.

Washington County coordinates efforts to meet the goals of the State Health Service's West Nile Virus response plan. Responsibility of those efforts is to hire a Mosquito Control Coordinator, develop sampling plan, train City staff, provide larvicide product to treat city-owned sumped catch basins, maintain a database for mapping of complaints, alert jurisdictions of confirmed WNV case.

The City will provide catch basin treatments, delivery of samples at county prescribed intervals, educate our patrons on source reduction efforts and ways to reduce risk.

**FINDINGS:** Signing the Intergovernmental Agreement with Washington County allows County and City staff to work cooperatively in developing a response plan for treatment and prevention of the West Nile Virus.

**RECOMMENDATION: MOTION TO ADOPT RESOLUTION 2011-021 A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH WASHINGTON COUNTY FOR DEVELOPMENT OF A WEST NILE VIRUS RESPONSE PLAN.**



**RESOLUTION 2011- 021**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH WASHINGTON COUNTY FOR DEVELOPMENT OF WEST NILE VIRUS RESPONSE PLAN**

**WHEREAS**, ORS 190.003 – 190.110 encourages intergovernmental cooperation and authorizes local government entities to delegate to each other authority to perform their respective functions as necessary; and

**WHEREAS**, the parties agree that performing these responsibilities in a collaborative and cooperative manner promotes the cost-effective and efficient use of public resources; and

**WHEREAS**, the City has the responsibility to protect human health and the environment; and

**WHEREAS**, the arrival of this virus demands a response that is regionally coordinated, effective, ecologically sound, and proportionate to the potential risk presented by the virus.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The City Manager is authorized to sign the Intergovernmental Agreement with Washington County for development of the West Nile Virus Response Plan attached as (Exhibit A).

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15<sup>th</sup> day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

## INTERGOVERNMENTAL AGREEMENT

This Agreement is entered into, by and between Washington County, a political subdivision of the State of Oregon, and the City of Sherwood.

WHEREAS ORS 190.010 authorizes the parties to enter into this Agreement for the performance of any or all functions and activities that a party to the Agreement has authority to perform.

Now, therefore, the parties agree as follows:

- 1) The effective date is: 03/01/2011, or upon final signature, whichever is later.  
  
The expiration date is: 01/01/13; unless otherwise amended.
- 2) The parties agree to the terms and conditions set forth in Attachment A, which is incorporated herein, and describes the responsibilities of the parties, including compensation, if any.
- 3) Each party shall comply with all applicable federal, state and local laws; and rules and regulations on non-discrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or handicap.
- 4) To the extent applicable, the provisions of ORS 279B.220 through ORS 279B.235 and ORS 279C.500 through 279C.870 are incorporated by this reference as though fully set forth.
- 5) Each party is an independent contractor with regard to each other party(s) and agrees that the performing party has no control over the work and the manner in which it is performed. No party is an agent or employee of any other.
- 6) No party or its employees is entitled to participate in a pension plan, insurance, bonus, or similar benefits provided by any other party.
- 7) This Agreement may be terminated, with or without cause and at any time, by a party by providing 30 (30 if not otherwise marked) days written notice of intent to the other party(s).
- 8) Modifications to this Agreement are valid only if made in writing and signed by all parties.
- 9) Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, each party agrees to hold harmless, defend, and indemnify each other, including its officers, agents, and employees, against all claims, demands, actions and suits (including all attorney fees and costs) arising from the indemnitor's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of that party.
- 10) Each party shall give the other immediate written notice of any action or suit filed or any claim made against that party that may result in litigation in any way related to this Agreement.

- 11) Each party agrees to maintain insurance levels or self-insurance in accordance with ORS 30.282, for the duration of this Agreement at levels necessary to protect against public body liability as specified in ORS 30.270.
- 12) Each party agrees to comply with all local, state and federal ordinances, statutes, laws and regulations that are applicable to the services provided under this Agreement.
- 13) This Agreement is expressly subject to the debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent upon funds being appropriated therefor.
- 14) This writing is intended both as the final expression of the Agreement between the parties with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement.

WHEREAS, all the aforementioned is hereby agreed upon by the parties and executed by the duly authorized signatures below.

\_\_\_\_\_  
Jurisdiction

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

Address: \_\_\_\_\_

**WASHINGTON COUNTY:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

Address:

155 N First Ave  
Mail Stop # 5  
Hillsboro, OR 97124

## **ATTACHMENT A**

### **Statement of Work /Schedule/Payment Terms**

#### **County's Responsibilities:**

1. The County shall coordinate efforts to meet the goals of the State Health Service's West Nile Virus (WNV) response plan.
2. The County shall coordinate public education related to matters of public health and human behavior related to vector-borne disease throughout Washington County.
3. The County shall work with state and local health, veterinarian, agricultural, and wildlife organizations to survey and track human, equine, and avian cases of WNV.
4. The County shall alert those subject to this Intergovernmental Agreement of confirmed WNV cases.
5. The County shall employ a Mosquito Control Coordinator to design and develop a sampling program and train City staff on mosquito sampling procedures.
6. The County shall establish a schedule for City staff to submit larval and adult mosquito samples, as needed. The County Mosquito Control Coordinator shall process and track larvae and adult mosquito samples collected by City staff.
7. The County shall provide larvicide product to the City to treat publicly owned sumped catch basins under city control.
8. The County shall maintain a database of known sumped catch basin and aquatic habitats.
9. The County shall maintain a database mapping complaints, surveillance findings and mosquito control activities.
10. The County shall maintain, design, develop and conduct a regional larval and adult mosquito program that will include representative catch basins, storm water facilities, and natural wetlands within the county throughout the mosquito season (typically March through October).

#### **CITY RESPONSIBILITIES**

1. The City shall utilize and distribute public education materials provided by the County and Clean Water Services (CWS), in order to maintain a consistent regional communication strategy.
2. The City shall actively educate neighborhood associations, community participation organizations, and other citizen groups, and encourage private property source reduction efforts and other personal behaviors that will reduce risk of exposure.
3. The City shall report bird and mosquito complaints that it receives to the County
4. The City shall identify, in cooperation with CWS, locations of storm water facilities and aquatic features that may produce mosquitoes and provide that information to the County to integrate with the County's complaint and surveillance information.
5. The City shall deliver larval and/or adult mosquito samples to the County Mosquito Control Coordinator for processing and tracking on the schedule established by the County, as needed.
6. The City shall allow the county to implement mosquito surveillance and control measures as needed, for sites under the control of the City.

## **ATTACHMENT A**

### **Statement of Work /Schedule/Payment Terms**

7. The City shall maintain catch basins and storm water facilities to limit the presence of standing water and decaying organic debris (particularly dead cattails and grass clippings). The City shall install habitat features as appropriate to promote amphibian, bird, and predatory insect (dragonfly) populations that feed on mosquito larva.
8. The City shall treat all publicly owned sumped catch basins with larvicide on a schedule agreed upon with the County. The City will provide the County with yearly reports of areas treated.
9. In the event the City is unable to implement mosquito surveillance and/or control tasks in a timely manner the City will notify the County and request assistance.

Unless otherwise specified herein, the parties agree that there will be no monetary compensation paid to the other that each shall bear their own costs and that reasonable and beneficial consideration exists to support this agreement.

Council Meeting Date: March 15, 2011

Agenda Item: Consent Agenda

**TO:** Sherwood City Council

**FROM:** Craig Sheldon, Public Works Director

**SUBJECT: RESOLUTION 2011-022, A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH WASHINGTON COUNTY WATERSHED TECHNICAL COMMITTEE FOR THE REGIONAL SOLID WASTE MANAGEMENT PLAN**

**ISSUE:** Should the City enter into an IGA with Washington County to manage the Regional Solid Waste Management Plan on behalf of the City.

**BACKGROUND:** In 2002, the Sherwood City Council approved Resolution 2002-016 authorizing the City to enter into the Washington County Waste Reduction Program Intergovernmental Agreement for year 12 and adopt an annual work plan for waste reduction which was approved by Metro. This resolution has served the City for the last 9 years.

The purpose of this current IGA is to document the cooperative arrangement and allow Washington County the authority to act on behalf of the City of Sherwood. The County will have the authority to enter into a comprehensive agreement with Metro and to receive Sherwood's portion of the funding and perform various tasks related to the implementation of the Regional Solid Waste Management Plan (RSWMP). The focus of the agreement will be on the core functions of Waste Reduction and Recycle at Work also known as the "Annual Waste Reduction Work Plan".

Funding from Metro which would have gone to Sherwood will be passed to the County and be administered on behalf of Sherwood. Duration of the IGA is 5 years (June 2016) with additional incremental 5 year durations provided funding is available from Metro.

**FINDINGS:** The benefits of having the County manage the Solid Waste Management Plan on behalf of the City far outweigh keeping the process in-house. Washington County has additional staffing resources to enable the success of the program; whereas we would need to implement a program from the start, add the required staff and purchase brochures, materials, etc. needed for the program. The City's portion from Metro is \$14,067.00 that will be passed on to the County.

**RECOMMENDATION: STAFF RECOMMENDS THAT COUNCIL ADOPT RESOLUTION 2011-022 AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH WASHINGTON COUNTY WATERSHED TECHNICAL COMMITTEE FOR THE REGIONAL SOLID WASTE MANAGEMENT PLAN.**



**RESOLUTION 2011-022**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH THE WASHINGTON COUNTY WATERSHED TECHNICAL COMMITTEE FOR THE REGIONAL SOLID WASTE MANAGEMENT PLAN**

**WHEREAS**, pursuant to ORS Chapter 268, ORS Chapter 459, and related administrative rules, Metro has established a Regional Solid Waste Management Plan including a waste reduction chapter; and

**WHEREAS**, Metro requires local governments to adopt annual work programs for Residential Waste Reduction and Recycle at Work; and

**WHEREAS**, the parties agree that performing these responsibilities in a collaborative and cooperative manner promotes the cost-effective and efficient use of public resources; and

**WHEREAS**, the parties desire to enter into an agreement to establish procedures for mutually performing these responsibilities and related service and defining legal relationships and responsibilities.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The City Manager is authorized to enter into and IGA with the Washington County Watershed Technical Committee for the Regional solid Waste Management Plan, attached as Exhibit A.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15th day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

**INTERGOVERNMENTAL AGREEMENT  
WASHINGTON COUNTY WASTESHED TECHNICAL COMMITTEE**

THIS AGREEMENT, entered into under the provisions of ORS Chapter 190 and ORS 459.065(1)(b), is between Washington County, hereinafter referred to as “County”, whose address is 155 N First, Hillsboro, OR 97124, and the individual signatory cities of Cornelius, Durham, Forest Grove, Hillsboro, King City, Sherwood, Tigard, and Tualatin, hereinafter referred to as “City”. Any reference hereinafter to “Local Government” shall include both County and individual signatory City.

WHEREAS, each party has responsibilities related to the management of solid waste under the provisions of ORS Chapter 268, ORS Chapter 459, and related administrative rules; and

WHEREAS, the parties agree that performing these responsibilities in a collaborative and cooperative manner promotes the cost-effective and efficient use of public resources; and

WHEREAS, the parties desire to enter into an agreement to establish procedures for mutually performing these responsibilities and related services and defining legal relationships and responsibilities; now, therefore,

In consideration of the mutual covenants herein, and in exchange for the promises and other valuable consideration set forth below, the parties agree as follows:

I. Purpose

Pursuant to ORS Chapter 268, ORS Chapter 459, and related administrative rules, Metro has established a Regional Solid Waste Management Plan (hereinafter referred to as “the RSWMP”), including a waste reduction chapter. The RSWMP provides that Metro shall establish a multi-year work plan for solid waste reduction and identifies specific programs for use by Local Governments to implement the Metro plan. Metro has established guidelines for Local Governments’ participation in these programs in the form of a recurring Annual Waste Reduction Program for Local Governments. The Metro plan requires Local Governments to adopt a work program annually for two primary programs – Residential Waste Reduction and Recycle at Work. This program is funded by Metro through the adoption of an annual intergovernmental agreement that incorporates specific work tasks associated with these two programs (hereinafter referred to as the “Annual Waste Reduction Work Plan”).

The RSWMP establishes minimum requirements for Local Government’s work programs and provides that Local Governments may work cooperatively with neighboring Local Governments if intergovernmental agreements documenting cooperative arrangements are submitted with the Local Government program. The purpose of this Agreement is to document the cooperative arrangements

among the Local Governments, to establish the duties of the County as administrator of the Annual Waste Reduction Work Plan on behalf of the Local Governments for each fiscal year covered under this agreement, and to provide a structure for continuing working relationships among the Local Governments as they relate to ongoing requirements that may become a part of the RSMWP in the future. This structure will be referred to as the Washington County Wasteshed Technical Committee (Committee).

## II. Term of Agreement

Participation shall be accomplished by adoption of the plan and by entering into this Agreement. The term of this Agreement shall commence upon execution and shall continue in effect through June 30, 2015, unless terminated by any party as provided for in Section III Termination and Opt-Out herein. Thereafter, this agreement shall automatically renew for successive five-year terms (July 1 – June 30) for as long as funding from Metro continues to be available.

## III. Termination and Opt-Out

A party may opt out of this Agreement without cause upon giving 90 days written notice of intent to opt out. A party may be terminated from further participation in this Agreement if the party is in default of the terms of this Agreement. In the case of a default, the party alleging the default shall give the defaulting party and all other parties written notice of the alleged default. The defaulting party shall have 30 days to cure the default.

When a party successfully opts out of this agreement or is terminated for cause as provided for herein, the effective date of said action shall be July 1 of the next ensuing fiscal year. Further, that party's assigned funding associated with the current year's work program as provided for within Section VIII Funding herein shall remain under the authority of the Agreement for the remainder of the current fiscal year.

## IV. Review of Agreement

The terms and conditions of this Agreement may be reviewed by the Local Governments at any time upon written request by any party to the Agreement. Any Local Government that wishes to review the agreement shall submit its request in writing to all Local Governments at least sixty (60) days prior to this review. Any such requested review shall be conducted as part of a general meeting of the Committee. Any action to approve any requested amendment resulting from said review will require an affirmative approval of all parties that are signatory to this Agreement in order to be adopted. Any such amendment approved by the Local Governments shall be incorporated into the Agreement to become effective upon execution of a new agreement by all parties to the agreement.

V. Administrative Structure of the Committee

- A. The Committee shall consist of a staff member from each Local Government, appointed by each of the Local Government administrators or governing bodies. County staff shall act as administrative coordinator of the Technical Committee.
- B. The County shall develop and propose an annual work plan and present said plan to the Committee each year, including projected annual expenses and revenues for future years as necessary. The annual work plan will be developed in a timely manner so as to meet all deadlines set by the Oregon Department of Environmental Quality (DEQ), Metro and participating Local Governments. Annual work plans will be presented for approval by the Committee on one-year intervals only. The annual work plans shall provide Local Governments with minimum waste reduction standards consistent with the RSWMP; individual Local Governments may impose higher standards for waste reduction.

VI. Duties of Parties

A. Duties of County

- 1. The County shall perform work requiring technical expertise, including plan development, data collection and compilation, report writing, program coordination, technical advice to participating governments, and general information to the public.
- 2. The County shall recommend policies and develop model ordinances as necessary, and generally promote the Local Government waste reduction programs.
- 3. The County shall perform fieldwork including performing waste evaluations, commercial recycling, single-family recycling, multi-family recycling, school and community education, and special event promotion for which Metro funding has been allocated as provided for in Section VIII herein. Where funding for specific cities is curtailed by Metro, then adjustments shall be made by the County in the types of fieldwork conducted.
- 4. The County shall perform work requiring coordination with Metro, DEQ, and other agencies, and represent the Local Governments before such agencies.
- 5. The County shall act as agent for all participating jurisdictions in applying for waste reduction and recycling grant funds as determined appropriate by the Technical Committee. Disbursement of said funds will be to local participating jurisdictions or franchised haulers based on a formula to be determined by the Technical Committee or set by grant requirements. This does not preclude any Local Government from applying individually for any waste reduction and recycling grant.
- 6. The County shall perform the specific duties assigned as outlined in the Annual Waste Reduction Work Plan as established for any given year.

B. Duties of Cities

1. Cities shall undertake annual program tasks that are internal in nature, such as waste reduction and recycling activities and procurement of recycled products.
2. Unless otherwise assigned by a separate intergovernmental agreement, Cities shall be responsible for enforcement of solid waste reduction plan standards with respect to the solid waste collection ordinances and franchises within each city jurisdiction. Such enforcement may include complaint investigation, service standard review, reporting and revisions to city codes based upon the model code developed by the County.
3. Cities shall perform the specific duties assigned as outlined in the Annual Waste Reduction Work Plan as established for any given year.

VII. Indemnification

- A. Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, the County shall hold harmless, defend, and indemnify City, its directors, officers, agents, and employees, against all claims, demands, actions and suits (including all attorney fees and costs) arising from the County's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of the County.
- B. Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, City shall hold harmless, defend and indemnify the County, its Commissioners, employees and agents against all claims, demands, actions, and suits (including all attorney fees and costs) arising from City's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of City.

VIII. Funding

A. Annual Waste Reduction and Recycle at Work Programs

1. For any given year subject to this Agreement, each Local Government's share of the revenue provided by Metro in support of the "Annual Waste Reduction Program" and the "Recycle at Work Program", as calculated by Metro for the current program year, shall be provided to the County for purposes of funding those activities outlined in Section VI(A) herein.
2. Washington County shall act as administrator for said revenues on behalf of the cooperative Local Governments.
3. Each Local Government shall have the right to audit for up to three years County records relating to Metro grant funds received through this agreement by written notice to City in the event County does not

receive adequate funding from Metro. If so terminated, County shall refund to City its unexpended allocation of the year's grant funds received by County from Metro.

**B. Other Programs Funded through Metro**

1. For all other sources of funding provide by Metro related to compliance activities under the RSWMP, each Local Government shall make a determination whether to receive those funds directly or whether to allocate those funds to the County as provided for within this Agreement.
2. Any Local Government choosing to retain said funding shall notify in writing all other parties to this Agreement of their intent to retain said funds by no later than January 31 of each year.
3. Any local government choosing to object to such action shall submit a written response to all other parties to this agreement within thirty (30) days of receipt of the original notice.
4. If no objection is raised, then the Local Government choosing to retain its funding shall be free to do so at its discretion. However, if an objection is raised then all parties shall use their best efforts to resolve the issues.

**IX. Exclusivity**

This writing is intended both as the final expression of the Agreement between the parties with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement.

**WASHINGTON COUNTY**

**CITY OF SHERWOOD**

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

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

\_\_\_\_\_  
Print name and title

\_\_\_\_\_  
Print name and title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Council Meeting Date: March 15, 2011

Agenda Item: Consent Agenda

**TO:** Sherwood City Council

**FROM:** Craig Sheldon, Public Works Director

**SUBJECT: RESOLUTION 2011-023, A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH CLEAN WATER SERVICES (CWS) FOR THE STELLA OLSEN STAGEVIEW CORRIDOR**

**ISSUE:** The City has a need to establish a view corridor to the covered stage in Stella Olsen Park.

**BACKGROUND:** The City and CWS began to work collaboratively in 2003 to enhance the Cedar Creek within Stella Olsen Park under the IGA for the Cedar Creek-Stella Olsen Park Enhancement Project. Work within enhancement project was to enhance stream and wetland conditions by increasing the vegetated corridor widths, manage invasive non-native species and increase canopy cover to decrease temperatures within the stream. Completion of the enhancement project was in 2006.

Clean Water Services has requested permission to continue with additional enhancement activities within Stella Olsen Park along Cedar Creek. The City has request that CWS assist to establish a view corridor to the stage in Stella Olsen Park. The project covers multiple years and prescribes activities for both parties. A maintenance schedule, planting specifications and Map are attached showing the boundaries of the improvements.

For the past 2 years, Sherwood has hired a contractor to prune the vegetation back as prescribed in the IGA. Cost for this work is approximately \$1,700. The City anticipates the pruning costs to remain constant for annual pruning of trees to a height of no less than 8'. Duration of the IGA is until June 31, 2015

**FINDINGS:** Failure to adopt the IGA will require Sherwood to perform the work plan of both parties to maintain the view corridor. Additional costs will be borne by the City.

**RECOMMENDATION: STAFF RECOMMENDS THAT COUNCIL AUTHORIZE THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH CLEAN WATER SERVICES (CWS) FOR THE STELLA OLSEN STAGEVIEW CORRIDOR.**



**RESOLUTION 2011-023**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT (IGA) WITH CLEAN WATER SERVICES (CWS) FOR THE STELLA OLSEN STAGE VIEW CORRIDOR**

**WHEREAS**, ORS 190.003-190.110 encourages intergovernmental cooperation and authorizes local government agencies to delegate to each other authority to perform their respective functions as necessary; and

**WHEREAS**, Sherwood has requested that CWS help to establish a view corridor to the stage in Stella Olsen Park; and

**WHEREAS**, CWS requests permission to conduct enhancement activities on City properties within Stella Olsen Park along Cedar Creek; and

**WHEREAS**, CWS and Sherwood collaborate on projects that enhance riparian and flood plain ecological functions and values in an effort to improve water quality in the Tualatin Basin.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The City Manager is authorized to enter into and sign the Intergovernmental Agreement for a Stella Olsen Park Stage View Corridor, attached as Exhibit A.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15th day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

**INTERGOVERNMENTAL AGREEMENT  
STELLA OLSEN PARK STAGE VIEW CORRIDOR**

**CLEAN WATER SERVICES AND  
THE CITY OF SHERWOOD**

This Agreement, dated \_\_\_\_\_, 2011, is between **CLEAN WATER SERVICES** (District) and **THE CITY OF SHERWOOD**, (City).

**A. RECITALS**

ORS 190.003 - 190.110 encourages intergovernmental cooperation and authorizes local governments to delegate to each other authority to perform their respective functions as necessary; and

District and City collaborate on projects that enhance riparian and floodplain ecological functions and values, in an effort to improve water quality in the Tualatin Basin; and

District has requested permission to conduct enhancement activities on City properties within Stella Olsen Park along Cedar Creek in Sherwood, Oregon (Project); and

City has requested that District help to establish a view corridor to the stage in Stella Olsen park,

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

**B. PROJECT DESCRIPTION**

The Project will be a collaboration between City and District to replace tall trees that were planted in the view corridor identified in Exhibit C attached hereto and incorporated herein (View Corridor) with smaller shrubs selected by the parties from the list contained in Exhibit B attached hereto and incorporated herein.

District's Project Manager is Randy Lawrence and the City's Project Manager is John Schwer.

**C. DISTRICT OBLIGATIONS**

District will manage the Project by coordinating the following activities:

1. Secure all permits associated with enhancement activities.
2. Hire contractors to conduct planting and maintenance through June 31, 2015.
3. Plant native plant communities in the View Corridor area, described in Exhibit C.
4. Fund enhancement activities as necessary to promote a successful Project.
5. Monitor site conditions for plant survival and maintenance needs through June 31, 2015.

## D. CITY OBLIGATIONS

City will assist District with the Project by coordinating the following activities:

1. Coordinate Project activities with District's Project Manager.
2. Prune and remove trees pursuant to Exhibit A.
3. Coordinate pruning activities with District per the schedule contained in Exhibit A.
4. Use approved methods to remove trees including stump treatment with herbicide when necessary.
5. Prune shrubs in the View Corridor to no less than eight feet tall from ground level.

## E. COMPENSATION

There shall be no exchange of funds between City and District for this Project. District has an approved budget for the implementation of the Project through 2015.

## F. GENERAL TERMS

1. Laws and Regulations. City and District agree to abide by all applicable laws and regulations.
2. Term of this Agreement. This Agreement is effective from the date of execution by both parties and shall remain in effect until the Project is complete and the parties obligations have been fully performed.
3. Indemnification. Within the limits of the Oregon Tort Claims Act, codified at ORS 30.260 through 30.300, each of the parties shall indemnify and defend the other and their officers, employees, agents, and representatives from and against all claims, demands, penalties, and causes of action of any kind or character relating to or arising from this Agreement (including the cost of defense thereof, including attorney fees) in favor of any person on account of personal injury, death, damage to property, or violation of law, which arises out of, or results from, the negligent or other legally culpable acts or omissions of the indemnitor, its employees, agents, contractors or representatives.
4. Integration. This document constitutes the entire agreement between the parties on the subject matter hereof and supersedes all prior or contemporaneous written or oral understandings, representations or communications of every kind on the subject. No course of dealing between the parties and no usage of trade shall be relevant to supplement any term used in this Agreement. Acceptance or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement and no waiver by a party

of any right under this Agreement shall prejudice the waiving party's exercise of the right in the future.

5. Termination. This Agreement may be terminated immediately by mutual written agreement of both parties, or by either of the parties notifying the other in writing, with the termination being effective in 30 days.
6. Resolution of Disputes. If any dispute out of this Agreement cannot be resolved by the project managers from each party, the City Manager and District's General Manager will attempt to resolve the issue. If the City Manager and District's General Manager are not able to resolve the dispute, the parties will submit the matter to mediation, each party paying its own costs and sharing equally in common costs. In the event the dispute is not resolved in mediation, the parties will submit the matter to arbitration. The decision of the arbitrator shall be final, binding and conclusive upon the parties and subject to appeal only as otherwise provided in Oregon law.
7. Interpretation of Agreement.
  - A. This Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision.
  - B. The paragraph headings contained in this Agreement are for ease of reference only and shall not be used in constructing or interpreting this Agreement.
8. Severability/Survival. If any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the enforceability of the remaining provisions shall not be impaired. All provisions concerning the limitation of liability, indemnity and conflicts of interest shall survive the termination of this Agreement for any cause.
9. Approval Required. This Agreement and all amendments, modifications or waivers of any portion thereof shall not be effective until approved by 1) District's General Manager or the General Manager's designee and, when required by applicable District rules, District's Board of Directors and 2) City.
10. Choice of Law/Venue. This Agreement and all rights, obligations and disputes arising out of the Agreement shall be governed by Oregon law. All disputes and litigation arising out of this Agreement shall be decided by the state courts in Oregon. Venue for all disputes and litigation shall be in Washington County, Oregon.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written above.

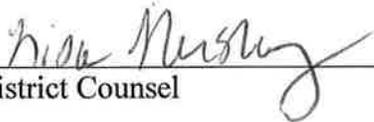
**CLEAN WATER SERVICES**

**CITY OF SHERWOOD**

By: \_\_\_\_\_  
General Manager or Designee

By: \_\_\_\_\_  
City Manager

APPROVED AS TO FORM

  
\_\_\_\_\_  
District Counsel

**Exhibit A**  
**Stella Olsen View Corridor Maintenance Schedule**

1. Summer – Fall 2010
  - a. City will prune certain trees (*Fraxinus latifolia*, *Salix scouleriana*, *Salix lassinadra*, and *Cornus serecia*) (collectively, Problem Trees) and/or shrubs located in the View Corridor that block the view of the stage to no less than eight feet tall. City shall only trim Problem Trees in the View Corridor as shown in Exhibit C.
  - b. City and District will agree on a planting plan.
2. Winter 2010/2011
  - a. City will engage in additional pruning to open up areas to plant. The District representative will work with City to define the proper opening size.
  - b. District will under-plant the area with shrubs including but not limited to the following:
    - i. *Spirea douglasii*
    - ii. *Physocarpus capitatus*
    - iii. *Lonicera involuncrata*
    - iv. *Symphoricarpos albus*
    - v. *Rosa pisocarpa*
    - vi. *Rubus spectabilis*
    - vii. *Philadelphus lewisii*

The plants are further described in Exhibit B attached hereto and incorporated herein.
3. Spring-Summer-Fall 2011
  - a. District will engage in normal Project maintenance including mowing and herbicide ring and broadleaf spraying.
  - b. City will continue to keep the Problem Trees pruned to acceptable heights.
4. Winter 2011/2012
  - a. City and District will consult about opening up more planting area.
  - b. District will interplant open spots with shrubs identified in section 2b.
5. Spring-Summer 2012
  - a. District will engage in normal maintenance activities.
6. Fall 2012
  - a. City will begin removal of the Problem Trees. City and District will consult on removal. City will remove no more than one-half of the Problem Trees present at this time.
7. Winter 2012/2013
  - a. District will interplant open areas with shrubs identified in section 2b.
8. Spring-Summer-Fall 2013
  - a. District will engage in normal maintenance activities.
  - b. City will remove one-half of remaining Problem Trees with the rest to be removed the following year.

9. Winter 2013 - Ongoing

- a. District will continue with planting, maintenance, and monitoring as determined to be required by District.
- b. City will finish removing the Problem Trees in fall 2014.
- c. City will prune all vegetation in the View Corridor as necessary to maintain a height of no less than eight feet.

## Exhibit B

### Plant Specifications (OSU Department of Horticulture)

*Physocarpus capitatus* Rosaceae

#### Western Ninebark, Pacific Ninebark

- Deciduous shrub, to 5-20 ft (1.5-6 m) tall, less width, open, straggly, angled branches, bark exfoliating in long irregular strips. Leaves alternate, simple, 3-10 cm long, palmately 3-5 lobed and veined, lobes pointed, margins doubly serrated, glabrous and somewhat shiny above, stellate-pubescent below; petioles 2-4 cm long. Flowers in late spring, small, 5 white petals, about 30 stamens, 3-5 pistils, in dense, hemispherical clusters (corymbs). Fruit small, inflated follicle, reddish to brown, about 6 mm long.
- Sun to shade, best in acid soil, requires some watering. Propagates easily from cuttings.
- Hardy to USDA Zone 5 Native to from British Columbia south to central California and east to western Montana. Common along stream banks, lake margins, swampy areas and in moist woods.

*Philadelphus lewisii* Hydrangeaceae (Philadelphaceae)

#### Wild Mockorange, Lewis Mockorange

- Deciduous shrub, 5-10 ft (1.5-3 m), many stemmed, broadly arching. Leaves opposite, simple, broadly ovate to broadly elliptic, 2-9 cm long, entire to serrate-dentate (i.e., spreading, pointed teeth). Flowers white, 4(5)-petals, yellow anthers, 4 cm across, 3-11 per cluster, fragrant. Fruit a 4-cell capsule.
- Sun to part shade, understory plant, thrives in almost any garden soil, prune after flowering.
- Hardy to USDA Zone 4 Native range from British Columbia to northern California, to Montana and central Idaho, to 7,000 ft elevation in the Cascades. It was introduced into Britain by David Douglas in 1825.
- The State Flower of Idaho.
- There are several available selections of *P. lewisii*. One named 'Blizzard' (Blizzard Mockorange) was selected from a seedling population in Beaverlodge, Alberta, Canada, and introduced by the Morden Research Station, Morden, Manitoba in 1994. The name 'Blizzard' emphasizes the greater hardiness of the plant (hardy to USDA Zone 2B or 3) and the profuse production of larger flowers compared to the species. The flowers are fragrant and single with 4 petals, but may occasionally produce 5 or 6 petals.

*Rubus spectabilis* Rosaceae

## Salmonberry

- Deciduous shrub, erect, 3-10 ft (0.6-3 m) tall, may form large, dense thickets, sparingly branched, shreddy bark, and few prickles, although young stems may be very prickly. Biennial stems, the first year only leaves and axillary buds are produced, buds in the second year develop into lateral shoots which bear the flowers/fruit. Leaves alternate, compound, 2.5-7.5 cm long, usually 3 leaflets (rarely 5) which are more or less lobed and irregularly toothed, shiny dark green and smooth to wrinkled above, paler and pubescent along the veins below, petiole and midvein often with prickles. Flowers red or rose colored, usually borne singly but may be in clusters of 2-4, may appear before or with unfolding and expanding leaves. Fruit an aggregate of drupelets, 1.5- 2 cm long, salmon colored to red or reddish purple. Some say the fruit taste is insipid whereas other find it excellent, the opinions may well be caused by genetic differences in the plants sampled (but also in the samplers?), most agree the berries are somewhat mushy.
- Sun or shade. A wet-site shrub, often found along streams and wet logged areas.
- Hardy to USDA Zone 5 Native range is from Alaska along the Pacific Coast and southward mostly west of the Cascades in Washington and Oregon to northwestern California, and extends as far east as Idaho. A "double flowered" sport reportedly found in Sooke, British Columbia is now available from Fraser's Thimble Farms Nursery on Salt Spring Island, B.C., and possibly from other nurseries in the Pacific Northwest.

*Symphoricarpos albus* Caprifoliaceae

## Common Snowberry

- Deciduous shrub, 1.5-7 ft (0.5-2 m), broad, rounded, suckers. Leaves, simple, opposite, undulated-lobed margin. Small pink-white flowers, pea-sized, but variable; white fruit (turns to a brown mush late), persists into winter.
- Sun to part shade. Prune to ground in early spring and fertilize to produce luxuriant growth and large masses of berries. "Not a first-rank shrub, but useful in its tolerance of poor soil, urban air. Withstands neglect (Sunset)."
- Hardy to USDA Zone 3 Widely distributed across North America.

*Spiraea douglasii* Rosaceae

## Douglas Spirea, Western Spirea, Hardhack

- Deciduous shrub, erect, 3-7 ft (1-2 m), compact, freely suckering, branches slender and brown. Leaves alternate, simple, oblong, 4-10 x 1-2.5 cm, base entire, irregular serrate or toothed above the middle, dark green glabrous above, whitish beneath. Flowers deep pink, crowded in fragrant clusters (panicles) 5-30 cm long, pyramidal to oblong, appearing powdery from the minute projecting stamens.
- Sun. Does well in wet areas. Retains brown seed heads.

- Hardy to USDA Zone 5 Native range from Oregon to Alaska, found in marsh borders, stream banks, and wet meadows, sometimes found in drier situations.

***Lonicera involucrata*** Caprifoliaceae

**Twinberry, Black Twinberry, Inkberry**

- Broadleaf deciduous shrub, 18 inches to 13 ft (0.5-4 m) tall, spreading, erect. Leaves simple, opposite, 3-14 cm long, oblong, ovate or rarely obovate, often asymmetrical at base or tapering to the petioles, generally pubescent below and ciliate on the margins. Flowers yellow and tinged with red, about 13 mm long, in pairs, sessile, between broad, pubescent bracts which eventually become reddish. Fruit paired, dark purple or black berries, about 5 mm wide.
- Sun to partial shade. Does well in wet or moist situations, but adapts to drier sites.
- Hardy to USDA Zone 4 Native range from Alaska to the southwest, eastward to the Lake States and Quebec. Hitchcock and Cronquist (1973) recognize two forms in the Pacific Northwest, with *L. i. var. involucrata* in the mountains and *L. i. var. ledebourii* coastal.

***Rosa pisocarpa* (King County Native Plant Guide)**

Deciduous Shrub

**Height:** 6 ft.

**Availability:** Low

**Growing ease:** High

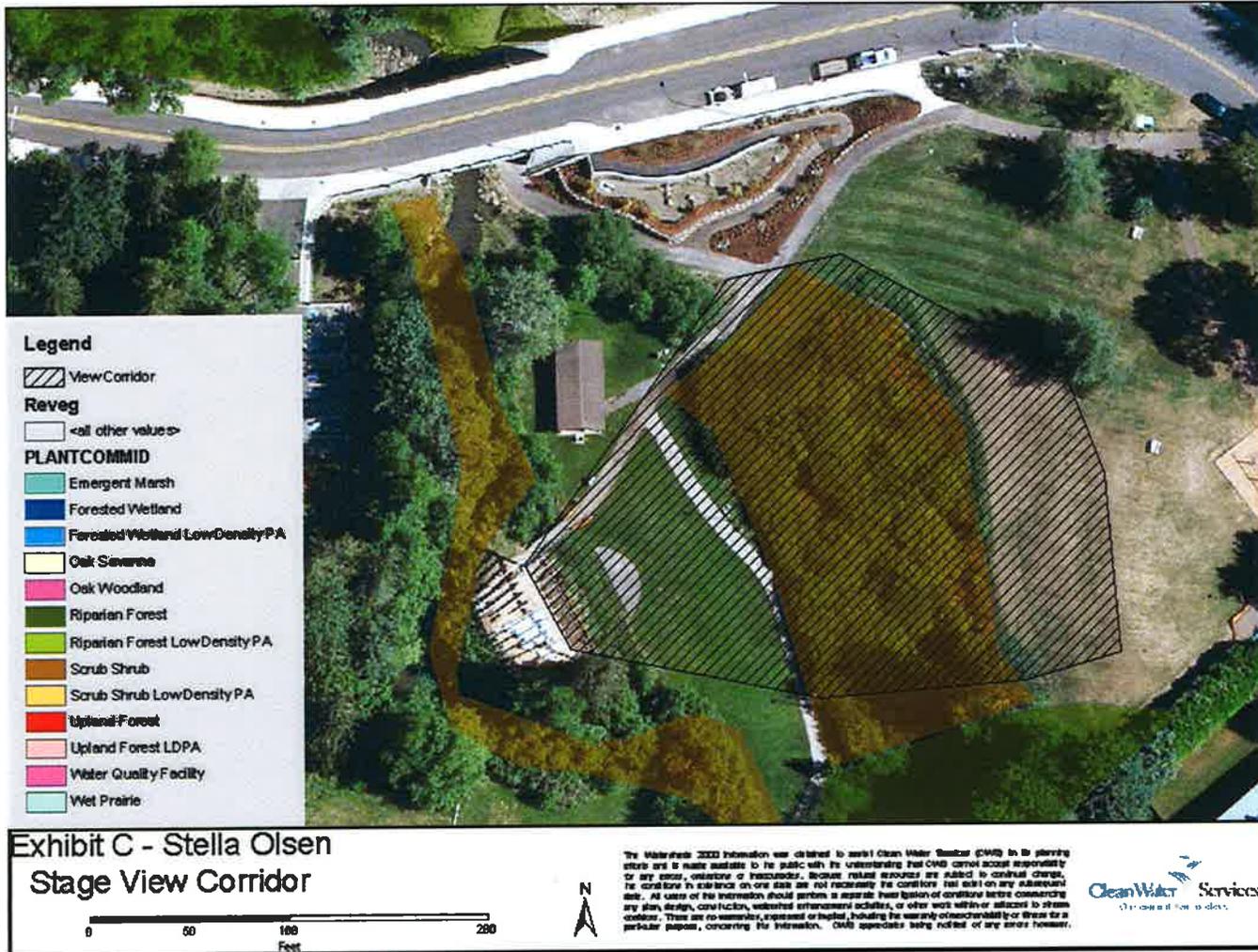
**Moisture req.:** moist - wet

**Exposure req.:** sun - shade

***Plant description:***

Although called swamp rose, this rose can live in moist non-wetland areas as well. It has red attractive fruits that persist in the winter. The flowers and fruit tend to be clustered. Pink blooms and this rose can form thickets.

# Exhibit C



Council Meeting Date: March 15, 2011

Agenda Item: New Business

**TO:** Sherwood City Council

**FROM:** Craig Sheldon, Public Works Director

**SUBJECT:** Resolution 2011-024 authorizing the City Manager to surplus vehicles and equipment to the State of Oregon.

**ISSUE:** Should the City surplus vehicles and equipment to the State per ORS 279A.280.

**BACKGROUND:** The City has equipment and vehicles that have reached their life expectancy. The cost to perform maintenance on this equipment and/or vehicles exceeds the value of said equipment and/or vehicles.

Individually, each piece of equipment is under \$5,000.00; however combined, all equipment and vehicles exceeds \$5,000.00. It is in the best interest of the City to surplus the equipment and vehicles to the State of Oregon as they have the resources to auction or sell used equipment.

**FINDINGS:** Resolution 2005-006 A Resolution Adopting Public Contracting Rules provides guidelines for disposal of City property and defines the process that needs to be followed.

**RECOMMENDATION:** Motion to adopt Resolution 2011-024 a resolution authorizing the City Manager to surplus vehicles and equipment to the State of Oregon.



**RESOLUTION 2011-024**

**AUTHORIZING THE CITY MANAGER TO SURPLUS VEHICLES AND EQUIPMENT  
TO THE STATE OF OREGON**

**WHEREAS**, the State of Oregon defines the process for disposal of surplus property in ORS 279A.280; and

**WHEREAS**, the City of Sherwood has equipment and vehicles (per attached Exhibit A) that have reached their life expectancy and the cost to perform maintenance will exceed the value of the equipment; and

**WHEREAS**, combined, the total value of the equipment and vehicles exceeds \$5,000; and

**WHEREAS**, Resolution 2005-006, A Resolution Adopting Public Contracting Rules states in Section 1.10.080 Procedure for Surplus Property that for surplus property deemed to have a value of more than \$5,000, the City Council may authorize the property to be sold, to be donated, or to be destroyed.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The City Manager is authorized to surplus the vehicles and equipment (per Exhibit A) to the State of Oregon.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 15<sup>th</sup> day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

**Exhibit A**  
Surplus Equipment and Vehicles to State of Oregon

Per Resolution 2005-006, A Resolution Adopting Public Contracting Rules, Section 1.10.080 Procedure for Surplus Property states that for surplus property deemed to have a value of more than \$5,000, the City Council may authorize the property to be sold, to be donated, or to be destroyed.

1972 Chevrolet Truck	VIN# CCE432V139629
1983 Chevrolet 1 Ton Truck	VIN# 1GBHC345JXDV118522
1991 Chevrolet Camaro	VIN# 1G1FP2381ML194067
1996 Jeep Cherokee	VIN# 1J4FJ68S1TL219661
1999 Pontiac Grand Am	VIN# 1G2NE52TXXC579023
2002 Ford Crown Victoria	VIN# 2FAFP71WX4X127823

**TO:** Mayor and City Council

**FROM:** Craig Gibbons, Finance Director

**SUBJECT: RESOLUTION 2011-025 OF THE CITY OF SHERWOOD AUTHORIZING THE ISSUANCE OF FULL FAITH AND CREDIT OBLIGATIONS AND GENERAL OBLIGATION REFUNDING BONDS.**

**ISSUE:** Should the City of Sherwood enter into debt to 1) refinance an existing line of credit, 2) provide funding for continuing work on the Water Project, and 3) refinance an existing General Obligation debt?

**BACKGROUND:** At its March 1 work session, Council was briefed on the preparations to refinance an outstanding \$10 million line of credit and secure additional funding to complete the Water Project.

Staff presented the concept of a bifurcated funding: an initial debt issuance of \$14 million to repay the line of credit and provide funding to continue work on the project, and a second funding of about \$6 million within two years to pay for Segment 3, the final component of the Water Transmission Line.

The resolution before Council tonight authorizes the initial debt issuance of \$14 million (increased to \$14.2 million to cover cost of issuance). It obligates the full faith and credit of the City, the General Fund, to repay the debt, with the understanding that water rates will be adjusted periodically to maintain sufficient water revenue to pay the debt service. The General Fund is the security for this loan. The purpose of using the Full Faith and Credit of the City is to reduce the cost of borrowing.

**Additional Provision.** Since the Council discussed this financing at the March 1 meeting, staff has authorized bond council to include a provision for refinancing another City loan.

In 2001, the City issued \$3.8 million in debt to finance the Police building. On June 30, 2010, the remaining principle balance on this loan was \$2.6 million and it is scheduled to be paid off in ten years. Section 4 of the Resolution authorizes refinancing of that principle as part of this debt issuance, should that reduce the debt service on that loan.

The 2001 loan is paid for by a property tax assessment and the net result of refunding would be a reduction in that assessment.

By approving this Resolution, the Council is authorizing the City Manager and Finance Director to go forward with this debt issuance. The offering is scheduled for Friday April 1, the bids would be due on Tuesday, April 12, and the closing would be on April 26.

The outside team working on this financing is:

- Kieu-Oanh Nguyen, Financial Advisor (prepares the documentation and works directly with the markets).
- Ray Bartlett, Financial Consultant (prepares the cash flow and rate recommendations)
- Harvey Rogers and Gulgun Mersereau, Bond Council.

The team constantly monitors the markets and debt issues and will inform us if anything arises that would adversely impact this sale.

**FINANCIALS:** This debt will require increases in water rates to support the debt service. As previewed on March 1, those increases are shown below. These are conservative projections and they can be reduced if:

- Growth is higher than anticipated (1%)
- There is any water SDC revenue (budgeted at \$0)
- The cost of operating the utility and treatment plant are lower than anticipated.

Preliminary Rate Recommendations<sup>1</sup>

	Rate Increases		Avg. Res.
	Annual	Cumulative	Water Bill
Current			\$39.76
Jul-11	7.5%	7.5%	\$44.44
Jan-12	4.0%	11.8%	\$47.80
Jul-12	7.5%	20.2%	\$51.36
Jul-13	7.5%	29.2%	\$55.23
Jul-14	7.5%	38.9%	\$57.99

Earlier rate projections from 2005 and 2009 indicated a high of about \$60.00 in the average water bill.

The preliminary cost estimate of the debt and other details are included in the attachment to this memo, Attachment A.

**RECOMMENDATION:** Staff recommends that Council adopt the attached resolution authorizing staff to proceed with this debt issuance.

<sup>1</sup> From March 1, 2011 Council Work Session Presentation  
 Resolution 2011-025, Staff Report  
 March 15, 2011  
 Page 2 of 2

## SOURCES AND USES OF FUNDS

Full Faith and Credit Obligations  
Series 2011

## Sources:

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Bond Proceeds:	
Par Amount	14,000,000.00
Net Premium	259,275.05
	<hr/>
	14,259,275.05
	<hr/> <hr/>

## Uses:

---

Delivery Date Expenses:	
Cost of Issuance	70,000.00
Underwriter's Discount	105,000.00
	<hr/>
	175,000.00
Other Uses of Funds:	
Additional Proceeds	14,084,275.05
	<hr/>
	14,259,275.05
	<hr/> <hr/>

## BOND DEBT SERVICE

Full Faith and Credit Obligations  
Series 2011

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2012			603,688.61	603,688.61
06/30/2013	365,000	2.250%	648,740.00	1,013,740.00
06/30/2014	375,000	2.250%	640,527.50	1,015,527.50
06/30/2015	385,000	2.250%	632,090.00	1,017,090.00
06/30/2016	390,000	2.250%	623,427.50	1,013,427.50
06/30/2017	400,000	3.250%	614,652.50	1,014,652.50
06/30/2018	415,000	3.250%	601,652.50	1,016,652.50
06/30/2019	425,000	3.250%	588,165.00	1,013,165.00
06/30/2020	440,000	4.250%	574,352.50	1,014,352.50
06/30/2021	460,000	4.250%	555,652.50	1,015,652.50
06/30/2022	480,000	4.250%	536,102.50	1,016,102.50
06/30/2023	500,000	4.250%	515,702.50	1,015,702.50
06/30/2024	520,000	5.250%	494,452.50	1,014,452.50
06/30/2025	550,000	5.250%	467,152.50	1,017,152.50
06/30/2026	575,000	5.250%	438,277.50	1,013,277.50
06/30/2027	605,000	5.250%	408,090.00	1,013,090.00
06/30/2028	640,000	5.250%	376,327.50	1,016,327.50
06/30/2029	670,000	5.250%	342,727.50	1,012,727.50
06/30/2030	705,000	5.250%	307,552.50	1,012,552.50
06/30/2031	745,000	5.250%	270,540.00	1,015,540.00
06/30/2032	785,000	5.250%	231,427.50	1,016,427.50
06/30/2033	825,000	5.250%	190,215.00	1,015,215.00
06/30/2034	870,000	5.300%	146,902.50	1,016,902.50
06/30/2035	915,000	5.350%	100,792.50	1,015,792.50
06/30/2036	960,000	5.400%	51,840.00	1,011,840.00
	14,000,000		10,961,051.11	24,961,051.11

## BOND SUMMARY STATISTICS

Full Faith and Credit Obligations  
Series 2011

Dated Date	04/26/2011
Delivery Date	04/26/2011
Last Maturity	04/01/2036
Arbitrage Yield	4.757666%
True Interest Cost (TIC)	4.864705%
Net Interest Cost (NIC)	4.968112%
All-In TIC	4.912603%
Average Coupon	5.039036%
Average Life (years)	15.537
Duration of Issue (years)	10.615
Par Amount	14,000,000.00
Bond Proceeds	14,259,275.05
Total Interest	10,961,051.11
Net Interest	10,806,776.06
Total Debt Service	24,961,051.11
Maximum Annual Debt Service	1,017,152.50
Average Annual Debt Service	1,001,223.22
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.500000
	<hr/>
Total Underwriter's Discount	7.500000
Bid Price	101.101965

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	14,000,000.00	101.852	5.039%	15.537
	14,000,000.00			15.537

	TIC	All-In TIC	Arbitrage Yield
Par Value	14,000,000.00	14,000,000.00	14,000,000.00
+ Accrued Interest			
+ Premium (Discount)	259,275.05	259,275.05	259,275.05
- Underwriter's Discount	-105,000.00	-105,000.00	
- Cost of Issuance Expense		-70,000.00	
- Other Amounts			
Target Value	14,154,275.05	14,084,275.05	14,259,275.05
Target Date	04/26/2011	04/26/2011	04/26/2011
Yield	4.864705%	4.912603%	4.757666%



**RESOLUTION 2011-025**

**A RESOLUTION OF THE CITY OF SHERWOOD AUTHORIZING THE ISSUANCE OF FULL FAITH AND CREDIT OBLIGATIONS AND GENERAL OBLIGATION REFUNDING BONDS**

**WHEREAS**, Oregon Revised Statutes (“ORS”) Section 271.390 permits the City of Sherwood, Oregon (the “City”) to enter into financing agreements to finance real or personal property that the City council determines is needed and issue “certificates of participation” or “full faith and credit obligations”; and,

**WHEREAS**, the City now finds it financially feasible and in the best interests of the City to authorize the issuance of full faith and credit obligations in one or more series to finance or refinance: the projects financed with the City’s \$10,000,000 line of credit originally issued on May 17, 2006 (the “Water Line”), and improvements and expansion of the City’s water system, including remaining segments of the transmission line from the treatment plant to the City, improvements required at the treatment plant and engineering and other costs associated with the projects (collectively, the “Projects”); and,

**WHEREAS**, federal tax law requires an issuer of tax-exempt obligations to declare its intention if the issuer expects to spend its funds on a project and later reimburse itself for those expenditures from the proceeds of tax-exempt obligations; and,

**WHEREAS**, the City reasonably expects to reimburse the expenditures it incurs for the Projects from the proceeds of obligations authorized by this resolution; and,

**WHEREAS**, the City is authorized by ORS 287A.360 to issue refunding bonds to refund outstanding bonds; and,

**WHEREAS**, it may benefit the City and its taxpayers to refund all or any portion of the City’s outstanding General Obligation Bonds, Series 2001 (the “2001 Bonds”) for debt service savings;

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1. 2011 Financing Agreement Authorization and Determination of Need.**

The City hereby authorizes the issuance of not more than Fourteen Million Two Hundred Thousand Dollars (\$14,200,000) in aggregate principal amount of full faith and credit financing agreements under ORS 271.390 (the “2011 Financing Agreements”). The proceeds of the 2011 Financing Agreements may be used to finance and refinance costs of the Projects and to finance costs related to issuing the 2011 Financing Agreements. The Council hereby determines that the Projects that have already been financed were needed when they were financed and remain needed. The Council further determines that the Projects that have not been financed are needed.

**Section 2. 2011 Financing Agreement Security.**

The 2011 Financing Agreements shall constitute unconditional obligations of the City, which are payable from all legally available funds of the City. The City may pledge the City's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay amounts due under the 2011 Financing Agreements.

The City expects to repay the 2011 Financing Agreements from revenues of the City's water system but does not expect to pledge those revenues to secure the 2011 Financing Agreements.

**Section 3. 2011 Refunding Bond Authorization.**

The City hereby authorizes the issuance of refunding general obligation bonds under ORS 287A.360 to refund all or any portion of the outstanding 2001 Bonds (the "2011 Refunding Bonds"). The net proceeds of the 2011 Refunding Bonds shall not exceed the amount required to redeem the 2001 Bonds that are refunded, plus any amounts required to pay costs of the refunding, rounded upward to allow principal to mature in multiples of \$5,000.

**Section 4. 2011 Refunding Bond Security.**

The 2011 Refunding Bonds shall be general obligations of the City. The City pledges its full faith and credit to pay principal and interest due on the 2011 Refunding Bonds and the City covenants for the benefit of owners of the 2011 Refunding Bonds that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the principal and interest on the 2011 Refunding Bonds when due.

**Section 5. Delegation.**

The City Manager, City Finance Director or person designated by the city council to act on behalf of the City under this resolution (each of whom is referred to herein as a "City Official"), is hereby authorized on behalf of the City and without further action by the City Council, to:

- (1) Negotiate, execute and deliver one or more 2011 Financing Agreements for the Projects which obligate the City to repay the financed amounts with interest. Subject to the limitations of this resolution, the 2011 Financing Agreements may be in such form and contain such terms as the City Official may approve, including covenants for the benefit of lenders and credit enhancement providers.
- (2) Negotiate, execute and deliver one or more escrow agreements or similar documents (the "Escrow Agreements") which authorize the Escrow Agent to issue "full faith and credit obligations" or "certificates of participation" (the "2011 Obligations") and which represent ownership interests in the loan payments due from the City under the 2011 Financing Agreements. Subject to the limitations of this resolution, the Escrow Agreements and each series of 2011 Obligations may be in such form and contain such terms as the City Official may approve, including covenants for the benefit of lenders and credit enhancement providers.
- (3) Authorize the sale and issuance of the 2011 Refunding Bonds, 2011 Financing Agreements and 2011 Obligations (collectively, the "2011 Borrowings") in multiple series which may be sold at the same or at different times.

- (4) Solicit competitive bids for the purchase of any series of the 2011 Borrowings and award their sale to the bidder offering the most favorable terms to the City, select one or more underwriters, negotiate the terms of the sale of any series of 2011 Borrowings, and sell that series to those underwriters, or place the 2011 Borrowings with one or more lenders.
- (5) Participate in the preparation of, authorize the distribution of, and deem final, the preliminary and final official statements and any other disclosure documents for the 2011 Borrowings.
- (6) Establish the final principal amount, maturity schedule, interest payment dates, interest rates, denominations and all other terms for the 2011 Borrowings.
- (7) Undertake to provide continuing disclosure for the 2011 Borrowings in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (8) Apply for ratings for the 2011 Borrowings.
- (9) Apply for and purchase municipal bond insurance or other forms of credit enhancements for the 2011 Borrowings, and enter into related agreements.
- (10) Appoint and enter into agreements with paying agents, verification agents, escrow agents and other professionals and service providers.
- (11) Enter into covenants to maintain the tax status of the 2011 Borrowings under the Internal Revenue Code of 1986, as amended (the "Code") or issue 2011 Borrowings as taxable borrowings.
- (12) Designate any of the 2011 Borrowings as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code, if applicable.
- (13) Enter into additional covenants for the benefit of the purchasers of the 2011 Borrowings which the City Official determines are desirable to sell the 2011 Borrowings on favorable terms.
- (14) Enter into one or more escrow deposit agreements for the 2011 Refunding Bonds and take actions to call, defease and redeem the 2001 Bonds.
- (15) Enter into one or more bond declarations for the 2011 Refunding Bonds to memorialize the terms of the refunding.
- (16) Take actions to repay amounts due under the Water Line from 2011 Financing Agreement proceeds and close the Water Line.
- (17) Execute and deliver any agreements or certificates and take any other action in connection with the 2011 Borrowings that a City Official finds will be advantageous to the City.

**Section 6. Reimbursement.**

The City Council declares its official intent to reimburse its expenditures on the Projects with the proceeds of the 2011 Financing Agreements and 2011 Obligations authorized by this resolution. The City Official is authorized to make future declarations of intent to reimburse under Section 1.150-2 of the Federal Income Tax Regulations or similar laws, on behalf of the City and without further action by the

City Council. All such future declarations shall be in writing and the original or a certified copy of each declaration shall be maintained in the public records of the City.

**Section 7. Effective Date.**

This resolution is effective immediately upon its passage.

**DATED this 15th day of March 2011.**

**City of Sherwood, Oregon**

---

**Keith S. Mays, Mayor**

**Attest:**

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**Sylvia Murphy, CMC, City Recorder**

**TO:** Mayor and City Council

**FROM:** Craig Gibons, Finance Director

**SUBJECT: RESOLUTION 2011-026, A RESOLUTION OF THE CITY OF SHERWOOD AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH TALBOT, KORVOLA & WARWICK, LLP (TKW) FOR MUNICIPAL AUDITING SERVICES.**

**ISSUE:** Should the City of Sherwood enter into a contract with TKW for auditing services?

**BACKGROUND:** Staff has completed a Request for Proposals process to retain a new audit firm. The solicitation generated eight responses from eight firms ranging in price from \$23,660 to \$55,800. Staff chose three firms to interview based on the quality of the proposals.

A team from Finance, Utility Billing, and the URA interviewed the three firms and determined that two of the firms had the skill set we were seeking and one of the those firms had significantly more to offer the City in terms of expertise, communication skills, background, and services. Reference checks supported the superior services of the firm over the other firms considered. Most reference checks had work with more than one of the audit firms we interviewed and were able to compare and contrast their service level.

The selected firm was TKW, from Portland. Their proposal price was the highest of the eight, but, negotiations with the firm reduced the price by \$9,000 increased the service level with the following additions.

1. Our Consulting Group will provide the following in conjunction with the first year of the engagement:
  - a. Documentation of your internal controls structure around your major business practices (i.e. accounts payable, payroll, utility billing, court, etc.). This is something that normally would be billed out as a separate engagement for \$10-12 thousand, and
  - b. IT and access controls reviews as discussed during our interview (normally billed at approximately \$5,000).
2. We will provide training and education to the City through a combination of our breakfast series seminars on governmental reporting and accounting topics, other client focused trainings here in our office throughout the year, and any on-site trainings at the City that you request or find necessary. Normally we would charge up to \$1,000 for on-site trainings provided to a client.

3. Finally, in addition to our discounted fees (80% of standard) as quoted in the proposal, and our investment in terms of hours in the first year of the engagement, we will discount the total fee for the first year another \$9,000, resulting in a first-year fee proposal of \$46,800. We will then index future years' fees at 4%, which represents our estimate of increase in beginning wages year over year for new hires. We would further propose a contract term of five (5) years rather than the initial three (3) stated in the City's RFP. This revised fee schedule would then be as follows:

2010-11	\$46,800
2011-12	\$48,675
2012-13	\$50,625
2013-14	\$52,650
2014-15	\$54,750

As stated in the proposal – these fees are subject to discussion and adjustment should there be significant changes in requirements put

**SUMMARY:** In both the interview process the TKW firm provided more insight into Sherwood's needs in an audit firm than did the other firms. In the reference process the firm's references (people we know through our professional contacts) said that knowledge and service provided by the firm was far superior to the other firms and that the price differential was worth the investment. In negotiations, the firm showed its commitment to Sherwood by reducing its price and adding services.

**RECOMMENDATION:** I recommend that Council adopt the attached resolution authorizing the City Manager to enter into a contract with TKW.



*Home of the Columbia River National Wildlife Refuge*

**City of Sherwood, Oregon**

**Proposal to Provide:**

**Audit Services**

**February 8, 2011**

Contact:

Robert G. Moody, Jr., Partner  
4800 SW Macadam Ave, Suite 400  
Portland, Oregon 97239-3973  
(503) 274-2849  
rmoody@tkw.com





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[www.tkw.com](http://www.tkw.com)

February 8, 2011

Ms. Tina Ouellette  
Assistant to the City Manager  
City of Sherwood  
22560 SW Pine Street  
Sherwood, OR 97140

Dear Ms. Ouellette:

Talbot, Korvola & Warwick, LLP (TKW) is pleased to have the opportunity to respond to your Request for Proposal and present our qualifications to provide audit services to the City of Sherwood and the City of Sherwood Urban Renewal Agency, collectively (the City), for the fiscal years ending June 30, 2011 through June 30, 2013, with the second and third year contingent on the successful, timely completion of the first year of the contract, and with the option of a fourth and fifth year. We understand that the audit will be performed in accordance with auditing standards generally accepted in the United States of America, standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the *Minimum Standards for Audits of Oregon Municipal Corporations* as prescribed by the Secretary of State, and the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

TKW is different from typical CPA firms, and adds a unique value proposition. We strive to be your *first call* for all your business needs—financial, organizational, or other. Our focus is to provide the City with more than thorough, comprehensive financial and compliance audit services. With our team, your finance team receives more than what you pay for in terms of our fees—well beyond any price differential with our competitors.

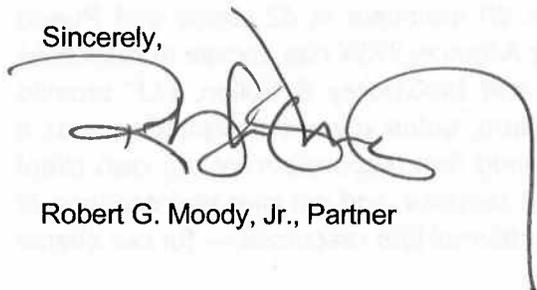
- ◆ **A complete understanding of the work to be performed.** Our team members know governments from the inside and out. No other firm brings experience from your side of the table. Our experience gives us insight that becomes your advantage.
- ◆ **Significant partner and manager time.** During the engagement and throughout the year, you will have immediate and direct access to Rob Moody, partner, Haley Fish, manager, and all members of your client service team. Rob and Haley will both be in the field during the audit and as otherwise needed. We will request entrance and exit conferences before and after the audit, respectively.
- ◆ **Full service approach.** Our assurance, tax and consulting professionals are focused on your business goals. Your client service team is experienced in, and stands ready to assist you with issues in financial reporting, tax compliance, taxable benefits and compensation under IRS rules, and organizational effectiveness. All you have to do is pick up the phone.
- ◆ **Extensive resources.** In addition to our nearly 50 professionals, we are a member of the McGladrey Alliance. As a national accounting firm, McGladrey serves clients' needs from more than 100 offices nationwide. Our relationship with the Alliance allows us to draw upon the additional resources, experience, and professional knowledge base of a national organization that is a leader in serving government organizations. You will have all the resources of a national accounting firm available to meet your business needs.

- ◆ **We do more than what is required.** Our use of specialized software allows us to analyze your data well beyond the requirements of professional standards. Our quality review of your documentation and reports provides a level of assurance not available consistently from other firms.
- ◆ **High standards of education and experience.** Our advice and solutions are based upon our experience, continuing education and participation for more than twenty years in government associations with a mission for excellence in financial reporting. Your team includes our most experienced staff, managers and partners. We are a member of the AICPA Governmental Audit Quality Center. We promise and deliver close involvement by our managers and partners.
- ◆ **Business assistance.** Our team will assure that you are apprised of requirements, standards, rulings, etc. that impact financial reporting, identification of practices and procedures that can assist in improving operations, advice on financing options, and information technology support.
- ◆ **Our reputation.** Our reputation is the result of the quality of our approach to providing client services. Our clients will tell you that we are thorough.

This proposal is valid for a period of (90) ninety days from February 8, 2011.

We appreciate the opportunity to provide you with this information and confirm that we have the ability to meet the proposed First Year Schedule. Please let us know if you need any additional information or have any questions. Rob Moody, your Partner, can be reached by phone at (503) 274-2849, fax (503) 274-2853, or email at [rmoody@tkw.com](mailto:rmoody@tkw.com).

Sincerely,



Robert G. Moody, Jr., Partner

*Introduction to  
our Firm*

TKW is a Portland, Oregon, limited liability partnership specializing in serving the public sector and is properly licensed in Oregon as a certified public accounting firm. We are different from typical CPA accounting and consulting firms. We formed our Firm with one purpose in mind: to be our clients' *First Call* for all their business needs. Approximately 75% of our assurance services relate directly to auditing and reporting on the operations of public sector organizations — cities, counties, housing authorities, school districts, community colleges, special service districts, and not-for-profit organizations. Additionally, the majority of our consulting hours are related to services provided to the public sector. TKW is a full service CPA firm offering assurance, consulting and tax services to our clients.



We have developed a focused approach to assist our clients with all aspects of accounting and business processes.

Founded in 1987, we are among the ten largest CPA firms in Portland. In addition to our substantial practice involving the public sector community, we also advise a spectrum of business clients in manufacturing and distribution, construction and real estate, health care and hospitality sectors.

TKW is proud to have been chosen to be a member of the McGladrey Alliance, a premiere affiliation of independent accounting and consulting firms in the United States, with more than 90 members in 42 states and Puerto Rico. As a member of the McGladrey Alliance, TKW has access to resources and services RSM McGladrey, Inc. and McGladrey & Pullen, LLP provide their own clients. We maintain our name, autonomy and independence as a locally owned and responsive accounting firm responsible for our own client fee arrangements, our own delivery of services, and our own maintenance of client relationships. A local firm with national firm resources — for our clients this really is the best of both worlds.



TKW has held membership in the Governmental Audit Quality Center (the Center) sponsored by the American Institute of Certified Public Accountants since the Center's inception in 2003. The Center was developed to provide support and a community for member firms that are committed to best practices and quality governmental audits. It provides a forum to gain access to resources that become your resources:

- The latest developments in accounting, auditing and the various rules and regulations that affect government audits.
- Periodic updates on current issues through news alerts and webcasts.
- An online forum for member interaction and information sharing.





Assurance • Tax • Consulting

TKW is an independently owned member of the McGladrey Alliance

**A Nationwide Alliance Looking Out For the City of Sherwood's Mission and Business Interests**

Your team will draw upon the depth of experience of national and international resources offered by TKW as a member of the McGladrey Alliance.

With annual revenues of over \$750 million and more than 26,000 businesses and organizations relying on their services, McGladrey ranks as the 5th largest U.S. accounting, tax and business consulting organization.

**McGladrey:**

**Over 200 offices**

**950 partners**

**More than 6,000 employees**

**More than 26,000 businesses and organizations served by the Alliance**

**TKW -- 15 years with the McGladrey Alliance**

Since our inception in 1987, the TKW client list continues to be strong and growing. We now count among our clients a broad variety of organizations in the \$5 million to more than \$500 million annual revenue range. What this means for the City is: TKW has experience with growing and changing organizations. Our team members specialize yet work seamlessly across departmental lines to provide the best overall service to meet your needs, whether in accounting, tax, or business advice. This means you continue to receive the highest levels of service — business assurance, consulting, and tax from expert advisors.

*Breadth and Depth of Experience:*

- Government entities: cities, counties, colleges, school districts, housing authorities, special service districts
- Not-for-profit organizations
- Single family and multi-family real estate development
- Real estate investment and development of urban, suburban industrial, retail, hospitality and office projects
- Closely held manufacturing and distribution companies with revenues from \$1 million to over \$100 million
- Rapidly growing companies including firms noted among the region's fifty fastest growing companies
- Owners of privately held companies
- General contractors and specialty subcontractors
- Hotel, restaurant and hospitality industry owners and developers

We continue to offer traditional assurance, consulting and tax services and extensive business advisory assistance designed to meet the diverse needs of governments, not-for-profits, and small and mid-sized businesses. Since our inception, we have established dedicated resources to provide extensive business advisory services to our clients.

*Business Assurance Services:*

- Audits
- Reviews
- Compilations
- Agreed-Upon Procedures
- Escrow Verification
- Federal Compliance

*Business Advisory Services:*

- Business Process Improvement
- Litigation Support
- Software Selection and Assistance
- Information Management
- Cost Allocation

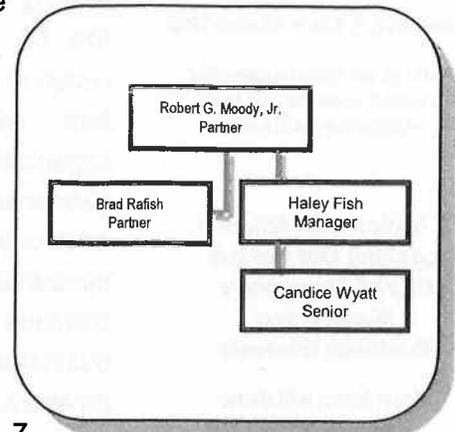
*Tax Services:*

- Tax Compliance
- Tax Consulting and Optimization
- Review of Taxable Benefits
- Payroll Tax Compliance



Names, resumes, and  
municipal roster  
registration number of  
the firm's personnel  
who will be assigned to  
the City's engagement

Our proposed engagement team will provide the City with extensive experience, knowledge, and commitment. Each member has diverse talents that complement each other and will provide the City with comprehensive accounting and advisory services. Our core group of financial statement professionals and tax accountants have over 50 years of collective experience. Your team has extensive experience providing governmental organizations with accounting services, organizational reviews and business process and management services.



Our team of almost 50 includes 26 CPAs, 7 partners, 2 Certified Fraud Examiners, 11 licensed municipal auditors, 10 senior managers and managers, and 10 seniors. Every member of our audit team performs government audits. Assets we offer the City include our depth of experience and scheduling capability to meet your deadlines. Your multi-disciplinary engagement team is available to you in person, by phone, or electronically to meet your service needs. We have the capacity, expertise and experience to meet agreed upon completion dates, and address whatever business needs you may have.

Our Firm policy requires every audit team member to meet or exceed GAO Yellow Book education requirements (80 hours every two years with at least 24 hours in subjects directly related to the government environment and to government auditing). As a member of the Governmental Audit Quality Center, we adhere to the highest training standards.

Our team members attend state and local government, not-for-profit conferences, and AICPA conferences as well as training provided through our affiliation with McGladrey and in-house training tailored specifically to our government practice. Over the past three years, all members of your audit team have exceeded Yellow Book standards for continuing education.

Rob Moody, partner, will have primary responsibility for the engagement, and for ensuring a level of service you can and should expect. Haley Fish, manager, will provide first-line review and supervision of the fieldwork. Tim Gillette, partner, will provide quality control review on the City's reports to ensure technical standards are met. Candice Wyatt, senior, will be responsible for overseeing the day-to-day fieldwork for your engagement along with staff. Brad Rafish, partner, and TKW in-house consultants will provide a review of the computer environment and information technology procedures and controls as part of our risk assessment procedures. In addition, our tax team is available as needed for taxable benefits issues, consideration of public/private partnerships, or other needs you may have.



**Municipal Audit Roster**

Compliance with Oregon's municipal auditor requirements translates to a level of experience and expertise that directly benefits the City. The table below lists our Oregon Licensed Municipal Auditors along with their years of experience in public accounting and their Municipal Audit Roster Number.

<b>Name</b>	<b>Years in Public Accounting</b>	<b>Municipal Audit Roster Number</b>
Rob Moody	11 (+15 years government finance)	1375
Tim Gillette	26	1327
Angelique Whitlow	16	1303
Rina Byrne	16	1383
Julie Fahey	13	1393
Bill Barker	43	620
Bryce Yamamoto	7	1468
Haley Fish	4	1437
Jon Grover	4	1474
Monica Parker	3	1467
Anindita Mukherjee	4	1466

Detailed experience of your key team members can be found in their resumes on the following pages.

**Staff continuity**

TKW assigns staff to an engagement for the term of the contract. Staffing changes are the exception and tend to occur when the timing of an engagement is changed significantly or there is personnel turnover. This allows us to be more familiar with your people and issues faced by you, and for your staff to be more familiar with our team members. If the City should desire a rotation of the team, we have the capacity to do so without interruption of service to the City.





**Robert G. Moody, Jr., CPA**  
Partner

Bachelor of Accounting  
Western Washington University

Licensed CPA  
Oregon #6161  
Washington #27284  
Alaska #2467

Licensed Municipal Auditor  
Oregon #1375

American Institute of  
Certified Public Accountants

Government Finance  
Officers Association

Oregon Society of  
Certified Public Accountants  
Past Chair

OSCPA Government Accounting &  
Auditing Committee

Oregon Municipal Finance  
Officers Association  
Past President

Rob joined TKW in 2004 after more than fifteen years of direct governmental experience. He served as the Assistant Finance Director at the City of Wilsonville, Oregon, from 1999 to 2004. Rob was Finance Director at the Cities of Sherwood, Oregon, and The Dalles, Oregon, for 9 years. His municipal responsibilities included coordination of budget and audit cycles, and special projects including cost studies and integrated financial software implementations in The Dalles and Wilsonville. Rob is a speaker nationally, regionally, and locally on topics of governmental accounting and reporting, a past president of the Oregon Municipal Finance Officers Association and past chair of the Oregon Society of Certified Public Accountants. Rob serves as a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program, and is an instructor in governmental accounting for the AICPA.

Rob brings a strong customer service perspective to clients and a seasoned understanding of government and accounting issues. Rob is the engagement partner responsible for the timely and effective delivery of services to the City. He will coordinate the planning for the engagement and will review the critical areas of the audit, financial report and all deliverables. He will also meet with appropriate management personnel to discuss any concerns they may have and bring them up to date on any new technical pronouncements or regulatory requirements. Rob's continuing professional education for the past three years exceeds GAO Yellow Book standards.

Rob's recent governmental experience includes:

City of McMinnville — including A-133 Single Audit  
City of Bend — including A-133 Single Audit  
City of Hillsboro — including A-133 Single Audit  
City of Beaverton — including A-133 Single Audit  
City of Lake Oswego  
City of West Linn  
City of Lincoln City  
City of Corvallis  
Multnomah Education Service District — including A-133 Single Audit  
Washington County — including A-133 Single Audit  
Housing Authority of Washington County  
Tualatin Valley Fire & Rescue  
Washington County Consolidated Communications Agency  
Tualatin Hills Parks and Recreation District and Foundation  
Port of Newport





**Haley Fish, CPA**  
Manager

Haley joined TKW in 2007 and is a great asset to our business assurance services, primarily focusing on government and not-for-profit organizations.

Haley is responsible for providing audit, compliance and consulting services to government and not-for-profit entities. Her role in the City's audit will include developing the work plan, supervising the field team, reviewing the financial statements and other financial reports, and meeting with the appropriate personnel on your financial team. Haley is an expert at minimizing disruption of your staff and providing an efficient, effective work plan. She works closely with the senior and staff on the engagement and will be in the field during both interim and final fieldwork. Haley's continuing education for the past three years exceeds GAO Yellow Book standards.

Bachelor of Science  
Business Administration  
Option in Accounting  
Oregon State University

Haley's recent experience with government clients includes:

Licensed CPA  
Oregon #11928

City of Lincoln City  
Clackamas County — including A-133 Single Audit  
Housing Authority of Clackamas County — including A-133 Single Audit  
Port of Newport  
Housing Authority of Portland — including A-133 Single Audit

Licensed Municipal Auditor  
Oregon #1437

American Institute of  
Certified Public Accountants

Oregon Society of Certified  
Public Accountants

Developing Professionals  
Committee  
Oregon Municipal Finance  
Officers Association





**Candice Wyatt, CPA, CFE**  
Senior

Master of Accountancy,  
University of Oregon

Bachelor of Science in Business  
Administration,  
University of Arizona

Licensed CPA  
Oregon #12503

Certified Fraud Examiner

American Institute of Certified  
Public Accountants

Oregon Society of Certified  
Public Accountants

Association of Certified Fraud  
Examiners - National and  
Oregon Chapters

Candice joined TKW in June 2009. Her prior experience includes working as an auditor for both Anders, Minkler, and Diehl LLP in St. Louis, Missouri, and the Oregon Secretary of State Audits Division. At TKW, she assists with business assurance services primarily for government and not-for-profit organizations.

With the TKW audit team, Candice examines documents prepared by your financial staff, reviews workpapers to determine any additional need for information, clarification or documentation. She participates in issue resolution helping to identify, review, and resolve emergent issues. You will benefit from her excellent technical, time management, and teamwork skills.

Candice is an expert on how to minimize disruption to your workplace and staff during on-site audit. She is an adept user of IDEA (Interactive Data Extraction and Analysis) software to extract data from your financial system to support the efficient and effective use of audit procedures. The use of IDEA allows you to leverage your financial systems in providing information to be analyzed in ways not otherwise possible. Candice's continuing education for the past three years exceeds GAO Yellow Book standards.

Candice's recent experience includes:

- City of Bend — including A-133 Single Audit
- Housing Authority of Washington County — including A-133 Single Audit
- Tualatin Valley Fire & Rescue
- Multnomah Education Service District — including A-133 Single Audit
- Tualatin Hills Parks and Recreation District
- Estacada School District — including A-133 Single Audit





**Timothy R. Gillette, CPA**  
Partner

MBA, The Wharton School  
University of Pennsylvania

Bachelor of Science  
University of Arkansas

Licensed CPA  
Oregon #3656  
Washington #19279  
Idaho #CP-0751

Licensed Municipal Auditor  
Oregon #1327

American Institute of Certified  
Public Accountants

Oregon Society of Certified  
Public Accountants

Membership Committee  
Audit Committee  
Multnomah Athletic Club

Oregon Board of Accountancy  
Peer Review Task Force

Wharton Alumni Club  
of Portland  
President

Prior to joining TKW in 2001, Tim was a senior manager with Moss Adams, Washington and a manager with Arthur Young in Europe and Hawaii. With 25 years in public accounting, his experience, both with TKW and previous firms, includes governmental organizations. In addition to his significant experience with government audits, Tim advises not-for-profit organizations and businesses in manufacturing and distribution, construction and health care. Tim is responsible for our firm-wide quality control program and served as a firm or national quality control reviewer in his prior affiliations. As part of his service to our clients, Tim provides business advice, accounting procedures control manuals, cash flow projections, profitability analysis, and organizational structure reviews. Tim is an instructor, leading seminars on U.S. GAAP and GAAS at the local, national and international level. His continuing education for the past three years exceeds GAO Yellow Book standards.

Tim is the quality control review partner responsible for ensuring all regulatory requirements and compliance requirements have been met.

Tim's recent experience with government clients includes:

- Clackamas County — including A-133 Single Audit
- Housing Authority of Clackamas County — including A-133 Single Audit
- Portland Public Schools — including A-133 Single Audit
- North Marion School District — including A-133 Single Audit





**Brad Rafish, MBA**  
Partner

Master of Business Administration  
University of Montana

Bachelor of Business  
Administration  
University of Montana

Certified Government  
Financial Manager

Certified Internal  
Controls Auditor

Member,  
Association of  
Governmental Accountants

Member,  
The Institute for  
Internal Controls

Brad Rafish will provide a review and assessment of the City's general controls as they relate to the processing of financial information. This review assists our audit team in identifying specific controls in place for data input, access, security, backup, and business continuity. Brad has conducted information systems assessments, organizational reviews, performance audits, efficiency and effectiveness evaluations, internal controls reviews, and management studies and has developed extensive policy and procedures manuals for more than 20 years with a variety of governmental organizations, not-for-profits, and small to mid-size businesses. He examines: organizational structures, business practices, problem resolution, service delivery, information processing systems, customer satisfaction, financial systems, purchasing, contracting, office systems, and risk management. In addition, Brad has performed financial, compliance, and sunset audits and has assessed a variety of regulatory agencies. He has established specific programs and developed how-to manuals for local and regional governments and public utilities.

Brad supports and enhances our financial audit function by conducting evaluations of internal controls and developing applicable flowcharts and narratives. He has also conducted cost/benefit studies and financial analysis for small businesses and has provided assistance to both private and public sector clients in the areas of systems design and development, organizational structure, governance, rate setting, and cost studies.

Brad has provided services to a variety of government and not-for-profit clients including:

- City of Bend
- City of Corvallis
- City of West Linn
- City of McMinnville
- City of Lake Oswego
- City of Wilsonville
- City of Portland
- Mt. Hood Community College District
- Portland Community College
- Washington County
- Clackamas County
- Housing Authority of Portland
- Portland Public Schools
- Oregon Board of Medical Examiners
- Oregon Board of Nursing
- State of Washington, State Auditors Office
- King County, Washington
- City of Olympia, Washington



*Our experience and knowledge in performing examinations in accordance with the provisions of the Single Audit Act, as amended by OMB Circular A-133*

We currently audit several municipal corporations having Single Audit requirements as specified in OMB Circular A-133. We are intimate with the compliance requirements of relevant federal programs, and can help your team understand specific documentation, compliance, and control requirements associated therewith.

Our approach to auditing federal programs takes into consideration all requirements under *Government Auditing Standards*, OMB Circular A-133, and the Single Audit Act. We will identify all relevant federal programs and select major programs for testing using a risk-based approach. For each major program identified, we will identify the respective compliance requirements applicable to the City.

We develop our comprehensive programs incorporating current guidance under Parts III, IV, V and VII of the OMB Compliance Supplement as well as the appropriate appendices. These programs integrate risk assessments, control and compliance tests, conclusions and documentation of findings as required.

As mentioned above, our approach is risk-based, and can be summarized as follows:

1. We evaluate your Schedule of Expenditures of Federal Awards for purposes of identification and selection of major programs to be tested.
2. We evaluate the City as a low or high-risk auditee.
3. We identify the direct and material compliance requirements of the major programs selected, and document our understanding of controls over the respective compliance requirements.
4. We test controls over compliance to support our assessment of control risk for purposes of determining the extent of required compliance testing.
5. We test compliance with requirements of the major programs and form the required conclusions.
6. We report on internal controls over compliance and compliance with requirements, citing any findings as required.

If and when findings are noted, we will discuss them with management in advance and formally report in writing to the City Council as part of the Single Audit Reporting Package. We will present all Single Audit reports and findings to the City Council upon completion of the engagement.



Oregon local government  
 jurisdictions that we  
 currently audit

MUNICIPALITY
City of Beaverton
City of Bend and Urban Renewal Agency
City of Hillsboro and Hillsboro Economic Development Council
City of Lake Oswego and Urban Renewal Agency
City of Lincoln City
City of McMinnville
City of West Linn
Benton County and component units
Clackamas County and component units
Washington County and component units
Housing Authority of Clackamas County
Housing Authority of Washington County
Metropolitan Area Communications Commission
Mt. Hood Community College District and Foundation
Multnomah Education Service District
North Marion School District
Port of Newport
Portland Public School District
Tualatin Hills Parks & Recreation District and Foundation
Tualatin Valley Fire & Rescue
Washington County Consolidated Communications Agency
Hillsboro-Forest Grove-Beaverton-Tigard-Tualatin Valley Water District Joint Water Commission
Barney Reservoir Joint Ownership Commission
Bend Metropolitan Planning Organization



References

<b>Municipality</b>	<b>Contact and Title</b>	<b>Telephone Number</b>	<b>Email Address</b>
City of McMinnville	Marcia Baragary Finance Director	(503) 434-2350	marcia.baragary@ci.mcminnville.or.us
City of West Linn	Richard Seals Finance Director	(503) 722-5505	rseals@westlinnoregon.gov
City of Bend	Sonia Andrews Finance Director	(541) 312-4902	sandrews@ci.bend.or.us
City of Hillsboro	Suzanne Linneen Finance Director	(503) 681-6404	suzannel@ci.hillsboro.or.us
City of Beaverton	Patrick O'Claire Finance Director	(503) 526-2244	poclaire@ci.beaverton.or.us

(5) Current municipal auditing engagements

(3) Non-current municipal auditing engagements within the past three years

<b>Municipality</b>	<b>Contact and Title</b>	<b>Telephone Number</b>	<b>Email Address</b>
Housing Authority of Portland	Todd Salvo CFO	(503) 802-8535	todds@hapdx.org
David Douglas School District	Janice Essenberg Director of Administrative Services	(503) 261-8211	janice.essenberg@ddouglas.k12.or.us
Oak Lodge Sanitary District	J. Michael Read General Manager	(503) 653-1653	jmread@olsd.net



*Audit Methodology*

*Planning*

Our approach is designed with significant partner and manager involvement in the planning stage and during initial audit procedures related to the assessment of significant audit risks, and the development of procedures in response to those risks. This investment of resources ensures that the most experienced members of your engagement service team, Rob and Haley, develop the audit plan. Haley will manage and coordinate the engagement. Brad and TKW in-house consultants will provide a review of the computer environment and information technology procedures and controls, as well as any other consulting services that may be required or requested outside the scope of the annual financial statement and compliance audit. Our field team, including Haley, will communicate with City finance personnel periodically during fieldwork to discuss the audit process and any questions that have arisen.



Our business model provides a foundation for the success of our clients – we are their *first call* as a resource for advice, guidance, and help with *all* business needs.

*Entrance conference*

Prior to commencing the audit, we would expect to meet with management and the City Council to discuss our specific approach. During those discussions, we will also inquire about fraud or related party transactions as required by professional standards, and ask if there are any areas of concern or interest that should be the subject of our attention during the engagement. Following completion of our audit, we will again meet with management and the City Council and report back on those items raised in the initial meeting, as well as any findings or recommendations we may have as a result of our audit.

*Controls understanding and documentation*

Your audit begins with our team documenting our understanding of your operations, your business processes and the internal control structure. This understanding covers the City's documentation of its internal control structure. We assess not only the internal characteristics, but external factors that affect the City's financial condition and operations, for example, changes in the local economy and legislative issues. From that understanding, we identify significant accounts and classes of transactions and assess the risks associated with each. For each of those significant accounts, your audit team identifies and reviews documentation of key controls within your structure, and then evaluates those controls as to the effectiveness of their design. A walk through of each key control validates our understanding of the control and its design in meeting the relevant control objectives.



Our team evaluates the controls in place and determines the most efficient and effective methods to gain the audit evidence needed to support our opinion on your financial statements – either to rely upon and test controls, employ substantive procedures to balances and transactions, or some combination of the two. That evaluation and design of procedures is again reviewed by Rob and Haley prior to performance, to ensure a thorough and efficient audit during final fieldwork.

*Risk assessment*

Based on our understanding of your control structure and the City's operating environment, we will assess the risks that a material misstatement of the financial statements may occur. This assessment considers risks inherent to the City, risks that controls may not be effective, and the risk that our procedures may not detect a misstatement if it occurs. That overall risk assessment, including review of your information systems, becomes the basis for our audit procedures.

*Information systems*

Our consulting group will perform a comprehensive review of your information technology systems. Your staff will be provided with our findings for review, clarification and responses. Your responses will be compiled with our consultant's evaluation and risk will be assessed for each component of your information systems control structure as part of our engagement planning. Based on the resultant risk assessment, appropriate procedures will be designed and implemented to meet the requirements of professional standards including Statement on Auditing Standards (SAS) No. 99, and to effectively reduce any identified risks to a sufficiently low level so as to support our opinion on the financial statements.

Our evaluation of your information systems controls includes:

- Strategic Planning - including a determination of an IT Steering Committee's functions and procedures, as well as processes followed to develop or modify IT policies, standards, and procedures.
- System Security - review of IT risks and internal controls to determine the potential for obtaining unauthorized access to computer systems and/or data. Our review also includes an evaluation of passwords and reviews of other risky areas (e.g. remote dial-in) that may be compromised in order for someone to obtain unauthorized access to sensitive or confidential information.
- Physical Security - review of physical access controls (personnel with access lists, cardkeys, hard keys, punch-code combinations, etc.) and environmental controls (fire prevention, heating/air conditioning, water leakage, power conditioning, alternate electric power sources, etc.) of computer hardware facilities.
- System Development – if applicable, a review of procedures in place to ensure quality control of new and modified computer applications - how new systems or modifications to current systems are requested, prioritized, scheduled to be performed, and designed and how staff are trained.



- Backup - review of the ability to provide for periodic (daily and weekly) backup of all information systems (operating systems, applications, data files). When, where, and how backup tapes are moved to a physically and environmentally secure facility.
- Disaster Recovery - review of the ability to re-establish computer data and systems in the event of a catastrophe (either natural or man-made) at an alternate location.

*Internal control  
and compliance  
assessment*

Our approach encompasses all current auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act of 1984, U.S. Office of Management and Budget (OMB) Circular A-133, and the *Minimum Standards for Audits of Oregon Municipal Corporations*. Any significant deficiencies or material weaknesses in internal control over financial reporting, or in the internal control over compliance will be communicated in writing to management and the City Council as required under professional standards. If conditions are discovered which lead us to believe that errors, defalcations, or other irregularities may exist in amounts material to the financial statements, or if any other circumstances are encountered that require extended services, we will promptly advise you.

*Field work*

Our audit for the fiscal year ending June 30, 2011 will be performed in two distinct phases: interim and final fieldwork. We anticipate a team of 2 to 3 (a senior and staff) to be on-site during each phase of the City's audit, with the manager and partner in the field for reviews, discussions, and meetings.

During the interim phase, we will determine our overall audit strategy after considering the following factors:

- The overall state of economic conditions and regulatory requirements and our evaluation of their effect on the City.
- The accounting, auditing and business environment challenges unique to the City, as they may have a significant impact on our understanding of your operations.
- Our evaluation of information technology operations and the accounting and reporting systems.
- Our analytical review of interim financial and other information to assist in the possible revision of our scope and relative emphasis of our audit procedures.
- Our evaluation of the control environment in which specific internal controls are expected to function.
- Our assessment of the risks of material misstatement of the financial statements.
- Tests of controls as deemed necessary.
- Single Audit related procedures to the extent possible.



Final fieldwork will begin after the books are closed, all requested audit schedules are prepared and draft financial statements completed. We will perform year-end procedures on significant balances – either as tests of controls or as substantive procedures in response to the evaluations and assessments made during interim fieldwork. We will also complete any Single Audit procedures remaining after interim. We will review the draft financial statements, prepare our opinions, the required communications under professional standards, and any management recommendations at the completion of our fieldwork. We will discuss all such documents with management prior to their finalization and issuance.

*Audit program*

Our government audit program is specifically tailored to the City's operations. Tailoring the procedures is critical not only to a proper linkage with the assessed risks, but also to limit interruption of your personnel and to the efficient performance of the audit. Tailoring to your characteristics reduces the amount of time needed to perform the audit, saving you time and money.

*Analytical procedures*

Analytical procedures are employed in the preliminary phase of the audit to assist in planning and in the initial assessment of risk of material misstatement as part of substantive procedures applied to significant accounts and transactions, and in the final review of the financial statements, all in accordance with professional standards. We form and document expectations with respect to analytics, and then inquire about and investigate significant variances or those which are outside of our expectations based on our understanding of the City and its operations.

*Experience in use  
of electronic software*

All of our team members are experienced in audits of computerized systems and electronic audit systems/paperless approach. Our engagement team will use IDEA (Interactive Data Extraction and Analysis) software to locate and extract data from your financial system to support the efficient and effective use of audit procedures. This software allows us to import a population of transactions or account balances and quickly identify characteristics of the population. Our team uses this software to stratify populations, identify major transactions and possible duplicate transactions, recalculate certain balances, test aging reports, and for other tests. This software helps us leverage your financial systems and data to be more efficient and help identify specific data points to aid in your management information needs as well as ours.

*Sampling approach*

Our use of the IDEA software accommodates our sampling approach both for tests of controls and substantive testing of balances or classes of transactions. Our approach includes the use of statistical sampling when appropriate considering population size and makeup, as well as judgmental sampling methods when statistical methods are not relevant. Our sample sizes are determined based on our assessment of inherent and control risk, and according to Firm policies and professional standards, and are designed to be representative of the population being sampled.



*Financial statement  
review*

TKW's approach to your audit is conservative. Our team in the field will "tick and tie" the report to the trial balance and lead schedules. Haley will review the statements for completeness, accuracy, and consistency with prior years and will also compare your statements with the GFOA checklist for conformance with those requirements. Rob will review the statements for technical conformity with GAAP and all relevant standards, as well as readability. These processes, including a "cold", technical review of the report by Tim are an added benefit to you that often doesn't occur at other firms. Government audits in general can no longer be summarily dismissed as low-risk, with your citizens and stakeholders putting more scrutiny on your stewardship responsibilities than ever before.

*Deliverables*

Deliverables for your engagement include:

- Opinions on the fair presentation of the financial statements of the City;
- Reports on internal control and compliance in accordance with *Government Auditing Standards*, and opinion on compliance with the Single Audit Act and OMB Circular A-133;
- Schedule of Findings and Questioned Costs;
- Independent Auditor's Report Required by Oregon State Regulations;
- Independent Auditor's Report on Summary of Revenues and Expenditures;
- A Letter of Recommendations, if applicable, and
- Other required communications to those charged with governance

*Anticipated potential  
audit problems*

We feel the best approach to the audit relationship is based on open communication to avoid surprises on either side. We believe in giving you as much control over the process as possible in order to contain fees/costs and manage through to effective completion. We will work with you to identify and define scenarios during the audit planning and agree on the approach and fees for those scenarios. As additional pronouncements are issued, we will assure through training and discussion that your personnel will be well versed in any accounting and reporting requirements.

We also try to anticipate obstacles that may arise and plan for resolution; for example:

1. **If we don't fully understand the issues facing the City, we can't adequately assess the significant business risks or adequately support the City in addressing those challenges.** We will meet with City management early and often to discuss relevant strategic issues for the City and your responses to those issues. We will communicate our thoughts and recommendations within the boundaries imposed by professional standards and consider those issues as we formulate our audit approach.



2. **City records not complete or available for audit at agreed upon schedule to support fieldwork** – this situation contributes significantly to inefficiencies involved with starting and stopping work, as well as presenting scheduling challenges in assigning appropriate staff to complete the audit in accordance with your deadlines for issuance of our opinions on the financial statements.

The situation above can be appropriately mitigated by regular communication between the City and the audit team and clear expectations between the parties. We will communicate with management regarding those expectations, with a goal that adjustments can be made in advance of deadlines.

3. **Differences in interpretations of reporting standards or presentations and disclosures under GAAP** – these situations can work against an efficient, effective engagement if not discussed when they first present. There should be no surprises in the engagement and any presentation or disclosure issues that are open to interpretation will be discussed at first indication that they exist. Our audit team will work with your finance team to ensure that the financial statements are fairly stated in all material respects in accordance with GAAP. All management recommendations, any compliance findings, or control deficiencies will be discussed with management before our team leaves the field.
4. **There can be “expectation gaps” between your stakeholders and our Firm with respect to what an audit is or is not** – those differences can lead to false impressions of service levels and dissatisfaction on both sides during and following the engagement.

Our team will communicate both orally and in writing with the City Council prior to the engagement, during the engagement as necessary or required under professional standards, and at the completion of the audit. Those communications will clearly present our audit approach and the limitations inherent to a financial statement audit (vs. a forensic audit or performance audit) such that all parties are aware of the expectations.

5. **Challenges in the adoption of new Governmental Accounting Standards Board pronouncements** – Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* may present some difficult accounting and reporting challenges for the City's June 30, 2011 financial statements. Our partners and senior managers have developed and presented training for our team members and clients to face these challenges. We will assure that your financial team will be well versed in these requirements before its implementation date.



*Use of City  
finance personnel*

Prior to the commencement of our fieldwork, we would expect City finance personnel to have furnished us electronically, if possible, agreed upon workpapers and be available to answer questions and locate documents. During proposed interim fieldwork, we will need access to your financial team to update documentation of your systems and controls to support our audit under professional standards. Statements on Auditing Standards (SAS) Nos. 104-111 require significant documentation of systems and controls, down to the specific assertion level (i.e. completeness, existence, accuracy, etc.) for significant accounts and classes of transactions. We would expect City finance personnel to spend approximately 30 hours in this capacity.



**SUMMARIZED AUDIT PROCEDURES:**

<b>Audit Area</b>	<b>Procedure</b>	<b>Personnel Assigned</b>
<b>Engagement planning</b>	Meet with management and the City Council to discuss the audit and preparation of schedules; determine audit scope; prepare detail time budgets; other engagement planning matters.	Partner, manager, senior
<b>Review and evaluation of systems and controls</b>	Document our understanding of the systems of internal control matrices, flowcharts, narratives and internal control questionnaires. Walk through controls to verify our understanding. Assess risks of material misstatement (RMM). Tailor audit procedures after correlating to RMM. Test operating effectiveness of internal controls.	Senior and staff
<b>Engagement administration, examination of account balances and other possible audit procedures</b>	Cash and investments. Review and verify bank reconciliations; confirm bank accounts and investment balances. Review footnote disclosures.	Senior and staff
	Receivables. Verify receivables through confirmation, review of subsequent receipts and partnership financial statements; analytically review balances and corresponding revenue accounts.	Senior and staff
	Capital assets. Examine material additions and retirements and perform an analytical review of depreciation. Other substantive procedures as determined necessary. Review reconciliation and footnote.	Senior and staff
	Accounts payable and accrued liabilities. Perform search for unrecorded liabilities, examine supporting documentation for significant accounts and perform comparative reviews with prior year balances for significant changes.	Senior and staff
	Long-term debt. Review debt agreements for compliance, agree payments to maturity schedules, confirm balance and review computation of accrued interest payable.	Senior and staff
	Other assets, liabilities and net asset accounts. Review account balances and compare to prior year-end balances, substantiate all unusual or significant accounts. Review and analyze classifications of net assets, and related restrictions.	Senior and staff
	Revenues and expenses. Confirm certain revenues with third parties, substantive tests of selected revenue and expense transactions and analytically review revenues and expenses.	Senior and staff
	Grants. Identify major federal assistance program and test for compliance with applicable provisions; includes obtaining control understanding, review of major program grant agreements and reporting.	Manager, senior and staff
	Other procedures. Review minutes, leases, update permanent data files, administrative matters.	Senior and staff
		Exit conference, consultations, engagement wrap-up.
<b>Financial statements</b>	Review the Comprehensive Annual Financial Report, other financial reports, and financial statement disclosure checklists.	Partner, manager, quality control reviewer and senior
<b>Required communications and other deliverables</b>	Prepare initial drafts and discuss with relevant personnel. Prepare opinion, audit comments and disclosures, required communications, and other deliverables.	Partner, manager, quality control reviewer and senior
<b>Supervision and review</b>	Review work of field team and supervise staff in performance of audit procedures.	Partner, manager and senior
<b>Support</b>	Word processing.	Internal Client Service Team



**Timeline** First, we will meet with you to discuss, coordinate, and finalize deadline dates based upon your preferred timing and preparedness.

The table below shows proposed timing for your audit:

Activity	Mar 2011	April 2011	May 2011	June 2011	July 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011
Pre-audit meeting with the City Council and City financial personnel to discuss the audit plan and agreed upon schedule.									
Perform interim work consisting of internal control documentation, test of controls, and review of board minutes; Single Audit work.									
Perform final substantive work, review financial statements, and if applicable, Single Audit work.									
Issue auditor's report and other reports under <i>Government Auditing Standards</i> and Single Audit (federal and state).									
Required communications and issue Management Letter, if applicable.									
Engagement wrap-up.									



*Fees/costs for audit services*

The table below contains our fee estimate relative to performing the audit engagement as described in your RFP for Audit Services. This fee reflects our all-inclusive maximum price containing all direct and indirect costs including out-of-pocket expenses.

Services	Fiscal Years Ending June 30th,		
	2011	2012	2013
City's Financial Statement Audit and Single Audit	\$ 47,800	\$ 45,000	\$ 46,800
Urban Renewal Agency Financial Statement Audit	8,000	7,200	7,500
Out-of-pocket expenses	Included	Included	Included
<b>Total</b>	<b>\$ 55,800</b>	<b>\$ 52,200</b>	<b>\$ 54,300</b>

Our proposed fees reflect the number of hours we project to complete a high-quality audit of your financial statements in accordance with professional standards, including our quality review process under Firm policy. This translates to a higher comfort level for you in knowing your financial statements and supporting records have been subjected to consistent, thorough evaluation by our Firm. We have discounted our standard fees, but not our approach to engagement quality.

The proposed fees for subsequent years' audits reflect efficiencies expected, and the expected change in starting salaries for recent accounting graduates. We also assume no significant changes in your operations or increased audit work required by the Federal Government, American Institute of Certified Public Accountants' Statements on Auditing Standards, or the Governmental Accounting Standards Board.

*Technical assistance throughout the year*

At TKW, we are our clients' business partners and advisors. We welcome questions and discussions regarding accounting issues throughout the year, before commencement of, during, and after field work. Year around discussions avoid surprises for all parties, and allow for an efficient audit process. We can assist your staff in finding the proper treatment for complex accounting issues, thereby smoothing the audit process as a result of our familiarity with those issues and your accounting for them.

*Resources available to assist with technical inquiries*

We will address your business needs and are available as your technical resource. More than just reacting to your requests, our team of assurance and consulting professionals will be proactive in identifying opportunities for organizational improvement and to enhance your comfort and security in the City's compliance efforts.



We do not charge by the call. When you have questions about operational accounting or tax matters, we encourage you to pick up the phone. If the item involves complex technical issues that require research and for which we may need to charge a fee, we will inform you before undertaking the project. If it is something that can be answered without additional work, we will do so and you will not be billed.

*Fees for additional services*

If the City should request TKW to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the Firm. Any such additional work agreed to shall be performed at the current standard rates in place at the time the work is performed.

*Other services TKW can provide to the City*

TKW is one of few CPA firms in the Pacific Northwest that has a professional staff devoted entirely to consulting projects. Working with diverse clients has allowed our team members to gain broad experience in a variety of areas. Our extensive government financial and consulting practice, as well as our seasoned tax personnel, have allowed team members to develop an understanding of specific requirements associated with governmental operations, accounting and reporting, funding sources, and various federal and local requirements. These skilled individuals are your trusted advisors and are available to help tackle your challenges, large or small.

In addition to the traditional assurance relationship, we offer the following menu of services to our governmental clients:

- GAO "Yellow Book" compliant performance audits, to help improve efficiency, effectiveness, and accountability of an entity.
- Organizational assessments to ensure resources are utilized in the most efficient and effective manner.
- Internal control assessments and documentation development.
- Policies and procedures manual development.
- SAS 70 audit services and support.
- Identifying new practices to decrease costs/reduce workloads.
- Establishing indirect cost rates to assist organizations price services to cover direct, as well as indirect costs.
- Assisting organizations in developing rates/fees to cover actual costs of services.
- Assist in identifying new revenue sources.
- Developing term strategies – both financial and operational – to assist organizations in establishing a foundation for the future.
- Review of taxable benefits and reimbursements.



- Representation in IRS audits relating to your business practices.

Previous projects have focused on the development of risk matrices, identifying operational control strengths and weaknesses, establishing and assessing performance standards/benchmarks, developing systems to assure the appropriate communication of management information, assessing outsourcing opportunities, and facilitating strategic planning sessions.

TKW has offered these services to a large range of governments for over 20 years. We have assessed small, medium, and large local government operations and state departments ranging from small divisional operations to departments with multi-million dollar budgets, city operations, special district functions, school districts, education service districts, and not-for-profit entities. Working with each has allowed us to assist these entities in finding solutions for increasing efficiencies, tightening controls, improving communications, and modifying operations to deal with shrinking budgets and/or increasing costs.

TKW has assisted several clients, including the City of Lake Oswego, City of McMinnville, Clean Water Services of Washington County, David Douglas School District, Portland Development Commission, and the Housing Authority of Portland, develop internal control documentation in preparation of their annual financial audit and for use in a variety of management applications. Documentation included developing flowcharts and narratives, and identifying key internal controls designed to identify how each entity ensures assets are safeguarded.

TKW can provide a spectrum of other services to the City within the parameters established under *Government Auditing Standards* for maintaining our independence. Those services include but are not limited to:

- Agreed-Upon Procedures
- Organizational studies
- Controls evaluation and documentation
- Project cost analysis and evaluation
- Specific transaction or account analyses
- Specific compliance analyses with stated requirements of contract laws or regulations



We appreciate being the one you think of first when you need assistance. If, due to independence considerations or specific expertise, we cannot meet your immediate need, we will work with you to broker a solution either through our affiliation with McGladrey, or one of our many strategic partnerships. We will help you solve whatever challenges you present.

Such work would be performed at the rates in effect at the time the work is performed.





**RESOLUTION 2011-026**

**A RESOLUTION OF THE CITY OF SHERWOOD AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH THE FIRM OF TKW FOR MUNICIPAL AUDIT SERVICES**

**WHEREAS**, local governments in the State of Oregon are required to have their annual financial statements audited by and independent auditing firm licensed to perform municipal audits, and

**WHEREAS**, the City of Sherwood has performed a request for proposals process to secure an independent contractor qualified to perform municipal audits effective with pursuant to its purchasing policies and,

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1:** The City Manger is here by authorized to enter into a contract for municipal auditing services for the current fiscal year (2010-11) with the firm of TKW of Portland, Oregon, in an amount not to exceed \$46,800.

**Section 2:** The City Manager is here by authorized to continue this contract on an annual basis subject to the TKW's satisfactory provision of service to the City for a maximum of four additional years at a price increase of 4% annually.

**Section 3:** This Resolution shall be in effect upon its approval and adoption.

**Duly passed by the City Council this 15th day of March 2011.**

**City of Sherwood, Oregon**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

Council Meeting Date: March 15, 2011

Agenda Item: New Business

**TO:** Mayor and City Council

**FROM:** Craig Gibbons, Finance Director

**SUBJECT: RESOLUTION 2011-027, A RESOLUTION SETTING RATES FOR WATER USE AND REPEALING RESOLUTION 2009-018**

**ISSUE:** Should the City of Sherwood increase water rates?

**BACKGROUND:** Concurrent with this recommended action, the City Council is being asked tonight to authorize additional debt to pay the costs of improving its water utility system.

At its March 1 meeting, the Council received information on a proposed debt issuance and the allied rate increase needed to support that debt. The rates included in the attached resolution correspond to the rates presented at that meeting: an overall increase of 7.5% effective July 1, 2011 and an additional 4% increase effective January 1, 2012.

**RECOMMENDATION:** Staff recommends that Council adopt the attached resolution providing for rate increases in FY12 sufficient to support debt service requirements.



**RESOLUTION 2011-027**

**RESOLUTION SETTING RATES FOR WATER USE AND REPEALING  
RESOLUTION 2009-018**

**WHEREAS**, the City of Sherwood Water Fund is primarily dependent upon water rate revenues for its funding; and

**WHEREAS**, the Sherwood Municipal Code (2.32.010) authorizes certain administrative fees and charges to be established by Resolution of the City Council; and

**WHEREAS**, the City of Sherwood Capital Plan requires the issuance of debt to continue with the design and construction of the Water Improvement Project; and

**WHEREAS**, water rate increases are necessary to generate sufficient revenue to meet anticipated debt service payments and coverage.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1:** The fees and charges for water service as specifically described in Exhibit A (attached) are hereby adopted.

**Section 2:** Resolution 2009-18 is hereby repealed.

**Section 3:** The rates established by this Resolution shall be effective in July 2011 and then in January 2012.

**Duly passed by the City Council this 15th day of March 2011.**

\_\_\_\_\_  
Keith S. Mays, Mayor

Attest:

\_\_\_\_\_  
Sylvia Murphy, CMC, City Recorder

**Exhibit A of Resolution \_\_\_\_\_ City of Sherwood, Oregon**

Current				7.5%				4.0%			
EFFECTIVE July 1, 2011				EFFECTIVE July 1, 2011				EFFECTIVE January 1, 2012			
MONTHLY WATER RATE:				MONTHLY WATER RATE:				MONTHLY WATER RATE:			
Customer Class/Meter Size	Base Charge	Consumption Charge	Consumption Charge	Customer Class/Meter Size	Base Charge	Consumption Charges:		Customer Class/Meter Size	Base Charge	Consumption Charges:	
	(\$/Month)	(\$/100 gallons)	(\$/100 gallons)		(\$/Month)	(\$/100 gallons)			(\$/Month)	(\$/100 gallons)	
Residential & Multi-Family				Residential & Multi-Family				Residential & Multi-Family			
3/4	\$16.76	First 21,000	Over 21,000	3/4	\$18.02	First 21,000	Over 21,000	3/4	\$18.74	First 21,000	Over 21,000
1	\$20.73	First 21,000	Over 21,000	1	\$22.28	First 21,000	Over 21,000	1	\$23.17	First 21,000	Over 21,000
1 1/2	\$36.84	First 21,000	Over 21,000	1 1/2	\$39.60	First 21,000	Over 21,000	1 1/2	\$41.18	First 21,000	Over 21,000
2	\$53.56	First 21,000	Over 21,000	2	\$57.58	First 21,000	Over 21,000	2	\$59.88	First 21,000	Over 21,000
3	\$107.78	First 21,000	Over 21,000	3	\$115.86	First 21,000	Over 21,000	3	\$120.49	First 21,000	Over 21,000
4	\$184.14	First 21,000	Over 21,000	4	\$197.95	First 21,000	Over 21,000	4	\$205.87	First 21,000	Over 21,000
6	\$382.27	First 21,000	Over 21,000	6	\$410.94	First 21,000	Over 21,000	6	\$427.38	First 21,000	Over 21,000
8	\$707.58	First 21,000	Over 21,000	8	\$760.65	First 21,000	Over 21,000	8	\$791.08	First 21,000	Over 21,000
10	\$1,021.81	First 21,000	Over 21,000	10	\$1,098.45	First 21,000	Over 21,000	10	\$1,142.39	First 21,000	Over 21,000
		Consumption Rate				Consumption Rate				Consumption Rate	
		\$0.460	\$0.710			\$0.49	\$0.76			\$0.51	\$0.79
Commercial				Commercial				Commercial			
3/4	\$16.76	First 21,000	Over 21,000	3/4	\$18.02	First 21,000	Over 21,000	3/4	\$19.37	First 21,000	Over 21,000
1	\$20.73	First 21,000	Over 21,000	1	\$22.28	First 21,000	Over 21,000	1	\$23.95	First 21,000	Over 21,000
1 1/2	\$36.84	First 21,000	Over 21,000	1 1/2	\$39.60	First 21,000	Over 21,000	1 1/2	\$42.57	First 21,000	Over 21,000
2	\$53.56	First 21,000	Over 21,000	2	\$57.58	First 21,000	Over 21,000	2	\$61.90	First 21,000	Over 21,000
3	\$107.78	First 21,000	Over 21,000	3	\$115.86	First 21,000	Over 21,000	3	\$124.55	First 21,000	Over 21,000
4	\$184.14	First 21,000	Over 21,000	4	\$197.95	First 21,000	Over 21,000	4	\$212.80	First 21,000	Over 21,000
6	\$382.27	First 21,000	Over 21,000	6	\$410.94	First 21,000	Over 21,000	6	\$441.76	First 21,000	Over 21,000
8	\$707.58	First 21,000	Over 21,000	8	\$760.65	First 21,000	Over 21,000	8	\$817.70	First 21,000	Over 21,000
10	\$1,021.81	First 21,000	Over 21,000	10	\$1,098.45	First 21,000	Over 21,000	10	\$1,180.83	First 21,000	Over 21,000
		Consumption Rates:				Consumption Rates:				Consumption Rates:	
		\$0.490	\$0.490			\$0.53	\$0.53			\$0.57	\$0.57
Fire Protection Service				Fire Protection Service				Fire Protection Service			
Customer Class/Meter Size	Base Charge			Customer Class/Meter Size	Base Charge			Customer Class/Meter Size	Base Charge		
Fire Line	(\$/Month)			Fire Line	(\$/Month)			Fire Line	(\$/Month)		
4 or Less	\$28.52			4 or Less	\$30.66			4 or Less	\$31.89		
6	\$47.66			6	\$51.23			6	\$53.28		
8	\$67.67			8	\$72.75			8	\$75.66		
10	\$93.10			10	\$100.08			10	\$104.08		
Water Service Connections in ROW	Actual cost of time and materials			Water Service Connections in ROW	Actual cost of time and materials			Water Service Connections in ROW	Actual cost of time and materials		

**Field House**  
**Monthly Report February 2011**

<u>February-11</u>	<u>Feb-11</u>		<u>YTD</u>	
<u>Usage</u>		Est. People <u>Served</u>		Est. People <u>Served</u>
	<u>Count</u>		<u>Count</u>	
Leagues	6	585	28	4379
Rentals	111	2886	553	15916
Other (Classes)	2	17	4	41
[1] Day Use	11	147	61	621
<b>Total Usage</b>		<b>3635</b>		<b>20957</b>

<b>FY 10-11</b>		
<u>Income</u>	<u>Feb-11</u>	<u>YTD</u>
Rentals	\$6,907.50	\$38,828.00
League fees (indoor)	\$8,027.00	\$52,644.00
Card fees (indoor)	\$309.00	\$2,995.00
Day Use	\$288.00	\$1,219.00
Merchandise		
Snacks	\$731.75	\$4,137.50
Classes	\$1,041.25	\$2,336.25
<b>Total Income</b>	<b>\$17,304.50</b>	<b>\$102,159.75</b>

<b>FY 09-10</b>		
<u>Income</u>	<u>Feb-10</u>	<u>YTD</u>
Rentals	\$7,766.00	\$26,745.00
League fees (indoor)	\$9,845.00	\$61,737.00
Card fees (indoor)	\$1,030.00	\$4,555.07
Day Use	\$225.00	\$726.00
Merchandise		
Snacks	\$675.75	\$2,943.25
Classes	\$60.00	\$830.00
<b>Total Income</b>	<b>\$19,601.75</b>	<b>\$97,536.32</b>

### **Active Rec happenings during the month of February 2011**

Youth basketball played 112 Rec games in the Sherwood gyms during the month of February.

They also played approximately 56 classic games during that same time.

They have about two weeks left to finish out with the older kids.

All of the spring sports at the high school started practice on the 28<sup>th</sup> of February I am working with Randy to get teams into dry places to practice.

Most all of the youth spring sports will start tryouts or practice this week or next.

Youth Lacrosse has started the evaluation process as you read this.

It looks like we will have some spring Basketball and spring Soccer again this year.

Respectfully submitted

March 1, 2011

Lance Gilgan

**TO:** Sherwood City Council  
**FROM:** Craig L. Gibons, Finance Director  
**SUBJECT:** Monthly Financial Report

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This financial report is our first look at the year end projection of expenditures.

Staff will be working on the items that are projected to be over expended and will provide resolutions to those items in the next two months.

**FY11  
 Projected Expenditures v. Budget**

	<u>Projected</u>	<u>Budget</u>	<u>(over)/under Budget</u>
<b>General Fund</b>			
Administration	976,165	1,277,889	301,724
Community Devel.	1,297,162	1,258,526	(38,636)
Police	4,222,547	4,451,806	229,259
Community Svcs.	1,524,968	1,652,385	127,417
PW Operations	1,171,554	1,182,341	10,787
<b>Asset Depreciation Fund</b>			
Personal Services	-	-	
Materials and Services	100,000	100,000	-
Capital Outlay	254,000	254,000	-
<b>General Construction Fund</b>			
Personal Services	78,036	78,037	1
Materials and Services	61,711	65,556	3,845
Capital Outlay	214,761	319,050	104,289
Debt Service	48,604	48,604	-
Transfers Out		-	-
<b>Debt Service Fund</b>			
Debt Service	921,276	921,276	-

**Water Fund**

Operations	2,286,453	2,465,823	179,370
Capital Outlay	17,285,343	9,452,495	(7,832,848)

**Sanitary Fund**

Operations	482,702	565,944	83,242
Capital Outlay	823,708	935,024	111,316

**Storm Fund**

Operations	1,110,729	1,199,215	88,486
Capital Outlay	36,341	147,563	111,222

**Street Fund**

Operations	1,230,617	1,420,752	190,135
Capital Outlay	6,367,087	7,005,871	638,784

**Telecom**

Personal Services	15,800	50,047	34,247
Materials and Services	92,067	108,703	16,636
Capital Outlay	40,000	40,000	-

**URA General Fund**

Personal Services	173,654	144,722	(28,932)
Materials and Services	270,555	528,498	257,943
Capital Outlay	5,161,014	9,350,000	4,188,986
Debt Service	1,763,950	1,763,950	-

mw 03/04/11