

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF APPOINTING)	RESOLUTION NO. 88-872
PEAT MARWICK MAIN & CO. AS)	
METRO'S INDEPENDENT AUDITOR AND)	Introduced by Rena Cusma,
PROVIDER OF PROFESSIONAL TAX)	Executive Officer
SERVICES)	

WHEREAS, the Department of Finance & Administration requested proposals, in accordance with all applicable requirements, from qualified Certified Public Accountants to perform independent audit and professional tax services; and

WHEREAS, Proposals were received from two Certified Public Accountant firms well qualified to perform the required services; and

WHEREAS, Peat Marwick Main & Co. submitted the lowest cost proposal; and

WHEREAS, The Council Finance Committee recommends approval of the appointment of Peat Marwick Main & Co. as the District's independent auditor and provider of professional tax services; now, therefore,

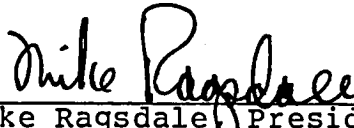
BE IT RESOLVED,

1. That the Council of the Metropolitan Service District authorizes the District to enter into a contract with Peat Marwick Main & Co. to provide independent audit services.

2. That the Council of the Metropolitan Service District authorizes the District to enter into a contract with Peat Marwick Main & Co. to provide professional tax services.

3. That the contracts so authorized be in effect for a period of three (3) years from the effective date of the contract.

ADOPTED by the Council of the Metropolitan Service District
this 10th day of March, 1988.



Mike Ragsdale, Presiding Officer

DRC/sm
8745C/525
02/11/88



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
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Memorandum

Agenda Item No. 6.2

Date: March 3, 1988

Meeting Date March 10, 1988

To: Metro Council

From: Tanya Collier
Chair, Council Finance Committee

Regarding: FINANCE COMMITTEE REPORT ON MARCH 10, 1988,
COUNCIL AGENDA ITEM

Agenda Item 6.2

Consideration of Resolution No. 88-872,
for the Purpose of Appointing Peat
Marwick Main and Company as Metro's
Independent Auditor and Provider of
Professional Tax Services

Committee Recommendation

The Finance Committee unanimously recommends adoption of
Resolution No. 88-872.

Discussion

There was no substantive discussion of the Resolution. There
was consensus that two proposals received were excellent and
both firms equally qualified. Peat Marwick Main and Company,
however, proposed a lower fee for services.

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CONSIDERATION OF APPROVAL OF A THREE-YEAR CONTRACT
TO PERFORM INDEPENDENT AUDIT AND PROFESSIONAL TAX
SERVICES

Date: January 27, 1988

Presented by: Ray Phelps

FACTUAL BACKGROUND AND ANALYSIS

Metropolitan Service District Code, Section 2.04.054, requires that Personal Services Agreements not exceed three years in length. On December 31, 1987, the three-year agreement with Peat Marwick Main & Co., Metro's independent auditors, expired.

The Process

Metro requested proposals from 14 firms. These requests were mailed December 1, 1987, to all "Big 8" accounting firms, three large regional firms, and three "local" firms. Included on this list were the only two firms identified on ODOT's list of eligible DBE/WBE firms. An advertisement was also placed in the Daily Journal of Commerce, which resulted in no additional mailings of the Request for Proposals.

Ray Phelps (Director of Finance & Administration), Donald Cox, (Manager of Accounting), Estelle O'Connor (Senior Accountant), Jennifer Sims (Director of Management Services), and Councilor George Van Bergen made up the evaluation team.

Firms were evaluated on technical expertise and cost. Major technical factors considered were:

- Thoroughness of proposal in showing an understanding of the work to be performed.
- The firms technical experience in governmental auditing, Single Audit requirements, and tax law as it relates to municipalities.
- The audit and tax team's experience and professional development.
- The audit approach of the firm.
- The approach in regards to performance of tax work.

The Results

Five firms declined in writing to propose. Two proposals were received by the December 30, 1987, deadline -- Peat Marwick Main & Co., and Coopers & Lybrand. The evaluation team recommends the

appointment of Peat Marwick Main & Co. as Metro's independent auditor and provider of professional tax services.

Basis for Conclusion

The team evaluated the technical expertise of each firm. Coopers & Lybrand and Peat Marwick Main & Co. are both well qualified firms in governmental accounting and single audit requirements. The decision thus came to cost. Based upon Peat Marwick Main & Co. proposing the lowest fee, the recommendation is made to appoint Peat Marwick Main & Co. as Metro's independent auditor and provider of professional tax services for a three-year period.

The costs identified in each of the proposals are:

<u>Audit Services</u>	<u>Coopers & Lybrand</u>	<u>Peat Marwick Main</u>
Basic Audit Requirements (FY 1988)	\$26,526 ^{a, b} (850 hours)	\$22,000 ^a (900 hours)
Tax Services Fee (Calculation of Arbitrage, rebate amount and report to Trustee)	\$ 1,530	\$ 2,000
Non-Audit/Tax Services	--	--
Out-of-Pocket Expenses	<u>\$ 1,750</u>	<u>--</u>
Total Fee Proposal	<u>\$29,806</u>	<u>\$24,000</u>

Quoted Rates for any
Required Additional
Services

	<u>Audit</u>	<u>Tax</u>	<u>Audit</u>	<u>Tax</u>
Partner	\$60	\$70	\$100	\$100
Manager	50	60	50	50
Senior Staff	34	50	35	35
Junior Staff	20	40	20	20

^a Audit fees to be adjusted in 1989 and 1990 based upon any increase in the Consumer Price Index for the Portland metropolitan area and any significant increase in Metro's operation requiring significant audit work.

^b This fee includes Coopers & Lybrand staff resources to perform all data gathering, report formatting and preparation required for a Comprehensive Annual Financial Report (CAFR) which would be submitted to the Government Finance Officers Association Certificate of Excellence in Financial Reporting program.

In addition, this fee includes certain computer audit techniques in workpaper preparation and property tax workpaper preparation.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer's recommendation will be presented at the meeting.

DRC/gl
8745C/525
02/03/88