



Lone Tree City Council Agenda Tuesday, November 3, 2015

Meeting Location: City Council Meeting Room, Lone Tree Civic Center, 8527 Lone Tree Parkway.
Meeting Procedure: The Lone Tree City Council and staff will meet in a public Study Session at 5:30pm. At 6:00pm and following the meeting, if necessary, the Council Meeting will adjourn and convene in Executive Session. If an Executive Session is not necessary, Council will recess for dinner. The Regular Session will be convened at 7:00pm. Study Sessions and Regular Sessions are open to the public, Executive Sessions are not. Comments from the public are welcome at these occasions: 1. Public Comment (brief comments on items not scheduled for a public hearing) 2. Public Hearings. Contact the City Clerk if special arrangements are needed to attend (at least 24 hours in advance).

5:30pm Study Session Agenda

1. Link Partner Presentation
 2. Xcel Energy's Solar Connect Program
 3. Introduction of Elaine Caras, Events Manager
 4. Approval of IGA w/Douglas County re: Snow Removal (Current Agenda Item)
-

6:00pm Executive Session Agenda

1. Roll Call
 2. Executive Session
-

7:00pm Regular Session Agenda

3. Opening of Regular Meeting/Pledge of Allegiance
 4. Amendments to the Agenda and Adoption of the Agenda
 5. Conflict of Interest Inquiry
 6. Public Comment
 7. Announcements
 8. Presentations
 9. Consent Agenda
 - a. Minutes of the October 20, 2015 Regular Meeting
 - b. Claims for the Period of October 12-26, 2015
 10. Community Development
 - a. Sierra Grill SIP Project SP 15-75R
 11. Police Department
 - a. **Resolution 15-16, ADOPTING THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS)**
 12. Public Works
 - a. Approval of IGA w/Douglas County re: Snow Removal
 13. Administrative Matters
 - a. Approval of Commissioners Choice
 - b. Approval of External Auditor Engagement Letter
 14. Council Comments
 15. Adjournment
-

City of Lone Tree Upcoming Events

more info available at www.cityoflonetree.com & www.lonetreeartscenter.org

- Best of Show from Art Expo, Monday, November 9 – 30, 2015, LTAC
- Colorado Ballet Page to Stage at 10am: on Nov 4 at Acre's Green Elementary, Nov 10 at Eagle Ridge Elementary, and Nov 11 at Lone Tree Elementary
- Seedlings: Up in the Air - Juggling with Peter Davidson, Tuesday, November 10, 9:00 and 11:30 a.m., LTAC Event Hall

**MINUTES OF A REGULAR MEETING
OF THE COUNCIL OF THE
CITY OF LONE TREE
HELD
October 20, 2015**

A regular meeting of the Council of the City of Lone Tree was held on Tuesday, October 20, 2015, at 7:00 p.m., at the Lone Tree City Council Chambers located at 8527 Lone Tree Parkway, Lone Tree, Colorado 80124.

Attendance

In attendance were:

Jacqueline Millet, Mayor Pro Tem
Harold Anderson, Council Member
Kim Monson, Council Member
Susan Squyer, Council Member

Mayor James D. Gunning was absent.

Also in attendance were:

Seth Hoffman, City Manager
Jennifer Pettinger, City Clerk
Steve Hebert, Deputy City Manager
Torie Brazitis, Assistant to the City Manager
Jeff Holwell, Economic Development Director
Chief Jeffery Streeter, Lone Tree Police Department
Kristin Baumgartner, Finance Director
Kelly First, Community Development Director
Lisa Rigsby Peterson, Lone Tree Arts Center Director
Neil Rutledge, City Attorney, White, Bear and Ankele, P.C.
John Cotten, Public Works Director, TTG Corp.

Call to Order

Mayor Pro Tem Millet called the meeting to order at 7:00 p.m., and observed that a quorum was present.

Pledge of Allegiance

Mayor Pro Tem Millet led those assembled in reciting the Pledge of Allegiance.

Amendments to the Agenda

There were no amendments to the agenda.

Conflict of Interest

There was no conflict of interest.

Public Comment

Fred Hammer, 9684 Brook Hill Court, spoke about and thanked Council for the Citizen's Police Academy.

Announcements

Sophia Kenny, Youth Commissioner, gave Council an update on the Youth Commission.

Mayor Pro Tem Millet announced upcoming events.

Presentations

Special Achievement Recognition for Volunteer Marty Smith
Chief Streeter gave a brief overview of the President's Lifetime Achievement Award and introduced the award recipient Marty Smith.

Consent Agenda

Mayor Pro Tem Millet noted the following items on the Consent Agenda, which consisted of:

- *Minutes of the October 6, 2015 Regular Meeting*
- *Minutes of the October 16, 2015 Special Meeting*
- *Claims for the period of September 28 – October 12, 2015*
- *Treasurer's Report for August 2015*

Council Member Anderson moved, Council Member Squyer seconded, to approve the Consent Agenda. The motion passed with a 4 to 0 vote by those members present.

Community Development

Approval of Parkway, Filing 3, 1st Amendment, Block 2, Lots 2-5, Site Improvement Project (SIP) (Meadows Marketplace) Project #SP15-59

Jennifer Drybread, Senior Planner, introduced the item and Chad August, MAH Architecture Group. Mr. August, applicant's representative, spoke about the project.

Council Member Monson moved, Council Member Anderson seconded, to approve the Parkway, Filing 3, 1st Amendment, Block 2, Lots 2-5, Site Improvement Project (SIP) (Meadows Marketplace) Project #SP15-59 subject to final approval by the Lone Tree Public Works Department. The motion passed with a 3 to 1 vote by those members present with Council Member Squyer voting no.

Administrative Matters

RESOLUTION 15-14, APPOINTING A REPRESENTATIVE AND AN ALTERNATE TO THE RUETER HESS RESERVOIR RECREATION AUTHORITY

Neil Rutledge, City Attorney, introduced the item.

Council Member Anderson moved, Council Member Monson seconded, to approve **RESOLUTION 15-14, APPOINTING A REPRESENTATIVE AND AN ALTERNATE TO THE RUETER HESS RESERVOIR RECREATION AUTHORITY**. The motion passed with a 4 to 0 vote by those members present.

Approval of Lone Tree Business Improvement District (BID) Operating Plan and Budget for 2016

Neil Rutledge, City Attorney, introduced the item.

Council Member Squyer moved, Council Member Monson seconded, to approve Lone Tree Business Improvement District (BID) Operating Plan and Budget for 2016. The motion passed with a 4 to 0 vote by those members present.

RESOLUTION 15-15, ADOPTING THE LONE TREE ARTS CENTER MISSION STATEMENT

Lisa Rigsby Peterson, Lone Tree Arts Center Director, introduced the item. Council Member Anderson moved, Council Member Monson seconded, to approve **RESOLUTION 15-15, ADOPTING THE LONE TREE ARTS CENTER MISSION STATEMENT**. The motion passed with a 4 to 0 vote by those members present.

Adjournment

There being no further business, Mayor Pro Tem Millet adjourned the meeting at 8:08 p.m.

Respectfully submitted,

Jennifer Pettinger, CMC, City Clerk



CITY OF LONE TREE

FINAL STAFF REPORT

To: Mayor Gunning and City Council

From: Kelly First, Director of Community Development
Jennifer Drybread, Senior Planner

Date: October 21, 2015

SUBJECT: Parkway Filing 3, 1st Amdt., Block 2, Most of Lot 4
Site Improvement Plan (Meadows Market Place)
Project File #SP15-59

Owner:
CBRE
8390 Crescent Parkway, #300
Greenwood Village, CO 80111

Representative:
MAH Architecture Group
1385 S. CO Blvd, Penthouse
Denver, CO 80222

Planning Commission Hearing Date:
City Council Hearing Date:

September 22, 2015
October 20, 2015

The City Council approved the Site Improvement Plan subject to final approval by the City of Lone Tree Public Works Department. The vote was 3-1 in favor of approving the application.



CITY OF LONE TREE
STAFF REPORT

Project Summary

Date: November 3, 2015 City Council Meeting

Project Name: RidgeGate Filing No. 18, Lot 4A
Site Improvement Plan (Sierra Grill)
Project SP15-72R

Location: The site is located in a master-planned commercial area called RidgeGate Commons generally west of Cabela's being west of I-25 and south of RidgeGate Parkway in the RidgeGate Planned Development.

Project Type / #: Site Improvement Plan (SIP), Project SP15-72R

Staff Contacts: Kelly First, Community Development Department Director
Hans Friedel, Planner II

Meeting Type: Public Meeting

Summary of Request:

Approval of a Site Improvement Plan (SIP) to construct a single-story, 8,445 square-foot, restaurant with a courtyard and exterior deck, on a 1.758 acre parcel in RidgeGate.

Planning Commission Recommendation:

Unanimous recommendation for approval, with two conditions.

Suggested Action: Approval, subject to two conditions



CITY OF LONE TREE
STAFF REPORT

TO: Mayor Gunning and City Council
FROM: Kelly First, Community Development Director
Hans Friedel, Planner II
DATE: October 23, 2015
FOR: November 3, 2015 City Council Meeting
SUBJECT: RidgeGate Filing No. 18, Lot 4A
Site Improvement Plan (Sierra Grill)
Project SP15-72R

Owner

William and Mark Brinkerhoff
Brinkerhoff Hospitality, Inc.
8001 South Interport Boulevard
Suite 260
Englewood, CO 80112

Representative

Kevin Stephenson and Chris Davis
BOSS.architecture, LLC
2546 15th Street
Denver, CO 80211

Planning Commission Meeting Date: October 13, 2015
City Council Meeting Date: November 3, 2015

A. REQUEST:

Approval of a Site Improvement Plan (SIP) to construct a single-story, 8,445 square-foot, restaurant with a courtyard and exterior deck, on a 1.758 acre parcel in RidgeGate.

B. LOCATION:

The site is located in a master-planned commercial area called RidgeGate Commons generally west of Cabela's being west of I-25 and south of RidgeGate Parkway in the RidgeGate Planned Development.

C. SITE CHARACTERISTICS:

The site is at the northernmost lot of the RidgeGate Commons master planned development. It is elevated and above a series of existing retaining walls at the southeast corner of RidgeGate Parkway and Cabela Drive. The property has been overlot graded, and it has been revegetated with prairie grass. Elevation contours range

from approximately 6,100 feet to 6,110 feet above sea level, with the site generally higher along the northeastern portion and sloping down towards the southwest perimeter.

D. SERVICE PROVIDERS:

Water:	Southgate Water District
Sanitation:	Southgate Sanitation District
Police:	Lone Tree Police
Fire:	South Metro Fire Rescue Authority
Metro District:	Rampart Range Metropolitan District

E. BACKGROUND:

The site was envisioned as a future restaurant use site on the approved site plan for Cabela's (project number SP12-18R). This project has been reviewed and approved by the RidgeGate Design Review Committee (DRC). It underwent architectural, site plan, and landscaping enhancements throughout the DRC process. The DRC meeting minutes are attached. Proposed architectural features for the restaurant's roof required a stand-alone structural buttress foundation that will be separated from the building. The buttress will extend into a portion of Tract A at the northwest corner of the site, owned and maintained by the Rampart Range Metropolitan District. Therefore, an administrative lot line adjustment is being processed concurrently with this SIP to increase the size of Lot 4A by 0.165 acres to accommodate the structure entirely on private property. Rampart Range is the applicant for the lot line adjustment application.

F. DESCRIPTION:

Zoning. The site is zoned Planned Development (PD) under the RidgeGate Planned Development 4th Amendment. The proposed use is in conformance with zoning, as it is located within Planning Areas C/M-U #2, which lists "eating place" as a permitted use.

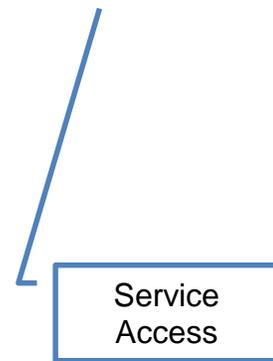
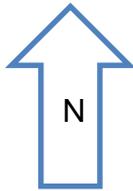
Access. Access will be provided via Cabela Drive and private internal drives within RidgeGate Commons. Adequate circulation is provided around the building and parking area. Vehicular access is provided by a driveway immediately southeast of the restaurant near the entrance. Pedestrian access is via a detached sidewalk extension to the existing sidewalk running along Cabela Drive to the south and a crossing connecting to the future retail lot to the east. An existing crosswalk to the south of the site links the site to the future retail area and Cabela's, and a proposed crosswalk immediately southeast of the building, near the entrance, crosses the restaurant driveway and connects to the future retail parking lot. The site features a bicycle rack near the southwest corner of the building.

Parking. The amount of parking proposed is compliant with the City's minimum requirements for a restaurant use.

Site Design. The building is positioned at the northeast portion of the site, with a walled patio on the southwest side facing the parking lot, and a deck overlooking northeast, generally towards Centennial airport. A snow storage area is located opposite the restaurant on the southwest corner of the property. The service delivery drive and service entrance are on the building's southeast elevation – opposite the residences to

the west. The dumpster is internal to the building and therefore screened from view from the outside.

Exhibit 2: Site Plan



Building Design. The building design is in conformance with the overall intent of the Lone Tree Design Guidelines which call for high quality and enduring architecture. Furthermore, the guidelines with respect to corner sites, state that they can “serve as gateways or focal points and should be used to their greatest advantage (p. 21).” The architecture is intended to be dramatic and timeless. The building itself features a prominent, A-frame-like, peaked roof clad in corrugated, perforated COR-TEN – a weathered, corrosion resistant, steel that develops a rust-like patina over time. The architecture is composed of materials including natural limestone, cementitious stucco, cedar wood siding, glazing, COR-TEN, and exposed steel primed and painted. Three-hundred and sixty degree architectural treatment has been applied to the building design. The variety of materials combined with the proposed variations in building forms and colors, will help break up the mass of the building against the bluffs and provide visual interest. The building features a large, enclosed outdoor patio and a deck.

Exhibit 3: Photo Simulation Looking South and Northeast Elevation



Landscaping. The applicant has provided a variety of trees and shrubs to help screen the parking and enhance the building and site design. There is a mix of evergreen and deciduous landscape trees and shrubs for seasonal variety. The landscaping is in conformance with the City of Lone Tree Landscaping and Irrigation Requirements from the Zoning Code. The existing retaining walls will remain.

Lighting. The location of parking lot lighting and associated specifications are included on the SIP. Lighting is compliant with City requirements. The exterior parking lot light fixtures are cowled LEDs and the site will feature lighted bollards along the pedestrian sidewalk.

G. PLANNING COMMISSION REVIEW:

The Planning Commission meeting was attended by roughly 30 residents of the Montecito Community, and they were invited to speak about the Sierra Grill agenda item – none did. During the following Tract GG hearing, Mr. Kevin Spencer of the Montecito HOA spoke in favor of the restaurant during his comments on the future residential

subdivision. The following has been taken directly from the minutes of the Planning Commission meeting held on June 23, 2015:

Mr. Friedel introduced the agenda item and stated staff's finding that the application is in conformance with the SIP requirements of the Lone Tree Zoning Code, the Subdivision Code, the Comprehensive Plan, and the RidgeGate Office District Subarea Plan. Staff recommends that the Planning Commission recommend approval to the City Council of Site Improvement Plan SP15-72R subject to final approval by City Public Works Department and the related lot line adjustment (SB15-75R) being approved by City staff and recorded.

Darryl Jones of Coventry Development, on behalf of RidgeGate, stated that the restaurant helped fulfill the vision of RidgeGate for a mix of uses including up-scale restaurants. He stated that the site plan was well thought out. The RidgeGate Design Review Committee (DRC) has reviewed and approved the project. He was very excited about architecture; stating that it was interesting, creative, and consistent with City's Design Guidelines and RidgeGate's expectations; and that it would be a great amenity. He hoped that they would recommend approval.

The applicant – William Brinkerhoff, owner of La Loma in the Highlands neighborhood of Denver, stated that he was associated with that restaurant for 35 years. Mark Brinkerhoff is his son and partner. He recalled how the restaurant business is hard with over ninety percent failing to succeed. He told how successful restaurants are built on the three tenants of quality food, good service, and ambience. Originally, Coventry was not interested in selling the site, but after they shared their vision and learned more about RidgeGate's vision, the sale was conducted. This restaurant would be something akin to Cherry Creek Grill with a wood fire grill concept but built around food, service, and ambience and more upscale to accommodate the clientele in the area. Ingredients would all be from scratch. The purveyors would be hand-selected. Cocktails would be handcrafted and the menu would feature fine wines. It would be upscale yet accessible. They pride themselves on quality service. They were excited and pleased to be here. He said the design captured elements of agriculture and the mountains.

Kevin Stephenson, of Boss Architecture, the project architect, indicated his happiness to be part of this project and said it is the most exciting project they were currently working on. He showed images of similar architectural spaces to convey quality and character. He described the project as upscale, casual, original, and unique. He showed additional images to convey spaces and materials, both indoor and outdoor. He said that natural daylight was included throughout to create vibrant spaces including courtyard spaces for outdoor dining. Stone walls were designed to create intimacy and to help buffer the noise. He said Sierra Grill would fill a void and demand for a quality dining experience in this area.

Mr. Stephenson discussed the placement of the building on the site and prominence of the building offered by its location at the crest of the hill. The scale of the building was described as low and intimate; and provided a transition to residential scale to the west. He described the connections and pathways around the site and how lighting provided for safety. He discussed the landscape concept as thoughtful and elaborate, with a native feel around the edges, blended with the existing landscape treatment. Interior areas incorporated olfactory and sensory plant materials. Mr. Stephenson said they were intentionally blocking views of the parking area with landscaping. He described the

organization of the internal spaces of the restaurant. He discussed the service area and circulation. He then reviewed photo simulations from various vantage points in some detail. He emphasized that there was 360-degree architecture. All service functions were located interior to the building.

Mr. Stephenson discussed the materials proposed including limestone and timber for an old world feel; cementitious/natural stucco for a marbled character; Core-ten weathering, corrugated steel - perforated in some areas, for the roof; stained cedar for soffits (more visible from interior); pre-finished metal flashing in dark bronze; and some exposed concrete for a refined way of expressing wood texture into a concrete mold. Mechanical screening will also be done in the Core-ten material, which is matte finish. A natural, timeless palette that is easy to maintain is proposed.

Commissioner Dodgen thanked the applicant for choosing Lone Tree. He asked if pedestrian signs would be necessary for connection to the hotel. Mr. Friedel responded that it had not been discussed as part of the process, although signs could be added if it was a concern. Commissioner Dodgen asked about sufficiency of parking for patrons and employees. Mr. Friedel indicated that parking met the City's minimum off-street parking standards and described the required ratios. Mr. Stephenson added that they believed it was adequate and met Cabela's requirement that projects in the area all self-park, although some people would likely park across the drive. Commissioner Dodgen's main concern was regarding overflow parking and the ability to cross safely as a pedestrian. Mr. Stephenson said various iterations took place during the DRC process relative to reducing conflicts between the service area and pedestrians, so the circulation issue had been thought out.

Commissioner Dodgen asked how many service vehicles could fit at any one time in the access drive. Mr. Stephenson said it was designed to accommodate a 27-foot delivery truck. They will coordinate with service providers to address deliveries and avoid conflicts. Two large vehicles could be accommodated. Commissioner Dodgen asked that delivery noise be taken into account so it did not disturb Montecito residents. Mr. Stephenson responded that restaurant delivery trucks were at a much smaller scale than Cabela's. Commissioner Dodgen asked if landscaping along the west would be sufficient to screen headlights from residents to the west. Mr. Stephenson responded that it would, once established. The density and plant types had been specifically selected to mitigate that concern. Commissioner Dodgen asked about the lighting of the building that might be seen from Montecito. Mr. Stephenson responded that it was intended to be like the glow of a lantern; a more dimly lit project. There will be soft, ambient, focused lighting with twinkling effect. Commissioner Dodgen asked about whether loud, live music would be provided. Mr. Stephenson said there were no specific plans but ambient music will be played; walls help buffer sound and they will comply with City requirements.

Commissioner Kirchner asked about the proposed interior storage of dumpsters and whether this was their practice at other locations. Mr. Stephenson said it was unique to this site and was a result of DRC comments. It has been done in other places. The room would be kept cool and met health standards. Commissioner Kirchner asked about the selection of ponderosa pines and said they don't grow well as a screening tree. He asked if they considered Austrian pine or blue spruce instead. Mr. Stephenson said the intent is to provide a more native feel as the project transitions outward with the rest of the site. Ponderosa pines are not intended as a screening tree in this location. Commissioner Kirchner received clarification from the applicant about the materials and

placement of Core-ten. He asked about the implication of snow loads and pushing the snow downward to the retaining wall area, particularly in a heavy snow event. Mr. Stephenson described the pitch and ledge of the roof area and the opportunity to contain/stop the snow. The intent was that it will run off into the landscaping. Commissioner Kirchner asked about the height of the high point and whether it falls within the height restriction; it does.

Commissioner Steele conveyed his pleasure to have an upscale restaurant; the Planning Commission had been asking for this for a long time. He complimented the applicant on the sustainable aspects of the project. He asked if the Core-ten was similar to the screen material used for the library. Jennifer Drybread responded it was similar, although the library application was darker and she did not think it would develop a patina as it weathers over time. Commissioner Steele asked what the color is at installation. It is silver and will start to show color within the first month. It will patina quickly. They have used it in a number of ways on other buildings. It is an alloy designed to rust and self-seal; it will not have to be re-finished or painted. The material is often used in bridges. Commissioner Steele reiterated the earlier comment about pedestrian crossings and the need for signage and lighting to ensure safety, particularly at night. Mr. Stephenson said they looked at the issue from a lighting standpoint and added three-foot high bollards at a regular spacing to improve the experience.

Commissioner Steele asked about valet parking. Mr. Stephenson noted the drop-off area had been designed in consultation with the Fire District. Mr. Brinkerhoff added that it was not the intent to have valet but in the future they may reevaluate that. Commissioner Steele asked about the square footage, including the deck and courtyard relative to the seating count. Mr. Stephenson said there were 142 dining seats; 54 bar seats; and, 12 seats in a small deck; and 132 in the courtyard. Commissioner Steele asked about lighting on the slope of the roof and whether it would create an impact on residential areas. Mr. Stephenson described the purpose of the architectural lighting was to create a glow. It was a dark area and the roof lighting will wash the roof to provide visibility. It was not high intensity lighting. Commissioner Steele asked about details of the signage. The applicant reviewed sign concepts and the backdrop of the entryway sign.

Commissioner Carlson appreciated having a nice place to go to dinner.

Commissioner Mikolajczak commended the applicant on the La Loma restaurant and quality of dining experience. He was excited that this was not a chain. He asked about the two styles of metal materials and Mr. Stephenson clarified that one was solid and one was perforated to account for the open air structure and create visual transparency. It also provided a dual-function to screen some equipment while still allowing equipment to breathe. Commissioner Mikolajczak asked about the view from Montecito and whether they could see the mechanical equipment. The applicant responded that they studied it and it would not be visible. Commissioner Mikolajczak asked why they chose the color for the roof, rather than green, although he was not necessarily suggesting green. Mr. Stephenson responded that the Cor-ten added a richness and natural quality to the color palette. Commissioner Mikolajczak asked about the decision to create the roof the way they did. Mr. Stephenson said it served several functions but created drama and visual interest both interior and exterior. It afforded the patrons many different experiences within the juxtaposition of the spaces.

Commissioner Mikolajczak asked whether the trees, at maturity, would provide the desired effect and view of the building. Mr. Stephenson said it was the intent to create privacy and intimacy through landscaping and some trees were intended to be 40 feet high; at some point the roof will peak out behind the trees over time. Commissioner Mikolajczak hoped one would continue to see the beauty of the building over time. He appreciated the internal design of the trash and other design features of the site that make it unique and iconic.

Chair Sippel agreed with other commissioners that a nice restaurant in Lone Tree south of Lincoln Avenue is a much needed amenity, especially for the Lone Tree Arts Center. She also commented on ponderosa pines and urged them to reconsider because they generally drop their lower branches as they grow and that often makes the look odd (with a long trunk and branches on only the top half of the tree). She commented that Bristlecone pines were very slow growing, so as long as they were not intended to screen, they should be acceptable. The applicant acknowledged the statement and the intent for variety and mounding effect. She encouraged the applicant to ensure that trees be maintained. Mr. Brinkerhoff said they could entertain other suggestions, but wanted to have some visibility. Chair Sippel thought Austrian Pines would be a good substitute.

Commissioner Steele asked about the cooking methods and odors that would be emitted. Mr. Brinkerhoff said they have a wood fired grill at their current restaurant and said it is not noticeable, nor intended to be noticeable from the exterior.

Commissioner Dodgen again advocated for pedestrian crossing signs, proper lighting and exit signage from the parking lot to enhance pedestrian safety. Commissioner Steele urged the applicant to work with staff on that issue – to enhance pedestrian safety. Chair Sippel invited public comment and none was requested.

Commissioner Kirchner moved to recommend approval of SP15-72R subject to staff recommended conditions, Commissioner Mikolajczak seconded, and the motion passed unanimously.

H. REFERRALS:

Staff received referral comments of a technical nature from Douglas County, Southgate Water and Sanitation Districts, and the City's Public Works Department. Rampart Range Metro District offered its support of the project. Comments from the Lone Tree Public Works Department will be addressed prior to final approval, as is standard practice and tracked with a condition of SIP approval.

The Montecito HOA referral response sought commitments that all exterior lights be cowed, that signage would not be large and distracting, that the area be regularly policed for trash, and that dumpsters are regularly cleaned. Their letter also requested a prohibition on bands or other loud music playing in the exterior area due to its proximity to residences. Finally, they inquired about appropriate storm water restrictions being in place, particularly regarding the parking lots to prevent environmental impact from the run-off. These referral comments were forwarded to the applicant. The referral responses are attached.

The RidgeGate Design Review Committee (DRC) reviewed the project and have approved the plans. The DRC minutes are attached.

I. STAFF FINDINGS AND RECOMMENDATION:

Staff finds that the application is in conformance with the SIP requirements of the Lone Tree Zoning Code, the Subdivision Code, the Comprehensive Plan, and the RidgeGate Office District Subarea Plan.

Staff recommends conditional approval of the SIP to City Council, subject to the following conditions:

1. Final approval of the Site Improvement Plan is subject to City of Lone Tree Public Works approval.
2. Prior to final SIP approval, the related lot line adjustment (SB15-75R) shall be approved by City staff and recorded.

J. ATTACHMENTS:

1. Development Application
2. Letter of Authorization
3. Narrative and Statement of Design Intent
4. Referral Comments Including Applicant Responses
5. DRC Approval Letter
6. DRC Minutes
7. SIP
8. Renderings

City of Lone Tree

Department of Community Development
9220 Kimmer Drive Suite 100
Lone Tree, CO 80124
Ph: 303-708-1818 Fax 303-225-4949

DEVELOPMENT APPLICATION FORM

◆ OFFICE USE ONLY ◆

PROJECT NAME: Sierra Grill SIP

PROJECT FILE # SP15-72R

REQUEST: Approval of a site a site improvement plan for a new restaurant

SITE LOCATION: Ridgegate Parkway / Cabela Drive

(Nearest Intersections)

OWNER:

Name: Sierra Holdings, LLC

Address: 8001 S. Interport Blvd., Suite 260
Englewood, CO 80112

Phone: 310-804-7515

FAX:

DATE SUBMITTED: 8/21/2015

FEES: \$3,200

(Engineering fees are not included)

AUTHORIZED REPRESENTATIVE:

Name: Kevin Stephenson & Chris Davis

Fax: 303-377-6326

Address: 2546 15th Street, Denver CO 80211

Email: kevin@BOSSarch.com & chris@BOSSarch.com

Phone: 303-377-6322

Business/Project Name: Sierra Grill Restaurant

LEGAL DESCRIPTION (site address): 10674 Cabela Drive, Lone Tree, CO 80124 (Lot 4, Section 15, Filing no. 18)

PROJECT INFORMATION:

Subdivision Name: <u>Ridgegate</u>	Filing #: <u>18</u>	Lot # (if 4-A appropriate):	Block #:
Planning Area # (if PD) <u>C/M-U no.2</u>			
PRESENT ZONING: <u>Commercial Mixed-Use</u>	(When rezoning) – PROPOSED ZONING		
GROSS ACREAGE: <u>1.758 acres</u>	# of units (residential)	<u>n/a</u>	
	Unit type:		
FIRE DISTRICT: <u>South Metro Fire Rescue District</u>	METRO DIST:	<u>Rampart Range Metro Dist.</u>	
WATER: <u>Southgate Water District</u>	ELEC:	<u>Xcel Energy</u>	
SEWER: <u>Southgate Sanitation District</u>	GAS:	<u>Xcel Energy</u>	

Further submissions pursuant to this application may include any and all development proposals, submissions, applications and procedures that may be made or initiated under the City of Lone Tree Charter, ordinances, rules, regulations, guidelines or policies including, without limitation, those for any of the following: (i) annexation; (ii) zoning or re-zoning, including any development plan for zoning within the Planned Development (PD) District; (iii) preliminary PD or PUD site plan, or related design guidelines or development standards; (iv) final PD or PUD site plan; (v) Site Improvement Plan; (vi) any master or general development plan, sub-area plan, site plan or similar development plan, however denominated, which may be provided for under any PD development plan or any other zoning; (vii) Sketch Plan, Preliminary Plat or Final Plat; or (viii) any amendment made to any of the foregoing, as applied for or as approved. *To the best of my knowledge, the information contained on this application is true and accurate.*

APPLICANT SIGNATURE: Mark Brinkerhoff

Date: 8/19/15

APPLICANT'S NAME (PRINTED): Mark Brinkerhoff

Letter of Authorization
Regarding Development Applications for Land Use Entitlements

City of Lone Tree
9220 Kimmer Drive #100
Lone Tree, CO 80124

RE: Property Address: 10674 Cabela Drive, Lone Tree, CO 80124

Assessor's Parcel Number (SPN): 2231-154-10-004

To Whom It May Concern:

I/We, the owner(s) of the above described real property, authorize Kevin Stephenson & Chris Davis
of BOSS.architecture, LLC to act as an agent on my/our behalf for the purpose of
creating, filing and/or managing an application for Site Improvement Plan
_____ (type of development or permit application).

The undersigned hereby certifies to being the fee owner(s) or legally authorized representative of the fee owner(s) of the real property described above.

Mark Brinkerhoff

(Print Name of Owner)

Mark Brinkerhoff

(Signature of Owner or Authorized Representative)

State of Colorado
County of ADARAHOE

The foregoing instrument was acknowledged before me this 18th day of August, 2015
by Mark Brinkerhoff.

[Signature]

(Notary's official signature)

4/17/2018

(Commission expiration date)

NOTARY SEAL





**CITY OF LONE TREE
STAFF REPORT**

TO: Mayor Gunning and City Council

FROM: Jeff Streeter, Chief of Police

DATE: October 29, 2015

FOR: November 3, 2015, City Council Agenda

SUBJECT: Resolution 15-16, Adopting the National Incident Management System (NIMS)

Summary

The National Incident Management System (NIMS) is a standardized system used throughout the United States and the world to address critical incidents in a uniformed process. This uniformed process allows Federal, State and local agencies to work seamlessly before, during and after a manmade or natural disaster.

Cost

There is no cost associated with the adoption of this resolution

Suggested Motion or Recommended Action

We are requesting Council approve this Resolution at the November 3rd meeting. I move to approve Resolution 15-16, Adopting the National Incident Management System.

Background

Homeland Security Presidential Directive (HSPD)-5, Management of Domestic Incidents, directed the development and administration of the National Incident Management System (NIMS). Originally issued on March 1, 2004, by the Department of Homeland Security (DHS), NIMS provides a consistent nationwide template to enable federal, state, tribal, and local governments, nongovernmental organizations (NGOs), and the private sector to work together to prevent, protect against, respond to, recover from, and mitigate the effects of incidents, regardless of the cause, size location or complexity. The State of Colorado adopted NIMS on December 6, 2004.

The City of Lone Tree has been following the NIMS guidelines without officially adopting the process. The main components utilized to date has been with the Incident Command System (ICS) and Unified Coordination System. Both of these elements are used when an incident requires response from multiple emergency management and response agencies. The Incident Command System (ICS) provides a flexible, yet standardized core mechanism for coordinating incidents.

During a review of the City's plans associated with Emergency Management, it was learned that the City had not officially adopted NIMS. This model will allow the City to interact seamlessly with Douglas County Office of Emergency Management who is our first line of defense when an incident exceeds the City's resources. As the incident grows to the state or federal level, the City would have a better understanding of what to expect and what documentation needs to be maintained to receive reimbursement for cost associated to the incident. In addition, through using NIMS the city can build upon the framework already created and test driven through the use of plans battle tested in a time of need.

**CITY OF LONE TREE
RESOLUTION NO. 15-16**

**A RESOLUTION ADOPTING
THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS)**

WHEREAS, Homeland Security Presidential Directive (HSPD) 5, established the National Incident Management System (NIMS) as the nationwide approach to domestic incident management;

WHEREAS, the NIMS provides for a single, comprehensive approach to ensure all levels of government across the Nation have the capability to work efficiently and effectively together to prepare for, respond to, and recover from domestic incidents regardless of the cause, size or complexity;

WHEREAS, the Incident Command System is a standardized, all-hazard incident management concept and is a key component of NIMS;

WHEREAS, HSPD -5 requires federal departments and agencies to make adoption of the NIMS by state and local agencies a condition for federal preparedness assistance through grants, contracts or other activities to local governments;

WHEREAS, failure to adopt and implement NIMS may preclude the City of Lone Tree from receiving reimbursement for certain disaster related response and recovery costs;

WHEREAS, the formal adoption of NIMS will not create operational hardships as the police department has been trained in and has been utilizing the Incident Command System to coordinate emergency scenes for a number of years;

WHEREAS, the City Council believes it would be in the best interest of the City of Lone Tree to adopt the concepts identified in NIMS;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LONE TREE, COLORADO:

THAT the City of Lone Tree hereby formally adopts the National Incident Management System (NIMS) as the standard to be used for incident management within the City of Lone Tree.

ADOPTED AND APPROVED THIS 3rd DAY OF NOVEMBER, 2015.

CITY OF LONE TREE

By: _____
James D. Gunning, Mayor

ATTEST:

(SEAL)

Jennifer Pettinger, CMC, City Clerk

NIMS is **flexible** because it is applicable to any incident regardless of cause, size, location, or complexity and its components can also be utilized to develop all-hazards plans, processes, procedures, agreements, and roles.

Additionally, NIMS provides an organized set of **scalable** and **standardized** operational structures, which is critical for allowing various organizations and agencies to work together in a predictable, coordinated manner.

In summary, NIMS is:

- A comprehensive, nationwide systematic approach to incident management.
- A core set of doctrine, concepts, principles, terminology, and organizational processes for all hazards. It is not a detailed operational or resource plan.
- Scalable, so it may be used for all incidents (from day-to-day to large-scale).
- Essential principles for a common operating picture and communications interoperability.
- Standardized resource management procedures for coordination among different jurisdictions and organizations.

The NIMS Resource Center (www.fema.gov/nims) provides online resources to implement and maintain NIMS concepts and principles, including:

- **NIMS Information & Related Documents.** Provides access to the NIMS document and other related annexes, guides, materials, and documents.
- **NIMS Components.** Presents information, guidance, and resources on critical elements such as resource typing definitions, mutual aid and assistance agreements, interoperability, credentialing, and training and exercises.
- **NIMS Implementation Guidance.** Offers stakeholders implementation guidance and assistance. Also includes information about Federal preparedness awards.
- **Briefings, Training & Other Resources.** Provides valuable resources such as NIMS briefings, training requirements and opportunities, alerts, frequently asked questions, lessons learned, forms, and job aids.



FEMA

National Integration Center
500 C Street, SW
Washington, DC 20472
(202) 646-3850

www.fema.gov/nims

FEMA B-775 / Cat. No. 09266-1



NATIONAL INCIDENT MANAGEMENT SYSTEM

December 2008



FEMA

Working together to prevent, protect against, respond to, recover from, and mitigate the effects of incidents.

Homeland Security Presidential Directive 5 (HSPD-5), "Management of Domestic Incidents," directed the Secretary of Homeland Security to develop and administer a National Incident Management System (NIMS).

NIMS is a comprehensive, national approach to incident management that is applicable at all jurisdictional levels and across functional disciplines. NIMS enables us to work together to prevent, protect against, respond to, recover from, and mitigate the effects of incidents, regardless of cause, size, location, or complexity, in order to reduce the loss of life and property and harm to the environment.

NIMS works hand in hand with the National Response Framework (NRF). NIMS provides the template for the management of incidents, while the NRF provides the structure and mechanisms for national-level policy for incident management.

The benefits of NIMS include:

- A standardized approach to incident management that is scalable and flexible.
- Enhanced cooperation and interoperability among responders.
- Comprehensive all-hazards preparedness.
- Efficient resource coordination among jurisdictions or organizations.
- Integration of best practices and lessons learned for continuous improvement.



NIMS is applicable to all levels of government, the private sector, and nongovernmental organizations who have an active role in emergency management and incident response. Below is a summary of key roles and responsibilities.

Federal Departments and Agencies: HSPD-5 requires all Federal departments and agencies to adopt NIMS and use it in their individual incident management programs and activities, as well as in support of all actions taken to assist State, tribal, and local governments.

State, Territorial, Tribal, and Local Governments: In the vast majority of incidents, State, territorial, tribal, and local government resources and mutual aid and assistance agreements provide the first line of incident response, management, and coordination. NIMS is based on the concept that local jurisdictions retain command, control, and authority over response activities for their jurisdictional areas. HSPD-5 requires adoption of NIMS by State, tribal, and local organizations as a condition for Federal preparedness assistance (through grants, contracts, and other activities).

Private Sector and Nongovernmental Organizations: The private sector and nongovernmental organizations play valuable roles in helping communities prepare for, respond to, and recover from incidents. All entities that are directly involved in response operations are strongly encouraged to have their response personnel receive NIMS training.

To integrate the practice of emergency management and incident response throughout the country, NIMS focuses on five key areas, or components. These components work together to form a comprehensive incident management system.



I. Preparedness

Preparedness is essential for effective incident and emergency management. Achieving national preparedness requires partnership among all levels of government, the private sector, and nongovernmental organizations. NIMS preparedness encompasses a continuous cycle of planning, organizing, training, equipping, exercising, evaluating, and taking corrective action. Ongoing preparedness provides for better coordination during times of crisis.



II. Communications and Information Management

NIMS prompts the use of flexible communications and information systems that allow all emergency management and response partners to establish and maintain a common operating picture of the incident. This NIMS component builds on the key concepts of interoperability, reliability, scalability, and portability to ensure that personnel from different disciplines, jurisdictions, organizations, and agencies are able to communicate with each other.



III. Resource Management

Careful management of resources is essential before, during, and after incidents. NIMS describes standardized resource management practices such as typing, inventorying, organizing, and tracking. These practices allow for effective sharing and integration of critical resources across jurisdictions.



IV. Command and Management

The NIMS Command and Management component enables effective and efficient incident management and coordination by providing a flexible, standardized incident management structure. This structure integrates three key organizational constructs: the Incident Command System, Multiagency Coordination Systems, and Public Information.



V. Ongoing Management and Maintenance

The FEMA National Integration Center's Incident Management Systems Integration (IMSI) Division provides strategic direction, oversight, and coordination of NIMS. Working with stakeholders, IMSI supports ongoing maintenance and continuous refinement of NIMS concepts and principles.

NIMS provides the groundwork that we need for efficient and effective nationwide response. You can help support NIMS implementation by:

- Adopting NIMS.** Confirm that your jurisdiction or organization has adopted NIMS through executive order, regulations, proclamation, or legislation.
- Incorporating NIMS Into Your Plans.** Check to see if NIMS (including the concepts, principles, and terminology) has been integrated into your Emergency Operations Plan or other similar plans.
- Participating in NIMS Training.** Review the Five-Year NIMS Training Plan to learn about NIMS training requirements. The NIMS Resource Center includes links to the Plan and training opportunities.
- Reporting NIMS Implementation.** Make sure to report your accomplishments. The NIMS Compliance Assistance Support Tool (NIMSCAST) is a Web-based tool that can help you document NIMS implementation activities.
- Networking With Others.** Contact your State and FEMA Regional NIMS Coordinators to learn about upcoming preparedness events. Consider signing up for NIMS Alerts and other updates at the NIMS Resource Center.





CITY OF LONE TREE
STAFF REPORT

TO: Mayor Gunning and City Council

FROM: John P. Cotten, P.E.

DATE: October 29, 2015

FOR: November 3, 2015 Council meeting

SUBJECT: Revised IGA with Douglas County for Snow Removal on Lincoln Avenue and County Line Road

Summary

This IGA is the annual update of the snow removal services that Douglas County provides on Lincoln Avenue, County Line Road, Surrey Drive and Havana Street (I-25 frontage road).

Cost

The cost of these services is \$234,751.78, which is a slight decrease of \$920.29 from the previous year. The cost decrease is due to minimal materials cost decrease of both granular de-icer and liquid de-icer. These material cost prices are similar to costs Public Works is experiencing with direct purchase of similar material(s). There is no increase of costs for equipment or manpower.

Douglas County has requested a change in the terms of payment for these services requesting a portion of these costs (\$104,334.12) be paid on or before October 1, 2015 and the remaining balance (\$130,417.65) be paid on or before January 1, 2016. Historically, this payment has been a single, lump sum payment due at the beginning of the year. Douglas County has requested this change to account for payment of work completed in 2015 similar to 2014.

Suggested Motion or Recommended Action

I move that City Council approve the IGA with Douglas County regarding snow removal services on Lincoln Avenue, County Line Road, Havana Street and Surrey Drive within the City.

Background

The cost of Douglas County's services are less than the City could contract with Terracare, our snow removal contractor.

INTERGOVERNMENTAL AGREEMENT

by and between

THE CITY OF LONE TREE, COLORADO

and

THE BOARD OF COUNTY COMMISSIONERS

OF THE COUNTY OF DOUGLAS

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) dated this ____ day of _____, 2015, by and between the City of Lone Tree, Colorado, (the “City”) and the Board of County Commissioners of the County of Douglas (the “County”) (collectively, the “Parties”).

RECITALS

WHEREAS, pursuant to Colorado Constitution Article XIV, Section 18(2)(a), and Section 29-1-202, C.R.S., the City and the County may cooperate or contract with each other to provide any function, service, or facility lawfully authorized to each; and

WHEREAS, the City and the County will benefit from the County performing snow removal on Lincoln Avenue, South Havana Street and Surrey Drive for a period of time;

NOW, THEREFORE, it is hereby mutually agreed as follows:

AGREEMENT

1. **SERVICES**. The County shall maintain certain roads within the boundaries of the City for the period from September 1, 2015 to May 31, 2016, as set forth in Exhibit A, attached hereto and incorporated herein ("Services"), at the City's expense.

A. The County shall perform only the Services on those roadways listed on Exhibit A. The County shall perform the Services consistent with current County maintenance practices for urban arterials. Notwithstanding the foregoing, the County shall exercise its reasonable discretion to provide the Services in the manner that the County deems appropriate under the then existing circumstances.

B. The County shall follow all applicable statutes, rules, and regulations of the State of Colorado, and all policies, procedures, resolutions, and ordinances of the County relating to the subject matter of this Agreement.

2. TERM OF AGREEMENT. The term of this Agreement shall commence on, and is retroactive to, September 1, 2015, and shall continue in full force and effect up to and including May 31, 2016, unless otherwise agreed to in writing.

3. COST. The total cost of performing the Services for the term stated in section 2 herein is \$234,751.78. This amount shall be payable by the City to the County in two payments, \$104,334.12 representing September through December 2015 due on or before October 1, 2015; and \$130,417.65 representing January through May 2016, due on or before January 1, 2016. The City may elect to pay the total payment of \$234,751.78 on or before October 1, 2015.

4. SUBSEQUENT ANNEXATIONS. In the event that the City annexes additional property subsequent to the execution of this Agreement; the County reserves the right to refuse to provide services to the annexed property.

5. INDEPENDENT CONTRACTOR. The County is an independent contractor, and nothing herein contained shall constitute or designate the County or any of its employees or agents as employees of the City. It is agreed that the County shall have direct control with respect to the manner and performance of Services.

6. ADDITIONAL SERVICES. In the event the City desires services in addition to the Services defined in this Agreement, the City may make a written request, which will then be addressed and resolved with reasonable promptness and on mutually acceptable terms between the Parties. Such resolution shall be in writing.

7. EACH PARTY RESPONSIBLE FOR ITS OWN ACTIONS. In any action by any third party brought against either Party in connection with the provision of the Services under this Agreement, neither Party shall be liable for the acts or omissions of the other, and each Party shall bear its own costs with respect to the defense thereof.

8. APPROPRIATION. The Parties' obligations under this Agreement are conditioned on the prior appropriation of good and sufficient funds for such purpose. The Parties agree to use good faith efforts to cause appropriation of good and sufficient funds for performance of the obligations herein. This Agreement and/or any extensions to the original term of this Agreement shall be contingent upon annual funding being appropriated, budgeted, and otherwise made available for such purposes by the City, and the notice of such appropriation, budgeting, and availability being provided to the County on or before October 15 of the current term.

9. ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the Parties hereto relating to the work specified in Exhibit A and sets forth the rights, duties, and obligations of each to the other as of the effective date hereof. Any prior agreements, promises, negotiations, or representations not expressly set forth in

this Agreement are of no force and effect. This Agreement may not be modified except, by a writing executed by both the City and the County.

10. BINDING AGREEMENT. This Agreement shall inure to and be binding on successors and assigns of the Parties hereto.

11. ASSIGNMENT. The County shall not have the right or power to assign or delegate its duties under this Agreement without the express prior written consent of the City. Any attempt by the County to assign this Agreement without such consent shall be null and void. However, the County is allowed to subcontract portions of the work without the prior or subsequent permission of the City.

12. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

13. CONTROLLING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, and venue for any legal proceedings shall be in the Douglas County District Court.

14. NOTICES. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by first class mail postage prepaid, to the following addresses:

City of Lone Tree:

City of Lone Tree, Colorado
9220 Kimmer Drive, Suite 100
Lone Tree, CO 80124

cc: Gary R. White, Esq. White, Bear and Ankele, P.C.
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

Douglas County:

Rod Meredith
Douglas County Public Works Operations
P.O. Box 1390
Castle Rock, CO 80109

cc: Lance J. Ingalls, Esq.

Douglas County Attorney
100 Third Street
Castle Rock, CO 80104

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Either Party, by written notice so provided, may change the address to which future notices shall be sent.

15. NO WAIVER OF GOVERNMENTAL IMMUNITY ACT. The parties hereto understand and agree that the County and City, and each of their commissioners, officials, officers, directors, agents, and employees, are relying on, and do not waive or intend to waive by any provisions of this Agreement, the monetary limitations or any other rights, immunities and protections provided by the Colorado Governmental Immunity Act (the "CGIA"), §§ 24-10-101 to 120, C.R.S., or otherwise available to the County or the City. To the extent the CGIA imposes varying obligations or contains different waivers of immunity for Cities and Counties, both the City and the County agree that each will remain liable for the independent obligations under the CGIA whether due to acts or omissions or property interests, and neither party shall be the agent of the other or liable for the obligations of the other under the provisions of the CGIA.

16. NO THIRD PARTY BENEFICIARIES. The enforcement of the terms and conditions of this Agreement and all rights of action relating to such enforcement shall be strictly reserved to the County and City, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person under such Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written which shall hereafter be deemed to have an effective date of September 1, 2015. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

CITY OF LONE TREE, COLORADO

By: _____
JAMES D. GUNNING, Mayor

ATTEST:

City Clerk

**THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF DOUGLAS, COLORADO**

By: _____
Roger Partridge, Chair

ATTEST:

MELISSA A. PELLETIER, Deputy Clerk

APPROVED AS TO CONTENT:

By: _____
Douglas J. Debord, County Manager

DATE: _____

APPROVED AS TO FISCAL CONTENT:

Andrew Copland
Director of Finance

Date: _____

APPROVED AS TO LEGAL FORM:

Nick Pijoan
Senior Assistant County Attorney

Date: _____

EXHIBIT A

SERVICES TO BE PROVIDED

Under this Agreement the County shall provide only the following services: snow removal for Lincoln Avenue, County Line Road, and the portions of S. Havana Street and Surrey Drive that lie within the boundaries of the City as they existed as of October 1, 2015. Lanes added after this effective date are not covered under this Agreement IGA. The portion of Lincoln Avenue that is subject to this Agreement is that portion of Lincoln Avenue which is situated between First Street and the west City Limit of Lone Tree approximately 1 mile west of Yosemite Street. All lanes of Lincoln Avenue within these limits are subject to this Agreement. The portion of County Line Road that is subject to this Agreement is that portion of County Line Road which is situated between Quebec Street and Interstate 25. Only the eastbound lanes of County Line Road are subject to the terms of this Agreement. The portion of S Havana Street that is subject to this Agreement is that portion of S Havana Street between the Schweiger underpass of Interstate 25, north to the intersection with Ridgeway Blvd. Both lanes of S Havana Street are subject to the terms of this Agreement. The portion of Surrey Drive subject to this Agreement is the portion of Surrey Drive from S Havana Street west to the Lone Tree City Limit. Both lanes of Surrey Drive are subject to the terms of this Agreement.

The Services that Douglas County will perform include and are limited to:

1. Snow Removal
2. Salt treatment for snow and/or ice (at the discretion of the County)

All work shall be consistent with the County's snow removal procedures for arterial roadways.

In its sole discretion, but consistently with its snow removal practice for arterial roadways situated in unincorporated Douglas County, Douglas County will: (a) use liquid de-icing products and granular de-icing products where possible to avoid residue from sanding; (b) use aggregate products when required to provide for skid resistance and roadway safety.

Sweeping of aggregate product is not part of this Agreement and will be performed by the City at its discretion.

City of Lone Tree; 2015-2016 Estimated Cost of Snow Removal, with County Line Road

Lane mile calculations		Lane Miles
Lincoln Ave East of I-25	full width	14.73
Lincoln Ave West of I-25	full width	11.13
County Line Road	full width	<u>6.06</u>
		31.92 Total lane miles
		(use previous IGA calculation = 31.5)
So. Havana Street	full width	2.70
Surrey Drive	full width	<u>1.14</u>
		3.84 Total lane miles

Materials usage

Given data:

Ave. # cycles per event =	6 cycles	
Ave. # snow events per year =	30 events	
Ave. amount granular de-icer applied per lane mi. =	160 lbs per lane mile	
Cost of granular de-icer =	\$ 101.12 per ton	(2015 - 2016 price)
Ave. amount of liquid de-icer per lane mi. =	40.00 gal. per lane mile	
Cost of liquid de-icer =	\$ 0.80 per gal.	(2015 - 2016 price)
Number of cycles for liquid de-icer	3.00 cycles	
Number of lane miles being treated =	31.50 lane mi.	

Granular materials=

$$\frac{((31.5 \text{ lane miles})(160 \text{ lbs/lane mi.})(30 \text{ events})(6 \text{ cycles per event}))}{2000 \text{ lbs per ton}} (\$101.12/\text{ton})$$
Total annual granular materials cost = \$ 45,868.03

Liquid de-icer =

$$((31.5 \text{ lane miles})(40 \text{ gal./lane mi.})(30 \text{ events})(3 \text{ cycles per event})) (\$0.80/\text{gal.})$$
Total annual liquid de-icer cost = \$90,720.00

Labor and Equipment

Given data:

Ave. # cycles per event =	9.00 cycles	(6 cycles granular & 3 cycles liquid)
Ave. # of hours per cycle	3 hours	
Ave. # snow events per year =	30 events	
Labor & Equipment cost per cycle =	102.16 per hr	(2015 - 2016 price)
	(Each 1 hr cycle requires labor @ \$32.76/hr., and truck/tractor @ \$69.40/hr. = \$102.16)	

$$(30 \text{ events})(9 \text{ cycles})(3 \text{ Hr/Cycle})(\$102.16/\text{Hr})$$
\$ 82,749.60

Travel for product loading

Given data:

Ave. # cycles per event =	4 cycles
Volume of granular material/truck	12 tons
Time needed per cycle	1 hours
	(.5 hr/cycle for loading and transport, and .5 hour for application)

$$(30 \text{ events})(4 \text{ cycles})(1 \text{ Hr/Cycle})(\$102.16/\text{Hr})$$
\$ 12,259.20

S Havana & Surrey Drive materials only

$$((2.6 \text{ Ln Mi.})(160 \text{ Lb/Ln Mi.})(30 \text{ events})(5 \text{ cycles/event})/2000)(\$101.12/\text{Ton})$$
\$ 3,154.94

\$ 234,751.78

\$ 26,083.53 per month
 \$ 104,334.12 2015
 \$ 130,417.65 2016



CITY OF LONE TREE STAFF REPORT

TO: Mayor Gunning and City Council

FROM: Lisa Rigsby Peterson, Executive Director LTAC

DATE: October 28, 2015

FOR: November 3, 2015 Study Session / City Council Agenda

SUBJECT: Approval of Commissioners' Choice Selection

Summary

The Lone Tree Arts Commission has selected Castle Rock artists Diane Cornish and Cindy Welch from eligible artist applications on Café and recommends exhibiting a collection of their art at the Lone Tree Arts Center as the first 2016 Commissioners' Choice program.

The show would be entitled **Explosion of Color** and would run January 8 – February 29, 2016. There is a possibility that the show might be extended to March 7, 2016.

Cost

\$1,875 is included in the pending 2016 budget. Expenses include marketing collateral, signage, reception catering and staffing. The City of Lone Tree will retain a 20% sales commission on all artwork sold at the Lone Tree Arts Center Box Office.

Background

Diane Cornish has lived in Castle Rock for 48 years. She has a Bachelor of Science degree in art education and a Master's degree in painting with a secondary degree in ceramics. Her unusual and rich background as Ollie the Clown, political cartoonist and courtroom artist for the News Press of Douglas County, general manager/chef of The Sun Bonnet Restaurant in Castle Rock and 28 years as an art teacher (K-12), contributed to her approach to watercolor painting. She is always the eager student, willing to experiment, anxious to explore and is continuously searching for the perfect place, subject, style and the truths behind the quest.

Diane is amazed by the cultural similarities found throughout the places and within the people that inspire her to paint: the islands with their ancient secrets, the ocean with its' serene fierceness, the Southwest because its stark beauty speaks in so many languages and the golden hills of Umbria, Italy because its romantic disposition kindles a passion within. Traditional watercolors are her main focus, however Diane enjoys working in a variety of media.

Cindy Welch has lived in Castle Rock for 25 years. Early in her career, she received a full tuition scholarship to Rocky Mountain College of Art & Design where she majored in Commercial Art. She had the opportunity to try many different mediums in art school but had a special affinity for watercolor.

Welch states: “I love the exciting surprises of watercolor. Mingling colors, the mixing of water and paint, pouring, masking. There’s always something new. My passion is color and making the image more exciting to the viewer with great color while still maintaining a level of realism.”

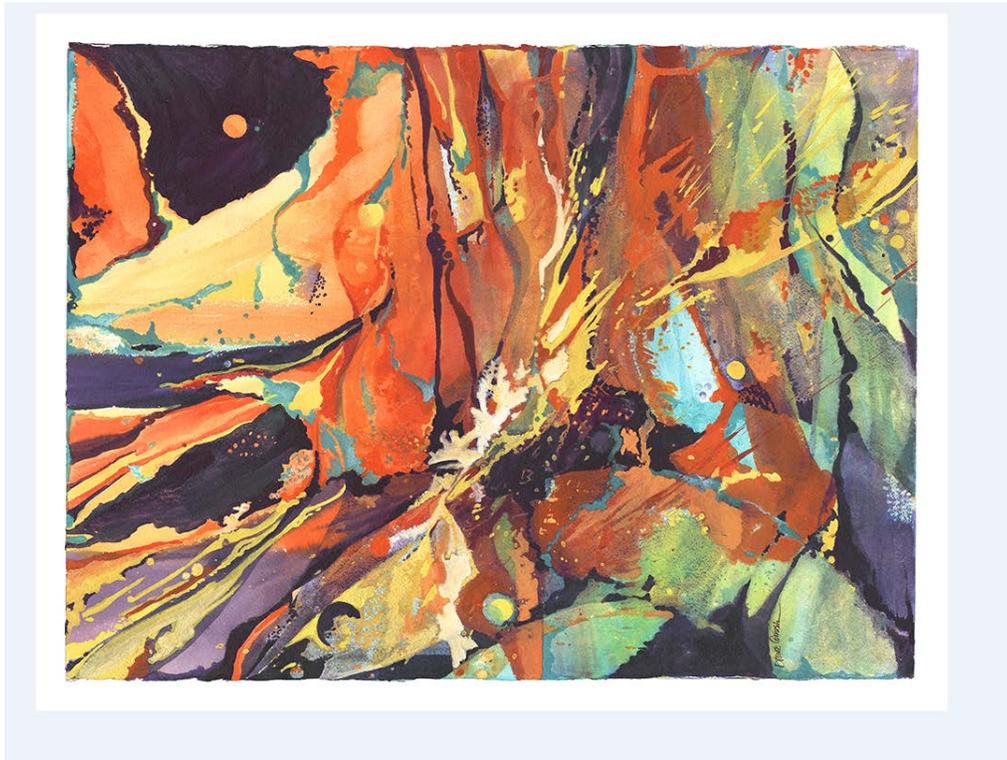
Both artists are enthusiastic about creating representative Lone Tree works, including a watercolor painting by Cindy Welch of the Arts Center during the holiday season.

Representative photos of the artists’ work are attached to this document.

Suggested Motion or Recommended Action

I move to approve the Lone Tree Arts Commission’s recommendation to exhibit Diane Cornish and Cindy Welch’s work for the Commissioners’ Choice program at Lone Tree Arts Center.

Diane Cornish Representative Works



Cindy Welch Representative Works





CITY OF LONE TREE
STAFF REPORT

TO: Mayor Gunning and City Council
FROM: Kristin Baumgartner, Finance Director
DATE: October 28, 2015
FOR: November 3, 2015, Council Meeting
SUBJECT: External Auditor Engagement Letter

Summary

The City went out to RFP for external auditor services in 2015 per the recommendation of City staff and the audit committee. Six proposals were received from various CPA firms. The proposals were reviewed by City staff and the audit committee, and of the six responses, the audit committee narrowed down three finalist for in-person interviews. The firms selected for in-person interviews included our current auditors, Wagner, Barnes & Griggs, CliftonLarsonAllen and Eide Bailly. In-person interviews were held with each of the three firms, the City's Finance Director and Accountant and an audit committee member. The recommendation of the audit committee as a result of this process is to engage Eide Bailly as the City's new external auditor for the 2015 audit. The committee felt that even though our current auditors, Wagner, Barnes & Griggs have served the City well over the last seven years, that it is prudent and a good time to switch auditors. Additionally, with the City's continued growth and the implementation of new GASB pronouncements, a larger firm will offer more resources to City staff.

Cost

Fees for the 2015 audit which includes the financial statement audit as well as the SCFD audit and related agreed-upon procedures totals \$34,350. The agreement can be renewed annually for up to 4 years with a 3% increase each year.

Suggested Motion or Recommended Action

I move to approve the engagement letter with Eide Bailly for external auditor services for the 2015 audit, with the option to renew the contract for four additional years.

Background

Government Finance Officers Association (GFOA) best practices on audit procurement include the following guidance:

- Government entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain “startup” costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor’s ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor

Wagner Barnes and Griggs, PC became the City auditors for the 2008 audit for a five year term through the 2012 audit. Discussion was held with the audit committee about going out for formal requests for proposals (RFPs) for the 2013 audit, however, with the transition of finance coming fully in-house during 2013, the committee felt that it would be better to keep an audit firm that was familiar with the City structure to help access additional internal controls needed with the transition. Additionally in 2013, the City added additional audit work related to the Lone Tree Arts Center to qualify for the Scientific and Cultural Facilities District (SCFD) Tier II grant funding. For the 2014 audit, it was also discussed and the decision was made to again retain Wagner Barnes and Griggs, PC for 2014 by the audit committee, mainly due to the finance director being on maternity leave for a portion of the year, but that the audit committee did recommend going out for RFPs for the 2015 audit.



October 14, 2015

Members of City Council
c/o Kristin Baumgartner, Finance Director
City of Lone Tree
9220 Kimmer Drive, Suite 100
Lone Tree, Colorado 80124

We are pleased to confirm our understanding of the services we are to provide the City of Lone Tree, Colorado (the "City") for the year ended December 31, 2015. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended December 31, 2015. The Park Meadows Business Improvement District (PMBID) will be audited by other auditors and will be included in the City's financial statements for the year ended December 31, 2015. In connection with our audit, we intend to place reliance on the other auditors of the financials statements of the PMBID, a discretely presented component unit of the City as of December 31, 2015. We also plan to make reference to the other auditor's report of the PMBID in our report. 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 RSI 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 obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules
- 3) Notes to Required Supplementary Information

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the 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 financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining and Individual Fund Financial Statements and Schedules
- 2) Schedule of Debt Service Requirements to Maturity

3) Local Highway Finance Report

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

1) Introductory Section

2) Statistical Data

Audit Objective

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 generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to members of City Council of the City of Lone Tree, Colorado. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will 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.

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 government or to acts by management or employees acting on behalf of the government.

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. 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, 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 any 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 Control

Our audit will include obtaining an understanding of the government 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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.

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, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also perform the procedures prescribed by the Scientific and Cultural Facilities Authority (SCFD) for Tier II Organizations, consisting of an audit of the SCFD Tier II Annual Operating Income Form and certain agreed-upon procedures designed to comply with SCFD requirements and agreed to by you. We will apply these agreed-upon procedures in accordance with the rules and regulations of the SCFD, to be issued by SCFD and agreed upon by you, for the year ended December 31, 2015. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures to be developed and agreed upon by you do not constitute an examination, we will not express an opinion on the accounting and attendance records. In addition, we have no obligation to perform any procedures beyond those agreed upon by you.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the City and the SCFD, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements 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 the accuracy and completeness of that information. 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 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 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, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

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 contains and 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 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 changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the regulator or its designee. The regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our preliminary audit work in December 2015 and our year-end audit work in February and April 2016 and to issue our reports no later than June 30, 2016. Kimberley K. Higgins is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be based on the value we provide the City and our standard hourly rates, as stated in our proposal, dated July 31, 2015, as follows:

December 31, 2015 financial statement audit	\$ 64,050
SCFD audit and related agreed-upon procedures	13,000
Out of pocket costs, estimated (such as report reproduction, word processing, postage, travel, copies, telephone, etc.)	2,300
New Client Discount	<u>(45,000)</u>
Total fees	<u>\$ 34,350</u>
Federal Compliance Auditing, if applicable	\$10,000 per program

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit, as indicated in our proposal dated July 31, 2015. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation in accordance with your RFP (scope of services) and our proposal dated, July 31, 2015. The terms and conditions of the RFP and the proposal are attached and incorporated herein by this reference. The above fee is based on anticipated cooperation from your 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 you and arrive at a new fee estimate before we incur the additional costs. This agreement can be renewed annually for up to 4 years.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit and agreed-upon procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

Government Auditing Standards require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

DISPUTE RESOLUTION

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

Mediation

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Greenwood Village, Colorado.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

INDEMNITY

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively “Eide Bailly”) shall be responsible for or liable to you for any misstatements in your financial statements and/or tax return that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys’ fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree, to the extent permitted by law, to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees (collectively “Eide Bailly”), against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys’ fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

ASSIGNMENTS PROHIBITED

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

We appreciate the opportunity to be of service to the City of Lone Tree, Colorado 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.

Sincerely,

EIDE BAILLY LLP

Kimberley K. Higgins, CPA
Partner

ACCEPTED BY *THE CITY OF LONE TREE, COLORADO*

City Manager

Date

ADDENDUM TO AGREEMENT

This Addendum is attached to and made a part of the Agreement between the City of Lone Tree (the “City,”) and Eide Bailly LLP. The Agreement consists of the Engagement Letter and this Addendum. This Addendum shall be interpreted as consistent with all other terms and conditions in the Agreement, wherever possible. To the extent this Addendum conflicts with the terms and conditions contained in the Agreement, the terms and conditions in this Addendum shall control.

Independent Contractor. This Agreement is one for independent contractor services. Eide Bailly LLP is an independent contractor and shall not be considered an employee of the City for purposes of any federal or state law. The City shall not be obligated to secure and shall not provide any employment benefits of any kind or type to or for Eide Bailly LLP, including but not limited to worker’s compensation, disability insurance, errors and omissions insurance, vacation or sick leave, retirement contributions, or other benefits. Eide Bailly LLP shall be responsible for any federal and state income tax withholding on moneys earned pursuant to this Agreement.

Renewals. This Agreement may be renewed annually for four years at the end of the initial engagement under the pricing, terms and conditions set forth in the Engagement Letter.

Termination without Cause or Reason. This Agreement may be terminated by City without cause or reason at any time by giving thirty (30) days written notice to Eide Bailly LLP. In the event of termination, City shall pay Eide Bailly LLP for all services rendered to the date of termination, all reimbursable expenses and all reasonable costs directly related to the termination.

No Assignment. No assignment of this Agreement or the rights and obligations hereunder shall be valid without the prior written approval of the parties.

No Waiver of Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify any governmental immunity that may be available by law to the City of Lone Tree, its officials, officers, contractors, employees, agents, volunteers, consultants or any other person acting on behalf of the City and, in particular, governmental immunity afforded or available pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

Annual Appropriation. Notwithstanding any provision of this Agreement to the contrary, the City of Lone Tree is not obligated by this Agreement to make any payments in any fiscal year beyond the fiscal year for which funds are appropriated for the payment thereof or to make payments from any funds of the City other than funds appropriated for the payment of current expenditures. All payment obligations of the City under this Agreement do not constitute a multiple-fiscal year direct or indirect debt or other financial obligation of the City.

No Third Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement.

Resolution of Disputes. The parties shall make every attempt to resolve their differences in an amicable manner. In the event of litigation arising out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover reasonable attorney's fees and expenses incurred in the prosecution or defense thereof.

Applicable Law. This Agreement shall be governed by the laws of the State of Colorado. Venue for any action arising under this Agreement shall be in the appropriate court for Douglas County, Colorado.

Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes, and all of which, when taken together, shall constitute one and the same Agreement.

Illegal Aliens. Eide Bailly LLP hereby states that it does not knowingly employ or contract with illegal aliens and that Eide Bailly LLP has participated in or has attempted to participate in the E-Verify Program or the Colorado Department of Labor and Employment Program (as defined in §8-17.5-101, C.R.S.) in order to verify that it does not employ any illegal aliens. Eide Bailly LLP affirmatively makes the following declarations:

- A. Eide Bailly LLP shall not knowingly employ or contract with an illegal alien who will perform work under the public contract for services contemplated herein and will participate in the E-Verify Program or Colorado Department of Labor and Employment Program in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services contemplated herein.
- B. Eide Bailly LLP shall not knowingly enter into a contract with a Subcontractor that fails to certify to Eide Bailly LLP that the Subcontractor shall not knowingly employ or contract with an illegal alien to perform the services contemplated herein.
- C. Eide Bailly LLP has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under the public contract for services through participation in either the E-Verify Program or the Colorado Department of Labor and Employment Program.
- D. Eide Bailly LLP is prohibited from using either the E-Verify Program or the Colorado Department of Labor and Employment Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.
- E. If Eide Bailly LLP obtains actual knowledge that a Subcontractor performing the services under this Agreement knowingly employs or contracts with an illegal alien, Eide Bailly LLP shall be required to:

- i. Notify the Subcontractor and the City within three (3) days that Eide Bailly LLP has actual knowledge that the Subcontractor is employing or contracting with an illegal alien.
 - ii. Terminate the contract with the Subcontractor if within three (3) days of receiving the notice required above the Subcontractor does not stop employing or contracting with the illegal alien; except that Eide Bailly LLP shall not terminate the contract with the Subcontractor if during such three (3) days the Subcontractor provides information to establish that the Subcontractor has not knowingly employed or contracted with an illegal alien.
- F. Eide Bailly LLP shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation that such Department is undertaking pursuant to the authority established in §8-17.5-102, C.R.S.
- G. If Eide Bailly LLP violates a provision of the Agreement pursuant to §8-17.5-102, C.R.S., the City may terminate the Agreement. If the Agreement is so terminated, Eide Bailly LLP shall be liable for actual and consequential damages to the City.

Agreed to and Accepted:



 By
 Eide Bailly LLP

 By:
 City of Lone Tree

Date: October 14, 2015

Date: _____



July 31, 2015
Technical Proposal for Auditing Services
RFP #FIN-01

City of Lone Tree

Eide Bailly LLP
5299 DTC Blvd. Suite 1000
Greenwood Village, CO 80111

Kimberley K. Higgins, CPA
Engagement Partner
303.539.5905
khiggins@eidebailly.com

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July 31, 2015

Kristin Baumgartner, Finance Director
City of Lone Tree
9220 Kimmer Drive, Suite 100
Lone Tree, CO 80124

Dear Members of the Audit Committee:

Thank you for giving Eide Bailly LLP the opportunity to propose on auditing services for the City of Lone Tree (“City”). We understand these services include the City’s annual financial statement audit of the CAFR and a separate audit of the Cultural and Community Services Special Revenue Fund. We believe we are the right firm for the City based on our experience with similar governmental entities and our understanding of the work to be performed.

Government Industry Experience

We have more than 550 government audit and assurance engagements, including more than 30 such engagements in Colorado. We are proud to serve many cities throughout Colorado. These clients can speak to our experience, service, and commitment to helping them stay in front of impactful developments. Annually, our firm performs more than 130,000 service hours for clients within the government industry.

Single Audit (A-133) Experience

Eide Bailly audits billions of dollars in federal expenditures annually, providing our team with extensive experience in single audits. We also participate semi-annually in the single-audit roundtable, a meeting of federal single-audit coordinators and public accountants to discuss issues related to auditing federal dollars. We are involved first-hand as new items are discussed and clarifications are provided for different areas. This involvement ensures our staff members are aware of regulation changes and can inform City staff of any changes.

Local Resources, Customized Service

A benefit of being an Eide Bailly client is that we can offer the City the best of all worlds. We are a large, national Top 25 CPA firm of more than 1,500 professionals, with diverse skill sets serving 44,000 clients. We have the bandwidth to provide you with a high level of resources and expertise, but we do this with a local, personalized approach. We are proud to serve clients throughout the state from our five Colorado offices, including our office in the Denver Tech Center.

As accounting professionals, we offer vital services to organizations facing an ever-changing business environment. Delivering a high level of service to clients is a priority at Eide Bailly and, therefore, our staff members realize the importance of building strong business relationships and staying abreast of current issues impacting the government industry. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

Timeliness

We will work with your staff to meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We will work closely with your management team to customize our audit services to your needs. We believe in clear, up-front and open communication with no surprises.

Value for Fees

You can expect quality service at reasonable fees. Eide Bailly has established a reputation of providing quality work at a fair price. Our fees are based on the complexity of the engagement and the experience level of the personnel necessary to perform the required services. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would commence. In other words, there will be no hidden fees.

We Want to Work with You

The following technical proposal highlights our strengths as a Firm and demonstrates why Eide Bailly merits serious consideration. Know that you will be a highly valued client. Our people would be proud to work with the City of Lone Tree and build a trusting relationship with your team. Please contact Kim Higgins if you would like to discuss any aspect of this proposal.

Best regards,



Kimberley K. Higgins, CPA
Engagement Partner
303.539.5905
khiggins@eidebailly.com



Tailored Approach

At Eide Bailly, we do not use a “cookie-cutter” approach. We tailor our services to meet the unique needs of each client.

Qualifications

Eide Bailly Background

Founded in 1917, Eide Bailly is a Top 25 CPA Firm in the nation, with 26 offices in 12 states and more than 1,500 employees. Our firm annually performs more than 130,000 service hours for clients within the governmental industry and has more than 150 governmental staff Firmwide. These professionals share information, learn from others and stay up-to-date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the Firm.

The governmental industry represents one of Eide Bailly’s largest industry areas—with 550 governmental clients Firmwide. Through serving these clients, our professionals have gained focused expertise in the governmental industry and will provide you with insightful advice that aids in managing the finances of the City.



Eide Bailly provides services to a wide range of government entities, which range from small local governments to large state agencies.

We have built our practice around the needs of clients similar to the City. You will receive effective solutions that meet your needs from industry specialists who are familiar with government and component unit audits. Our goal is to provide the best team for the audit and yet be creative to keep the costs reasonable and competitive.

Licensure & Membership

Eide Bailly and the assigned professional staff assigned to the City of Lone Tree are properly licensed to practice in the State of Colorado.

Qualifications

Independence

Eide Bailly is independent of the City and all component units as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*.

Within the past five years, the Firm has not had any other relationships involving the City or component units. Should Eide Bailly enter into any professional relationships deemed relevant during the course of this engagement, we will notify you in writing of such relationship.

Commitment to the Governmental Industry

More than 150 professionals at Eide Bailly are committed to serving our municipal clients. For more than 50 years, our clients have put their trust in the services of our municipal audit teams. These services include auditing government financial statements; evaluating the internal control structure, assessing control risk, and performing tests of controls; and testing compliance with applicable laws and regulations in accordance with *Government Auditing Standards*. We also provide fraud audits, IT audits, and consulting for various areas of government.

Eide Bailly governmental professionals are well-positioned in organizations associated with governmental entities. We are members of the AICPA Governmental Audit Quality Center, the primary purpose of which is to promote the importance of quality government audits. We have also held leadership roles in the GFOA at both the national and local levels.

Through these involvements, we stay abreast of and have input into new issues in governmental accounting. Your service team is very knowledgeable in emerging issues and the ways in which we can help the City with these issues.

Eide Bailly holds an annual governmental conference that clients and non-clients are invited to each year. During this conference, attendees have the opportunity to hear a nationally recognized speaker train on GASB standards and updates, AICPA standards and updates, and Single Audit compliance and updates.

Our professionals also speak at local, regional and national seminars and conferences, addressing various topics such as internal controls.

Qualifications

Our Services

Our core services are performed from our Colorado offices, and include the following. Approximately one-third of our business in Colorado is derived from governmental audits.

Audit & Assurance	Tax	Consulting
<ul style="list-style-type: none"> • Audits • Compilations • 401(k) and Employee Benefit Plan Audits • International Financial Reporting Standards • Reviews • Agreed Upon Procedures • SEC Services • Service Organization Control (SOC) • Single Audits • Internal Audits 	<ul style="list-style-type: none"> • Cost Segregation Studies • Estate, Trust & Gift Services • International Tax • Low Income Housing Credits • R&D Tax Credits • State & Local Tax • Tax Authority Audit & Correspondence • Tax Planning & Preparation • Tax Research 	<ul style="list-style-type: none"> • Technology Consulting • Enterprise Risk Management • Financial Services • Forensic & Valuation • Transaction Services • Wealth Management

Local Office

Professionals from our Denver Metro offices will lead and execute the City audit. We will staff the engagement with a combination of professionals, including Partners, Senior Managers, and Managers. The team members assigned to the City engagement are full-time professionals of Eide Bailly, licensed to practice in the state of Colorado.

Our Colorado offices (Denver Metro, Boulder, Fort Collins and Grand Junction) are comprised of 188 professionals that specialize in auditing and tax services, including a team of 30 professionals that specifically specialize in audits of local governmental entities. We have the capacity to serve the City, now and in the future.

Staff Count	
Level	Total
Partners	28
Senior Managers and Managers	55
Senior Associates and Associates	71
Administrative	34
Total Professional Staff	188

Qualifications

Governmental Clients

We are proud to work with more than 30 governmental and quasi-governmental clients in Colorado, some of which are listed below.

Colorado Governmental Clients		
Adams County	Summit County	CO Dept of Corrections
Aurora Housing Authority	Town of Breckenridge	Colorado State Lottery
City of Commerce City	Elbert County	Office of the District Attorney - 18th D
City of Lafayette	Douglas County	Old Dillon Reservoir Water Authority
City of Louisville	Housing Authority of Pueblo	Avon Station Metro District
City of Steamboat Springs	Confluence Metro District	Douglas County Public Trustee
City of Thornton	Arrowhead Metro District	Jefferson County Public Trustee
Commerce City Housing Authority	Town of Castle Rock	Alpine Metro District
Jefferson County	Purgatory Metro District	Breckenridge Mountain Metro District
Standley Lake	Town of Snowmass Village	National Potato Promotion Board

GFOA Certificate of Achievement for Excellence in Financial Reporting Program

Several members of our Firmwide government team are members of the GFOA's Special Review Committee for the Certificate of Excellence for Achievement in Financial Reporting, including your Engagement Partner, Kim Higgins. Because we know how important achieving the GFOA Certificate of Excellence for Achievement in Financial Reporting is to clients, we work with them to achieve this certification.

Specific ways we have worked with our clients include the following:

- Review GFOA checklist as part of the audit process and ensure that all issues from the checklist have been addressed in the audit
- Frame our audit report to be GFOA-compliant
- Review any comments related to deficiencies and corrections received from the GFOA and help clients to make the necessary adjustments to fix the identified issues

Following is a sample our government audits and those who have been awarded and currently maintain the Certificate.

Qualifications

GFOA Certificate for Excellence in Financial Reporting Clients		
Ada County, ID	City of Grants Pass, OR	City of Sioux Falls, SD
Canyon County, ID	City of Lafayette	City of White Bear Lake, MN
City of Billings, MT	City of Louisville	Clark County, NV
City of Boise, ID	City of Moorhead, MN	Deschutes County, OR
City of Buckeye, AZ	City of Nampa, ID	Douglas County, CO
City of Commerce City	City of Salt Lake City, UT	Jefferson County, CO
City of Deephaven, MN	City of Sioux Falls, SD	Ogden City, UT
City of Fargo, ND	City of Thornton	Omaha Housing Authority, NE
City of Flagstaff, AZ	City of White Bear Lake, MN	

GASB 67 and 68 Implementation

GASB’s issuance of GASB 67 and 68, as related to pensions, will radically affect government entities over the next few years. To some, it is the largest change in governmental operations since the implementation of GASB 34 in 2003. As with all new GASB statements, Eide Bailly is working with our clients to address the implementation issues at the beginning of the audit process and, for certain standards, we even start a year prior to implementation.

Our plan in regards to GASB 67 and 68 is:

- Discuss with clients to make sure the standards are understood.
- Identify issues pertaining to the client.
- Work with the client to determine the solution. We work with our clients and provide input throughout the whole process. We do not have the client do all the work and then tell them where they are wrong.
- Provide education to other members of management and the City Council.

Peer Review

Eide Bailly is a member of the American Institute of Certified Public Accountants (AICPA) Private Companies Practice Section (PCPS) and Center for Public Company Audit Firms (CPCAF). Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years. A copy of our firm’s most recent peer review is included in Appendix A of this technical proposal. The quality review included governmental engagements as required by the AICPA Government Audit Quality Center.

Disciplinary Action and Litigation

Pursuant to Colorado-specific code, the Colorado Department of Legislative Audit performs state desk reviews of certain State entity audited financial statements and field reviews of audited financial statements and supporting working papers on a regular basis.

Qualifications

We asked our clients to describe Eide Bailly...

“... invaluable to our success ... leading-edge experts ... resourceful in recommending strategies ... there for us ... treats us as a valued customer ... passionate about helping clients ... valued business advisors.”

We encourage you to contact our clients so they can share their personal Eide Bailly experience with you.

OMB Circular A-133 and federal grant agreements and contracts may also require the review of financial statements or working papers by a federal or state agency. As these reviews are conducted, Eide Bailly cooperates fully with the agency requiring such reviews. All reviews have been resolved satisfactorily. No disciplinary action has been taken or is currently pending against the Firm during the past three years by state regulatory bodies or professional organizations.

References

As a Top 25 CPA firm with 26 offices in 12 states, Eide Bailly is the firm of choice for 44,000 clients. We recently asked our clients what they valued most about their relationship with our firm. Industry knowledge, attentive service, genuine advice and friendly people were just a few of the responses we received. Our clients are truly the best critics of our service.

Listed below are several governmental clients within the past five years who have similarities to the City as references. We encourage you to contact these clients to learn more about their Eide Bailly experience.

Similar Engagements					
Client	Scope of Work	Hours	Date	Partner	Contact
City of Lafayette	Financial Statement Audit, Single Audit & Consulting	450	2006-Present	Kim Higgins	Chuck Seest Finance Director 303.538.7545
City of Louisville	Financial Statement Audit and Single Audit	400	2005-Present	Dave DeZutter	Kevin Watson Finance Director 303.335.4505
City of Commerce City	Financial Statement Audit, Single Audit & Consulting	950	2004-Present	Kim Higgins	Sheryl Carstens Finance Director 303.289.3608
City of Thornton	Financial Statement Audit, Single Audit & Consulting	950	2006-Present	Kim Higgins	Chuck Seest Finance Director 303.538.7545
Town of Castle Rock	Financial Statement Audit, Single Audit & Consulting	950	2013-Present	Dave DeZutter	Trish Muller Finance Director 720.733.2227

Insurance Coverage

Eide Bailly carries standard levels of insurance and is able to meet your insurance requirements. If awarded the work, we would be happy to provide the appropriate certificates of insurance.



National Resources

When you work with Eide Bailly, you have access to 1,500 talented professionals across the Firm with diverse experiences, skill sets and expertise.

Audit Personnel

We are passionate about our work—and your success. We have chosen professionals for your service team based on their experience in the government industry.

Kim Higgins will lead the team and serve as the Engagement Partner. Dave DeZutter will serve as Alternate Partner; Susann Hartwig will serve as Senior Manager, with Paul Kane will serving as Alternate Senior Manager; Brent Millsbaugh will serve as Manager, with Jeff Burch as Alternate Manager. Ksenia Popke will serve as the Manager for the Cultural and Community Services Fund audit/SCFD reporting, with Dave Studebaker serving as Alternate Manager.

These professionals are licensed to practice in Colorado and bring strong credentials and a desire to work with the City of Lone Tree. If awarded this engagement, these individuals will serve as your primary contacts. Additional resources will support the project team as necessary.

Your service team has extensive experience in the government industry. The following information will provide an overview of your service team. Complete resumes, including continuing professional education and memberships, can be found in Appendix B.

Kim Higgins, CPA – Partner



Kim will lead your engagement team and ensure a smooth transition from the previous auditor as well as ensure the timely completion of the audit. She will also ensure additional support or resources are provided as necessary. Kim has more than 30 years in public accounting, with experience in the government industry throughout her career. She currently has partner responsibility on a number of government clients, including state and local governments. She is integrally involved in the firm's A-133 practice, serving some of our largest governmental, non-profit and for-profit clients receiving federal awards. Her governmental clients include the City of Commerce City, the City of Thornton, the City of Lafayette, the Town of Breckenridge, Jefferson County, Douglas County, Summit County, and Elbert County.

Kim has been a presenter on several key topics, including A-133 and Single Audits; New Auditing Standards; City Fraud Presentations; Sarbanes-Oxley, Government News Follies, and other topics for National, State and local governmental associations. She is a member of the AICPA; the Governmental Issues Committee for the Colorado Society of CPAs; GFOA Special Review Committee, Governmental Audit Quality Center, Colorado GFOA, CCI, SDA and CML.

Audit Personnel



Additional Resources

If necessary, the City has access to over 150 professionals that spend a significant amount of their time performing government audits and who can step into any role of the audit.

Dave DeZutter, CPA – Alternate Partner



Dave will serve as Alternate Partner and as an additional resource for your engagement. He will also ensure additional support or resources are provided as necessary. Dave has more than 30 years of experience in governmental auditing and accounting and will be able to provide a high level of insight throughout the process. His current governmental clients include the City of Louisville, the City of Steamboat Springs, the Town of Castle Rock, Summit County, and the Alpine Metropolitan District.

Susann Hartwig, CPA – Senior Manager



Susann has more than 20 years of experience in the governmental and nonprofit industries, including extensive yellow book and A-133 audit experience. She focuses exclusively on governmental entities, and is actively involved with her clients on a continuing basis, providing services such as reviewing technical issues that are unique or unfamiliar, advising her clients on how to implement new governmental pronouncements and offering her technical expertise in these areas.

Paul Kane, CPA – Alternate Senior Manager



Paul has more than 10 years of public accounting experience and works with government and non-profit sector clients. He will serve as a Senior Manager on the engagement, assisting the management team in all aspects of the engagement and supervising the field auditors assigned to the engagement. Paul will ensure our work conforms to the highest standards, and will work closely with the entire management team to ensure the timely completion of the audit.

Brent Millspaugh, CPA – Manager



Brent has more than 12 years of public accounting experience, with non-profits and governmental entities as a special focus. He will be involved in the planning, review and supervision of the field team and the review of the engagement. His client base includes several governmental entities that require single audits. Brent's strengths are his communication skills and attention to organization and timeliness. He strives to understand his clients' businesses and keeps them fully informed of processes and procedures.

Audit Personnel

Jeff Burch, CPA – Alternate Audit Manager



Jeff will serve as In-Charge and will be responsible for timely delivery of the audit. He has more than six years in public accounting with experience in the government industry throughout his career. His governmental experience includes Jefferson County, Douglas County, Elbert County, Commerce City, Town of Snowmass Village, and Douglas County Libraries.

Ksenia Popke, MAcc, JD, CPA - Audit Manager (SCFD Audit)



Ksenia is a dedicated non-profit auditor and A-133/Single Audit specialist for non-profit entities. She will oversee the SCFD audit to ensure that the City is in compliance with the SCFD reporting criteria and the financial statement audit and reporting requirements are timely and accurately executed. Her role is to ensure the staff is adequately supervised and that all needs are met.

Dave Studebaker, CPA – Alternate Audit Manager (SCFD Audit)



Dave has more than 10 years audit experience providing services to a variety of industries, and has specialized in audits for nonprofit organizations for more than five years. Dave will assist with the SCFD audit to ensure that the City's financial statement audit and reporting requirements are timely and accurately executed.

Continuing Education

Because we are committed to the governmental industry, we provide our professionals with specific, ongoing training related to governmental issues. This investment ensures our people stay current on the unique challenges and opportunities within the government sector so they are in the best position to help clients address these issues.

Firmwide, our continuing professional education program requires all professional staff obtain education that exceeds the requirements of the AICPA and, where applicable, Government Auditing Standards. The Firm places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients.

Audit Personnel

This past year we provided our client service professionals with an average of 49 hours of professional education, compared to the 40-hour accounting industry requirement. In addition, we regularly share information among the audit teams in different offices to ensure we are providing clients with the latest thinking and best possible solutions.

Our governmental professionals obtain continuing professional education through the following means:

- Government-specific seminars sponsored by the AICPA
- Seminars sponsored by the Government Finance Officers Association (GFOA)
- Involvement with local chapters of the GFOA
- Eide Bailly seminars specific to governmental issues which are taught by our experienced managers and partners and also nationally recognized experts in government accounting. The most recent seminar, which all members of your service team attended, was held in early July.

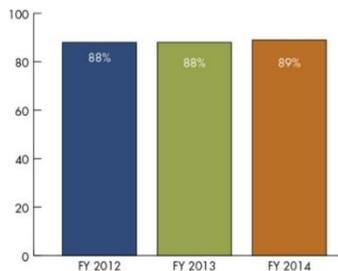
By expanding our knowledge of issues important to governmental organizations, we are able to provide more in-depth, knowledgeable solutions to our clients.

Estimated Staffing Needs

Estimated Hours by Position						
	Hours	2015	2016	2017	2018	2019
Partners	85	\$250	\$250	\$250	\$250	\$250
Managers	95	\$200	\$200	\$200	\$200	\$200
Supervisory Staff	250	\$150	\$150	\$150	\$150	\$150
Other (Administrative)	20	\$80	\$80	\$80	\$80	\$80

Continuity of Staff

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality, as team members' knowledge of your organization grows from year to year.



Should the need arise to change any of the key engagement personnel, we will notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team. Any new team member assigned to the team will have equal or greater experience in the government industry.

Approach to Audit

Eide Bailly Audit Methodology

At Eide Bailly, we promise you a better overall experience. While we recognize that multiple firms are capable of accomplishing the objectives of an audit, Eide Bailly appreciates that every situation and every organization are different and we tailor our approach based on the needs of each governmental client.

Eide Bailly values its business relationships and demonstrates this through our partner and manager involvement. Our senior level professionals are involved with our clients and accessible throughout the year. They do not delegate all tasks to staff, but rather stay involved onsite during fieldwork as well as stay connected throughout the year. This approach delivers the greatest benefit to our clients in that we are able to stay abreast of changes in, and updates to, our client's operating environment and partner with them to achieve optimal results.

Additionally, our clients experience a communication approach that stands apart in both style and frequency. Because we recognize that effective communication is critical throughout the entire audit process, our service approach is one where communication begins with planning and continues throughout the year. We take a collaborative communication approach with our clients and include them in the process as our peers. Our clients offer a wealth of knowledge and information about their organization, and communicating with them as a business partner ultimately produces the best outcome.

During the course of our auditing services, we will hold periodic meetings with your management. This continuous communication ensures you are fully informed, and provides us with timely information that will enable us to best serve your organization. Prior to beginning the engagement, we will discuss with management:

- The engagement timeline
- The audit approach and process
- Additional considerations that may affect scope, schedules and work papers to be prepared by your personnel

Transition

We understand the transition from one professional services firm to another can be the cause of some inconvenience to management and staff. We understand this dynamic, and realize the decision to change service providers is not one to be taken lightly. Our goal is to make the transition as smooth as possible. We will manage the transition to minimize time demands on your employees and ensure a timely first year audit in accordance with professional standards.

Approach to Audit

Core Practices

Eide Bailly's strategy for approaching the audit is to deliver value by remaining true to practices that have worked well for our clients in the past:

- Hire only talented individuals with a passion for client service.
- Treat our employees with respect and provide educational and professional advancement opportunities to minimize turnover.
- Assign highly qualified professionals with Government experience.
- Maintain stability on audit teams from year to year to enhance our relationship with our clients, make the best use of their time, and to deliver consistent service.

These core practices are often cited by our clients as the reasons they chose to be, and remain as, Eide Bailly clients.

Audit Objectives

The primary objective of our audit procedures is to enable us to issue an opinion on the City's financial statements.

- Our audit procedures are conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of accounting records and other procedures considered necessary to enable the expression of such an opinion.
- Our audit procedures are designed to obtain reasonable assurance about whether the financial statements are free of material misstatement using accounting principles generally accepted in the United States of America.
- The audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures also include discussions with management, an assessment of the quality of the accounting principles used and significant estimates made, as well as evaluating the overall consistency of the financial statements and related disclosures.

Using Information Technology Auditors

As part of any financial audit, Eide Bailly is required to obtain a sufficient understanding of the accounting system and technology environment in order to plan the audit. It is our philosophy to not only meet but also exceed this requirement by involving Eide Bailly's dedicated technology specialists to participate in every audit.

Approach to Audit

Our IT auditors are involved with many types of technology engagements. Such projects can include technology assessments, strategic technology planning, security audits, process reengineering, independent system acquisitions, policy and procedures development, Sarbanes-Oxley compliance, operational review, staff performance assessments, and alternatives analysis.

As such, our staff is well seasoned in the practical business implications of technology and can use this knowledge to best serve our clients by understanding the many distinct aspects of the general and application controls that are involved throughout an IT control environment.

Our IT methodology is based on AICPA guidelines, the internal controls framework prescribed by COSO, and the best practices for technology controls as defined by COBIT. When auditing the technology environment, Eide Bailly evaluates both the general technology controls and specific application controls that are in effect. This requires our IT auditors to consider how the accounting systems, infrastructure, processes and people work individually and together to ensure that financial records are being appropriately processed and reported. As such, our team must work with IT staff to assess how the relevant systems and technology environment are administered and supported, and with accounting staff to evaluate how financial data is processed and system controls are maintained to enforce segregation of duties. We plan to assign an IT specialist to our engagement to address these needs.

Client Responsibilities

Our service team will meet with City management for initial planning and pre-audit conference to discuss audit schedules and review prior year audit problems (if any). We will then provide City personnel a *Prepared by Client Guide* (PBC) which highlights the workpapers and information needed for the audit process. We will hold meetings with the accounting personnel throughout the audit process reviewing the list of remaining open items and the plan to finalize those items.

During the audit, our use of City personnel will include answering questions, updating schedules, addressing issues identified, and obtaining supporting documentation. We try to audit efficiently which includes constant communication amongst the team members so we are not asking redundant questions or making redundant document requests. This will keep the amount of hours needed by City personnel to a minimum.

Approach to Audit

We ask our clients to have the requested schedules, documentation, confirmations and financial statements prepared by the requested dates. Having these items prepared before we arrive for final field work will ensure the success of meeting the mutually agreed upon deadlines.

We believe that in implementing the above items we will be able to meet the proposed timeline and meet the deadlines as requested by the City.

Communication

There are many ways to say the same thing. We understand that our job is to communicate information to you, regardless of its nature. To build a better client experience, we focus on employing communication styles that are collaborative rather than combative. By keeping our communication positive, friendly and open, we believe we can create positive discussions with our clients.

As we identify issues during the audit, we focus on communicating information as early as possible, which results in concluding the audits without springing “surprises” on our clients at the end of the process. By keeping the lines of communication open at all times, and properly planning the audit, we are able to keep the process moving in an efficient manner.

Audit Approach

The audit approach we anticipate using for the City consists of five major components: Planning, Preparing, Conducting, Reporting, and Ongoing Communication.

Much time, energy and effort is expended by both the City and Eide Bailly to come up to speed on the inner workings of the City so that appropriate audit documentation is obtained in as efficient and effective manner as possible. Through our experience and technology of our client portal, this information will be exchanged securely and quickly in a paperless environment.

We have found the following approach to be an effective way of conducting a thorough audit in the shortest amount of time possible.



Approach to Audit

Planning: October – December

During this phase, we determine the timing of the various procedures, complete logistical arrangements, arrange for assistance to be provided by personnel from the City, and prepare the audit work programs. We believe the planning component is important to the process as it helps properly address changes and concerns prior to commencement of the audit fieldwork. For this reason, we spend a significant amount of our time in the planning phase. We will also complete a risk analysis, develop a better understanding of the City, perform preliminary review procedures, and assess fraud risk factors in accordance with audit standards. In addition, we will perform selected compliance testing and fraud risk documentation.

1. Assess Risk

- The partners and manager review and identify estimates, related parties, component units, commitments and intergovernmental agreements to determine areas of risk in relation to the financial statements..
- Management override of internal control and journal entries can significantly impact the financial reporting process. We consider this in our planning and timing of procedures for the City.

2. Identify Issues

- During the planning phase, we will also have pre-engagement planning discussions with the City's management to discuss accounting issues, changes in the financial statements, and other issues affecting the audit process as noted above, including subsequent events noted in the 2014 financial statement audit.
- Our audit team will review interim financial statements. This review provides us with information necessary to help plan our audit and develop questions.
- New GASB standards will be discussed, such as the implementation of GASB 68 related to pensions and a determination of how the City may want to proceed on early implementation of any new GASB's, such as GASB 72, Fair Value Measurement and Application.

3. Document Systems

Through discussions held with personnel from the City and the completion of various questionnaires, we develop an understanding of your financial reporting process and internal controls. We reassess the procedures and controls annually and appropriately plan the audit to address any concerns. We address any concerns identified in connection with this review in our letter of comments to the City Council and Audit Committee.

Approach to Audit

4. Consideration of Fraud

“Auditors have the responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.” Eide Bailly’s audit approach has historically addressed many of these issues in accordance with our internal policies. The recent changes have primarily required us to change our documentation policies regarding fraud risk factors and our response to those factors.

5. Tailor Audit Approach

After considering the above factors, we design audit procedures to address changes and difficult areas. Examples include using data extraction software to analyze various accounts and transactions.



Planning: Internal Control

Planning/Internal Control: October – December

During this phase, we will review the internal control systems for the City and review board minutes. We will also review ongoing agreements and new agreements entered into during the current year, including SCFD reporting. In addition, we will perform some preliminary substantive procedures.

1. Communicate Expectations

We will set report delivery time frames for both drafts and final copies of the financial statements and letter to the Audit Committee and/or City Council.

2. Conduct Preliminary Analytical Review

Our audit team will review interim financial statements to identify significant or unusual variances from the prior year and from the budget. This information will be used to formulate expectations and will also be used in the fraud risk analysis. If applicable, we will evaluate a preliminary SEFA and determine federal programs to be tested as well.

3. Tailor Data and Schedule Requests

We will coordinate information requests and timing of our onsite work with management and make arrangements to meet with personnel from the City involved in the audit. We like using our interim audit timing to test systems and federal programs.

Approach to Audit

4. Select Samples and Set Scopes

We will begin making sample selections from preliminary financial information to distribute time requirements of personnel from the City during the audit process.

5. IT Auditors

We will evaluate both the general technology controls and specific application controls that are in effect. This requires our IT auditors to consider how the accounting systems, infrastructure, processes and people work individually and together to ensure that financial records are being appropriately processed and reported.



Conducting/ Fieldwork

Conducting/Fieldwork (Interim and Year-End): February – April

. This year-end phase of the audit includes the primary portion of the substantive testing of the financial statements. This testing includes confirming certain accounts and transactions, vouching selected transactions to source documents, analyzing account balances, making inquiries of management and others, and conducting an analytical review of various account balances and the financial statements.

The following outline summarizes the elements of the interim conducting phase planned for our audit of the City:

1. Risk-Based Approach

During interim fieldwork, we continually reevaluate the risk factors identified during the Planning and Preparing Stages of the City's financial statements as well as the separate reporting of the Cultural and Community Services fund related to SCFD requirements. As we will have a government partner and a manager on site, we are able to quickly respond to changes and make any necessary modifications in our audit approach. As applicable, we will evaluate a preliminary SEFA provided by your staff and pick our federal programs to be tested.

2. Tailor Data and Schedule Requests

We will coordinate information requests and timing of our onsite work with management and make arrangements to meet with grant personnel from the City involved in the audit. We like using our interim audit timing to test systems/cycles and federal programs.

Approach to Audit

3. Select Samples and Set Scopes

We will begin making sample selections from the financial information to distribute time requirements of personnel from the City during the audit process.

4. Follow up

Determine follow up of control deficiencies based upon prior year reports, and seek status reports from the City, if applicable

The following outline summarizes the elements of the year-end conducting phase planned for our audit of the City:

1. Risk-Based Approach

During year-end fieldwork, we continually reevaluate the risk factors identified during the Planning and Preparing Stages. As we will have a government partner and a manager on site, we are able to quickly respond to changes and make any necessary modifications in our audit approach.

2. Tests of Balances and Transactions

- Utilize computer assisted auditing tools in sampling accounts receivable and accounts payable transactions, in the review of general journal entries, and the identification of significant or unusual transactions in specific accounts.
- Vouch to source documents for selected items.
- Review activity subsequent to year-end (to substantiate cut-off as well as substantiate liabilities).
- Confirm balances with external sources, such as financial institutions, investment managers and actuaries.
- Determine proper GASB 40 classifications for the investments.

3. Compliance

We review the SCFD requirements, complete the testing and review the reports prepared by the City to ensure the compliance requirements are met.

4. Review Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Approach to Audit

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

5. Final Analytical Procedures

We will compare financial statement line items for the current, preceding period and budget amount, analyze the results, and inquire of management and others within the City regarding significant changes. Also, we will consider whether sufficient audit evidence has been obtained in response to unusual or unexpected balances or relationships. We will also consider whether responses to inquiries throughout the audit about analytical relationships have been vague or implausible or have produced evidence that is inconsistent with other evidential matter accumulated during the audit.

6. Review of Working Papers and Financial Statements

The partners and manager will review the working papers. We believe it is important to complete the majority of the working paper reviews in the field to limit the number of phone calls back to your staff and reduce interruptions. In addition to the reviews conducted by these individuals, the financial statements will be reviewed by a partner not otherwise associated with the audit of the City to obtain a “second opinion” on the completeness and adequacy of financial statement disclosures and audit procedures.

7. Hold Exit Conference with Audit Committee and Management to Discuss Control Deficiencies and Reports.

This meeting generally occurs on the last day of fieldwork.



Reporting

Reporting: May

We will issue the audit report and letter of comments to the City Council, and will present these reports to the Audit Committee and the Board at their regularly scheduled meeting. The presentation will include ratios and other financial indicators comparing the City and various benchmarks. Our comments will address the City’s significant accounting policies, management’s judgments and estimates related to the financial statements, and other items related to the conduct of the audit. If our audit procedures disclose the existence of reportable conditions or other matters that we feel should be communicated, we will report those items to the Audit Committee and the City Council. If requested, Eide Bailly also provides reports to our clients in Adobe Acrobat Electronic Print Files, which are electronically signed.



Approach to Audit

Communications Approach

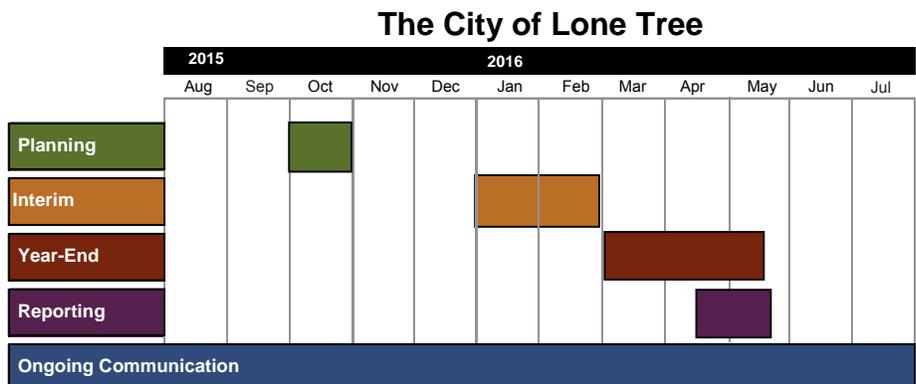
Eide Bailly obtains interim financial statements and Board minutes from our clients throughout the year for review. We will analyze significant changes and identify areas to further tailor our audit plans and to keep us up-to-date with continuing changes at the City. We will also compare the interim results, annualized for comparative purposes, to year-end results for the past few years to identify potential issues in the financial reporting process and report them to you for timely consideration. As part of our ongoing communication, we are available to participate periodically at your Audit Committee or City Council meetings, and any other meetings, at the Board’s request. The fee for this service is outside the scope of the proposed audit fees.

Delivery Schedule

We anticipate performing planning in October 2015 and interim fieldwork during January and February 2016. Year-end field work will be conducted March – May 2016, with delivery to City management and Audit Committee by May 20, 2016.

A change or addition to your team of accounting and financial advisors is often a concern. We place significant emphasis on the smooth and timely transition to our Firm with the least possible disruption to your personnel and operations. If we are selected, we will rapidly familiarize ourselves with the City and work closely with key members of management. We will devote the highest priority to the careful and thoughtful planning required that would ensure a smooth transition.

We understand your requested timeline and are committed to meeting your deadlines. The timeline below outlines our proposed audit schedule; however, we will modify this schedule based on the needs and preferences of the City.



Approach to Audit

b) Level of Staff and Number of Hours for Each Segment

During fieldwork, Eide Bailly segregates the audit steps for each significant audit area. Based on our reviews of the prior year's audit report, we anticipate the following to be a realistic summary of audit areas and the hours necessary to complete the work by staff level.

The City of Lone Tree: Summary of Total Engagement Hours					
Audit Area	Partner	Managers	Staff	Admin	Total
Planning	20	30	40	10	100
Interim Work	20	25	100	--	145
Fieldwork	20	25	100	--	95
Final Report	25	15	10	10	60
Total	85	95	250	20	450

We anticipate that in the first year our hours will be 10-15% higher as a result of additional hours needed as we get to know the City. We do not charge for these hours and consider them as part of our investment in the overall audit process. There will be no charges for start-up work.

c) Sampling Methodology and the Use of Statistical Sampling

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our audit of basic financial statements, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include capital asset additions, expenditures, subsequent disbursements and subsequent receipts.

We will discuss specific sample sizes and selection methods when they are determined, either during audit planning or during fieldwork. We will select the appropriate sample size to support our conclusions in compliance with laws and regulations.

The extent to which we will use statistical sampling will be dependent upon whether using a sample is the most efficient use of time – both ours and yours. We will always be looking for the most efficient process to test the account balance or transactions and apply sampling techniques when warranted. Samples will be used to the extent necessary to support our conclusions on compliance with laws and regulations.

Approach to Audit

d) Extent of Use of EDP Software in the Engagement

Our staff utilizes progressive and effective software to streamline the audit process and make it as efficient as possible. We keep the amount of paper to a minimum and always request items electronically. The major software products we utilize include:

- **ProSystem Engagement** – Software to facilitate the preparation of audit adjustments and financial statements in a paperless format.
- **Audit Command Language (ACL)** – Data extraction software for various uses, including selecting samples, reconciling data, and exception reporting and recalculation.
- **Microsoft Excel** – Software to prepare audit workpapers and schedules.
- **Microsoft Word** – Software to generate audit memos, audit correspondence and audit workpapers.
- **RIA Checkpoint/ARM by CCH** – Internet access of all accounting and auditing standards. Areas include GASB, FASB, AICPA, PCAOB and other resource material. We can access this material at any given time and can provide a quick response to any technical question you may have.
- **Microsoft SharePoint Technologies** - Data stored on the Client Portal is maintained securely behind a tightly controlled firewall. Data exchanged between the Portal and the client is encrypted using asymmetric data encryption and transmitted through the proven SSL process. The Portal public certificate uses a 2048-bit encryption key from Entrust.

Through the use of our Electronic Data Processing (EDP) software, our audit approach delivers an effective and efficient use of time. We have found that we can achieve this objective by obtaining various reports from the EDP system. During the planning phase, we will review your EDP software to determine control features. Our audit procedures will test these features. We will also meet with your information technology staff to identify the ability of your EDP system to generate reports and information, which we can use throughout the audit to supplement or replace other audit procedures. Potential data to be downloaded from the City's server includes trial balances, disbursement ledgers and payroll ledgers.

Approach to Audit

e) Type and Extent of Analytical Procedures to be used in the Engagement

Eide Bailly will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing and extent of other procedures. They will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. These procedures include, but are not limited to, the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

During the year end audit fieldwork we use analytical procedures to test whether errors affecting account balances or classes of transactions have occurred by comparing the recorded amount with an independently developed expectation of that amount. We develop the expectation in such a way that a significant difference between the expectation and the recorded amount is indicative of a financial statement misstatement, unless we can obtain and corroborate explanations for the difference.

Analytical procedures are a natural extension of our understanding of your business because the key factors that influence your business may be expected to affect the financial data.

In the audit reporting phase we perform a final analytical review at the financial statement level as the last step to ensure that we have gained a comprehensive understanding of the financial statements during the audit engagement and to determine whether the financial statements are appropriately presented and contain appropriate disclosures. Such final analytical procedures highlight and explain significant changes from the previous year and ensure that such changes are consistent with the knowledge of your business and our audit evidence. These procedures typically consider trends based on several previous years instead of comparison only with the prior period.

Eide Bailly software will be used to the fullest extent possible in the analytical review, sampling and account analysis areas. We may ask your personnel to provide certain electronic data files, if available, on which we will use our data extraction software.

Approach to Audit

f) Approach to Gain and Document an Understanding of The City of Lone Tree's Internal Control Structure

The approach we will take to gain an understanding of internal controls includes:

- Interview City personnel
- Review organizational charts, accounting and procedure manuals and programs
- Complete internal control questionnaires
- Write-up system narratives
- Evaluate items selected for testing
- Review controls over financial information systems

In addition, our engagement approach is based on the following:

- Observations we believe will help the City achieve their objectives will be shared. We will also be pleased to respond to inquiries you may have about financial or other business matters.
- The assistance to be provided by your personnel, including the preparation of schedules and analyses of accounts, will be discussed with the finance department. The timely completion of this work will assist us in performing our work efficiently.

g) Laws and Regulations Subject to Audit Test Work

During the planning process, we will discuss with the City's management and personnel the laws and regulations to which the City is subject. The object of our discussion will be to determine those laws and regulations that could have a material impact on the financial statements and those laws and regulations pertinent to the City's federal financial assistance programs. Pertinent to our discussion will be our knowledge of such laws and regulations, and our knowledge of Government Auditing Standards. We are aware of the applicable requirements, and consider them when determining the necessary audit procedures for the City.

h) Approach to Audit Samples for Purposes of Tests of Compliance

We design our audit procedures for compliance using sampling procedures to result in sample items being selected on a random basis. To accomplish this, we may utilize our data extraction software, ACL, or Excel to ensure our selections meet the established criteria while maintaining the random selection.

Sample Management Letter

An example of our management letter can be found in Appendix C.



General Fee Statement/Schedule

We propose the following fees based on our understanding of the scope of work and the level of involvement of City staff:

Professional Fees					
	2015	2016	2017	2018	2019
City of Lone Tree Financial Statement Audit	\$64,050	\$64,050	\$64,050	\$64,050	\$64,050
SCFD Audit	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Other Costs (Administrative)	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
Subtotal	\$79,350	\$79,350	\$79,350	\$79,350	\$79,350
<i>New Client Discount</i>	-\$45,000	-\$43,970	-\$42,000	-\$41,000	-\$41,000
Total Fees	\$34,350	\$35,380	\$37,350	\$38,350	\$38,350
Single Audit (Cost Per Program, if required)	\$10,000	\$10,000	\$9,500	\$9,000	\$9,000

Hourly Rates		
Level	Standard Hourly Rates	Discounted Hourly Rates
Partner	\$350	\$250
Managers	\$290	\$200
Supervisory Staff	\$180	\$150
Other (Administrative)	\$100	\$80

Fee Philosophy

We are interested in developing a long-term relationship with the City of Lone Tree. Given a consistent set of circumstances and changes in operations, fees for subsequent years will not reflect a significant increase over the proposal above. Our fees are based on the complexity of the issue and the experience level of the staff members necessary to address it. In the event you request additional services, we will obtain your agreement on fees before such work would commence. In other words, there will be no “surprises” or hidden fees.

Billing Policy Regarding Telephone Inquiries

We have found that clients appreciate access to all of their service team members. We embrace this need and ensure all our team members are available to service your questions and issues. If a particular issue surfaces that falls outside the scope of this engagement, we will bring it to your attention and obtain approval before proceeding on a path of resolution.



The Eide Bailly Difference

Our professionals deliver genuine and insightful advice beyond what is normally expected in the public accounting industry.

We are confident you will benefit from working with Eide Bailly.

Additional Data

We Want to Work with the City

Our work with clients is more than an engagement. It's a relationship, built on value and trust – and results. When working with Eide Bailly, you will be:



Understood

We listen carefully to learn how we can help you now and in the future. By applying our technical and industry knowledge, we make the complex simple. If it's important to you, it's important to us.

Connected

Our local and regional professionals bring their expertise and thought leadership to every interaction with you. You will benefit from new ideas, opportunities and solutions as they happen. We'll connect you with the right resources and deliver comprehensive solutions in a respectful, peer-to-peer approach. We keep the answers within your reach.

Confident

With Eide Bailly beside you, you'll feel confident addressing challenges and embracing opportunities as they arise. We go the extra mile to deliver unmatched solutions for your business. Success is demanding. We've got your back.

Our people are excited about the opportunity to work with you and build a trusting relationship with your team. We look forward to working with the City of Lone Tree.

Appendix A – Peer Review



System Review Report

To the Partners of Eide Bailly LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
December 12, 2014

Appendix B – Team Profiles

Kimberley K. Higgins, CPA

Engagement Partner
303.539.5905 | khiggins@eidebailly.com



Knowledge and Experience

- More than 30 years of public accounting experience serving a variety of clients, including governmental and quasi-governmental entities and non-profit organizations.
- Performs audits of some of the largest Colorado cities and counties.
- Conducts audits in accordance with GAGAS (the yellow book) and OMB Circular A-133.
- Serves on local and national conference planning committees and speaks and trains on governmental and NFP topics.

Professional Memberships

- Colorado Society of Certified Public Accountants - Governmental Issues Committee
- American Institute of Certified Public Accountants (AICPA)
- Colorado Government Finance Officers Association (CGFOA)
- Special District Association of Colorado
- Colorado Counties, Inc.
- Colorado Municipal League

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Science, Accounting - Murray State University, Kentucky
- Associate of Arts - University of Kentucky, HCC

Relevant Governmental CPE

- | | |
|--|----------|
| • 2015 OMB Compliance Supplement & Single Audit Update | 2 hours |
| • 2015 Governmental Conference | 16 hours |
| • Effective Internal Controls: COSO Framework | 2 hours |
| • The OMB Super Circular: What It Means for You | 2 hours |
| • 2014 AICPA National Governmental Conference | 8 hours |
| • 2014 EB Governmental/Non-Profit Update | 21 hours |
| • 2013 GASB Update | 4 hours |
| • 2013 EB Governmental Conference | 12 hours |
| • 2013 AICPA National Governmental Conference | 16 hours |
| • 2012 AICPA National Governmental Conference | 16 hours |
| • 2012 EB Governmental Conference | 12 hours |
| • 2012 GASB Update | 8 hours |



David A. DeZutter, CPA

Alternate Partner

303.459.6730 | ddezutter@eidebailly.com

Knowledge and Experience

- More than 30 years of public accounting experience, including the management and coordination of audit engagements, business consulting and agreed-upon procedures.
- Performs audits of clients in various industries, including local government, non-profit, manufacturing, and retail and wholesale.
- Provides additional services to clients, including assistance in corporate planning and budgeting, implementation of accounting systems and preparation of forecasts.

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Government Finance Officers Association

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Science, Accounting - Colorado State University, Fort Collins
- Associate of Science, Social Sciences - State University of New York, Cobleskill

Relevant Governmental CPE

- | | |
|--|----------|
| • 2014 A&A Update - Colorado | 8 hours |
| • 2014 AICPA National Governmental A&A Update | 8 hours |
| • 2014 Assurance Advisory Committee Update; FASB Updates | 1 hour |
| • 2014 Governmental Client A&A Update - Colorado | 8 hours |
| • 2013 GASB Update | 5 hours |
| • 2013 AICPA National Governmental Conference | 16 hours |
| • 2013 EB Governmental Conference | 8 hours |
| • 2012 AICPA National Governmental Conference | 16 hours |



Susann R. Hartwig, CPA

Senior Manager

303.539.5902 | shartwig@eidebailly.com

Knowledge and Experience

- More than 20 years of public accounting experience providing services to a variety of industries, including non-profit and government entities and specializing in single audits.

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Government Finance Officers Association and CGFOA

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Science, Business Administration - University of Colorado, Denver

Relevant Governmental CPE

- | | |
|--|------------|
| • 2014 AICPA National Governmental Conference | 17 hours |
| • 2014 EB Governmental/Non-Profit Update | 13 hours |
| • 2013 AICPA National Governmental Conference | 17.5 hours |
| • 2013 EB Governmental Conference | 13 hours |
| • 2012 AICPA National Governmental Conference | 17.5 hours |
| • 2012 EB Governmental Conference | 12 hours |
| • 2012 GASB Update | 8 hours |
| • 2011/2012 GAQC updates | 2 hrs/mo |
| • 2011 AICPA National Governmental Conference | 16 hours |
| • 2010 EB Governmental Conference | 12 hours |
| • 2010 AICPA National Governmental Conference | 16 hours |
| • 2010 Training Seminar for Auditors of County Human Service Depts | 8 hours |



Paul S. Kane, CPA

Senior Manager

303.459.6758 | pkane@eidebailly.com

Knowledge and Experience

- More than 10 years public accounting experience providing services to a variety of industries, including construction and real estate, local governments, including cities and counties.
- Experience with A-133 single audits, including working with a variety of federal grants and agencies.
- Extensive CAFR preparation and review experience

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Colorado Society of Certified Public Accountants (COCPA)
- Government Finance Officers Association (GFOA)
- Colorado Government Finance Officers Association (CGFOA)
- Construction Financial Management Association (CFMA)

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Science, Accounting – University of Colorado, Denver

Relevant Governmental CPE

- | | |
|--|----------|
| • 2015 Governmental Conference | 12 hours |
| • 2014 Training for Auditors of County Human Services Departments | 6 hours |
| • 2014 EB Governmental/Non-Profit Update | 21 hours |
| • 2013 Training Seminar for Auditors of County Human Service Depts | 5 hours |
| • 2013 AICPA National Governmental Conference | 16 hours |
| • 2012 GASB Update | 8 hours |
| • 2012 Training Seminar for Auditors of County Human Service Depts | 8 hours |
| • 2012 AICPA National Governmental Conference | 16 hours |
| • 2012 EB Governmental Conference | 8 hours |
| • 2011 EB Governmental Conference | 8 hours |
| • 2011 AICPA National Governmental Conference | 16 hours |
| • 2010 EB Governmental Conference | 8 hours |
| • 2010 AICPA National Governmental Conference | 16 hours |
| • 2010 Training Seminar for Auditors of County Human Service Depts | 8 hours |



Brent Millspaugh, CPA

Audit Manager

303.586.8549 | bmillspaugh@eidebailly.com

Knowledge and Experience

- More than 12 years of auditing and accounting experience providing services to a variety of clients, including government entities (cities, counties and special districts), non-profit clients, and non-public for-profit entities.
- Extensive CAFR preparation and review experience

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Colorado Society of Certified Public Accountants (COCPA)
- Government Finance Officers Association (GFOA)
- Colorado Government Finance Officers Association (CGFOA)

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Business Administration - Accounting, Harding University, Searcy, Arkansas

Relevant Governmental CPE

- | | |
|---|----------|
| • 2014 AICPA National Governmental Conference | 17 hours |
| • 2013 EB Governmental Conference | 8 hours |
| • 2013 AICPA National Governmental Conference | 16 hours |
| • 2012 EB Governmental Conference | 8 hours |
| • 2012 AICPA National Governmental Conference | 16 hours |
| • 2012 Training Seminar for Auditors of County Human Service Depts | 7 hours |
| • 2011 EB Governmental Conference | 8 hours |
| • 2011 AICPA National Governmental Conference | 16 hours |
| • 2011 Training Seminar for Auditors of County Human Services Departments | 7 hours |
| • 2010 EB Governmental Conference | 12 hours |
| • 2010 AICPA National Governmental Conference | 16 hours |
| • 2010 Training Seminar for Auditors of County Human Service Depts | 8 hours |



Jeffrey B. Burch, CPA

Audit Manager

303.539.5931 | jburch@eidebailly.com

Knowledge and Experience

- More than six years of experience in governmental and NFP auditing and accounting.
- Governmental engagements include Douglas County, Jefferson County, Elbert County, Commerce City and the Town of Snowmass Village.

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants

Designations & Licensures

- Certified Public Accountant, Colorado

Education

- Bachelor of Business Administration, Accounting – University of Wisconsin, Madison

Relevant Governmental CPE

- | | |
|--|---------|
| • Intermediate Single Audit | 2 hours |
| • Intermediate Governmental Industry Update | 2 hours |
| • EDUFEX - Level III | 8 hours |
| • Training Seminar for Auditors of County Human Services Depts | 7 hours |
| • EDUFEX - Level IV | 8 hours |
| • Training Seminar for Auditors of County Human Services Depts | 7 hours |
| • Governmental Client A&A Update - Colorado | 8 hours |
| • Training for Auditors of County Human Services Depts | 6 hours |



Ksenia V. Popke, MAcc, CPA, JD

Audit Manager

303.459.6782 | kpopke@eidebailly.com

Knowledge and Experience

- Public accounting and legal experience providing services to domestic and international clients.
- Focus on nonprofit industry, including financial reporting, federal funding, compliance, operations and governance matters.
- Previous experience includes facilitating immigration law issues for an international corporation, preparing tax returns for foreign nationals and US citizens living abroad.

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Advisory Board for the School of Accountancy, Daniels College of Business, University of Denver
- Finance Committee of the Board of Directors, Art Students League of Denver

Designations & Licensures

- Certified Public Accountant, Colorado

Education

- Master of Accountancy - Daniels College of Business, University of Denver
- Juris Doctor - Ural State Law Academy, Russia
- Bachelor of Arts, Economics - Western Kentucky University

Relevant CPE

- | | |
|---|------------|
| • 2014 A&A Update | 8 hours |
| • 2014 Assurance/Tax Coordination; Private Company Council; Integrating Forensics; Risk Assessment Linkage & Firm Updates | 1 hour |
| • 2014 Internal Control Considerations | 1 hour |
| • 2014 Endowment Accounting & Financial Reporting | 3 hours |
| • 2014 Governmental & Non-Profit Update | 15 hours |
| • 2014 NPO Conference | 8 hours |
| • 2015 2nd Quarter Economic and Market Review | 1 hour |
| • 2015 Annual NPO & Government Industry: A-133 Update | 12.5 hours |
| • 2015 Annual NPO Industry Conference: Audit Track | 6 hours |
| • 2015 Affordable Care Act | 1 hour |
| • 2015 State & Local Tax for Auditors; Risk Assessment; Scoping & Analytical Procedures | 1 hour |
| • 2015 Ethics: Non-Attest Services, Integrity & Objectivity | 1.5 hours |
| • 2015 NPO Conference | 8 hours |



Dave P. Studebaker, CPA

Audit Manager

303.459.6792 | dstudebaker@eidebailly.com

Knowledge and Experience

- More than 10 years of audit experience providing services to a variety of industries.
- More than five years of experience specializing exclusively in audits of non-profit organizations, including organizations receiving Federal awards.

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Community College of Denver Accounting Advisory Board
- Worklife Partnership – Board Treasurer & Finance Committee Chair
- Rocky Mountain Microfinance Institute – Audit Committee Member

Designations & Licensures

- Certified Public Accountant

Education

- Bachelors of Business Administration, Accountancy / Sociology - University of Notre Dame, Indiana
- Masters of Science in Accounting, Northeastern University - Boston, Massachusetts

Relevant CPE

- | | |
|--|----------|
| • 2014 A&A Update | 8 hours |
| • 2014 Assurance Advisory Committee Update & Accounting Standards Updates | 1 hour |
| • 2014 Assurance Advisory Committee Update; FASB Updates | 1 hour |
| • 2014 Assurance/Tax Coordination; Private Company Council; Integrating Forensics; Risk Assessment Linkage | 1 hour |
| • 2014 Internal Control Considerations; Loan Covenant Considerations | 1 hour |
| • 2014 Peer Review Update; FASB Private Company Council Refresher & Analytical Procedures | 1 hour |
| • 2014 SSARS Update - Review and Compilation Engagements; Inventory Observations | 1 hour |
| • 2014 GAO Standards: Yellow Book | 7 hours |
| • 2015 Annual NPO & Government Industry Conference | 33 hours |
| • 2015 Repair Regulations; Group Audit Considerations; Journal Entry Testing & Firm Updates & Reminders | 1 hour |
| • 2015 State & Local Tax for Auditors; Risk Assessment; Scoping & Analytical Procedures | 1 hour |

Appendix C – Sample Management Letter

Name of Governmental Entity
City, State

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the [Name of Governmental Entity] as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the [Name of Governmental Entity] 's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the [Name of Governmental Entity]'s internal control. Accordingly, we do not express an opinion on the effectiveness of the [Name of Governmental Entity]'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in [Name of Governmental Entity]'s internal control to be a material weakness:

Calculation of Excess Fees

State statute, CRS Title 38-37-104, describes the requirements the public trustee must use to comply with reporting on the quarterly remittance to the County for excess fees. These fees are computed using the revenues received and the expenses paid with the excess fees to be paid to the County based on information from the financial software system. The fourth quarter calculation was not computed correctly or detected by the [Name of Governmental Entity]'s staff. An audit adjusting journal entry was proposed to correct the error in the amount of \$66,072. The [Name of Governmental Entity] agreed with this correction and made the journal entry to the 2014 financial records. If the error had not been detected by the auditors and the remittance was sent to the County for the original calculated amount of \$1,998 the [Name of Governmental Entity] would have been in violation of the aforementioned statute.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in [Name of Governmental Entity]'s internal control to be a significant deficiency:

Financial Statement and Account Balances Preparation

During our audit we noted several issues related to the account balances that affected the financial statement preparation as noted below:

- The consultant was unable to accurately complete the reconciliation (adjustments) from the fund level (modified accrual) to the government wide (full accrual) financial statements.
- Errors were made in computing the depreciation expense for the office furniture by approximately \$1,100.
- Errors were made in recording the unemployment claim liability by approximately \$2,000.
- Errors were made in the compensated absences calculation by approximately \$3,800.

- Printing, postage and copier expenses were netted with the fees charged (approximately \$26,000 expenses and \$33,000 in revenues).
- Accrued interest receivable was not calculated for approximately \$500 for interest income.
- Prepaid insurance was not included in the government wide calculation of approximately \$6,000.
- Supporting documents for one journal entry was not located for correcting inter-fund activity in the amount of approximately \$3,900.

All of the above errors related to account balances were corrected by management. The journal entry support has not been located as of the end of our fieldwork date.

Due to the errors noted above, that were not detected by the [Name of Governmental Entity]'s staff, a significant deficiency over account balances and financial statement preparation was noted. EB proposed adjustments to the account balances affected and the financial statements for these amounts.

This communication is intended solely for the information and use of management, the [Name of Governmental Entity], and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly Signature

Greenwood Village, CO
March 2, 2015



CULTURE

The Foundation of Success

Caring for our external and internal clients
with a passion to go the extra mile.

Respecting our peers and their
individual contributions.

Conducting ourselves with the highest level
of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success
of the Firm, not just individual or office success.

Stretching ourselves to be innovative and
creative, while managing the related risks.

Recognizing the importance of maintaining
a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ...
and having fun!



www.eidebailly.com