

**AGENDA SEASIDE CITY COUNCIL MEETING  
JANUARY 28, 2013 7:00 PM**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. APPROVAL OF AGENDA
5. COMMENTS – PUBLIC
6. DECLARATION OF POTENTIAL CONFLICT OF INTEREST
7. CONSENT AGENDA
  - a) PAYMENT OF THE BILLS – \$82,174.31
  - b) APPROVAL OF MINUTES – JANUARY 14, 2013 REGULAR MINUTES
8. UNFINISHED BUSINESS: NONE
9. NEW BUSINESS:
  - a) PRESENTATION – SUNSET EMPIRE PARK AND RECREATION DISTRICT, SEASIDE GOLF COURSE
  - b) APPROVAL – CITY OF SEASIDE AUDIT CONTRACT
  - c) RECOMMENDATION – AVENUE ‘B’ SPEED LIMIT
  - d) VACANCY – CONVENTION CENTER COMMISSION
10. COMMENTS FROM STUDENT REPRESENTATIVE
11. COMMENTS FROM THE COUNCIL
12. COMMENTS FROM THE CITY STAFF & PUBLIC
13. RECESS INTO EXECUTIVE SESSION IN ACCORDANCE WITH ORS 192.610 (1) (i) REGARDING ANNUAL EVALUATION OF CITY MANAGER
14. RECONVENE INTO REGULAR SESSION – COUNCIL ACTION REGARDING CITY MANAGER EVALUATION
15. ADJOURNMENT

Complete copies of the Current Council meeting Agenda Packets can be viewed at: *Seaside Public Library and Seaside City Hall. The Agendas and Minutes can be viewed on our website at [www.cityofseaside.us](http://www.cityofseaside.us).*

All meetings other than executive sessions are open to the public. When appropriate, any public member desiring to address the Council may be recognized by the presiding officer. Remarks are limited to the question under discussion except during public comment. This meeting is handicapped accessible. Please let us know at 503-738-5511 if you will need any special accommodation to participate in this meeting.

**CALL TO ORDER**      The Regular meeting of the Seaside City Council was called to order at 7:00 PM by Mayor Don Larson.

Present: Mayor Don Larson, Council President Don Johnson, Councilors Stubby Lyons, Tim Tolan, Jay Barber, and Tita Montero.

Absent: Councilor Dana Phillips

Also Present: Mark Winstanley, City Manager; Dan Van Thiel, City Attorney; Bob Gross, Seaside Police Chief; Neal Wallace, Public Works Director; Joey Daniels, Seaside Fire Chief; Esther Moberg, Seaside Library Director; Russ Vandenberg, Convention Center & Visitors Bureau General Manager; Sayde Moser, Seaside Signal; and Nancy McCarthy, Daily Astorian.

**OATH OF OFFICE**      Mark Winstanley, City Manager, swore in Councilors Stubby Lyons, Don Johnson, and Randy Frank.

Mayor Larson stated it was a real pleasure for Council to have two returning Councilors and also an extreme pleasure to have a new City Councilor, Randy Frank.

**ELECTION – COUNCIL PRESIDENT**      Mayor Larson stated Don Johnson served as Council President last year and a Council President needed to be elected for this year.

Motion to elect Councilor Don Johnson as Council President; carried unanimously. (Lyons/Barber)

Mayor Larson stated he had worked very closely with Council President Johnson the past year and looked forward to working closely with him during the next year.

**AGENDA**      Motion to approve the January 14, 2013 agenda; carried unanimously. (Lyons/Johnson)

**COMMENTS – PUBLIC**      None

**CONFLICT**      Mayor Larson asked whether any Councilor wished to declare a conflict of interest.

No one declared a conflict of interest.

**CONSENT AGENDA**      Motion to approve payment of the bills in the amount of \$1,474,969.36; and December 10, 2012, regular minutes; carried unanimously. (Lyons/Barber)

**VACANCY – LIBRARY BOARD**      Mayor Larson stated there was one vacancy on the Library Board with six applications received from Marilyn Smiley, Robert Perkel, Andrew Oberembt, Jan Clawson, Tess Ratty, and John Dunzer. Mayor Larson stated the applicants had been interviewed prior to the City Council meeting. Mayor Larson asked Council what they wished to do.

Motion to nominate Marilyn Smiley, Robert Perkel, Andrew Oberembt, Jan Clawson, Tess Ratty, and John Dunzer to the Library Board; carried unanimously. (Montero/Barber)

Mayor Larson asked for a roll call vote:

FRANK	RATTY
LARSON	RATTY
LYONS	CLAWSON
JOHNSON	SMILEY
MONTERO	RATTY
BARBER	RATTY

Mayor Larson stated the new member serving on the Library Board would be Tess Ratty.

The term expiration for Tess Ratty would be December 31, 2016.

**PUBLIC HEARING**      This was the duly advertised time and place to hold a public hearing regarding a Resolution Adopting and Appropriating Budget Reductions for the 2012-2013 City of Seaside Budget.

Mr. Winstanley explained when the audit was received there were confirmed ending balances from last year and there were adjustments made to the budgets by resolutions. The resolutions would bring the budget into alignment with last year's audit.

RESOLUTION #3784

A RESOLUTION ADOPTING AND APPROPRIATING BUDGET REDUCTIONS FOR THE 2012-2013 CITY OF SEASIDE BUDGET

Mayor Larson opened the public hearing.

There were no public comments and Mayor Larson closed the public hearing.

Mayor Larson asked for Council comments, there were no Council comments.

Motion to read Resolution #3784 by title only; carried unanimously.  
(Barber/Lyons)

Motion to adopt Resolution #3784; carried unanimously. (Montero/Lyons)

PUBLIC HEARING

This was the duly advertised time and place to hold a public hearing regarding a Resolution Adopting and Appropriating a Supplemental Budget of more than 10 Percent to the 2012-2013 City of Seaside Budget.

Mr. Winstanley explained resolutions could have either budget reductions or budget increases. There were only three funds this year that required budget reductions and the vast majority of the budget required budget increases. Mr. Winstanley stated the resolution adopted and appropriated a supplemental budget of more than 10 percent to the 2012-2013 City of Seaside Budget.

RESOLUTION #3785

A RESOLUTION ADOPTING AND APPROPRIATING A SUPPLEMENTAL BUDGET OF MORE THAN 10 PERCENT TO THE 2012-2013 CITY OF SEASIDE BUDGET

Mayor Larson opened the public hearing.

There were no public comments and Mayor Larson closed the public hearing.

Mayor Larson asked for Council comments, there were no Council comments.

Motion to read Resolution #3785 by title only; carried unanimously.  
(Montero/Lyons)

Motion to adopt Resolution #3785; carried unanimously. (Barber/Lyons)

RESOLUTION #3786

A RESOLUTION ADOPTING AND APPROPRIATING A SUPPLEMENTAL BUDGET OF LESS THAN 10 PERCENT TO THE 2012-2013 CITY OF SEASIDE ROAD DISTRICT BUDGET

Mr. Winstanley explained the resolution adopted and appropriated a supplemental budget of less than 10 percent to the 2012-2013 City of Seaside Road District Budget. The Seaside Road District was actually a different government than the City of Seaside and was governed by the Seaside City Council.

Mayor Larson asked for public comments, there were no public comments.

Mayor Larson asked for Council comments, there were no Council comments.

Motion to read Resolution #3786 by title only; carried unanimously. (Johnson/Lyons)

Motion to adopt Resolution #3786; carried unanimously. (Johnson/Montero)

RESOLUTION #3787

A RESOLUTION ADOPTING AND APPROPRIATING SUPPLEMENTAL BUDGETS OF LESS THAN 10 PERCENT TO THE 2012-2013 CITY OF SEASIDE BUDGET

Mr. Winstanley explained the resolution adopted and appropriated supplemental budgets of less than 10 percent to the City of Seaside Budget. The resolution encompassed a majority of the funds with the City of Seaside.

Mayor Larson asked for public comments, there were no public comments.

Mayor Larson asked for Council comments, there were no Council comments.

Motion to read Resolution #3787 by title only; carried unanimously. (Frank/Lyons)

Motion to adopt Resolution #3787; carried unanimously. (Barber/Montero)

LIQUOR LICENSE  
APPLICATION

Council considered an application for a liquor license for the Beach Burrito, 307 S. Roosevelt #2. The applicant was applying for a Limited On-Premises Sales Liquor License, which would be for a new outlet.

Mike Davies, Beach Burrito owner, stated he owned the local Beach Burrito and Subway shop located at 307 S. Roosevelt. Mr. Davies further stated he had received many request from customers for alcohol to be served at the Beach Burrito. This would be for a limited On-Premises Liquor License.

Mayor Larson asked if Mr. Davies served alcohol at the Beach Burrito in Astoria.

Mr. Davies stated he had applied for a liquor license at the Beach Burrito in Astoria at the same time.

Councilor Barber stated the Beach Burrito and Subway Restaurant doors were open to each other and he was assuming the Subway franchise did not allow alcohol. Councilor Barber asked how Mr. Davies would control the alcohol in the Beach Burrito from going into the Subway.

Mr. Davies stated Subway was one of the largest franchises in the world and at this time did not have a policy in the United States that would allow for alcohol sales. Mr. Davies further stated the Oregon Liquor Control Commission (OLCC) had approved the liquor license for in the Beach Burrito only. No alcohol would leave the premises.

Councilor Frank asked if that meant the restaurants crossed over from one to the other.

Mr. Davies stated alcohol would not leave the Beach Burrito. If someone from Subway wanted to purchase a sandwich and come into the Beach Burrito that would be fine.

Councilor Barber asked if there would be signs posted.

Mr. Davies stated signs would be posted, just like on the front door of other premises there would be signs posted stating "No alcohol beyond this point."

Mayor Larson asked how Mr. Davies proposed to handle with his staff a situation where a customer wanted to take alcohol into the Subway Restaurant.

Mr. Davies stated just like any other restaurant the Beach Burrito would be required by OLCC regulations to prevent any open bottles from leaving the premises.

Mayor Larson asked if Mr. Davies had a temporary license at the Beach Burrito and alcohol was being served at this time.

Mr. Davies stated there was not a temporary license to serve alcohol at the Beach Burrito.

Councilor Lyons asked if there was a Beach Burrito and Subway Restaurant in Astoria and had Mr. Davies applied for a liquor license at that Beach Burrito.

Mr. Davies stated he did own a Beach Burrito and Subway Restaurant in Astoria and he had applied for a liquor license application that was submitted at the same time.

Mayor Larson stated there were concerns from the Seaside Police Department about liquor being purchased at the Beach Burrito and taken into Subway. The concern had been passed on to the applicant who indicated signs would be posted telling patrons that no liquor could leave the Beach Burrito.

Motion to approve a Limited On-Premises Sales license for the Beach Burrito, 307 S. Roosevelt #2; carried unanimously. (Barber/Lyons)

COMMENTS - STUDENT  
REPRESENTATIVE

Absent

COMMENTS - COUNCIL

Mayor Larson stated before asking for Council comments he wanted to call on Bill Carpenter to come up and speak about the Northwest Oregon Area Commission on Transportation (NWACT).

Bill Carpenter, NWACT Commissioner, stated along with the Mayor they represented Seaside at the NWACT. There were twelve ACTS in the State of Oregon which gave a voice for local agencies to determine which transportation project would receive federal and state funds. The NWACT represented Clatsop, Tillamook, Columbia, and rural western Washington. Mr. Carpenter stated Thursday, January 10, 2013; there was a meeting in Scappoose. Every two years the Oregon Transportation Commission (OTC) established funding levels for various programs within the broader Statewide Transportation Improvement Program (STIP).

There was a list produced for STIP and Neal Wallace, Public Works Director, submitted three of the seventeen applications that were accepted for the 2016-2018 STIP projects. The projects were the US Highway 101 Cross Section which would add sidewalks, bike lanes, and a center turn lane between US Highway 101 at Avenue 'G' to the South Holladay Intersection, reconfiguration of the Broadway and US Highway 101 Intersection, and to add up to six US Highway 101 pedestrian cross walks. Mr. Carpenter thanked Mr. Wallace and further stated during the next several months the Oregon Department of Transportation (ODOT) would scope the three projects to verify cost estimates and establish the final project scope. Following that, the list would be narrowed down to a preliminary STIP list by the NWACT. The ACT would then forward the recommendations to the OTC and the OTC would make the final decision. Mr. Carpenter further stated at the NWACT there was discussion by ODOT for road usage chargers which was an interesting discussion about electric cars and those vehicles with extremely high gas mileage going to pay for their fair share. The 2001 legislature directed ODOT to put together a Road User Fee Task Force which had evaluated various ideas for shifting the gas tax revenue to mileage based revenue.

Mayor Larson stated Council was very proud of Mr. Wallace and staff. There were three Seaside projects out of seventeen projects. The City of Seaside was receiving a lot of respect from the NWACT and had a great relationship.

Councilor Lyons stated every department does such a great job in the City of Seaside. Councilor Lyons further stated personally he appreciated everything the departments do and it really meant a lot. As a City Councilor for the fourth term or sixteen years and to see how hard the guys and gals worked and represented the City was something special.

Councilor Montero stated Clatsop County had visits by two Senators in the last week with Senator Jeff Merkley at the Columbia River Maritime Museum which was very well attended by citizens of the County. Senator Ron Wyden had a Town Hall meeting today at the Seaside High School and not only was it attended by members of the community but was attended by the Seaside High School students. The students did very well and conducted themselves very well and also had very good questions. The Senators had both given good information about what was going on with Congress, the dysfunction of the government, and healthcare reform. Councilor Montero further stated at the Town Hall meetings there were good ideas and information received and it was always good to hear what Senators were thinking.

Mayor Larson stated it was great to see all those students sitting in the bleachers for almost two hours very well behaved and the students came up with some very good questions.

Councilor Barber congratulated the audience for sitting through all the exciting resolutions and stated Mr. Winstanley and the department heads did such a great job and Seaside was a very well managed City.

Council President Johnson thanked Council for the vote of confidence. Council President Johnson stated he was recently speaking to someone about being on the Council and how great the working relationship with the City of Seaside staff was. Council was looking forward to hearing from staff at the City Council Goal Setting Session.

Mayor Larson stated he realized how fortunate Seaside was by attending the Mayor's Conference and listening to other Mayor's speak about their City's. Mayor Larson further stated Wednesday, January 16, 2013, 5:15 pm, at the Bob Chisholm Community Center the Sunset Empire Park and Recreation District would conduct a board meeting and take comments from the public about purchasing the Seaside Golf Course. Mayor Larson further stated Thursday, January 17, 2013, 6:00 pm, was the Transportation Advisory Commission meeting at City Hall. Mayor Larson further stated there were many people who enjoyed the Seaside Post Office and there was a bid to redo the parking area but the postmaster did not know if the holes would just be patched or if the parking area would be torn up and re-paved.

Mr. Davies stated as he understood, the parking area was going to be completely torn up and redone.

Mayor Larson stated the post office indicated if the parking area flooded they would pump it out. Mayor Larson further stated he had sent pictures of the post office problem to Congresswoman Bonamici and today he spoke to Senator Wyden's assistant about the problem. Mayor Larson further stated there was an Ad Hoc Committee needed to review the Seaside City Council Charter which had not been updated for ten years.

Councilor Frank thanked the voters in Ward 1 & 2 for giving him the opportunity to serve on the City Council. Councilor Frank stated his phone number was in the phone book and he would return calls. Councilor Frank further stated one reason he was happy to run for City Council was there was many talented people who worked for the City of Seaside.

Mayor Larson stated Councilor Frank would serve as the Council representative for the Airport Advisory Committee; Council President Johnson would serve as the Council representative for the Tourism Advisory Committee.

COMMENTS – CITY  
STAFF AND PUBLIC

Bob Gross, Seaside Police Department, stated the department was excited to start a new year with a new officer that would be graduating from the academy on January 25, 2013. There would also be a couple of ordinances that needed to be reviewed.

Neal Wallace, Public Works Director, stated the work done for the NWACT was directly out of the pages of the Transportation System Plan and was the plan that gained respect and eventually would get the work done to the highway.

Russ Vandenberg, Convention Center & Visitors Bureau General Manager, stated the Convention Center was getting back on track for events. Mr. Vandenberg thanked Councilor Frank for all the years he served on the Convention Center Commission.

Esther Moberg, Library Director, stated there were approximately three hundred people coming into the library on a daily basis. The library would celebrate one hundred years this year with the first library opening up in Seaside in 1913.

Joey Daniels, Seaside Fire Department, stated 2012 was the busiest year ever for the fire department. There was an awards banquet on Saturday, January 12, 2013, with one hundred and two attendees. There was recognition given to Genesee Dennis who was firefighter of the year, Doug Barker was the EMS Provider of the year, Gordon Houston was the fire officer of the year. There were other awards with Roy Dague who had forty years of service, Doug Barker had thirty five years of service, and Rich Nofield, Mark Burke, and Justin Parker had ten years of service.

Mayor Larson stated the accomplishments of the Seaside Fire Department volunteers were just amazing.

Jack Bland, Port of Astoria, stated there was reconstruction of Port 2 which was a portion of the port not usable. The Port of Astoria would also be getting a new fire boat within the next month or so.

Mr. Winstanley stated Council would be attending goal setting starting with Friday, January 18, 2013, with dinner and then the main goal setting meeting on Saturday, January 19, 2013, 8:30 am, at Providence Seaside Hospital. Mr. Winstanley further stated it was an honor for him as City Manager to serve the City of Seaside.

ADJOURNMENT

The regular meeting adjourned at 7:45 PM.

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Kim Jordan, Secretary

\_\_\_\_\_  
DON LARSON, MAYOR



## KERN & THOMPSON, LLC

Certified Public Accountants

December 13, 2012

Honorable Mayor  
Members of the City Council, and  
Mark J. Winstanley, City Manager  
City of Seaside, Oregon  
989 Broadway  
Seaside, Oregon 97138

We are pleased to confirm our understanding of the services we are to provide the City of Seaside, Oregon for the year ended June 30, 2013. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of Seaside, and the separate basic financial statements of its component unit, the Seaside Urban Renewal Agency, as of and for the year ended June 30, 2013 (collectively referred to hereafter as the City).

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's MD&A in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any other assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Accordingly, the MD&A required by generally accepted accounting principles will be subjected to certain limited procedures, but will not be audited.

Supplementary information other than RSI also accompanies the City's basic financial statements. We will subject the following RSI and the following other supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole:

**RSI:**

General Fund and Major Special Revenue Funds Budgetary Comparison Schedules

**Other Supplementary Information:**

Non-Major Governmental Funds Combining and Budgetary Comparison Schedules  
Enterprise Funds Combining and Budgetary Comparison Schedules  
Schedules of Property Tax Transactions  
Schedule of Accountability of Independently Elected Officials

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The following other information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance on that other information.

Introductory Section  
Statistical Information

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the third paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with 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, and the *Minimum Standards for Audits of Oregon Municipal Corporations*, and will include tests of the accounting records of the City and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement. Our audit of the financial statements does not relieve you or management of your responsibilities.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

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Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate component units, each major fund, the aggregate remaining fund information of the City, and the separate basic financial statements if its component unit, the Seaside Urban Renewal Agency, and the respective changes in in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such change); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

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**Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

**Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

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### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our reports on compliance issued pursuant to *Government Auditing Standards* or the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

If you request, we will provide copies of our reports directly to the Division of Audits of the Oregon Secretary of State on your behalf, however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Kern & Thompson, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Division of Audits of the Oregon Secretary of State or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Kern & Thompson, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Division of Audits of the Oregon Secretary of State. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to perform preliminary audit work in late May 2013, final audit field work during October 2013, and to issue our reports no later than December 15, 2013. Rick Proulx is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services are based on our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.), except that **we agree that our all-inclusive fee, including expenses, will not exceed \$42,000**. The fee estimate is based on anticipated cooperation from City personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the City's management and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Payment is due upon receipt of the invoice. If not paid when due, a late charge of 1-1/2% per month will be imposed and we shall be entitled to stop rendering services until payment is made. In accordance with our firm policies, work may be suspended if the City's account becomes 90 days or more overdue and will not be resumed until the City's account is paid in full.

**KERN & THOMPSON, LLC**

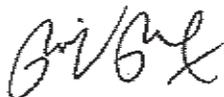
City of Seaside, Oregon  
December 13, 2012  
Page Six

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2011 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Seaside and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

**KERN & THOMPSON, LLC**



Richard V. Proulx, CPA

RVP/ljn  
Enc.

RESPONSE:

This letter correctly sets forth the understanding of the **CITY OF SEASIDE**

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

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

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

## CONTRACT

**THIS CONTRACT**, made this 1st day of December, 2012, in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555 between **KERN & THOMPSON, LLC**, Portland, Oregon, Certified Public Accountants (Auditor), and the **CITY OF SEASIDE**, Seaside, Oregon (Client), provides as follows:

It hereby is agreed that Auditor shall conduct an audit of the accounts and fiscal affairs of Client for the period beginning July 1, 2012, and ending June 30, 2013, in accordance with the Minimum Standards for Audits of Municipal Corporations as prescribed by law. The audit shall be undertaken in order to express an opinion upon the financial statements of Client, and the separate financial statements of the Seaside Urban Revenue Agency (a component unit of the City of Seaside), and to determine if the Client has complied substantially with appropriate legal provisions.

Auditor agrees that the services contracted to perform under this contract shall be rendered by or under personal supervision and that the work will be faithfully performed with care and diligence.

It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of Auditor are necessary beyond the extent of the work contemplated, written notification of such unusual conditions shall be delivered to the Client, who shall instruct in writing Auditor concerning such additional services, and that a signed copy of each such notification and instruction shall be delivered immediately to the Secretary of State by the party issuing the same.

The audit shall be started as soon after this contract is executed as is agreeable to the parties hereto and shall be completed and a written report thereon delivered within a reasonable time, but not later than six months, after the close of the audit period covered by this contract. Adequate copies of such report shall be delivered to the Client, and its form and content shall be in accordance with and not less than that required by the Minimum Standards for Audits of Oregon Municipal Corporations.

It is understood and agreed that the Client is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the period under audit and the financial condition at the end of that period. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood that Auditor shall draft them for Client. The cost of preparing such financial statements shall be included in the fee for conducting the audit as set forth below.

**It is understood and agreed** that either party may cancel this Contract by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year.

In consideration of the faithful performance of the conditions, covenants, and undertakings herein set forth, the Client hereby agrees to pay Auditor the sum of **\$42,000.00**, and the Client hereby affirms that proper provision for the payment of such fee has been or will be duly made and that funds for the payment thereof are or will be made legally available.

**KERN & THOMPSON, LLC**

**CITY OF SEASIDE, OREGON**

By: 

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



## MEMO

From: Neal Wallace  
To: The Honorable Mayor and Members of the City Council  
Re: Speed Zone on Avenue B

January 28, 2013

The Seaside Transportation Advisory Commission conducted a meeting on Thursday, January 17, 2013, and members examined traffic conditions on Avenue 'B' between Holladay Drive and Highway 101 and recommended a 20 MPH speed limit. The Commission has further recommended that speed signs be posted at either end of this portion of Avenue 'B'. The Commission will evaluate the effectiveness of the speed limit posting but may make additional recommendations for traffic calming devices.

## **SEASIDE CIVIC AND CONVENTION CENTER COMMISSION**

The purpose of the Seaside Convention Center Commission is to be an advisory body to make recommendations to the City Council on matters concerning the Civic and Convention Center. The Commission shall make recommendations concerning policy matters related to the Civic Convention Center. The Civic and Convention Center Commission shall advise the Convention Center Manager, City Manager and City Council on all items relating to the operation of the Civic and Convention Center including but not limited to: Contracts; Building Improvements; Employment of Civic and Convention Center Manager; Rentals; and Budget.

The commission consists of seven members who are not employees of the city and shall be residents, or owners or employees of businesses within the city limits of Seaside.

Each year, at the first Commission meeting in November, the members shall appoint one of their members as Chairperson and one as Vice-Chairperson. The center manager shall serve as Secretary to the Civic and Convention Center Commission.

The Commission shall hold a regular meeting at least once each month of the calendar year. The meetings shall be open to the public. Any person appointed to serve on this committee who misses three or more regularly scheduled meetings during a 12 month period shall be notified by letter that the position must be vacated. The individual may appeal the decision to the City Council. (A 12 month period is defined as beginning in January of each calendar year.)

The members shall serve without salary or compensation of any nature.

## COMMITTEE/COMMISSION APPOINTMENT

1. **Date Council Notified:** January 14, 2013  
**Name:** Randy Frank  
**Commission/Committee:** Convention Center Commission  
**Resignation Date:** January 9, 2013  
**Term Expiration Date:** October 25, 2014  
**Wants to be considered again:** N/A
  
2. **Applicants:**
  
3. **Nominations:**
  
4. **Appointment:**

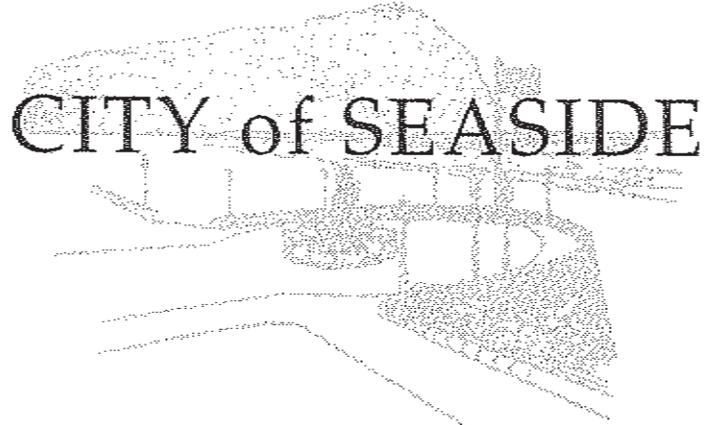
## Kimberley Jordan

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**From:** Randy Frank <rfrank@cityofseaside.us>  
**Sent:** Wednesday, January 09, 2013 3:01 PM  
**To:** Kimberley Jordan  
**Subject:** SCCC

Hello Kim, as a newly elected Council Person I must render my resignation from the Seaside Civic & Convention Center. I will still keep a close eye on the happenings there but feel it is in good hands, as we the commission have fully trained the current manager Russell. I believe he has been cured of his Californication except for his continuing affinity for the Lakers. I do not feel however that such a distasteful way of life has nor will have any detrimental side effects on the successful operation of our Convention Center.

Randy Frank



# CITY of SEASIDE

OREGON'S  
FAMOUS  
ALL-YEAR  
RESORT

989 BROADWAY  
SEASIDE, OREGON 97138  
(503) 738-5511

## CONVENTION CENTER COMMISSION

Term of Office: 4 years

Number of Members: 7

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>	<u>TERM EXPIRES</u>
JEFF KILDAY	P O BOX 1031	738-3018	10/25/2013
CHUCK MINER	2335 S. EDGEWOOD	440-9240	10/25/2013
TERRY BICHSEL**	414 N. PROM	738-3334	10/25/2013
MARC POSALSKI	P O BOX 980	503-440-4797	10/25/2014
VACANCY			10/25/2014
ROGER SCHULTZ	2481 VENICE BLVD.	738-5641	10/25/2016
SETH MORRISEY	PO BOX 333	440-2138	10/25/2016

\*CHAIR

\*\*VICE CHAIR