

BOARD OF EDUCATION

Portland Public Schools
Regular Meeting
November 26, 2012

Board Auditorium

Blanchard Education Service Center
501 North Dixon Street
Portland, Oregon 97227

***Note:** Those wishing to speak before the School Board should sign the citizen comment sheet prior to the start of the regular meeting. No additional speakers will be accepted after the sign-in sheet is removed, but citizens are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All citizens must abide by the Board's Rules of Conduct for Board meetings.*

Citizen comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Citizen comment on all other matters will be heard during the "Remaining Citizen Comment" time.

This meeting may be taped and televised by the media.

AGENDA

1. **LENT CHOIR** 6:00 pm
2. **SUPERINTENDENT'S REPORT** 6:15 pm
3. **STUDENT TESTIMONY** 6:45 pm
4. **STUDENT REPRESENTATIVE'S REPORT** 7:00 pm
5. **PUBLIC COMMENT** 7:05 pm
6. **MULTNOMAH EDUCATION SERVICE DISTRICT** 7:20 pm
7. **FIRST READING: PURCHASING POLICY AMENDMENTS** 7:30 pm
8. **ENROLLMENT BALANCING- Llewellyn/Duniway** – (action item) 7:50 pm
9. **COMPREHENSIVE ANNUAL FINANCIAL REPORT** 8:10 pm
10. **OREGON SCHOOL BOARD ASSOCIATION ELECTION** 8:30 pm
11. **BUSINESS AGENDA** 8:35 pm
12. **ADJOURN** 8:40 pm

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. All individuals and groups shall be treated with fairness in all activities, programs and operations, without regard to age, color, creed, disability, marital status, national origin, race, religion, sex, or sexual orientation.

Board of Education Policy 1.80.020-P

Student Representative's Report – November 26, 2012

The Student Union is going strong! We've had quite a few students join us, but are still lacking representation from a few schools. I have sent out a final email to those principals asking for student representatives.

At our last meeting we looked at nutrition and school lunches. The students were impressed by how hard Nutrition Services has worked to provide healthy lunches at such a small expense.

We also looked at the student feedback form that was created last year. Students were really into the idea of student evaluations and almost every student on the Student Union signed up to be part of the evaluation committee. Because of the great amount of interest, we will be looking more into the evaluation process and other student evaluations at the meeting this Wednesday.

Finally, 10 students from Lincoln, Principal Chapman, and science teacher Mr. Haddon, traveled to Qatar two weeks ago for 10 days. I was lucky enough to be one of the students who were invited to go on the trip. The trip was focused on an environmental MUN conference. However, I felt it was more focused on students learning the Qatari culture.

We were able to attend the girl's school, which was an IB school, and we were happy to see students learning the same curriculum from the same textbooks. Their school system was different than ours in that they had "majors" in high school. The two main majors I noticed girls had were Medicine and Engineering. It was surprising to see that so many girls wanted to be doctors. This reminded me of how Harriet Tubman's focus was on empowering girls in specifically math and science courses. The major set-up was similar to our "pathways" we pick in high school, just stricter in that it dictated the math and science classes the students had to take. One other requirement the schools had throughout Qatar is that the teachers are required to start every class by stating the objective of the lesson that day. The school believed strongly in this as it makes lessons clearer for students.

Overall, I learned so much from talking to the Qatari girls. They were really open about their opinions and beliefs. Religion played such a huge part of their culture and really impacted their society, but they respected us for not partaking in it. Being in the Middle East definitely cleared up any and all past stereotypes about Arabs, and even from their point of view I think meeting Americans cleared up stereotypes they had about us.

I now realize that you can only learn so much in a classroom. Being immersed in whatever one is learning about seems really beneficial to the education of students. I do not think this has to be specific to sending students across the world, but in all subjects at school we should be helping students find internships in subjects that they are interested in. For high school students, this could be volunteering on campaigns for those who are interested in civics, or finding internships at OHSU for the science focused students. There are plenty of programs and opportunities, students just need to be informed or pressured to take part in these activities. I like the idea of school years being extended not in classroom days, but in summer internships. This would help with job preparation, resume building, and further education outside the classroom in a subject students were interested in. Maybe students would go to school till the end of May, then the first week of June would be more focused on job interviews and building resumes, and then students would be required to have an internship for two weeks. For the younger students, they could have a few field trips to various companies located in Portland, then decide one that they want to shadow for a few days. Those are just a few ideas, but there are plenty of opportunities that we could find ways to get students learning outside the classroom really inexpensively.

I hope we can keep our partnership with the Qatar Foundation International and hopefully set up more trips like this so more students can travel and learn about the world around them.

Alexia Garcia
Student Representative



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Search

Search this site

Multnomah Education Service District

Multnomah Education Service District Accountability Report 2011-12

Table of Links

- Accountability Report - Home
- Message from the Superintendent
- Summary of All Programs
- Profile of Component Districts
- MESD Schools & Sites
- MESD Financial Overview
- Governance
- Organizational Chart
- MESD Staff Profile
- Advisory Committees
- Summary of Services to Component School Districts:**
- Centennial**
 - Summary of Services
 - Descriptions of Services
- Corbett**
 - Summary of Services
 - Descriptions of Services
- David Douglas**
 - Summary of Services
 - Descriptions of Services
- Gresham-Barlow**
 - Summary of Services
 - Descriptions of Services
- Parkrose**
 - Summary of Services
 - Descriptions of Services
- Portland**
 - Summary of Services
 - Descriptions of Services
- Reynolds**
 - Summary of Services



Thank you for reading Multnomah ESD's 2011-12 Accountability Report

A message from Barbara Jorgensen, Superintendent

Multnomah Education Service District is a diverse and dynamic agency. Our staff of teachers, specialists, therapists, educational assistants, supervisors and support staff work for MESD for just one reason - we are passionate about contributing to the success of all students, all schools and all of the many partners who help us do our jobs on a daily basis.

I have been with MESD for over 20 years now and I couldn't be prouder of where I work and what our team accomplishes.

Every day, over 70 percent of our staff work with students in an instructional or direct service setting. They are supported by a dedicated and hard working crew of office, technology and facilities staff who share our passion for education.

I believe this Accountability Report accurately portrays the scope and quality of our work. However, words on paper (or in this case, on the web) cannot completely convey the breadth or depth of our staff's achievements.

A typical day for MESD finds our employees helping children as young as a few months and as old as 24 years of age. This work takes place in traditional public schools, special educational settings, hospitals, childcare centers, homes, libraries, community centers, juvenile justice facilities and of course in the great outdoors (our Outdoor School is a national model of environmental education).

Along with many Oregonians, MESD has felt the sting of economic recession and the impact that has had on families who are struggling to make ends meet. The funding levels for our agency, along with resources for our component districts, has diminished. We wish that weren't so, but it has not deterred us from focusing on our mission, our vision and our values.

Again, I want to thank our staff for their work on behalf of children, families, schools and our community. I encourage you to take a few minutes to read about this extraordinary cadre of caring professionals. We have much to share about what we've done, and even more to contribute in the future.

Feel free to contact me if you have any questions about Multnomah ESD. I would love to hear from you!



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Search

Search this site

Multnomah Education Service District

Financial Overview 2011-12

Multnomah Education Service District Accountability Report 2011-12

Table of Links

[Accountability Report - Home](#)

[Message from the Superintendent](#)

[Summary of All Programs](#)

[Profile of Component Districts](#)

[MESD Schools & Sites](#)

[MESD Financial Overview](#)

[Governance](#)

[Organizational Chart](#)

[MESD Staff Profile](#)

[Advisory Committees](#)

Summary of Services to Component School Districts:

Centennial

[-Summary of Services](#)

[-Descriptions of Services](#)

Corbett

[-Summary of Services](#)

[-Descriptions of Services](#)

David Douglas

[-Summary of Services](#)

[-Descriptions of Services](#)

Gresham-Barlow

[-Summary of Services](#)

[-Descriptions of Services](#)

Parkrose

[-Summary of Services](#)

[-Descriptions of Services](#)

Portland

[-Summary of Services](#)

[-Descriptions of Services](#)

Reynolds

[-Summary of Services](#)

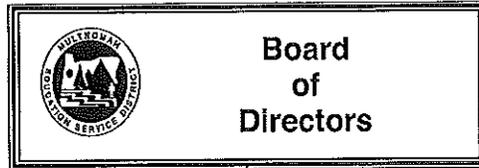
[-Descriptions of Services](#)

Revenue: where the money comes from		
Property Taxes	\$25,504,873	39.9%
State School Fund	4,657,196	7.3
Local Sources	7,566,118	11.8
State Sources	15,748,002	24.6
Federal Sources	6,138,980	9.6
Sales of Goods/Services	1,221,129	1.9
Other Revenues	3,142,098	4.9
Total	\$63,978,396	100%

Expenditures: where the money goes		
Health & Social Services	\$10,891,266	17.0%
Instructional Services	9,438,808	14.8
Special Education	24,142,565	37.7
Technology Services	6,336,523	9.9
Debt Service/Capital/Operations	9,870,716	15.4
Transit	8,114,548	12.7
Total	\$68,794,426	100%

Overall change in fund balance	(\$4,816,030)
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Multnomah Education
Service District
2012-2013



Barbara Jorgensen
Superintendent

Jim Rose
Chief Operating Officer/
Director Technology Services



**Rosemary
Schaefer**
Director
Business
Services

**Technology
Services
Department**

**Facilities
Services
Department**

**Heyke
Nickerson****
Director
Human Resource
Services/Legal
Services

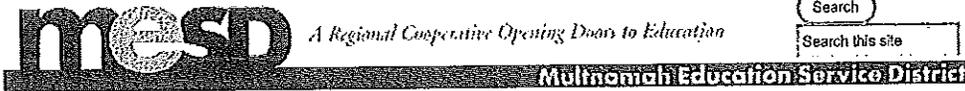
**Kris
Beck**
Director
Special
Education
Services

**Beth
Baynes**
Director
Health and
Social
Services

**Kelvin
Webster**
Director
Instructional
Services

****Directly Reports to
Superintendent**

ABOUT MESD LOCATIONS ONLINE SERVICES DEPARTMENTS PROGRAMS E2 FOUNDATION COMPONENT SCHOOLS



Multnomah ESD Programs and Services Provided to Portland School District, 2011-12

Health & Social Services	Instructional Services	Special Education	Admin. Support & Technology	Total
\$10,344,797	\$2,326,772	\$8,707,146	\$1,126,077	\$22,504,792

Multnomah Education Service District Accountability Report 2011-12 Table of Links Accountability Report - Home Message from the Superintendent Summary of All Programs Profile of Component Districts MESD Schools & Sites MESD Financial Overview Governance Organizational Chart MESD Staff Profile Advisory Committees Summary of Services to Component School Districts: Centennial -Summary of Services -Descriptions of Services Corbett -Summary of Services -Descriptions of Services David Douglas -Summary of Services -Descriptions of Services Gresham-Barlow -Summary of Services -Descriptions of Services Parkrose -Summary of Services	Program/Service	Resolution Services	Fee for Service	Value-Added Services to Portland
	Health and Social Services			
	Child Health Insurance Access			\$5,797,980
	Contracted Health Education Services		\$26,651	
	Dental Van Program			16,023
	Direct One-to-One Nursing Services		842,040	
	Hearing Screening Program	\$71,171		
	Immunization Tracking	80,595		
	Medicaid School-Based Billing Services		9,558	48,742
	School Nursing Program	3,041,725	142,633	
	Special Needs Nurses	174,883	92,796	
Instructional Services				
	Classroom Law Project	25,812		
	Helensview Turnaround/PRIDE	502,400		
	Helensview Phoenix		415,841	
	Home School Notification	15,219		
	Incarcerated Youth	187,500		
	Outdoor School and Companion Programs	634,220	183,280	
	Reconnecting Youth Program		203,000	
	Regional School Improvement	133,195		
	Student Assessment		26,305	
Special Education				

-Descriptions of Services Portland -Summary of Services -Descriptions of Services Reynolds -Summary of Services -Descriptions of Services Riverdale -Summary of Services -Descriptions of Services	Early Intervention/Early Childhood Special Education			6,893,585
	Early Intervention/Early Childhood Special Education Evaluation Transit	246,368		
	Early Intervention/Early Childhood Special Education Transition Services		63	
	Functional Living Skills	1,043,526	50,026	
	Special Education Related Services	473,578		
	Technology and Administrative Support Services			
	Cooperative Purchasing		616	
	Medicaid Administrative Claiming		57,850	464,007
	Student Information Services	586,594		
	Other Administrative Services	17,010		
	TOTALS	\$7,233,796	\$2,050,659	\$13,220,327

Additional Value-Added Services	
Portland School District students, families and schools also receive services from programs that MESD delivers through regional grants, collaborations and inter-agency partnerships. These services are explained in the description of services to Portland.	
Alternative Assessment Training	Medicaid - School Age
Donald E. Long Program for students in detention	Oregon Data Project
Hospital Program	Oregon School & District Improvement Network
In-Home Safety and Reunification Program	Oregon Youth Conservation Corps
Long Term Care & Treatment at Wynne Watts School	Project LAUNCH
Medicaid - Early Childhood	System Performance Review and Improvement





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Search

Search this site

Multnomah Education Service District

Multnomah ESD Programs and Services Provided to Portland School District, 2011-12

<p>Multnomah Education Service District Accountability Report 2011-12</p> <p>Table of Links</p> <p>Accountability Report - Home</p> <p>Message from the Superintendent</p> <p>Summary of All Programs</p> <p>Profile of Component Districts</p> <p>MESD Schools & Sites</p> <p>MESD Financial Overview</p> <p>Governance</p> <p>Organizational Chart</p> <p>MESD Staff Profile</p> <p>Advisory Committees</p> <p>Summary of Services to Component School Districts:</p> <p>Centennial</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>Corbett</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>David Douglas</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>Gresham-Barlow</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>Parkrose</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>Portland</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p> <p>Reynolds</p> <p>-Summary of Services</p> <p>-Descriptions of Services</p>	<p>Health and Social Services</p> <p>Child Health Insurance Access Program - Value-Added Service: MESD bilingual outreach staff assists parents with the application process and helps families identify and access medical homes for their children. In 2011-12, 516 children who live in Portland were enrolled in the Kaiser Children's Health Program and 1,1041 children in Healthy Kids. The estimated annual value of this health coverage is \$1,238,400 for Kaiser and 4,559,580 for Healthy Kids.</p> <p>Contracted Health Services: MESD trained 72 staff at risk for exposure to bloodborne pathogens (BBP); provided renewal BBP training for 647 staff; administered 3 Hepatitis B vaccinations; and provided 7.25 hours post-exposure evaluation and follow-up.</p> <p>Dental Van Program - Value-Added Service: Volunteer dentists from Medical Teams International and Multnomah County Health Department School Community Dental Program provided services for 27 student visits at 3 dental vans.</p> <p>Direct One-To-One Nursing: MESD provided direct nursing services and consultative nursing services for 13 students with complex medical needs.</p> <p>Expanded Health Screening Team: MESD provided dental screening for 18,034 students, referring 1,314 for further treatment; and provided vision screening for 18,100 students, referring 1,520 for further care.</p> <p>First Aid Training: Medic First Aid training was provided for 602 staff.</p> <p>Hearing Screening Program: MESD Audiology staff screened 8,068 students, performed further testing on 1,232 of those students, referred 168 for further evaluation, recommended preferential seating for 175 students and recommended hearing protection for 43 students.</p> <p>Hospital Program: The MESD Hospital Program (HP) provides instruction and educational services to children at seven program sites in four Portland hospitals. HP is a unique service in Oregon, serving school-age students with significant, acute or long-term medical needs during their hospitalizations.</p> <p>Immunization Tracking: 9,632 immunization records were evaluated and 5,552 parent notifications were prepared for mailing. Of 2,833 exclusions, 2,412 (85%) were cleared by state-mandated exclusion day.</p> <p>Long Term Care and Treatment - Value-Added Service: Multnomah ESD provides instructional staff, curriculum, related services and administrative support to educate students with mental health and behavioral challenges. These students are receiving specialized long term care and treatment by Albertina Kerr Centers and the Morrison Center.</p> <p>Medicaid School-Based Health Services/ Related Service Providers: MESD Medicaid Billing services processed claims for Portland Public Schools' medically qualified staff (OT/PT, SLP etc.) that</p>
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<p>Riverdale <u>-Summary of Services</u> <u>-Descriptions of Services</u></p>	<p>resulted in net revenue of \$48,742 for the district.</p>
	<p>Medicaid School-Billing Services/Nursing: MESD processed claims for special education Medicaid-reimbursable nursing services resulting in net revenue of \$330,940, which reduced Portland Public Schools' cost for one-to-one nursing services by 39%. MESD also trained staff, and tracked, monitored and stored documentation.</p>
	<p>School Nursing Program: School nurses provided 55,899 direct interventions to students and 2,001 hours of chronic illness management. Nurses also provided service in the Special Education and Head Start programs.</p>
	<p>Special Needs Nursing: Two MESD special needs nurses provided 422 hours of direct nursing service and ongoing support to school staff and school nurses who assist students with complex medical needs. Portland Public Schools also contracted with the MESD for a team of Special Education Nurses who provided services to students enrolled in the Life Skills and Special Education programs. The team included one Special Needs lead nurse, two program Registered Nurses, and one Licensed Practical Nurse. One Registered Nurse was assigned to the Portland Public Schools Special Education Behavior Support Team through a contract with MESD.</p>
<p>Instructional Services</p>	
<p>Classroom Law Project: Portland students participated in the Classroom Law Project.</p>	
<p>Helensview Phoenix: MESD served 37 students at Helensview Phoenix</p>	
<p>Helensview Turnaround/PRIDE: MESD served 111 students in Helensview Turnaround/PRIDE.</p>	
<p>Incarcerated Youth: Instruction for Incarcerated Youth served 14 school-age youth up to 19 years of age without high school diplomas who are detained within Multnomah County adult correctional facilities. The program also serves youth with disabilities up to 21 years of age who had Individual Education Plans (IEPs) prior to incarceration.</p>	
<p>Oregon School and District Improvement Network - Value-Added Service: Regional School Improvement provides support to fifteen school improvement coaches who directly serve those schools within MESD's area which failed to meet Average Yearly Progress benchmarks. This service is provided through the regional coordinator assigned by the Oregon School and District Improvement Network.</p>	
<p>Outdoor School and Companion Programs: 3,338 sixth grade students, and 554 student leaders participated in Outdoor School. 1,264 fourth grade students participated in Oregon Trail Overnight.</p>	
<p>Regional School Improvement: Regional School Improvement is comprised of Advanced Placement (AP), Advancement Via Individual Determination (AVID) High School Diploma Requirements, Transition to Common Core Standards, Common Formative Assessment, Secondary and Elementary Literacy coaching support. AP and AVID support offers regional workshops and training as determined by participating districts. The High School Diploma initiative includes the development of alternative assessment and credit by proficiency assessments as well as facilitating the development of Reading and Math Work Samples to meet state required Essential Skills assessments. Assessment development has included middle school math and science, common formative assessment and English as Second Language benchmark assessments. Support is also provided for appropriate implementation of the Oregon Assessment of Knowledge and Skills as well as for secondary literacy coaches for middle and high schools.</p>	
<p>Reconnecting Youth Program: MESD provided educational services to 70 students through the RYP program at Alpha, Donald E. Long and/or Helensview sites.</p>	
<p>Student Assessment Services: District-wide writing assessment services were provided for the district.</p>	
<p>Special Education Services</p>	
<p>Alternative Assessment Training Grant - Value-Added Service: Classroom teachers were trained to provide the extended alternate assessments on an annual basis to students in the MESD K-12 special education service programs. Oregon's Extended Assessments are alternate assessments that are linked to grade level content standards.</p>	
<p>Early Intervention/Early Childhood Special Education Evaluation: MESD coordinated referral activities for 1,483 children. MESD served as the designated point of referral and referred all children suspected of having a disability to Portland Public Schools for screening and evaluation.</p>	

<p>Early Intervention/Early Childhood Special Education - Value-Added Service: 1,699 children, ages birth to five years of age, received Early Intervention/Early Childhood Special Education Services.</p>
<p>Functional Living Skills Full Service K-12: MESD served 4 students ranging in age from 5-21 with moderate, severe or profound disabilities and provided one-to-one educational assistant.</p>
<p>Functional Living Skills Alternative Behavior Placement: 12 students were served in the Alternative Behavior Program. MESD provided one-to-one educational assistants.</p>
<p>Functional Living Skills - Arata Creek Behavioral Health Program: 1 student was served in the FLS Behavioral Health classroom.</p>
<p>Functional Living Skills Extended School Year Extended Functional Living Skills: Services were provided to 4 eligible students during the summer of 2011.</p>
<p>Special Education Related Services: Transit funds support costs for students attending classrooms and regional programs, and for operation of Educational Resource Centers, including support for Non-English speaking students. 52 students received Related Services in the Functional Living Skills and other Special Education programs.</p>
<p>Medicaid Early Childhood - Value-Added Service: Funds generated from Medicaid reimbursement provide related services, one-to-one nursing, purchase materials and equipment for direct instruction and evaluation and supervisory services within the EI/ECSE program.</p>
<p>Medicaid - School Age - Value-Added Service: Funds generated from Medicaid reimbursement purchase equipment, used by the students in the Functional Living Skills, Related Services and Social-Emotional Skills programs. It provides speech/language services and education assistants to serve Medicaid-eligible students in the FLS program.</p>
<p>Project LAUNCH - Value-Added Service: Multnomah Education Service District was awarded \$3,250,000 in federal funds to improve wellness among young children, ages 0-8, who live in Multnomah County. Project LAUNCH (Linking Actions for Unmet Needs in Children's Health) promotes the wellness of young children, birth to age 8, and their families by addressing the physical, emotional, social, cognitive, and behavioral aspects of their development. The project increases use of developmental and behavioral screenings in pediatric primary care and increases community coordination around service provision, with a goal of serving over 55,000 children ages 0-8 in Multnomah County.</p>
<p>Special Education Systems Performance Review and Improvement (SPR & I) - Value-Added Service: Funds were provided to support staff participation in the Oregon Department of Education Systems Performance Review and Improvement training for Early Intervention and Early Childhood Special Education.</p>
<p style="text-align: center;">Technology and Administrative Support Services</p>
<p>Cooperative Purchasing: The MESD Cooperative Purchasing Program offers access to bulk orders on a cyclic basis and a warehouse-based inventory of items available for purchase at any time of the year.</p>
<p>In-Home Safety and Reunification Services - Value-Added Service: MESD provides facilitation of contracts for In-Home Safety and Reunification Services, group visitation, therapy services and system of care services for the Oregon Department of Human Services.</p>
<p>Medicaid Administrative Claiming: MESD facilitates reimbursement of federal funds for certain Medicaid administrative activities. Claims processed in 2011-12 resulted in \$464,007 in a net revenue for Portland Public Schools.</p>
<p>Student Information Services: MESD provided technology applications for the purpose of scheduling, attendance, grade reporting, graduation requirements, health history, and state reports. Portland Public Schools used the eSIS Parent Portal to communicate with district parents.</p>





Board of Education

Staff Report to the Board

Board Meeting Date: 11.26.2012

Executive Committee Lead: Neil Sullivan

Department: Purchasing & Contracting.

Presenter/Staff Lead: Elaine Holt

SUBJECT: 2012 Revisions to Public Contracting Rules
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BACKGROUND

As per the attached Executive Summary Memorandum, the District adopted revised Public Contracting Rules in 2010. These rules comprise the Purchasing Manual referenced in Policy 8.50.100-P and govern the District's purchasing and contracting activities.

The District is required to regularly update these rules to reflect legislative changes to state statute.

If adopted, these Rules will replace the 2010 version of the Portland Public Schools Purchasing and Contracting Rules.

RELATED POLICIES / BOARD GOALS AND PRIORITIES

Policy 8.50.100-P Contracting and Purchasing Rules.

PROCESS / COMMUNITY ENGAGEMENT

Purchasing & Contracting staff have been formulating this revision since February 2012. Several of these changes are mandatory per state statute. When making decisions regarding optional changes, we worked in conjunction with impacted departments, including Facilities and Asset Management and the Office of School Modernization. Our external legal counsel at Miller Nash advised us regarding these changes, drafted the revised rules, the findings, and the accompanying Executive Summary.

ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN

This revision is in alignment with the PPS Racial Equity Plan, specifically item 18, "Establish and implement an Equity in Public Purchasing & Contracting (EPPC) Policy".

The option for direct appointment of construction-related professional services firms up to \$100,000, as well as the \$250,000 threshold for informal solicitation of these services, will allow us to provide greater contracting opportunities to minority-owned businesses, as well as women-owned businesses and emerging small businesses.

Reviewed and Approved by Executive Committee Lead
--

Neil Sullivan, CFO

BUDGET / RESOURCE IMPLICATIONS

This policy revision is budget neutral.

NEXT STEPS / TIMELINE / COMMUNICATION PLAN

The revised rules are scheduled for a first reading at the November 26, 2012 Board Meeting. A second reading is schedule for the December 17, 2012 Board Meeting. If adopted, these revised rules will be posted on the District website, both on the Purchasing & Contracting site and the Board site.

These rules will be reviewed, and when warranted revised, on a regular basis going forward. Such review and revision will occur at minimum: 1) when there are changes to the Oregon Attorney General Model Rules; 2) when there are Oregon legislative changes to statutes impacting public contracting, and 3) when there are new PPS purchasing & contracting needs to be addressed in these rules.

QUESTIONS FOR BOARD DISCUSSION

ATTACHMENTS

1. Executive Summary
2. Resolution
3. 2012 Revised Purchasing and Contracting Rules
4. Findings



PORTLAND, OREGON
SEATTLE, WASHINGTON
VANCOUVER, WASHINGTON
CENTRAL OREGON
WWW.MILLERNASH.COM

Memorandum

To: Board of Education
From: Jeffrey G. Condit
Client: Portland Public Schools
Subject: 2012 Revisions to Public Contracting Rules – Executive Summary
Date: October 2, 2012

INTRODUCTION

In 2010, Portland Public Schools developed and adopted a substantial and comprehensive revision to its Public Contracting Rules. The purpose of the 2012 revisions is to update the District's Rules to reflect 2011 legislative changes to the state Public Contracting Code (ORS Chapter 279A, 279B, and 279C) and revisions to the Attorney General's Model Public Contracting Rules ("Model Rules") that became effective on January 1, 2012. The revised Rules are attached as Exhibit A to the Board resolution adopting the revisions.

LEGAL FRAMEWORK

The Board of Education serves as the Local Public Contract Review Board ("Board") for the District pursuant to ORS 279A.060. ORS 279A.065 empowers the Board to adopt local public contracting rules. This statute requires the Attorney General to update the Model Rules after each legislative session to reflect amendments to the Public Contracting Code. The statute also requires local contracting agencies such as the District to review the Attorney General's revisions to determine whether its own Rules need to be revised.

SUMMARY OF AMENDMENTS

Most of the 2012 revision to the District's Rules reflect changes to the Model Rules. The most significant change is to the method of solicitation for construction-related professional services (architects, engineers, land surveyors, and other professional services). The 2011 Legislature amended ORS Chapter 279C to extend the requirement for qualifications-based selection ("QBS") of such services to local contracting agencies and made some significant substantive revisions to that

process. Prior to 2011, QBS was mandatory for state contracting agencies, but not for local contracting agencies (except in very limited circumstances). QBS requires consultant selection to be based entirely on qualifications without consideration of price or fees. Price/fees may only be considered and negotiated once a contractor has been tentatively selected pursuant to the QBS process. These statutory revisions also raise the contract amount triggering formal competitive procurement from \$150,000 to \$250,000 and for informal procurement from \$50,000 to \$100,000.

Staff recommends that the Board *not* incorporate a new provision that allows the District to provide for up to a 10% price preference for goods fabricated or processed, or services performed, within the State of Oregon. ORS 279A.128. This preference is optional under the statute, so the District is not required to adopt a local rule on the matter. Staff is concerned about the effect of the preference on District costs and about the potential for interstate commerce challenges, and so prefers to wait and see how the statute and rule work in practice before incorporating the preference into the District's Rules.

Finally, staff is proposing to adopt amendments to its class special procurements for goods and services and class exemptions from competitive bidding for public improvements. These amendments allow use of alternative procurement methods to make "spot buys" and to comply with timing requirements for access to state, federal, or grant funds.

The "spot buy" special procurement essentially allows the District to take advantage of short-term offers or sales on goods. Spot buy opportunities generally arise with regard to commodities such as foodstuffs and technology, and require the District to move quickly in order to take advantage of the deal. The District's 2010 Rules contained a spot buy special procurement; the amendments allow the District to take advantage of the exemption in more circumstances.

The funding deadline exception addresses the situation where a state, federal, or grant-funding opportunity requires the District to enter into a contract or to start or complete a purchase or a project within a deadline. The District has faced this situation in regard to state and federal stimulus funding. The exception, which is incorporated as both a new special procurement (for goods and services) and an exemption (for public improvements), allows the superintendent to expedite or modify the procurement process when necessary to meet such deadlines.

ORS 279B.085 (for special procurements) and ORS 279C.335 require the Board to make certain findings justifying these exceptions to the standard procurement requirements. Such findings are attached as Exhibit B to the resolution. These statutes also require the Board to open the meeting for public testimony and to hear any objections or questions prior to enacting the resolution.

The other modifications to the District's Rules are primarily clarifications, minor process modifications, and correction of typos, redundancies, or errors. If you have any further questions, please do not hesitate to ask.

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF SCHOOL DISTRICT NO. 1, MULTNOMAH COUNTY, OREGON, ACTING AS THE LOCAL PUBLIC CONTRACT REVIEW BOARD, AMENDING THE DISTRICT'S PUBLIC CONTRACTING RULES TO ADDRESS STATUTORY AND ADMINISTRATIVE RULE CHANGES AND AMENDING OR ENACTING NEW CLASS SPECIAL PROCUREMENTS AND EXEMPTIONS.

RECITALS

- A. The Board of Directors of School District No. 1, Multnomah County, Oregon ("District") acts as the Local Public Contract Review Board ("Board") pursuant to ORS 279A.060.
- B. ORS 279A.065 empowers public contracting agencies to adopt rules of procedure for public contracts, and the District has adopted such rules ("2010 Rules").
- C. ORS 279A.065(5)(b) requires a local contracting agency to review its rules for revision each time the Attorney General modifies the Model Rules for Public Contracts. The Attorney General has updated the model rules for 2012 in light of amendments to the Public Contracting Code in the 2011 legislature.
- D. ORS 279B.085 authorizes the Board to declare certain public contracts or classes of contracts for goods and services as special procurements exempt from the competitive procurement process otherwise required by ORS Chapter 279B, upon certain findings.
- E. ORS 279C.355(2) authorizes the Board to exempt certain contracts or classes of contracts for public improvements from competitive bidding under ORS Chapter 279C, upon certain findings.
- F. The Board deems it necessary and advisable to adopt updated Rules ("2012 Rules") to address these statutory and rule changes, to improve the format and usability of the District's Rules, and to provide for greater public transparency in regard to the District's procurement procedures.

RESOLUTION

- 1. The Board hereby adopts the 2012 Rules attached as Exhibit A as the District's Public Contracting Rules.
- 2. The Board adopts the class special procurements and class exemptions from competitive bidding enacted in the 2012 Rules set forth in Exhibit A based on the findings in attached Exhibit B.
- 3. The District's 2012 Rules supersede and replace the District's 2010 Rules for procurements advertised or first solicited on or after the effective date of this Resolution. Procurements advertised or first solicited prior to the effective date of this Resolution shall continue to be processed under the 2010 Rules.

EXHIBIT B

FINDINGS IN SUPPORT OF THE DESIGNATION OF CERTAIN CLASSES OF CONTRACTS FOR GOODS AND SERVICES AS SPECIAL PROCUREMENTS UNDER ORS 279B.085 AND TO EXEMPT CERTAIN CLASSES OF PUBLIC IMPROVEMENT CONTRACTS FROM COMPETITIVE BIDDING PURSUANT TO ORS 279C.335(2)

The Board of Directors of School District No. 1J, Multnomah County, Oregon, acting as the Local Public Contract Review Board (“Board”), makes the following findings in support of amendments and additions to its class special procurements for goods and services and class exemptions from competitive bidding for public improvement contracts made pursuant to the District's 2012 amendments to its Public Contracting Rules (“2012 Amendments”).

I. Class Special Procurements.

A. Applicable Criteria. ORS 279B.085(4) empowers the Board to designate classes of contracts for goods or services for special procurement outside of the competitive procurement processes otherwise required under ORS Chapter 279B and the District’s Public Contracting Rules. In order to approve a class special procurement, the Board must find that the designation of a class of contracts for special procurement:

1. Is unlikely to encourage favoritism in the award of public contracts or to substantially diminish competition for public contracts; and

2. Either:

a. Is reasonably expected to result in substantial cost savings to the contracting agency or to the public; or

b. Otherwise substantially promotes the public interest in a manner that could not practicably be realized by complying with the requirements that are otherwise applicable under ORS Chapter 279B or the District’s Rules adopted to implement those Rules.

B. Findings. The District’s class special procurements are set forth in District Public Contracting Rules at PPS-47-0288 (Exhibit A). The District's 2012 Amendments amends an existing class special procurement and adopts a new class special procurement as follows:

1. Spot Buys (PPS-47-0288(6)).

a. Findings of Fact: The District's current rules provide for this class special procurement, which permits the District to take advantage of “spot buys”—i.e., limited offers of certain products at lower-than-normal prices. Examples of goods that are frequently offered on a spot-buy basis include food stuffs, commodities, and technology. This class special procurement recognizes and takes advantage of the particular market conditions related to certain products, and has operational and budgetary benefits by empowering the District to quickly and cheaply acquire such products when such special sales are offered. The amendment clarifies that the District can purchase spot buys in any of the circumstances set forth in subsection (b).

Previously all of the circumstances had to exist, which limited the District's flexibility to take advantage of discounted pricing.

b. Conclusions of Law: This class special procurement will not encourage favoritism or diminish competition because it takes advantage of a unique marketing process for certain goods and services. Further, the Rule requires a limited competitive review process to ensure that the “spot price” is in fact substantially less expensive than the competitive prices. This class special procurement amendment will result in substantial cost savings to the District because it will enable the District to better take advantage of special sales of products at lower-than-normal prices, and promotes the public interest because use of the standard process would cost the District the opportunity to take advantage of a special sale price.

2. Expedited Contracting Process in order to Access State, Federal, or Grant Funds (PPS 47-0288(27)).

a. Findings of Fact. In order to alleviate the recession, the state and federal governments adopted a number of programs to stimulate the economy, including, most notably, the American Recovery and Reinvestment Act of 2009 (“ARRA”). These programs provide federal and state funding to governmental agencies such as the District to acquire goods and services. Because the purpose of the Act was to stimulate the economy, however, these programs imposed very short timelines on public bodies to have projects ready to go in order to be eligible for funding. The state and federal governments and certain nonprofit and for-profit granting entities also have other grant/funding programs that may have deadlines or limit funding availability to a certain window of time. The purpose of this special procurement is to grant the authority to the Superintendent to modify the procurement process and approve and execute a contract in any dollar amount in cases where strict adherence to the standard process could jeopardize the District’s eligibility for such funding by delaying a contract, project, or procurement. The Superintendent must document the reasons supporting and the extent of the waiver in the procurement file, as well as provide for an alternative contracting process consistent with the time constraint.

b. Conclusions of Law. This special procurement will not encourage favoritism or substantially diminish competition for District contracts because it would apply to a very limited subset of contracts eligible for such specialized funding, and because the Superintendent is required to design an alternative competitive process based on the timeline for award of the funding. The use of this special procurement will result in substantial cost savings to the District by enabling it to better take advantage of state, federal, and other grant funding opportunities.

II. Exemptions from Competitive Bidding.

A. Applicable Criteria. ORS 279C.335(2) empowers the Board, acting as the local contract review board, to adopt rules exempting certain classes of public improvement contracts from competitive bidding upon approval of the following findings:

1. It is unlikely that such exemptions will encourage favoritism in the awarding of public improvement contracts or substantially diminish competition for public improvement contracts; and

2. The awarding of public improvement contracts pursuant to the exemption will result in substantial cost savings to the District. In making these findings, ORS 279C.315 requires consideration of information regarding: (a) operational, budget, and financial data; (b) public benefits; (c) value engineering; (d) specialized expertise required; (e) public safety; (f) market conditions; (g) technical complexity; and (h) funding sources. In addition, the Board may consider the type, cost, and amount of the contract, the number of persons available to bid, and such other factors as the Board deems appropriate. The Board may not identify a class solely based on funding or procurement method.

B. Findings. The District's exemptions from competitive bidding for public improvement contracts are set forth in PPS-49-0146 (Exhibit A). The District is adopting one new class exemption from competitive bidding, as follows:

1. Expedited Contracting Process in order to Access State, Federal, or Grant Funds (PPS-49-0146(6)).

a. Findings of Fact. This exemption is the public improvement analog to the new goods and services special procurement in PPS-47-0288(27) approved above. This exemption is proposed to address the same circumstance where deadlines are attached to state, federal, or grant funding such that conducting the standard procurement process could jeopardize the District's eligibility to obtain the funding by delaying execution of a contract, the start of a project, or the completion of a project. The purpose of this exemption is to grant the authority to the Superintendent to modify the procurement process and approve and execute a contract in any dollar amount in such circumstances. The Superintendent must document the reasons supporting and the extent of the waiver in the procurement file, as well provide for an alternative contracting process consistent with the time constraint.

b. Conclusions of Law. This exemption will not encourage favoritism or substantially diminish competition for District contracts because it would apply to a very limited subset of the contracts eligible for such specialized funding, and because the Superintendent is required to design an alternative competitive process based on the timeline for award of the funding. The use of this exemption will result in substantial cost savings to the District by enabling it to better take advantage of state, federal, and grant funding opportunities.

III. Existing Special Procurement and Exemptions Continued. No other amendments to existing special procurements or exemptions or new special procurements or exemptions are being proposed as part of the 2012 Amendments to the District's Public Contracting Rules.

Portland Public School District 1st Reading

DATE: November 26, 2012

Notice of Proposed Policy and Public Comment for 2012 Revisions to Public Contracting Rules

The Portland Public School District is providing Notice of Proposed Policy and Public Comment to offer interested parties reasonable opportunity to submit data or comments on the proposed policies noted below.

Public comment may be submitted in writing directly to the district or through the district Web site noted below. Written comments must be submitted by 5:00 p.m. on the Last Date for Comment listed below.

1st Reading by: Martin Gonzalez, Co-Chair, Portland Public School Board
Summary: 2012 Revisions to Public Contracting Rules

Draft Policy Web Site:

<http://www.pps.k12.or.us/departments/board/872.htm>

(click on draft policy link)

Recommended for 1st Reading by: Board of Education

Policy Contact: Kathryn Sofich

Last Date for Comment: December 16, 2012

Address: P.O. Box 3107, Portland, OR 97208-3107

Telephone: 503-916-3741

E-mail: ksofich@pps.net

Last Date for Comment: December 16, 2012



PORTLAND PUBLIC SCHOOLS

PUBLIC CONTRACTING RULES

2012



TABLE OF CONTENTS

PPS DIVISION 45..... 7

DISTRICT CONTRACTS GENERALLY 7

PPS-45-0000 Generally 7

PPS-45-0100 Definitions..... 7

PPS-45-0200 Authority to Approve District Contracts; Delegation of
Authority to Superintendent..... 7

PPS-45-0300 Policy 8

PPS-45-0305 Ethics in the Solicitation and Award of District Contracts..... 8

PPS-45-0405 QRF Definitions..... 10

PPS-45-0410 Required Procurement of QRF Products or Services 10

PPS-45-0500 Contract Extensions 10

PPS DIVISION 46..... 11

**PUBLIC CONTRACTING RULES APPLICABLE TO ALL PUBLIC
CONTRACTS AND PERSONAL SERVICES CONTRACTS 11**

PPS-46-0000 Generally 11

PPS-46-0100 Application; Federal Law Supremacy 11

PPS-46-0110 Definitions..... 11

PPS-46-0120 Policy 20

PPS-46-0130 Application of the Code and Rules; Exceptions 20

PPS-46-0210 Subcontracting to and Contracting with Emerging Small
Businesses; DBE Disqualification 22

PPS-46-0300 Preference for Oregon Goods and Services; Nonresident Bidders 23

PPS-46-0310 Reciprocal Preferences..... 25

PPS-46-0320 Preference for Recycled Materials..... 25

PPS-46-0330 Solicitations and Specifications to Comply with School Board
Environmental and Sustainability Policies 26

PPS-46-0400 Authority for Cooperative Procurements..... 26

PPS-46-0410 Responsibilities of Administering Contracting Agencies and
Purchasing Contracting Agencies 26

PPS-46-0420 Joint Cooperative Procurements 27

PPS-46-0430 Permissive Cooperative Procurements 27

PPS-46-0440 Required Public Notice if Permissive Cooperative Procurement
is Over \$250,000 28

PPS-46-0450 Interstate Cooperative Procurements 29

PPS-46-0460 Advertisements of Interstate Cooperative Procurements..... 29

PPS-46-0470 Protest and Disputes; Cooperative Procurements 30

PPS-46-0480 Contract Amendments; Cooperative Procurements..... 30

PPS-46-0500 Personal Services Contract Definition 30

PPS-46-0505 Personal Service Contract Formal Selection Procedures..... 31

PPS-46-0510 PSC Informal Selection Procedures..... 31

PPS-46-0515 Other Approved Solicitation Methods 32

PPS-46-0520 Flexible Services Contractor Pool 32

PPS-46-0525 PSC Selection by Negotiation..... 34

PPS-46-0530 PSC Contract Requirements 34

PPS DIVISION 47..... 35

PUBLIC CONTRACTING RULES FOR CONTRACTS FOR GOODS AND/OR SERVICES OTHER THAN PERSONAL SERVICES 35

PPS-47-0000 Generally 35

PPS-47-0250 Methods of Source Selection 35

PPS-47-0252 Procurement of Service Contracts Over \$250,000 in Compliance with ORS 279B.030 through ORS 279B.036 35

PPS-47-0255 Competitive Sealed Bidding; One-Step Solicitations 39

PPS-47-0257 Competitive Sealed Bidding; Multi-Step Solicitations 41

PPS-47-0260 Competitive Sealed Proposals; One-Step Solicitations 42

PPS-47-0261 Procedures for Competitive Range; Multi-Tiered and Multi-Step Solicitations 46

PPS-47-0265 Small Procurements 50

PPS-47-0270 Intermediate Procurements 50

PPS-47-0275 Sole-Source Procurements 51

PPS-47-0280 Emergency Procurements 51

PPS-47-0285 Special Procurements; Purpose and Application 52

PPS-47-0287 Special Procurements; Request Procedures 52

PPS-47-0288 Approved Class Special Procurements 52

PPS-47-0300 Public Notice of Solicitation Documents 61

PPS-47-0310 Bids or Proposals are Offers 62

PPS-47-0320 Facsimile Bids and Proposals 62

PPS-47-0330 E-Procurement 63

PPS-47-0400 Offer Preparation 65

PPS-47-0410 Offer Submission 65

PPS-47-0420 Pre-Offer Conferences 65

PPS-47-0430 Addenda to Solicitation Document 66

PPS-47-0440 Pre-Closing Modification or Withdrawal of Offers 67

PPS-47-0450 Receipt, Opening, and Recording of Offers 67

PPS-47-0460 Late Offers, Late Withdrawals, and Late Modifications 67

PPS-47-0470 Mistakes 68

PPS-47-0480 Time for District Acceptance 69

PPS-47-0490 Extension of Time for Acceptance of Offer 69

PPS-47-0500 Responsibility of Offerors 69

PPS-47-0525 Qualified Products Lists 69

PPS-47-0550 Prequalification of Prospective Offerors; Pre-negotiation of Contract Terms and Conditions 70

PPS-47-0560 Request for Qualifications (RFQ) 71

PPS-47-0575 Debarment of Prospective Offerors 72

PPS-47-0600 Offer Evaluation and Award 73

PPS-47-0610 Notice of Intent to Award 75

PPS-47-0620 Documentation of Award 76

PPS-47-0630 Availability of Award Decisions 76

PPS-47-0640 Rejection of an Offer 76

PPS-47-0650 Rejection of All Offers 78

PPS-47-0660 Cancellation of Procurement or Solicitation 78

PPS-47-0670 Disposition of Offers if Solicitation Cancelled 79

Portland Public Schools Public Contracting Rules - 2012

PPS-47-0700	Protests and Judicial Review of Special Procurements	79
PPS-47-0710	Protests and Judicial Review of Sole-Source Procurements.....	80
PPS-47-0720	Protests and Judicial Review of Multi-Tiered and Multi-Step Solicitations	80
PPS-47-0730	Protests and Judicial Review of Solicitations	81
PPS-47-0740	Protests and Judicial Review of Contract Award	82
PPS-47-0750	Judicial Review of Other Violations.....	82
PPS-47-0760	Review of Prequalification and Debarment Decisions	83
PPS-47-0800	Amendments to Goods or Services Contracts and Price Agreements	83
DIVISION 48.....		85
CONSULTANT SELECTION: ARCHITECTURAL, ENGINEERING, PHOTOGRAMMETRIC MAPPING, TRANSPORTATION PLANNING OR LAND SURVEYING SERVICES AND RELATED SERVICES CONTRACTS.....		85
PPS-48-0100	Application.....	85
PPS-48-0110	Definitions.....	85
PPS-48-0120	List of Interested Consultants; Performance Record	86
PPS-48-0130	Applicable Selection Procedures; Pricing Information; Disclosure of Proposals; Conflicts of Interest	87
PPS-48-0200	Direct Appointment Procedure	90
PPS-48-0210	Informal Selection Procedure	92
PPS-48-0220	Formal Selection Procedure.....	94
PPS-48-0230	Ties Among Proposers.....	100
PPS-48-0240	Protest Procedures.....	100
PPS-48-0250	Solicitation Cancellation, Delay, or Suspension; Rejection of All Proposals or Responses; Consultant Responsibility For Costs.....	101
PPS-48-0260	Two-Tiered Selection Procedure for District Public Improvement Projects	101
PPS-48-0270	Price Agreements	103
PPS-48-0280	FSCP	104
PPS-48-0300	Prohibited Payment Methodology; Purchase Restrictions.....	105
PPS-48-0310	Expired or Terminated Contracts; Reinstatement.....	106
PPS-48-0320	Contract Amendments	107
PPS DIVISION 49.....		108
DISTRICT PUBLIC CONTRACTING RULES FOR CONTRACTS FOR PUBLIC IMPROVEMENTS AND/OR PUBLIC WORKS		108
PPS-49-0100	Application.....	108
PPS-49-0110	Policies.....	108
PPS-49-0120	Definitions.....	108
PPS-49-0130	Competitive Bidding Requirement	108
PPS-49-0140	Contracts for Construction Other Than Public Improvements; Emergency Construction Contracts	108
PPS-49-0145	Exemptions From Competitive Bidding	109
PPS-49-0146	Class Exemptions; Public Improvement Contracts.....	110
PPS-49-0150	Emergency Contracts; Bidding and Bonding Exemptions	113
PPS-49-0160	Intermediate Procurements; Competitive Quotes and Amendments	114

Portland Public Schools Public Contracting Rules - 2012

PPS-49-0200	Solicitation Documents; Required Provisions; Assignment or Transfer	114
PPS-49-0210	Notice and Advertising Requirements; Posting.....	117
PPS-49-0220	Prequalification of Offerors	118
PPS-49-0230	Eligibility to Bid or Propose; Registration or License.....	120
PPS-49-0240	Pre-Offer Conferences	120
PPS-49-0250	Addenda to Solicitation Documents	121
PPS-49-0260	Request for Clarification or Change; Solicitation Protests	121
PPS-49-0270	Cancellation of Solicitation Document.....	122
PPS-49-0280	Offer Submissions.....	123
PPS-49-0290	Bid or Proposal Security	124
PPS-49-0300	Facsimile Bids and Proposals	125
PPS-49-0310	Electronic Procurement.....	126
PPS-49-0320	Pre-Closing Modification or Withdrawal of Offers.....	126
PPS-49-0330	Receipt, Opening, and Recording of Offers; Confidentiality of Offers.....	126
PPS-49-0340	Late Bids, Late Withdrawals, and Late Modifications	127
PPS-49-0350	Mistakes	127
PPS-49-0360	First-Tier Subcontractors; Disclosure and Substitution; ITB	128
PPS-49-0370	Disqualification of Persons	130
PPS-49-0380	Bid or Proposal Evaluation Criteria.....	133
PPS-49-0390	Offer Evaluation and Award; Determination of Responsibility	133
PPS-49-0395	Notice of Intent to Award	135
PPS-49-0400	Documentation of Award; Availability of Award Decisions	135
PPS-49-0410	Time for District Acceptance; Extension.....	136
PPS-49-0420	Negotiation With Bidders Prohibited.....	136
PPS-49-0430	Negotiation When Bids Exceed Cost Estimate.....	137
PPS-49-0440	Rejection of Offers.....	138
PPS-49-0450	Protest of Contractor Selection, Contract Award	139
PPS-49-0460	Performance and Payment Security; Waiver	140
PPS-49-0470	Substitute Contractor	141
PPS-49-0490	Foreign Contractor	141
PPS-49-0600	Alternative Contracting Methods; Purpose.....	141
PPS-49-0610	Definitions for Alternative Contracting Methods	142
PPS-49-0620	Use of Alternative Contracting Methods	143
PPS-49-0630	Findings, Notice, and Hearing	144
PPS-49-0640	Competitive Proposals; Procedure.....	145
PPS-49-0645	Requests for Qualifications ("RFQ").....	146
PPS-49-0650	Requests for Proposals ("RFP").....	147
PPS-49-0660	RFP Pricing Mechanisms.....	151
PPS-49-0670	Design-Build Contracts.....	151
PPS-49-0680	Energy Savings Performance Contracts.....	153
PPS-49-0690	Construction Manager/General Contractor ("CM/GC")	155
PPS-49-0800	Required Contract Clauses.....	158
PPS-49-0810	Waiver of Delay Damages against Public Policy	158
PPS-49-0815	BOLI Public Works Bond.....	158
PPS-49-0820	Retainage.....	158
PPS-49-0830	Contractor Progress Payments	160
PPS-49-0840	Interest.....	160
PPS-49-0850	Final Inspection.....	160

Portland Public Schools Public Contracting Rules - 2012

PPS-49-0860 Public Works Contracts 161
PPS-49-0870 Specifications; Brand Name Products 161
PPS-49-0880 Records Maintenance; Right to Audit Records 162
PPS-49-0890 District Payment for Unpaid Labor or Supplies 162
PPS-49-0900 Contract Suspension; Termination Procedures 163
PPS-49-0910 Public Improvement Contract Amendments and Changes to the Work 163

Portland Public Schools Public Contracting Rules
Division 45 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

PPS DIVISION 45

DISTRICT CONTRACTS GENERALLY

PPS-45-0000 Generally

Except as expressly provided in other School Board Policies, PPS Divisions 45, 46, 47, 48, and 49 (collectively, the "Portland Public Schools Public Contracting Rules") govern all District Contracts. These Division 45 Rules address delegation of contracting authority under ORS 279A.075 and 332.075, Ethics in Contracting, and Procurement from Qualified Rehabilitation Facilities. Divisions 46, 47, 48, and 49 govern Public Contracts as defined in ORS Chapters 279A, 279B, and 279C (the Public Contracting Code). Except as otherwise expressly provided in School Board Policy or these Rules, these Division 45 Rules apply to all District Contracts, including Public Contracts as defined in the Public Contracting Code.

PPS-45-0100 Definitions

As used in the Public Contracting Code and Divisions 45, 46, 47, 48, and 49 of these Rules, and except as otherwise provided in School Board Policy:

(1) **"District Contract"** means all Contracts entered into by the District, including Public Contracts subject to the Public Contracting Code and Divisions 46, 47, 48, and 49, and all other Contracts or agreements entered into by the District. For the purpose of these Public Contracting Rules, "District Contract" does not include settlements of lawsuits or other claims against the District that continue to be governed by Board Policy 8.60.021-P, or the purchase, conveyance, acceptance, sale, or lease of real property or an interest in real property.

AUTHORITY TO APPROVE AND EXECUTE DISTRICT CONTRACTS

PPS-45-0200 Authority to Approve District Contracts; Delegation of Authority to Superintendent

- (1) The District is the Contracting Agency within the meaning of the Public Contracting Code.
- (2) Except as otherwise provided in these Rules, the powers and duties of the Local Contract Review Board under these Rules shall be exercised and performed by the School Board, and the powers and duties of the District under the Rules shall be exercised and performed by the Superintendent.
- (3) Except as provided in Section (4) of this Rule or as otherwise expressly authorized in these Rules, the School Board must approve all District Contracts.
- (4) Pursuant to ORS 279A.075 and 332.075(3), and except as expressly limited by other School Board Policy, the School Board delegates to the Superintendent the authority to enter into and approve payment on District Contracts in the following circumstances:
 - (a) The District Contract is within appropriations made by the School Board and is not a collective bargaining agreement or a Service Contract that includes the provision of labor performed by employees of the School District, as defined in ORS 332.075(3); and
 - (b) In any of the following circumstances:
 - (A) The total amount payable by the District under the individual District Contract does not exceed \$150,000 or, if the contract is a Revenue Contract, the total amount payable to the District does not exceed \$25,000;
 - (B) The District Contract is for routine and customary expenditures, including but not limited to payroll, payroll taxes and benefits, utility bills, and postage;

Portland Public Schools Public Contracting Rules
Division 45 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (C) Advance authorization has been given by the School Board for the Superintendent to execute a particular District Contract or class of District Contracts;
 - (D) The District Contract is an Emergency Procurement;
 - (E) The District Contract is a Change Order or Contract amendment to a prior-approved Contract authorized under these Rules; or
 - (F) These Rules otherwise expressly authorize the Superintendent to approve the Contract.
- (5) The Superintendent may designate in Writing any District employee or employees to exercise all or a portion of the Superintendent's powers and duties under these Rules.
- (6) The Superintendent shall submit to the School Board at the School Board's monthly business meeting a list of all Contracts in amounts over \$25,000 and up to \$150,000 approved by the Superintendent or designees within the preceding 30-day period under the Superintendent's delegated authority in Section (4) of this Rule.

ETHICS IN CONTRACTING

PPS-45-0300 Policy

These Rules supplement and do not replace the Oregon Government Ethics Law (ORS 244.010 through ORS 244.400). These Rules are designed to accomplish the policy of ORS 244.010 that service as a public official is a public trust and that implementation of District Contracting under these Rules and the Public Contracting Code should be free of undisclosed conflicts or undue influence.

PPS-45-0305 Ethics in the Solicitation and Award of District Contracts

District officers who participated in the process of development, selection, and Award of District Contracts must comply with the following Rules:

(1) Definitions:

- (a) **"Business"** means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, and any other legal entity operated for economic gain, but excluding any income producing, not-for-profit corporation that is tax exempt under section 501(c) of the Internal Revenue Code with which the District officer or relative is associated only as a member or board director or in a non-remunerative capacity. If the business is privately held, the District official or relative is "associated with the business" if the Person is a director, officer, owner, or employee, or in which the Person owns or has owned stock, debt instruments, stock options, or other form of equity interest worth more than \$1,000 in the preceding calendar year. If the business is publicly held, the District official or relative is "associated with the business" if the Person is a director or officer or owns or has owned \$100,000 or more of stock, debt instruments, stock options, or other form of equity interest in the preceding calendar year. If the District official is required to file a statement of economic interest, "business" also includes a business listed as a source of income as required under ORS 244.060(3).¹
- (b) **"Conflict of interest"** means any action, decision, or recommendation by a District officer in the course of participating in a Procurement under these Rules that would ("actual conflict of interest") or could ("potential conflict of interest") be to the private pecuniary benefit or detriment

¹ The only District officials required to file a statement of economic interest are the Superintendent and the chief financial officer.

Portland Public Schools Public Contracting Rules
Division 45 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

of the District officer, a relative of the District officer, or a business with which the District officer or relative is associated. For the purpose of this requirement:

- (c) **"District officer"** means any person who is serving the District as an elected official, appointed official, employee, or agent, whether or not the person is compensated for those services.
- (d) **"Gift"** means something of economic value given to a public official or the public official's relative without an exchange of valuable consideration of equivalent value, including the full or partial forgiveness of indebtedness, which is not extended to others who are not public officials or the relatives of public officials on the same terms and conditions. "Gift" also includes something of economic value given to a public official or the public official's relative for valuable consideration less than that required from others who are not public officials.
- (e) **"Relative"** means:
 - (A) The District officer's spouse or domestic partner;
 - (B) Children of the District officer, spouse, or domestic partner;
 - (C) Siblings, spouses of siblings, or parents of the public official, spouse, or domestic partner;
 - (D) Any individual for whom the District officer has a support obligation;
 - (E) Any individual for whom the District officer provides benefits related to the public official's public employment or from whom the District officer receives benefits; and
 - (F) Any person who resides with the public official.

(2) **Disclosure of Conflict of Interest Required.** Any District official participating in a District Procurement, whether for Goods and Services, Personal Services, Public Works, Public Improvements, or any other District Contract shall disclose actual or potential conflicts of interest.

- (a) Appointed District Officials. An appointed District official must disclose actual or potential conflicts of interest in Writing to the District official's appointing authority (the person who has hire-and-fire authority over the official). This Writing must disclose the nature of the conflict and request the appointing authority to dispose of the matter. The appointing authority shall respond in Writing by designating an alternate to dispose of the matter or directing the District officer to dispose of the matter as directed by the appointing authority.
- (b) Elected District Official or Officials Who Serve on Advisory Boards or Commissions. Such District officials shall publicly announce an actual or potential conflict of interest prior to taking any action on the matter giving rise to the conflict. If the conflict is an actual conflict of interest, the public official must refrain from participating in the decision or discussion of the issue. If the conflict is only a potential conflict of interest, the public official may participate in the debate and decision following disclosure of the potential conflict.

(3) **Gifts.** District officers are prohibited from soliciting or receiving gifts with an aggregate value of in excess of \$50 in a calendar year from any single source that could reasonably be known to have a legislative or administrative interest in any matter subject to the decision or vote of the District official. For the purpose of this Section, a District official is considered a decision-maker in the Procurement process if he or she makes decisions or recommendations in regard to the drafting of the Procurement, the solicitation process, the opening, review, or scoring of the solicitation, or a recommendation or decision to Award, correct, or reject a solicitation, or response to or resolution of a protest.

(4) **Use of Office for Personal Gain Prohibited.** District officers, employees, and agents are prohibited from using their official position for personal gain.

Portland Public Schools Public Contracting Rules
Division 45 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(5) **Use of Confidential District Information for Gain Prohibited.** District officers, employees, and agents are prohibited from using confidential information gained in the course of the screening and selection procedures for personal financial gain.

PROCUREMENT FROM QUALIFIED REHABILITATION FACILITIES ("QRF")

PPS-45-0405 QRF Definitions

(1) **"QRF"** means an activity center or rehabilitation facility, certified as a community rehabilitation program or as a vocational service provider through the Oregon Department of Human Services, that the State Procurement Office has determined to be qualified under OAR 125-055-0015.

(2) **"QRF Procurement List"** means a listing of those nonprofit agencies for disabled individuals who currently are qualified, under OAR 125-055-0015, to participate in the program created by ORS 279.835 through 279.850 and includes, as required by ORS 279.850(1), a list of the products and services offered by QRFs and determined by the State Procurement Office, under OAR 125-055-0020, to be suitable for purchase by Contracting Agencies such as the District.

PPS-45-0410 Required Procurement of QRF Products or Services

(1) As required by ORS 279.850(1), if the District intends to procure a Product or Service that is listed on the QRF Procurement List, the District must procure that Product or Service, at the Price determined by the State of Oregon Procurement Office, from a QRF if the Product or Service is of Specifications appropriate to the District's Procurement needs and is available within the time required by the District.

(2) The most current QRF Procurement List may be reviewed at the State of Oregon Procurement Office Web site at <http://www.oregon.gov/DAS/SSD/SPO/qrf-menu.shtml>.

(3) The Public Contracting Code does not apply to QRF Procurements pursuant to ORS 279A.025(4). QRF Procurements are therefore exempt from Divisions 46, 47, 48, and 49 of these Rules.

PPS-45-0500 Contract Extensions

Except as otherwise provided in these Rules:

(1) **A Current Contract may be Extended to Complete the Contract Work.** If it appears that a District Contract will expire according to its terms before the Work provided under the Contract will be completed, the Superintendent may extend the Contract for such period of time necessary to complete the Work.

(2) **An Expired Contract may be Reinstated to Complete the Contract Work.** If a District Contract inadvertently expires according to its terms before the Work provided under the Contract is completed, the Superintendent may reinstate the Contract for such period of time necessary to complete the Work. The reinstated Contract shall be deemed to begin upon the expiration of the prior Contract and end upon the termination date set forth in the extension.

(3) **A Contract Extension may not Include Substantive Amendments to the Contract.** An extension may not be used to amend or change the scope of the Contract or increase the price of the Contract, except as otherwise may be allowed in these Rules. Contract amendments are subject to PPS-46-0480, PPS-47-0800, or PPS-49-0910, depending on the type of Contract.

END OF DIVISION 45

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

PPS DIVISION 46

**PUBLIC CONTRACTING RULES APPLICABLE TO ALL PUBLIC CONTRACTS
AND PERSONAL SERVICES CONTRACTS**

PPS-46-0000 Generally

These Division 46 Rules are intended to implement the provisions of ORS 279A applicable to all public Procurements. Division 46 also addresses delegation of contracting authority under ORS 279A.075 and 332.075, Contracts for Personal Services, and ethics in District Contracting.

PPS-46-0100 Application; Federal Law Supremacy

(1) Pursuant to ORS 279A.065(5), the District hereby adopts its own Public Contracting Rules ("Rules" or "a Rule"). Pursuant to ORS 279A.065(1), the Attorney General's Model Rules do not apply to the District. Pursuant to ORS 279A.065(5), the District adopts these Rules. These Rules consist of the following three Divisions:

- (a) Division 46 applies to all Public Contracts and implements ORS 279A.
- (b) Division 47 applies only to Public Contracts for Goods and Services and implements ORS 279B.
- (c) Division 49 applies only to Public Contracts for Public Improvements and implements ORS 279C.

(2) Most of these Rules are adapted from the Attorney General's Model Rules and the numbering generally tracks the numbering in OAR Chapter 137 Divisions 46, 47, and 49. Except where these Rules differ from the Model Rules, the District intends its Rules to be interpreted consistently with the Model Rules.

(3) These Rules apply to Public Contracts first advertised on or after July 1, 2010.

(4) The District shall review the Rules each time the Attorney General modifies the Model Rules to ensure compliance with statutory changes. The District may adopt other Rules, and modify as necessary, to carry out the provisions of the Public Contracting Code pursuant to ORS 279A.070.

(5) Except as otherwise expressly provided in ORS 279C.800 through 279C.870, and notwithstanding ORS 279A, 279B, and 279C.005 through 279C.670, applicable federal statutes and regulations govern when federal funds are involved and federal statutes or regulations conflict with any provision of ORS 279A, 279B, and 279C.005 through 279C.670 or these Rules, or require additional conditions in Public Contracts not authorized by ORS 279A, 279B, and 279C.005 through 279C.670 or these Rules.

PPS-46-0110 Definitions

As used in the Public Contracting Code and Divisions 45, 46, 47, 48, and 49 of these Rules, unless the context or a specifically applicable definition requires otherwise:

(1) **"Addendum"** or **"Addenda"** means an addition or deletion to, a material change in, or general interest explanation of a Solicitation Document.

(2) **"Administering Contracting Agency"** means a governmental body in this state or in another jurisdiction that solicits and establishes the Original Contract for Procurement of Goods, Services, or Public Improvements in a Cooperative Procurement. "Administering Contracting Agency" includes, for Interstate Cooperative Procurements, any governmental body, domestic or foreign, that is authorized under the governmental body's laws, rules, or regulations, to enter into Public Contracts.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (3) **"Award"** means, as the context requires, either the act or occurrence of the District's identification of the Person with whom the District will enter into a Contract following the resolution of any protest of the District's selection of that Person and the completion of all Contract negotiations.
- (4) **"Bid"** means a Written response to an Invitation to Bid.
- (5) **"Bidder"** means a Person who submits a Bid in response to an Invitation to Bid.
- (6) **"Brand Name or Equal Specification"** is defined in ORS 279B.200(1) and means a Specification that uses one or more manufacturers' names, makes, catalog numbers, or similar identifying characteristics to describe the standard of quality, performance, functionality, or other characteristics needed to meet the District's requirements, and that authorizes Offerors to offer Goods and Services that are equivalent or superior to those named or described in the Specification.
- (7) **"Brand Name Specification"** is defined in ORS 279B.200(2) and means a Specification limited to one or more products, Brand Names, makes, manufacturers' names, catalog numbers, or similar identifying characteristics.
- (8) **"Class Special Procurement"** is defined in ORS 279B.085 and means a contracting procedure that differs from the procedures described in ORS 279B.055, 279B.060, 279B.065, and 279B.070, and is for the purpose of entering into a series of Contracts over time or for multiple Projects for the acquisition of a specified class of Goods or Services.
- (9) **"Closing"** means the date and time announced in a Solicitation Document as the deadline for submitting Offers.
- (10) **"Code"** or **"Public Contracting Code"** is defined in ORS 279A.010 and means ORS Chapters 279A, 279B, and 279C.
- (11) **"Competitive Sealed Bidding"** is a Procurement process where a Contract is Awarded based on price pursuant to the lowest Responsive and Responsible Bidder.
- (12) **"Competitive Range"** means the Proposers with whom the District will conduct discussions or negotiations if the District intends to conduct discussions or negotiations in accordance with PPS-47-0261 or PPS-49-0650. The size of the Competitive Range must be stated in the Solicitation Document.
- (13) **"Contract Price"** means, as the context requires, the maximum monetary obligation that the District either will or may incur under a Contract, including bonuses, incentives, and contingency amounts, if the Contractor fully performs under the Contract.
- (14) **"Contract Review Board"** or **"Local Contract Review Board"** means the District Board of Directors acting as the Local Contract Review Board for the District under ORS 279A.060.
- (15) **"Contracting Agency"** is defined in ORS 279A.010(1)(b) and means a Public Body authorized by law to conduct a Procurement. "Contracting Agency" includes, but is not limited to, the Director of the Oregon Department of Administrative Services and any Person authorized by a Contracting Agency to conduct a Procurement on the Contracting Agency's behalf. "Contracting Agency" does not include the judicial department or the legislative department.
- (16) **"Contractor"** means the Person with whom the District enters into a Contract and is interchangeable with "Consultant" and "Provider."
- (17) **"Cooperative Procurement"** is defined in ORS 279A.200 and means a Procurement conducted by an Administering Contracting Agency on behalf of one or more governmental bodies. "Cooperative Procurement" includes, but is not limited to, multi-party Contracts and Price Agreements. "Cooperative Procurement" does not include an agreement formed among only governmental bodies under

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

ORS Chapter 190 or other legal authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies.

(18) "Cooperative Procurement Group" means a group of authorized Contracting Agencies or other governmental body, domestic or foreign, joined through an intergovernmental agreement for the purposes of facilitating Cooperative Procurements pursuant to ORS 279A.200.

(19) "Days" means calendar Days.

(20) "DBE Disqualification" means a disqualification, suspension, or debarment pursuant to ORS 200.065, ORS 200.075, ORS 279A.110, or PPS-46-0210.

(21) "District" means School District No. 1J, Multnomah County, Oregon, doing business as Portland Public Schools.

(22) "District Price Agreement" means a Price Agreement issued by the District. Such Agreements may result from a Cooperative Procurement.

(23) "Designated Procurement Officer" means the individual designated and authorized by the Superintendent to perform certain Procurement functions described in these Rules.

(24) "Descriptive Literature" means the Offeror's materials submitted to provide information concerning the Goods and Services available in response to a solicitation.

(25) "Electronic Advertisement" means the District's Solicitation Documents or Request for Quotes, Request for Information, or other document inviting participation in the District's Procurements available over the Internet via (a) the World Wide Web, (b) ORPIN, or (c) an Electronic Procurement System other than ORPIN.

(26) "Electronic Offer" means a response to the District's Solicitation Documents or Request for Quotes submitted to the District via (a) the World Wide Web or some other Internet protocol or (b) an Electronic Procurement System utilized by the District.

(27) "Electronic Procurement System" means ORPIN or other system constituting an information system that Persons may access through the Internet, using HTTP (i.e., the World Wide Web), Telnet, or some other Internet protocol, or that Persons may otherwise remotely access using a computer. An Electronic Procurement System enables the District to post Electronic Advertisements, receive Electronic Offers, and conduct any activities related to Procurement.

(28) "Emergency" means circumstances that:

- (a) Could not have been reasonably foreseen;
- (b) Create a substantial risk of loss, damage, or interruption of services or a substantial threat to property, public health, welfare, or safety; and
- (c) Require prompt execution of a Contract to remedy the condition.

(29) "Emergency Procurement" means a sourcing method pursuant to ORS 279B.080.

(30) "Energy Savings Performance Contract" means a Public Contract between the District and a Qualified Energy Service Company for the identification, evaluation, recommendation, design, and construction of Energy Conservation Measures, including a Design-Build Contract, that guarantee energy savings or performance.

(31) "Engineer" is defined in ORS 279C.100 and means a Person who is registered and holds a valid certificate in the practice of engineering in the State of Oregon, as provided under ORS 672.002 through 672.325, and includes all terms listed in ORS 672.002(2).

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(32) **"Facsimile"** means an exact reproduction or copy of graphic or verbal material converted into electrical signals that are transmitted via telephone to produce a paper copy of the material on the receiving fax machine.

(33) **"Findings"** is defined in ORS 279C.330 and means the justification for an exemption from Competitive Bidding for a Contract for a Public Improvement that includes, but is not limited to, information regarding:

- (a) Operational, budget, and financial data;
- (b) Public benefits;
- (c) Value engineering;
- (d) Specialized expertise required;
- (e) Public safety;
- (f) Market conditions;
- (g) Technical complexity; and
- (h) Funding sources.

(34) **"Flexible Services Contractor Pool"** or **"FSCP"** is a list of qualified contractors determined pursuant to a Request for Qualifications or other method of competitive solicitation with whom the Superintendent may enter into a Contract as provided for in these Rules.

(35) **"Fringe Benefits"** is defined in ORS 279C.800 and means the amount of:

- (a) The rate of contribution irrevocably made by a Contractor or subcontractor to a trustee or to a third person under a plan, fund, or program; and
- (b) The rate of costs to the Contractor or subcontractor that may be reasonably anticipated in providing benefits to workers pursuant to an enforceable commitment to carry out a financially responsible plan or program that is committed in Writing to the workers affected, for medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, for unemployment benefits, life insurance, disability and sickness insurance, or accident insurance, for vacation and holiday pay, for defraying costs of apprenticeship or other similar programs, or for other bona fide Fringe Benefits, but only when the Contractor or subcontractor is not required by other federal, state, or local law to provide any of these benefits.

(36) **"Good-Faith Dispute"** is defined in ORS 279C.580 and means a documented dispute concerning:

- (a) Unsatisfactory job progress;
- (b) Defective Work not remedied;
- (c) Third-party claims filed or reasonable evidence that claims will be filed;
- (d) Failure to make timely payments for labor, equipment, and materials;
- (e) Damage to the prime Contractor or subcontractor; or
- (f) Reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(37) **"Goods"** is defined in ORS 279A.010(1)(i) and means supplies, equipment, materials, and personal property, including any tangible, intangible, and intellectual property and rights and licenses in relation thereto, and combinations of any of the items identified herein.

(38) **"Goods and Services" or "Goods or Services"** is defined in ORS 279A.010(1)(j) and means any combinations of any of the items identified in the definitions of "Goods" and "Services."

(39) **"Grant"** is defined in ORS 279A.010(k) and means:

- (a) An agreement under which the District receives money, property, or other assistance including, but not limited to, federal assistance that is characterized as a Grant by federal law or regulations, loans, loan guarantees, credit enhancements, gifts, bequests, commodities, or other assets, from a grantor for the purpose of supporting or stimulating a program or activity of the District and in which no substantial involvement by the grantor is anticipated in the program or activity other than involvement associated with monitoring compliance with the Grant conditions; or
- (b) An agreement under which the District provides money, property, or other assistance including, but not limited to, federal assistance that is characterized as a Grant by federal laws or regulations, loans, loan guarantees, credit enhancements, gifts, bequests, commodities, or other assets, to a recipient for the purpose of supporting or stimulating a program or activity of the recipient, and in which no substantial involvement by the District is anticipated in the program or activity other than involvement associated with monitoring compliance with the Grant conditions.
- (c) "Grant" does not include a Public Contract:
 - (A) For a Public Improvement or Public Works, as defined in ORS 279C.800, or
 - (B) For Emergency Work, minor alterations, or ordinary repair or maintenance necessary to preserve a Public Improvement, when under the Public Contract:
 - (i) The District pays moneys that the District has received under a Grant, and
 - (ii) Such payment is made in consideration for Contract performance intended to realize or to support the realization of the purposes for which Grant funds were provided to the District.

(40) **"Interstate Cooperative Procurement"** is defined in ORS 279A.200 and means a Permissive Cooperative Procurement in which the Administering Contracting Agency is a governmental body, domestic or foreign, that is authorized under the governmental body's laws, rules, or regulations to enter into Public Contracts and in which one or more of the participating governmental bodies are located outside of their state.

(41) **"Invitation to Bid" or "ITB"** means the Solicitation Document issued to invite Offers from prospective Contractors pursuant to either ORS 279B.055 or 279C.335.

(42) **"Joint Cooperative Procurement"** is defined in ORS 279A.200 and means a Cooperative Procurement that identifies:

- (a) The participating governmental bodies or the Cooperative Procurement Group;
- (b) The Contract requirements or estimated Contract requirements for Price Agreements.

(43) **"Land Surveyor"** is defined in ORS 279C.100(4) and means a Person who is registered and holds a valid certificate in the practice of land surveying in the State of Oregon as provided under ORS 672.002 through 672.325, and includes all terms listed in ORS 672.002(5).

(44) **"Life-Cycle Cost"** means the total cost to the District of acquiring, operating, supporting, and (if applicable) disposing of the items being acquired.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (45) **"Life-Cycle Costing "** means the various quantifiable cost factors, in addition to the acquisition cost of Goods and Services (also referred to in this Rule as "product, equipment, and service, separately or in any combination thereof").
- (46) **"Locality"** is defined in ORS 279C.800 and means the following district in which the Public Works, or the major portion thereof, is to be performed: District 2, composed of Clackamas, Multnomah, and Washington Counties.
- (47) **"Lowest Responsible Bidder"** means the lowest Bidder who:
- (a) Has substantially complied with all prescribed Public Contracting procedures and requirements;
 - (b) Has met the standards of responsibility set forth in ORS 279B.110 or 279C.375;
 - (c) Has not been debarred or disqualified by the District under ORS 279B.130 or 279C.440; and
 - (d) Is not on the list created by the Oregon Construction Contractors Board under ORS 701.227, if the advertised Contract is a Public Improvement Contract.
- (48) **"Model Rules"** means the Attorney General's Model Rules of procedure for Public Contracting as required under ORS 279A.065.
- (49) **"Nonprofit Procurement Organization"** means a local, state, or national organization formed as a tax-exempt entity under the United States Internal Revenue Code for the purpose of conducting large-scale or volume-competitive Procurements as an agent for its governmental and/or nonprofit members in order to obtain the most favorable pricing or terms.
- (50) **"Nonresident Bidder"** is defined in ORS 279A.120 and means a Bidder who is not a resident Bidder.
- (51) **"OAR"** means the Oregon Administrative Rules.
- (52) **"Offer"** means a Written Offer to provide Goods or Services in response to a Solicitation Document.
- (53) **"Offeror"** means a Person who submits an Offer.
- (54) **"Opening"** means the date, time, and place announced in the Solicitation Document for the public opening of Offers.
- (55) **"ORPIN"** means the on-line electronic Oregon Procurement Information Network administered by the State Procurement Office.
- (56) **"ORS"** means the Oregon Revised Statutes.
- (57) **"Original Contract"** is defined in ORS 279A.200(f) and means the initial Contract or Price Agreement solicited and Awarded during a Cooperative Procurement by an Administering Contracting Agency.
- (58) **"Permissive Cooperative Procurement"** is defined in ORS 279A.200 and means a Cooperative Procurement in which the Purchasing Contracting Agencies are not identified.
- (59) **"Person"** means any of the following with legal capacity to enter into a Contract: individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental agency, public corporation, or any other legal or commercial entity. "Person" is also defined in ORS 279C.500 and 279C.815 and means any employer, labor organization, or any official representative of an employee or employer association.
- (60) **"Personal Services"** means the Services or type of Services performed under a Personal Services Contract as defined in PPS-46-0500.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (61) **"Personal Services Contract" or "PSC"** is a Contract primarily for Personal Services.
- (62) **"Prevailing Rate of Wage"** is defined in ORS 279C.800 and means the rate of hourly wage, including all Fringe Benefits, paid in the Locality to the majority of workers employed on projects of similar character in the same trade or occupation, as determined by the Commissioner of the Bureau of Labor and Industries.
- (63) **"Price Agreement"** means a Public Contract for the Procurement of Goods and Services at a set price with:
- (a) No guarantee of a minimum or maximum purchase; or
 - (b) An initial order or minimum purchase combined with a continuing Contractor obligation to provide Goods and Services in which the District does not guarantee a minimum or maximum additional purchase.
- (64) **"Procurement"** is defined in ORS 279A.010(1)(w) and means the act of purchasing, leasing, renting, or otherwise acquiring Goods or Services. "Procurement" includes each function and procedure undertaken or required to be undertaken by the District to enter into a Public Contract, administer a Public Contract, and obtain the performance of a Public Contract under the Public Contracting Code.
- (65) **"Procurement Description"** is defined in ORS 279B.005(1)(b) and means the words used in a solicitation to describe the Goods or Services to be procured. "Procurement Description" includes Specifications attached to or made a part of the solicitation.
- (66) **"Procurement File"** is a file containing documents relating to a specific Procurement or Procurements that is maintained in the District's Procurement Division or in another District department or division that is responsible for the Procurement.
- (67) **"Product Sample"** means the exact Goods or a representative portion of the Goods offered in an Offer, or the Goods requested in the Solicitation Documents as a sample.
- (68) **"Proposal"** means a Written response to a Request for Proposals.
- (69) **"Proposer"** means a Person who submits a Proposal in response to a Request for Proposals.
- (70) **"Public Agency"** is defined in ORS 279C.800(5) and means the State of Oregon or any political subdivision thereof, or any county, city, district, authority, public corporation, or entity, and any instrumentality thereof organized and existing under law or charter.
- (71) **"Public Body"** is defined in ORS 279A.010(1)(y) and has the meaning given that term in ORS 174.109.
- (72) **"Public Contract" or "Contract"** means, except where these Rules otherwise expressly indicate, a "Public Contract" as defined in ORS 279A.010 and means a sale or other disposal, or a purchase, lease, rental, or other acquisition by the District of personal property, Services, including Personal Services, Public Improvements, Public Works, minor alterations, or ordinary repair or maintenance necessary to preserve a Public Improvement. "Public Contract" does not include Grants.
- (73) **"Public Contracting"** is defined in ORS 279A.010(1)(aa) and means Procurement activities described in the Public Contracting Code relating to obtaining, modifying, or administering Public Contracts or Price Agreements.
- (74) **"Public Improvement"** is defined in ORS 279A.010 and means a Project for construction, reconstruction, or major renovation on real property by or for the District. "Public Improvement" does not include:

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (a) Projects for which no funds of the District are directly or indirectly used, except for participation that is incidental or related primarily to Project design or inspection; or
- (b) Emergency Work, minor alteration, or ordinary repair or maintenance necessary to preserve a Public Improvement.

(75) **"Public Improvement Contract"** means a Public Contract for a Public Improvement. "Public Improvement Contract" does not include a Public Contract for Emergency Work, minor alterations, or ordinary repair or maintenance necessary to preserve a Public Improvement.

(76) (a) **"Public Works"** is defined in ORS 279C.800 and includes, but is not limited to:

- (A) Roads, highways, buildings, structures, and improvements of all types, the construction, reconstruction, major renovation, or painting of which is carried on or contracted for by any Public Agency to serve the public interest;
- (A) A Project for the construction, reconstruction, major renovation, or painting of a privately owned road, highway, building, or structure of any type that uses funds of a private entity and \$750,000 or more of funds of a Public Agency; or
- (B) A Project for the construction of a privately owned road, highway, building, structure, or improvement of any type that uses funds of a private entity and in which 25% or more of the square footage of the completed Project will be occupied or used by a Public Agency.

(b) "Public Works" does not include:

- (A) The reconstruction or renovation of privately owned real property that is leased by a Public Agency; or
- (B) The renovation by a private nonprofit entity of publicly owned real property that is more than 75 years old if:
 - (i) The real property is leased to the private nonprofit entity for more than 25 years;
 - (ii) Funds of a Public Agency used in the renovation do not exceed 15% of the total cost of the renovation; and
 - (iii) Contracts for the renovation were advertised or, if not advertised, were entered into before July 1, 2003, but the renovation has not been completed on or before July 13, 2007.

(77) **"Purchase Order"** means the District's document to formalize a purchase transaction with a Provider. Acceptance of a Purchase Order constitutes a Public Contract. The District's use of a Purchase Order must comply with the Public Contracting Code and these Rules.

(78) **"Purchasing Contracting Agency"** is defined in ORS 279A.200(1)(h) and means a governmental body that procures Goods, Services, or Public Improvements from a Contractor based on the Original Contract established by an Administering Contracting Agency.

(79) **"QBS"** means the qualifications-based selection process mandated by ORS 279C.110 for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services and Related Services Contracts under certain circumstances.

(80) **"Recycled Material"** means any material that would otherwise be a useless, unwanted, or discarded material except for the fact that the material still has useful physical or chemical properties after serving a specific purpose and can, therefore, be reused or recycled.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (81) **"Recycled Product"** is defined in ORS 279A.010(1)(ii) and means all materials, Goods, and supplies, not less than 50% of the total weight of which consists of secondary and post-consumer waste, with not less than 10% of its total weight consisting of Post-consumer Waste. "Recycled Product" includes any product that could have been disposed of as solid waste, having completed its life cycle as a consumer item, but otherwise is refurbished for reuse without substantial alteration of the product's form.
- (82) **"Request for Proposals"** or **"RFP"** is defined in ORS 279B.005 and means all documents, either attached or incorporated by reference, and any Addenda thereto, used for soliciting Proposals in accordance with either ORS 279B.060 or 279C.405 and related rules.
- (83) **"Request for Qualifications"** or **"RFQ"** means a Written document issued by the District to which Contractors respond in Writing by describing their experience with and qualifications for the Work described in the Solicitation Document.
- (84) **"Request for Quotes"** means a Written or oral request for prices, rates, or other conditions under which a potential Contractor would provide Goods or perform Services, Personal Services, or Public Improvements described in the request.
- (85) **"Responsible"** means meeting the standards set forth in PPS-47-0640 or PPS-49-0390(2), and not debarred or disqualified by the District under PPS-47-0575 or PPS-49-0370.
- (86) **"Resident Bidder"** is defined in ORS 279A.120 and means a Bidder that has paid unemployment taxes or income taxes in this state during the 12 calendar months immediately preceding submission of the Bid, has a business address in this state, and has stated in the Bid whether the Bidder is a "Resident Bidder."
- (87) **"Responsible Offeror"** (also **"Responsible Bidder"** or **"Responsible Proposer"** as applicable) means a Person who has submitted an Offer and met the standards set forth in PPS-47-0500 or PPS-49-0390(2), and who has not been debarred or disqualified by the District under PPS-47-0575 or PPS-49-0370, respectively. When used alone, "Responsible" means meeting the aforementioned standards.
- (88) **"Responsive"** means having the characteristics of substantial completion in all material respects with applicable solicitation requirements.
- (89) **"Responsive Offer"** (also, **"Responsive Bid"** or **"Responsive Proposal,"** as applicable) means an Offer that substantially complies in all material respects with applicable solicitation requirements.
- (90) **"Retainage"** is defined in ORS 279C.550 and means the difference between the amount earned by a Contractor on a Public Contract and the amount paid on the Contract by the District.
- (91) **"Revenue Contract"** means a Contract where the District is providing Goods or Services to another party for compensation. Revenue Contracts are typically intergovernmental agreements with other education or education-related social service providers, or Contracts with other community partners in furtherance of the District's educational mission.
- (92) **"School Board"** means the District Board of Directors acting as the governing body of the District pursuant to ORS Chapter 332.
- (93) **"Secondary Waste Content"** or **"Secondary Waste Materials"** is defined in ORS 279A.010(1)(jj) and means fragments of products or finished products of a manufacturing process that has converted a virgin resource into a commodity of real economic value. "Secondary Waste Materials" includes post-consumer waste. "Secondary Waste Materials" does not include excess virgin resources of the manufacturing process. For paper, "Secondary Waste Materials" does not include fibrous waste generated during the manufacturing process, such as fibers recovered from waste water or trimmings of paper machine rolls, mill broke, wood slabs, chips, sawdust, or other wood residue from a manufacturing process.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(94) **"Services"** is defined in ORS 279A.010(1) and means Services other than Personal Services designated under PPS-46-0500 and ORS 279A.055.

(95) **"Signature"** means any Written mark, word, or symbol that is made or adopted by a Person with the intent to be bound and that is attached or logically associated with a Written document to which the Person intends to be bound.

(96) **"Signed"** means, as the context requires, that a Written document contains a Signature or that the act of making a Signature has occurred.

(97) **"Solicitation Document"** means an Invitation to Bid, a Request for Proposals, Request for Quotes, or other similar document issued to invite Offers from prospective Contractors pursuant to ORS Chapters 279B or 279C. The following are not "Solicitation Documents" unless they invite Offers from prospective Contractors: a Request for Qualifications, a prequalification of Bidders, a request for information, a sole-source notice, an approval of a Special Procurement, or a request for product prequalification.

(98) **"Specifications"** means, with respect to Goods or Services, any description of the physical or functional characteristics of, or of the nature of, Goods and Services to be procured by the District, including any requirement for inspecting, testing, or preparing Goods or Services for delivery and the quantities or qualities of materials to be furnished under the Contract. See ORS 279B.200(3). With respect to Public Improvements, "Specifications" generally means any description of the result to be obtained and may, on occasion, describe the method and manner of doing the Work to be performed.

(99) **"Superintendent"** means the District Superintendent or the Superintendent's designee.

(100) **"Work"** means the furnishing of all materials, equipment, labor, and incidentals necessary to successfully complete any individual item or the entire Contract, and successful completion of all duties and obligations imposed by the Contract.

(101) **"Writing"** means letters, characters, and symbols inscribed on paper by hand, print, type, or other method of impression, intended to represent or convey particular ideas or meanings. "Writing," when required or permitted by law, or required or permitted in a Solicitation Document, also means letters, characters, and symbols made in electronic form and intended to represent or convey particular ideas or meanings.

(102) **"Written"** means existing in Writing.

PPS-46-0120 Policy

The District shall conduct Public Contracting to further the policies set forth in ORS 279A.015, elsewhere in the Code, and in these Rules.

PPS-46-0130 Application of the Code and Rules; Exceptions

(1) Except as set forth in this Section, the District must exercise all rights, powers, and authority related to Public Contracting in accordance with the Public Contracting Code and these Rules.

(2) The District may make a Procurement without Competitive Sealed Bidding, Competitive Sealed Proposals, or other competition required under ORS 279B.050 through ORS 279B.085 or PPS-47-0255 through PPS-47-0670, provided the Procurement is made under 10 U.S.C. 381, the Electronic Government Act of 2002 (P.L. 107-347), or other federal law that is, as determined by the Local Contract Review Board, similar to 10 U.S.C. 381 or section 211 of the Electronic Government Act of 2002, in effectuating or promoting transfers of property to the District.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(3) Except as expressly provided herein, these Rules do not apply to the Contracts or classes of Contracts described in ORS 279A.025(2), including the following District Contracts:

- (a)** Contracts between the District and:
 - (A)** Another Contracting Agency;
 - (B)** The Oregon Health and Science University;
 - (C)** The Oregon State Bar;
 - (D)** A governmental body of another state;
 - (E)** The federal government;
 - (F)** An American Indian tribe or an agency of an American Indian tribe;
 - (G)** A nation, or a governmental body in a nation, other than the United States; or
 - (H)** An intergovernmental entity formed between or among:
 - (i)** Governmental bodies of this or another state;
 - (ii)** The federal government;
 - (iii)** An American Indian tribe or an agency of an American Indian tribe;
 - (iv)** A nation other than the United States; or
 - (v)** A governmental body in a nation other than the United States.
- (b)** Agreements authorized by ORS Chapter 190 or by a statute, charter provision, ordinance, or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies;
- (c)** Insurance and Service Contracts as provided for under ORS 414.115, 414.125, 414.135, and 414.145 for purposes of source selection;
- (d)** Grants;
- (e)** Contracts for professional or expert witnesses or Consultants to provide Services or testimony relating to existing or potential litigation or legal matters in which a Public Body is or may become interested;
- (f)** Acquisitions or disposals of real property or interest in real property;
- (g)** Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;
- (h)** Contracts for the Procurement or distribution of textbooks;
- (i)** Procurements by the District from an Oregon Corrections Enterprises program;
- (j)** Contracts, agreements, or other documents entered into, issued, or established in connection with:
 - (A)** The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a Public Body;
 - (B)** The making of program loans and similar extensions or advances of funds, aid, or assistance by a Public Body to a public or private body for the purpose of carrying out, promoting, or sustaining activities or programs authorized by law; or
 - (C)** The investment of funds by a Public Body as authorized by law, and other financial transactions of a Public Body that by their character cannot practically be established under the competitive Contractor selection procedures of ORS 279B.050 through 279B.085;

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (k) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303, and 243.565;
 - (l) Contracts for employee benefit plans as provided in ORS 243.860 through 243.886; or
 - (m) Any other Public Contracting of a Public Body specifically exempted from the Code by another provision of law.
- (4) Except as expressly provided herein, these Rules do not apply to Contracts entered into pursuant to ORS 279.835 through 279.855.

MINORITIES, WOMEN AND EMERGING SMALL BUSINESSES

PPS-46-0210 Subcontracting to and Contracting with Emerging Small Businesses; DBE Disqualification

- (1) As set forth in ORS 279A.105, the District may require a Contractor to subcontract some part of a Contract to, or to obtain materials to be used in performing the Contract from:
- (a) A business enterprise that is certified under ORS 200.055 as an emerging small business; or
 - (b) A business enterprise that is:
 - (A) Certified under ORS 200.055 as an emerging small business; and
 - (B) Is located in or draws its workforce from economically distressed areas, as designated by the Oregon Economic and Community Development District.
- (2) A subcontractor certified under ORS 200.055 as an emerging small business is located in or draws its workforce from economically distressed areas if:
- (a) Its principal place of business is located in an area designated as economically distressed by the Oregon Economic and Community Development District pursuant to administrative rules adopted by the Oregon Economic and Community Development District; or
 - (b) The Contractor certifies in Writing to the District that a substantial number of the subcontractor's employees, or subcontractors that will manufacture the Goods or complete the Services under the Contract, reside in an area designated as economically distressed by the Oregon Economic and Community Development District pursuant to administrative rules adopted by the Oregon Economic and Community Development District. For the purposes of making the foregoing determination, the District must determine in each particular instance what proportion of a Contractor's or subcontractor's employees or subcontractors constitutes a substantial number.
- (3) The District must include in each Solicitation Document a requirement that Offerors certify in their Offers, in a form prescribed by the District, that the Offeror has not and will not discriminate against a subcontractor in the Awarding of a subcontract because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055, or against a business enterprise that is owned or controlled by or that employs a disabled veteran as defined in ORS 408.225.
- (4) **DBE Disqualification.**
- (a) The District may disqualify a Person from consideration of Award of the District's Contracts under ORS 200.065(5), or suspend a Person's right to Bid on or participate in any Public Contract pursuant to ORS 200.075(1), after providing the Person with notice and a reasonable opportunity to be heard in accordance with Sections (4)(d) and (e) of this Rule.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (b) As provided in ORS 200.065 and 200.075, the District may disqualify or suspend a Person's right to submit an Offer or to participate in a Contract (e.g., act as a subcontractor) as follows:
 - (A) For a DBE Disqualification under ORS 200.065, the District may disqualify a Person upon finding that the Person engaged in any of the activities made unlawful by ORS 200.065(1) or (2), or if the Person has been disqualified by another district pursuant to ORS 200.065.
 - (B) For a DBE Disqualification under ORS 200.075, the District may suspend a Person upon finding that the Person engaged in any of the acts prohibited by ORS 200.075(2)(a) through (c).
- (c) The District may disqualify or suspend a Person's right to submit Offers or participate in Public Contracts only for the length of time permitted by ORS 200.065 or ORS 200.075, as applicable.
- (d) The District must notify the Person in Writing of a proposed DBE Disqualification pursuant to this Section, served personally or by registered or certified mail, return receipt requested. This notice must:
 - (A) State that the District intends to disqualify or suspend the Person;
 - (B) Set forth the reasons for the DBE Disqualification;
 - (C) Include a statement of the Person's right to a hearing if requested in Writing within the time stated in the notice and that if the District does not receive the Person's Written request for a hearing within the time stated, the Person must have waived its right to a hearing;
 - (D) Include a statement of the authority and jurisdiction under which the hearing will be held;
 - (E) Include a reference to the particular sections of the statutes and rules involved;
 - (F) State the proposed DBE Disqualification period; and
 - (G) State that the Person may be represented by legal counsel.
- (e) Hearing. The District must schedule a hearing upon the District's receipt of the Person's timely request. The District must notify the Person of the time and place of the hearing and provide information on the procedures, right of representation, and other rights related to the conduct of the hearing prior to the hearing. The Contract Review Board may hold the hearing or may designate a hearings officer to conduct the hearing.
- (f) Notice of DBE Disqualification. The District will notify the Person in Writing of its DBE Disqualification, served personally or by registered or certified mail, return receipt requested. The notice shall contain:
 - (A) The effective date and period of DBE Disqualification;
 - (B) The grounds for DBE Disqualification; and
 - (C) A statement of the Person's appeal rights and applicable appeal deadlines.

CONTRACT PREFERENCES

PPS-46-0300 Preference for Oregon Goods and Services; Nonresident Bidders

(1) **Tiebreaker Preference and Award When Offers Identical.** Under ORS 279A.120, when the District receives Offers that are identical in price, fitness, availability, and quality and chooses to Award a Contract, the District must Award the Contract based on the following order of precedence:

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (a) The District must Award the Contract to the Offeror among those submitting identical Offers that is offering Goods and Services that are manufactured, produced, or to be performed in Oregon.
- (b) If two or more Offerors submit identical Offers and they all offer Goods or Services, or both, or Personal Services, that are manufactured, produced, or to be performed in Oregon, the District must Award the Contract by drawing lots among the identical Offers. The District will provide the Offerors who submitted the identical Offers notice of the date, time, and location of the drawing of lots, and an opportunity for these Offerors to be present when lots are drawn.
- (c) If the District receives identical Offers and none of the identical Offers offer Goods or Services, or both, or Personal Services, that are manufactured, produced, or to be performed in Oregon, then the District must Award the Contract by drawing lots among the identical Offers. The District will provide to the Offerors who submitted the identical Offers notice of the date, time, and location of the drawing of lots, and an opportunity for these Offerors to be present when lots are drawn.

(2) Determining if Offers are Identical. The District will consider Offers identical in price, fitness, availability, and quality as follows:

- (a) Bids received in response to an Invitation to Bid are identical in price, fitness, availability, and quality if the Bids are Responsive and offer the Goods or Services, or both, or Personal Services, described in the Invitation to Bid at the same price.
- (b) Proposals received in response to a Request for Proposals are identical in price, fitness, availability, and quality if they are Responsive and achieve equal scores when scored in accordance with the evaluation criteria set forth in the Request for Proposals.
- (c) Offers received in response to a Special Procurement conducted under ORS 279B.085 are identical in price, fitness, availability, and quality if, after completing the contracting procedure approved by the Contract Review Board, the District determines, in Writing, that two or more Proposals are equally advantageous to the District.
- (d) Offers received in response to an Intermediate Procurement conducted pursuant to ORS 279B.070 are identical if the Offers equally best serve the interests of the District in accordance with 279B.070(4).

(3) Determining if Goods or Services or Personal Services are Manufactured or Produced in Oregon. In applying Section (1) of this Rule, the District will determine whether a Contract is predominantly for Goods, Services, or Personal Services and then use the predominant purpose to determine if the Goods, Services, or Personal Services are manufactured, produced, or performed in Oregon. The District may request, either in a Solicitation Document, following Closing, or at any other time the District determines is appropriate, any information the District may need to determine if the Goods, Services, or Personal Services are manufactured or produced in Oregon. The District may use any reasonable criteria to determine if Goods, Services, or Personal Services are manufactured, produced, or performed in Oregon, provided that the criteria reasonably relate to that determination, and provided that the District applies those criteria equally to each Offer.

(4) Procedure for Drawing Lots. When this Rule calls for the drawing of lots, the District shall draw lots by a procedure that affords each Offeror subject to the drawing a substantially equal probability of selection and that does not allow the Person making the selection the opportunity to manipulate the drawing of lots to increase the probability of selecting one Offeror over another.

(5) Discretionary Preference and Award. Under ORS 279A.128, the District may provide, in a Solicitation Document for Goods, Services, or Personal Services, a specified percentage preference of not more than 10% for Goods fabricated or processed entirely in Oregon or Services or Personal Services

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

performed entirely in Oregon. When the District provides for a preference under this Section and more than one Offeror qualifies for the preference, the District may give a further preference to a qualifying Offeror that resides in or is headquartered in Oregon. The District may establish a preference percentage higher than 10% by Written order that finds good cause to establish the higher percentage and that explains the District's reasons and evidence for finding good cause to establish a higher percentage. The District may not apply the preferences described in this Section in a Procurement for Emergency Work, minor alterations, ordinary repairs or maintenance of public improvements, or construction Work that is described in ORS 297C.320.

PPS-46-0310 Reciprocal Preferences

(1) When evaluating Bids pursuant to PPS-47-0255 through PPS-47-0257, PPS-49-0390, or PPS-49-0640 through PPS-49-0660, the District must add a percentage increase to the Bid of a Nonresident Bidder equal to the percentage, if any, of the preference that would be given to that Bidder in the state in which the Bidder resides. The District may rely on the list prepared and maintained by the state pursuant to ORS 279A.120(4) to determine both whether the Nonresident Bidder's state gives preference to in-state Bidders and the amount of such preference.

PPS-46-0320 Preference for Recycled Materials

(1) Notwithstanding provisions of law requiring the District to Award a Contract to the lowest or best Offeror, and in accordance with Section (2) of this Rule, the District may give preference to the Procurement of Goods manufactured from Recycled Materials whenever the District uses Competitive Sealed Bidding or Competitive Sealed Proposals and as set forth in this Rule.

(2) In comparing Goods from two or more Offerors, if at least one Offeror Offers Goods manufactured from Recycled Materials and at least one Offeror does not, the District may select the Offeror offering Goods manufactured from Recycled Materials if each of the following four conditions exists:

- (a) The Recycled Product is available;
- (b) The Recycled Product meets applicable standards;
- (c) The Recycled Product can be substituted for a comparable non-recycled product; and
- (d) The Recycled Product's costs do not exceed the costs of non-recycled products by more than 5%, or a higher percentage if a Written determination is made by the District and set forth in the Solicitation Document. For purposes of making the foregoing determination, the District must consider the costs of the Goods following any adjustments the District makes to the price of the Goods for purposes of evaluation pursuant to PPS-46-0310.

(3) Offerors must certify in their Offers:

- (a) The minimum, if not exact, percentage of Recycled Product in all materials and supplies offered; and
- (b) Both the post-consumer and Secondary Waste Content thereof.

(4) To be eligible for a preference under ORS 279A.125 and this Rule:

- (a) The Offeror must indicate which materials and supplies contain verifiable recycled content; and
- (b) Such products must meet the requirements of ORS 279A.125 and this Rule.

(5) A preference under ORS 279A.125 will only be applied to those products in the Offer that contain verifiable recycled content.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

(6) Offers that contain false information about (i) the percentage of Recycled Product, post-consumer, and Secondary Waste Content or (ii) verifiable recycled content, must be rejected as non-responsive, and the Offeror offering false information may be deemed non-responsive.

PPS-46-0330 Solicitations and Specifications to Comply with School Board Environmental and Sustainability Policies.

The District shall develop specifications for and procure Goods, Services, and Public Improvements in compliance with the applicable School Board environmental and sustainability policies, including, but not limited to Board Policy 3.30.080-P (Resource Conservation), 3.30.082-P (Environmentally Sustainable Business Practices), and 8.80.010-P (High Performance Facility Design), and related Administrative Directives adopted by the Superintendent.

COOPERATIVE PROCUREMENT

PPS-46-0400 Authority for Cooperative Procurements

- (1) The District may participate in, sponsor, conduct, or administer any of the following:
 - (a) Joint Cooperative Procurements to establish Original Contracts or Contracts for the acquisition of Goods and Services using a source-selection method substantially equivalent to those set forth in ORS 279B.055, 279B.060, or 279B.085, or to establish Original Contracts or Contracts for Public Improvements that use a Competitive Bidding process substantially equivalent to that set forth in ORS 279C.005 through 279C.870.
 - (b) Permissive Cooperative Procurements to establish Original Contracts or Contracts for the acquisition of Goods and Services only, using a source-selection method substantially equivalent to those set forth in ORS 279B.055 or 279B.060.
 - (c) Interstate Cooperative Procurements to establish Original Contracts or Contracts for the acquisition of Goods and Services only, using a source selection method substantially equivalent to those set forth in ORS 279B.055 or 279B.060.
- (2) The District must determine, in Writing, whether the solicitation and Award process for an Original Contract arising out of a Cooperative Procurement is substantially equivalent to those identified in ORS 279B.055, ORS 279B.060, or ORS 279B.085 in accordance with ORS 279A.200(2). This Written documentation must be maintained in the District's Procurement File.

PPS-46-0410 Responsibilities of Administering Contracting Agencies and Purchasing Contracting Agencies

- (1) If the District is an Administering Contracting Agency of a Cooperative Procurement, the District may establish the conditions under which Persons may participate in the Cooperative Procurement administered by the District. Such conditions may include, without limitation, whether each Person who participates in the Cooperative Procurement must pay administrative fees to the Administering Contracting Agency, whether each Person must enter into a Written agreement with the District, and any other matters related to the administration of the Cooperative Procurement and the resulting Original Contract. When acting as an Administering Contracting Agency, the District may, but is not required to, include provisions in the Solicitation Document for a Cooperative Procurement and advertise the Solicitation Document in a manner to assist Purchasing Contracting Agencies' compliance with the Code or these Rules.
- (2) If the District is acting as a Purchasing Contracting Agency and enters into a Contract based on a Cooperative Procurement, the District shall comply with the Code and these Rules, including, without limitation, those sections of the Code and these Rules that govern:

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (a) The extent to which the Purchasing Contracting Agency may participate in the Cooperative Procurement;
- (b) The advertisement of the Solicitation Document related to the Cooperative Procurement; and
- (c) Public notice of the Purchasing Contracting Agency's intent to establish Contracts based on a Cooperative Procurement.

PPS-46-0420 Joint Cooperative Procurements

(1) **Applicability.** The District may participate in, sponsor, conduct, or administer a Joint Cooperative Procurement for the purchase of Goods or Services or Public Improvements. The District must comply with the procedures set out in ORS 279A.210 and these Rules to procure Goods and Services or Public Improvements using a Joint Cooperative Procurement. Only the Participating District(s) listed in the solicitation and original Contract Documents may enter into a Contract through a Joint Cooperative Procurement. A Joint Cooperative Procurement may not be a Permissive Cooperative Procurement.

(2) **Solicitation Requirements.** The District may administer or participate in a Joint Cooperative Procurement only if:

- (a) The Administering Contracting Agency's solicitation and Award process for the Original Contract is an open and impartial competitive process and uses source-selection methods substantially equivalent to those specified in ORS 279B.055, 279B.060, or 279B.085, or uses a Competitive Bidding process substantially equivalent to the Competitive Bidding process in ORS 279C;
- (b) The Administering Contracting Agency's solicitation and the Original Contract or Price Agreement identifies the Cooperative Procurement Group or each participating Purchasing Contracting Agency and specifies the estimated Contract requirements; and
- (c) No material change is made in the terms, conditions, or prices of the Contract between the Contractor and the Purchasing Contracting Agency from the terms, conditions, and prices of the Original Contract between the Contractor and the Administering Contracting Agency.

PPS-46-0430 Permissive Cooperative Procurements

(1) **Applicability.** The District may only participate in, sponsor, conduct, or administer a Permissive Cooperative Procurement for the purchase of Goods or Services, but not for Public Improvements. The District must comply with the procedures set out in ORS 279A.215 and these Rules to procure Goods and Services using a Permissive Cooperative Procurement. A Permissive Cooperative Procurement is not a Joint Cooperative Procurement.

(2) **Solicitation Requirements.** The District may establish or participate in a Contract or Price Agreement through a Permissive Cooperative Procurement only if:

- (a) The Administering Contracting Agency's solicitation and Award process for the Original Contract is an open and impartial competitive process and uses source-selection methods substantially equivalent to those specified in ORS 279B.055 or 279B.060;
- (b) The Administering Contracting Agency's solicitation and the Original Contract allow other Contracting Agencies to establish Contracts or Price Agreements under the terms, conditions, and prices of the Original Contract;
- (c) The Contractor agrees to extend the terms, conditions, and prices of the Original Contract to the Purchasing Contracting Agency; and

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (d) No material change is made in the terms, conditions, or prices of the Contract or Price Agreement between the Contractor and the Purchasing Contracting Agency from the terms, conditions, and prices of the Original Contract between the Contractor and the Administering Contracting Agency.

PPS-46-0440 Required Public Notice if Permissive Cooperative Procurement is Over \$250,000

- (1) The District must publish a notice of its intent to enter into a Contract through a Permissive Cooperative Procurement if the District estimates that it will spend in excess of \$250,000 for the purchase of the Goods and Services to be acquired under the Contract.
- (2) For purposes of determining if the District must give a notice of intent, the District will spend in excess of \$250,000 for Goods and Services procured under the Contract if:
 - (a) The District intends to make payments, in aggregate, over the term of the Contract in excess of \$250,000, whether or not the total amount or value of the payments is expressly stated in the Contract;
 - (b) The District's Contract expressly provides for payment, whether a fixed or maximum price, in excess of \$250,000; or
 - (c) At the time the District enters into the Contract, the District reasonably contemplates, based on historical or other data available to the District, that the total payments it will make for the Goods or Services, or Personal Services, under the Contract will, in aggregate, exceed \$250,000 over the anticipated duration of the Contract.
- (3) The notice of intent must contain the following information:
 - (a) A description of the Procurement;
 - (b) An estimated amount of the Procurement;
 - (c) The name of the Administering Contracting Agency, and
 - (d) A time, place, and date by which comments must be submitted to the District regarding the notice of intent to establish a Contract or Price Agreement through the Permissive Cooperative Procurement.
- (4) The notice must be published:
 - (a) At least once in at least one newspaper of general circulation in the District or electronically in the same manner as the District publishes electronic notices of Invitations to Bid or Requests for Proposals; and
 - (b) No fewer than seven Days before the deadline for submission of comments regarding the notice of intent to establish a Contract or Price Agreement through a Permissive Cooperative Procurement.
- (5) Vendors must submit comments within seven Days after the notice of intent is published.
- (6) If the District receives comments on its intent to establish a Contract, the District must, prior to establishing a Contract or Price Agreement:
 - (a) Make a Written determination that establishing a Contract is in the best interest of the District.
 - (b) Provide a copy of the Written determination to all vendors that submitted comments.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

PPS-46-0450 Interstate Cooperative Procurements

- (1) **Applicability.** The District may only participate in an Interstate Cooperative Procurement for the purchase of Goods and Services pursuant to ORS 279A.220 and these Rules to procure Goods or Services, but not Public Improvements.
- (2) **Solicitation Requirements.** The District may establish a Contract or Price Agreement through an Interstate Cooperative Procurement only if:
 - (a) The Administering Contracting Agency's solicitation and Award process for the Original Contract is an open and impartial competitive process and uses source selection methods substantially equivalent to those specified in ORS 279B.055 or 279B.060;
 - (b) The Administering Contracting Agency's solicitation and the Original Contract allows other governmental bodies to establish Contracts or Price Agreements under the terms, conditions, and prices of the Original Contract; and
 - (c) The Administering Contracting Agency permits the Contractor to extend the use of the terms, conditions, and prices of the Original Contract to the Purchasing Contracting Agency.

PPS-46-0460 Advertisements of Interstate Cooperative Procurements

The District may only participate in an Interstate Cooperative Procurement if at least one of the following occurs:

- (1) The Solicitation Document for the Interstate Cooperative Procurement lists the District, or the Cooperative Procurement Group of which the District is a member, as a party that may establish Contracts or Price Agreements under the terms, conditions, and prices of the Original Contract, and the Solicitation Document is advertised in Oregon in compliance with 279B.055(4) or 279B.060(4) by:
 - (a) The Administering Contracting Agency;
 - (b) The District;
 - (c) The Cooperative Procurement Group, or a member of the Cooperative Procurement Group of which the District is a member; or
 - (d) Another Purchasing Contracting Agency that is subject to the Code, so long as such advertisement would, if given by the Purchasing Contracting Agency, comply with ORS 279B.055(4) or 279B.060(4) with respect to the Purchasing Contracting Agency.
- (2) If the Solicitation Document issued by the Administering Contracting Agency was not advertised in accordance with PPS-46-0460(1), the District gives notice of its intent to enter into a Public Contract or Price Agreement based on the terms of the Interstate Cooperative Procurement.
 - (a) The notice of intent must contain the following information:
 - (A) A description of the Procurement;
 - (B) An estimated amount of the Procurement;
 - (C) The name of the Administering Contracting Agency, and;
 - (D) A time, place, and date by which comments must be submitted to the District regarding the notice of intent to establish a Contract or Price Agreement through the Interstate Cooperative Procurement.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (b) The notice must be published:
 - (A) At least once in at least one newspaper of general circulation in the District or electronically in the same manner as the District publishes electronic notices of ITB or RFP; and
 - (B) No fewer than seven Days before the deadline for submission of comments regarding the notice of intent to establish a Contract or Price Agreement through a Permissive Cooperative Procurement.
- (c) Vendors must submit comments within seven Days after the notice of intent is published.
- (d) If the District receives comments on its Intent to establish a Contract, the District must, prior to establishing a Contract or Price Agreement:
 - (A) Make a Written determination that establishing a Contract is in the best interest of the District.
 - (B) Provide a copy of the Written determination to all vendors that submitted comments.

PPS-46-0470 Protest and Disputes; Cooperative Procurements

- (1) An Offeror or potential Offeror wishing to protest the Procurement process, the contents of a Solicitation Document related to a Cooperative Procurement, or the Award or proposed Award of an Original Contract shall make the protest in accordance with ORS 279B.400 through 279B.425, unless the Administering Contracting Agency is not subject to the Code. If the Administering Contracting Agency is not subject to the Code, then the Offeror or potential Offeror shall make the protest in accordance with the processes and procedures established by the Administering Contracting Agency.
- (2) Any other protests related to a Cooperative Procurement, or disputes related to a Contract arising out of a Cooperative Procurement, shall be made and resolved as set forth in ORS 279A.225.
- (3) The failure of the District or other Purchasing Contracting Agency to exercise any rights or remedies it has under a Contract entered into through a Cooperative Procurement shall not affect the rights or remedies of the District or any other Contracting Agency that participates in the Cooperative Procurement, including the Administering Contracting Agency, and shall not prevent any other Purchasing Contracting Agency from exercising any rights or seeking any remedies that may be available to it under its own Contract arising out of the Cooperative Procurement.

PPS-46-0480 Contract Amendments; Cooperative Procurements

The District may amend a Contract entered into pursuant to a Cooperative Procurement as set forth in PPS-47-0800 or PPS-49-0910, as applicable.

PERSONAL SERVICES CONTRACTS

PPS-46-0500 Personal Services Contract Definition

- (1) Pursuant to ORS 279A.055(2), a Contract for Personal Services ("PSC") is a Contract primarily for the provision of Services that require specialized technical, creative, professional, or communication skills or talents, unique and specialized knowledge, or the exercise of discretionary judgment skills, and for which the quality of Services depends on attributes that are unique to the service provider.
- (2) PSCs that fall within the definition in Section (1) of this Rule include, but are not limited to, the following:

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (a) Contracts for Services performed in a professional capacity, including services of an accountant, attorney, medical professional (e.g., doctor, dentist, nurse, counselor), information technology consultant, or broadcaster, except for Architectural, Engineering, Photogrammetric Mapping or Land Surveying Services and other construction-related professional services subject to Division 48 of these Rules;
 - (b) Contracts for Services as an artist in the performing or fine arts, including any Person identified as a photographer, filmmaker, actor, director, painter, weaver, or sculptor;
 - (c) Contracts for Services that are specialized, creative, or research-oriented;
 - (d) Contracts for educational services;
 - (e) Contracts for human custodial care, child care, mental health care, health services, social and emergency services, and other human services; and
 - (f) Contracts for other professional or technical consulting services not listed above.
- (3) The Contract Review Board delegates to the Superintendent the discretion to decide whether a particular type of Contract or Service falls within the definition of "Personal Services Contract" as set forth in Sections (1) and (2) of this Rule.
- (4) The District shall not use PSCs to obtain and pay for the Services of an employee. A PSC may be used only to obtain and pay for the Services of an independent Contractor.

PPS-46-0505 Personal Service Contract Formal Selection Procedures

The District will use a formal selection procedure if the estimate contract amount of personal services contract is greater than \$150,000. All formal RFP and RFQ solicitations must comply with the requirements for Competitive Sealed Proposals contained in ORS 279B.060 and may be solicited, processed, and reviewed through any of the Sealed Proposal Procurement methods set forth in PPS-47-0260 to PPS-47-0263.

PPS-46-0510 PSC Informal Selection Procedures

The District may use an informal selection process to obtain Personal Services when a formal selection process is not required.

- (1) The informal selection process must solicit responses/Proposals from at least three qualified Contractors offering the required Services. If three Proposals are not reasonably available, fewer will suffice, but the District shall make a Written record of the effort made to obtain at least three Proposals.
- (2) The informal selection process is intended to be competitive. The selection and ranking may be based on criteria including, but not limited to, each Proposer's:
 - (a) Particular capability to perform the Services required;
 - (b) Experienced staff available to perform the Services required, including each Proposer's recent, current, and projected workloads;
 - (c) Performance history;
 - (d) Approach and philosophy used in providing Services;
 - (e) Fees or costs;
 - (f) Geographic proximity to the Project or the area where the Services are to be performed; and
 - (g) Work volume previously Awarded by the District, with the object of effecting an equitable distribution of Contracts among qualified Contractors. But distribution must not violate the

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

policy of selecting the most highly qualified Contractor to perform the Services at a fair and reasonable price.

Written confirmation of solicitation attempts and responses with Contractor names and addresses shall be maintained in the District's Procurement File.

PPS-46-0515 Other Approved Solicitation Methods

(1) Request for Qualifications. An RFQ may be used to determine that competition does not exist for a particular Service, to establish a list of qualified Contractors for RFPs or for informal solicitations under these Rules, or to establish an FSCP as provided in PPS-46-0520.

- (a) The RFQ must at least describe the particular specialty desired, the qualifications the Contractor must have in order to be considered, and the evaluation factors and their relative importance. The RFQ may require information including, but not limited to, the Contractor's particular capability to perform the required Services; the number of experienced staff available to perform the required Services, including specific qualifications and experience of personnel; a list of similar Services the Contractor has completed with references concerning past performance; and any other information necessary to evaluate Contractor qualifications.
- (b) A qualifications pre-submission meeting (voluntary or mandatory) may be held for all interested Contractors to discuss the proposed Services. The RFQ must include the date, time, and place of the meeting.
- (c) Unless the RFQ establishes that competition does not exist or that Contracts will be individually negotiated with Contractors in an FSCP, each Contractor qualified under an RFQ will receive a notice (or other materials as appropriate) of any required Services and have an opportunity to submit a Proposal or Price Quote in response to the District's subsequent RFP.

(2) Price Agreements. The District may enter into Price Agreements for Personal Services. Such Price Agreements shall be solicited as otherwise required by these Rules based on the maximum Contract amount.

(3) Cooperative Procurement. The District may contract for Personal Services pursuant to a Cooperative Procurement in compliance with PPS-46-0400 to PPS-46-0480.

PPS-46-0520 Flexible Services Contractor Pool

The Superintendent may establish an FSCP for a particular class of Services where the need for such Services is ongoing in nature, where it is difficult to anticipate the Service need, time, amount, or availability of Contractors, or where Service needs arise so quickly that it is not practical or cost-effective to conduct individual solicitations under these Rules. An FSCP shall comply with the following requirements:

(1) Solicitation to Create an FSCP. An FSCP can be established pursuant to an RFQ, an RFP, Competitive Quotes, or such other method of competitive Procurement as the Superintendent deems to be appropriate given the Services to be procured.

- (a) The Superintendent shall document in the Procurement File the reasons for establishing an FSCP consistent with this Rule. This documentation must be reviewed and approved by the Director of Procurement as demonstrating that the Procurement qualifies for use of an FSCP under these Rules.
- (b) The solicitation shall describe the class of Contracts that can be Awarded to Contractors in the FSCP. The District may not Award Contracts outside the designated class of Contracts to the FSCP.

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (c) The solicitation shall set forth the number of Contractors that will be appointed to the FSCP, the selection criteria, and the methodology for ranking the requests and selecting the Contractors to be appointed to the pool.
- (d) The solicitation may request a binding Price Quote or rate that will become part of a subsequent Contract or may establish the pool based on qualification alone.
- (e) The solicitation may set or limit the value of the Work performed by the FSCP.

(2) Contracting for Work from an FSCP.

- (a) Once an FSCP has been established, the Superintendent may negotiate Contracts directly with Contractors in the pool to perform individual Projects within the established scope of the Work. Upon creation of the FSCP, the Superintendent will generate a random list of names of the Contractors appointed to the FSCP. Contracts for individual Projects will be offered, negotiated, and Awarded sequentially to Contractors on the FSCP list. Once the superintendent has offered Work to all the Contractors in the FSCP (whether or not some or all of the Contractors have accepted the Offer), a new random FSCP list will be generated. The Superintendent may Offer Work out of sequence in the following circumstances:
 - (A) The Contractor that is next on the list declines or is unavailable during the time period needed.
 - (B) Contract negotiations with the next-listed Contractor are not successful.
 - (C) The Project is for Work that is a continuation of, addition to, or connected with Work previously performed by a Contractor on the list and such prior experience means that it is in the best interest of the District to Award the Contract to the Contractor that performed the prior Work.
 - (D) The nature of the Project is such that the Superintendent determines that an additional analysis of Contractor capability is required. In order to make this determination, the Superintendent shall conduct an informal Procurement pursuant to PPS-46-0510 limited to Contractors in the FSCP.

If a Contractor is selected outside of the sequence, the reason shall be documented in Writing in the Procurement File.

- (b) An FSCP established under this Section will expire after three years from the date of Closing of the solicitation, unless reestablished as provided in this Rule.
- (c) Appointment to an FSCP does not guarantee that a Contractor will receive a particular amount of Work or any Work at all.
- (d) The establishment of an FSCP does not preclude the Superintendent from procuring Work that would otherwise fall within the FSCP class of Work from other Contractors through any other Procurement method authorized under these Rules.
- (e) At any time during the term of an FSCP, the Superintendent may request confirmation from a Contractor or Contractors in the pool that the Contractor continues to maintain the skills, personnel, or other capability needed to perform the class of Work.

PPS-46-0525 PSC Selection by Negotiation

The Superintendent may procure Personal Services with Contractors through direct negotiation in any of the following circumstances:

Portland Public Schools Public Contracting Rules
Division 46 – Public Contracting Rules Applicable to All Public Contracts
and Personal Services Contracts

- (1) The Contract Price is not more than \$50,000.
- (2) The Superintendent has established an FSCP pursuant to PPS-46-0515(2) for a particular class of Projects, and the Contractor is on the FSCP list.
- (3) The nature of the Work is not Project-driven but requires an ongoing, long-term relationship of knowledge and trust. Examples of such Work include legal services, insurance brokerage/agent of record services, medical services, and audit services.
- (4) The Contractor possesses unique knowledge and/or expertise in a specialized service area, making competition impractical. Such Services can include, but are not limited to, education Services, academic and staff coaching, school sports officiation, and community relations.
- (5) The Contract is for the purpose of supporting the Benson Polytechnic High School Building Construction Class, and all or a portion of the Contract Price is discounted or donated to the District.
- (6) A Contract for which a non-District funding source, e.g., a Grant or a federal, state, or city contract, identifies the Contractor in the funding award or makes a funding award conditioned upon the Service being performed by a specific Contractor. The following must be documented to the Procurement File:
 - (a) The name of the external funding source;
 - (b) The background on how the funding source selected the Contractor(s); and
 - (c) A copy of the funder's document naming the Contractor.
- (7) A Contract where the student, parent, or other third-party participant selects the service provider and the process for selecting qualified Contractors has been approved in advance by the Director of Procurement.
- (8) The Contract is entered into pursuant to an emergency declared by the Superintendent.
- (9) The Contract is for the provision of child care services to District students where the Contractor is paid directly by a non-District funding source (generally parents).
- (10) The Contract is for the provision of tutoring to eligible District students attending private schools as per Title I.

PPS-46-0530 PSC Contract Requirements

District PSCs must contain the mandatory Contract provisions set forth in ORS 279B.020(5), 279B.220, 279B.230, 279B.235(3), and, if the Contract involves lawn or landscape maintenance, 279B.225.

END OF DIVISION 46

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS DIVISION 47

**PUBLIC CONTRACTING RULES FOR CONTRACTS FOR GOODS AND/OR
SERVICES OTHER THAN PERSONAL SERVICES**

PPS-47-0000 Generally

These Division 47 Rules implement ORS 279B applicable to public Procurements for Goods or Services, or both.

PPS-47-0250 Methods of Source Selection

- (1) Except as permitted in these Rules, the District must Award a Public Contract for Goods or Services, or both, by one of the following sourcing methods:
- (a) Competitive Sealed Bidding (also known as Invitation to Bid or ITB) pursuant to ORS 279B.055 and PPS-47-0255 and -0257;
 - (b) Competitive Sealed Proposals (also known as Request for Proposals or RFP) pursuant to ORS 279B.060 and PPS-47-0260 through 0263;
 - (c) Small Procurements (\$5,000 or less) pursuant to ORS 279B.065 and PPS-47-0265;
 - (d) Intermediate Procurements (more than \$5,000 to \$150,000) pursuant to ORS 279B.070 and PPS-47-0270;
 - (e) Sole-source Procurement pursuant to ORS 279B.075 and PPS-47-0275;
 - (f) Emergency Procurement pursuant to ORS 279B.080 and PPS-47-0280;
 - (g) Special Procurement pursuant to ORS 279B.085 and PPS-47-0285, including the Class Special Procurements set forth in PPS-47-0288; or
 - (h) Cooperative Procurement pursuant to ORS 279A.200 and PPS-46-0400 through PPS-46-0480.

PPS-47-0252 Procurement of Service Contracts Over \$250,000 in Compliance with ORS 279B.030 through ORS 279B.036

(1) Unless the District determines that it is not feasible to perform the Services with the District's own personnel and resources pursuant to Section (4) of this Rule, before conducting a Procurement of a Contract for Services with an estimated Contract Price that exceeds \$250,000 the District shall conduct a Written cost analysis in accordance with Section (2) of this Rule. The cost analysis must compare an estimate of the District's cost in performing the Services with an estimate of the cost that a potential Contractor would incur in performing the Services. The District may proceed with the Procurement only if it determines that the District would incur more cost in performing the Services with its own personnel and resources than in procuring the Services from a Contractor. For the purposes of this Section, "Contract for Services" does not include:

- (a) Contracts for Personal Services as defined in PPS-46-0500.
- (b) Contracts for Services exempted from compliance with the Public Contracting Code by ORS 197.025 or other state statute.
- (c) Procurements for Client Services as defined in OAR 125-246-0110. "Client Services" means any Services that directly or primarily support a Client, whether or not the Client is the recipient through the provision of voluntary or mandatory Services. Client Services also means any Goods

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

that are incidental or specialized in relation to any Services defined in this Section. Client Services may include, but are not limited to (where these terms are used in another statute, they must have that meaning):

- (A) Housing, including utilities, rent, or mortgage, or assistance to pay utilities, rent, or mortgage;
- (B) Sustenance, including clothing;
- (C) Employment training or skills training to improve employability;
- (D) Services for people with disabilities;
- (E) Foster care or foster care facilities;
- (F) Residential care or residential care facilities;
- (G) Community housing;
- (H) In-home care, including home-delivered meals;
- (I) Medical care, services, and treatment, including, but not limited to:
 - (i) Medical, dental, hospital, psychological, psychiatric, therapy, vision;
 - (ii) Alcohol and drug treatment;
 - (iii) Smoking cessation;
 - (iv) Drugs, prescriptions, and non-prescriptions; or
 - (v) Nursing services and facilities.
- (J) Transportation or relocation;
- (K) Quality of life, living skills training;
- (L) Personal care;
- (M) Legal services and expert witness services;
- (N) Religious practices, traditions, and services, separately or in any combination thereof; and
- (O) Educational services. The term "Client Services" does not include benefits or services provided as a condition of employment with an agency.

(2) In the cost analysis required under Section (1) of this Rule, the District shall consider cost factors that include the following:

- (a) Cost of Using the District's Own Personnel and Resources. When estimating the District's costs of performing the Services, the District will consider cost factors that include:
 - (A) Salary or wage and benefit costs for District employees who are directly involved in performing the Services, including employees who inspect, supervise, or monitor the performance of the Services to the extent those costs reflect the proportion of the activity of those employees in the direct inspection, supervision, or monitoring of the performance of the subject Services.
 - (B) The material costs necessary for the performance of the Services, including costs for the space, energy, transportation, storage, raw and finished materials, equipment, and supplies used or consumed in the provision of the Services.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (C) Costs incurred in planning for, training for, starting up, implementing, transporting, and delivering the Services.
 - (D) Any costs related to stopping and dismantling a Project or operation because the District intends to procure a limited quantity of Services or procure the Services within a defined or limited period of time.
 - (E) The miscellaneous costs related to performing the Services. These costs exclude the District's indirect overhead costs for existing salaries or wages and benefits for administrators, and costs for rent, equipment, utilities, and materials except to the extent that the costs are attributable solely to performing the Services and would not exist unless the District performs the Services.
 - (F) Oregon Laws 2009, chapter 880, section 3(1)(a) provides that an estimate of the District's costs of performing the Services includes the costs described in Sections (A) through (E) of this Rule. Therefore, those costs do not constitute an exclusive list of cost information. The District may consider other reliable information that bears on the cost to the District of performing the Services. For example, if the District has accounted for its actual costs for performing the Services under consideration, or reasonably comparable Services in a relatively recent Services Project, the District may consider those actual costs in making its estimate.
- (b) Costs of a Potential Contractor. When estimating a Contractor's costs of performing the Services, the District will consider cost factors that include:
- (A) The average or actual salary or wage and benefit costs for Contractors and employees:
 - (i) Who work in the industry or business most closely involved in performing the Services; and
 - (ii) Who would be necessary and directly involved in performing the Services or who would inspect, supervise, or monitor the performance of the Services;
 - (B) The material costs necessary to the performance of the Services, including costs for space, energy, transportation, storage, raw and finished materials, equipment, and supplies used or consumed in the provision of the Services; and
 - (C) The miscellaneous costs related to performing the Services, including, but not limited to, reasonably foreseeable fluctuations in the costs for the items in Sections (A) through (C) of this Rule.
 - (D) Oregon Laws 2009, chapter 880, section 3(1)(a) provides that an estimate of the District's costs of performing the Services includes the costs described in Sections (A) through (E) of this Rule. Therefore, those costs do not constitute an exclusive list of cost information. The District may consider other reliable information that bears on the cost to the District of performing the Services. For example, if the District, in the reasonably near past, received Bids or Proposals for the performance of Services under consideration, or reasonably comparable Services, the District may consider the pricing offered in those Bids or Proposals in making its estimate. Similarly, the District may consider what it actually paid out under a Contract for the same or similar Services.
- (3) **Exceptions.**
- (a) Exception Based on Salaries or Wages and Benefits. If the sole reason that the costs estimated in Section (2)(b) of this Rule are lower than the costs estimated in Section (2)(a) of this Rule is because the average or actual salary or wage and benefit costs for Contractors and employees

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

estimated in Section (2)(b)(A) of this Rule are lower than the salary or wage and benefit costs for employees of the District estimated in Section (2)(a)(A) of this Rule, the District may not proceed with the Procurement.

- (b) **Exception Based on Lack of District Personnel and Resources; Reporting.** In cases where the District determines that it would incur less cost in providing the Services with the District's own personnel and resources, the District may nevertheless proceed with the Procurement if, at the time the District intends to conduct a Procurement, the District determines that it lacks personnel and resources that are necessary to perform the Services within the time in which the Services are required. If the District conducts a Procurement under this Section, the District will:
- (A) Make and keep a Written determination that it lacks personnel and resources to perform the Services within the time the District requires them and the basis for the District's decision to proceed with the Procurement.
 - (B) Provide to the Contract Review Board, each calendar quarter, copies of each Written cost analysis and Written determination.

(4) **Provision of Services by District not Feasible.** The District may proceed with a Procurement of a Contract for Services without conducting a cost analysis required under Sections (1) and (2) of this Rule if the District makes Written Findings that use of the District's own personnel or resources to perform the Services is not feasible. Reasons include, but are not limited to, the following.

- (a) The District lacks the specialized capabilities, experience, or technical or other expertise necessary to perform the Services. In making the Finding, the District shall compare the District's capability, experience, or expertise in the field most closely involved in performing the Services with a potential Contractor's capability, experience, or expertise in the same or a similar field.
- (b) Special circumstances require the District to procure the Services by Contract. Special circumstances may include, but are not limited to, the following:
 - (A) The terms under which the District receives a Grant or other funds for use in a Procurement require the District to obtain Services through an independent contractor;
 - (B) Other state or federal law requires the District to procure Services through an independent contractor;
 - (C) The Procurement is for Services that are incidental to a Contract for purchasing or leasing real or personal property, including service and maintenance agreements for equipment that is leased or rented;
 - (D) The District cannot accomplish policy, administrative, or legal goals, including, but not limited to, avoiding conflicts of interest or ensuring independent or unbiased Findings in cases when using the District's existing personnel or Persons that the District could hire through a regular or ordinary process would not be suitable;
 - (E) The Procurement is for Emergency Services pursuant to PPS-47-0280;
 - (F) The Procurement is for Services, the need for which is so urgent, temporary, or occasional that attempting to perform the Services with the District's own personnel or resources would cause a delay that would frustrate the purpose for obtaining the Services;
 - (G) The Services that the District intends to procure will be completed within six months after the date on which the Contract for the Services is executed; or

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (H) Any other circumstances, conditions, or occurrences that would make the Services, if performed by the District's own employees and resources, incapable of being managed, utilized, or dealt with successfully in terms of the quantity, timeliness of completion, success in obtaining desired results, or other reasonable needs of the District.

PPS-47-0255 Competitive Sealed Bidding; One-Step Solicitations

(1) **Generally.** The District may procure Goods and Services by Competitive Sealed Bidding as set forth in ORS 279B.055. An Invitation to Bid is used to initiate a Competitive Sealed Bidding solicitation and must contain the information required by ORS 279B.055(2) and by Section (2) of this Rule. The District must provide public notice of the Competitive Sealed Bidding solicitation as set forth in PPS-47-0300.

(2) **Invitation to Bid.** In accordance with ORS 279B.055(2), an Invitation to Bid must include the following:

(a) **General Information.**

(A) Notice of any pre-Offer conference as follows:

- (i) The time, date, and location of any pre-Offer conference;
- (ii) Whether attendance at the conference will be mandatory or voluntary; and
- (iii) A provision that provides that statements made by the District's representatives at the conference are not binding on the District unless confirmed by Written Addendum.

(B) A Procurement description;

(C) The form and instructions for submission of Bids, including the time, date, and place that Bids are due, and any other special information, e.g., whether Bids may be submitted by electronic means (see PPS-47-0330 for required provisions of electronic Bids);

(D) The time, date, and place of Opening;

(E) Key contact information as follows:

- (i) The office or location where the Solicitation Documents may be reviewed;
- (ii) The name of the person designated for receipt of Bids;
- (iii) The name and title of the person designated by the District as the contact person for the Procurement, if different from the person designated to receive Bids.

(F) A statement that each Bidder must identify whether the Bidder is a "resident Bidder," as defined in ORS 279A.120(1);

(G) Bidder's certification of nondiscrimination in obtaining required subcontractors in accordance with ORS 279A.110(4);

(H) How the District will notify Bidders of Addenda, and how the District will make Addenda available (see PPS-47-0430);

(I) A time, date, and place that prequalification applications, if any, must be filed, and the classes of work, if any, for which Bidders must be prequalified in accordance with ORS 279B.120;

(J) The following statements:

- (i) "The District may cancel the Procurement or reject any or all Bids in accordance with ORS 279B.100."

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (ii) A statement that requires the Contractor or subcontractor to possess an asbestos abatement license if required under ORS 468A.710.
- (b) District Need to Purchase. The character of the Goods or Services that the District is purchasing including, if applicable, a description of the acquisition, Specifications, delivery or performance schedule, inspection, and acceptance requirements. As required by Oregon Laws 2009, chapter 880, section 5, the District's description of its need to purchase must:
 - (A) Identify the scope of the Work to be performed under the resulting Contract, if the District Awards one;
 - (B) Outline the anticipated duties of the Contractor under any resulting Contract;
 - (C) Establish the expectations for the Contractor's performance of any resulting Contract; and
 - (D) Unless the District for good cause specifies otherwise, the scope of Work must require the Contractor to meet the highest standards prevalent in the industry or business most closely involved in providing the Goods or Services that the District is purchasing.
- (c) Bidding and Evaluation Process.
 - (A) The anticipated solicitation schedule, deadlines, and protest process;
 - (B) The District must set forth objective evaluation criteria in the Solicitation Document in accordance with the requirements of ORS 279B.055(6)(a). Evaluation criteria need not be precise predictors of actual future costs, but to the extent possible, the evaluation factors shall be reasonable estimates of actual future costs based on information that the District has available concerning future use; and
 - (C) If the District intends to Award Contracts to more than one Bidder pursuant to PPS-47-0600(4)(c), the District must identify in the Solicitation Document the manner in which it will determine the number of Contracts it will Award. This may be left to the District's discretion at the time of the Award, provided it is so described in the Solicitation Document.
- (d) Applicable Preferences Pursuant to ORS 279B.055(6)(b).
 - (A) Preference for Oregon Goods and Services pursuant to ORS 279A.120 and PPS-46-0300 and PPS-46-0310; and
 - (B) Preference for Recycled Materials pursuant to ORS 279A.125 and PPS-46-0320.
- (e) Terms and Conditions. All contractual terms and conditions in the form of Contract provisions that the District determines are applicable to the Procurement. As required by Oregon Laws 2009, chapter 880, Section 5, the Contract terms and conditions must specify the consequences of the Contractor's failure to perform the scope of Work or to meet the performance standards established by the resulting Contract. Those consequences may include, but are not limited to:
 - (A) The District's reduction or withholding of payment under the Contract;
 - (B) The District's right to require the Contractor to perform, at the Contractor's expense, any additional Work necessary to perform the statement of Work or to meet the performance standards established by the resulting Contract; and
 - (C) The District's rights, which the District may assert individually or in combination, to declare a default of the resulting Contract, to terminate the resulting Contract, and to seek damages and other relief available under the resulting Contract or applicable law.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (f) Whether Bid Security is Required.
- (g) Good Cause. For the purposes of this Rule, "good cause" means a reasonable explanation for not requiring Contractor to meet the highest standards, and may include an explanation of circumstances that support a Finding that the requirement would unreasonably limit competition or is not in the best interest of the District. The District shall document in the Procurement File the basis for the determination of good cause for specification otherwise. The District will have good cause to specify otherwise under the following circumstances:
 - (A) The use or purpose to which the Goods or Services will be put does not justify a requirement that the Contractor meet the highest-prevalent standards in performing the Contract;
 - (B) Imposing express technical, standard, dimensional, or mathematical specifications will better ensure that the Goods or Services will be compatible with or will operate efficiently or effectively with components, equipment, parts, Services, or information technology including hardware, Services, or software with which the Goods or Services will be used, integrated, or coordinated;
 - (C) The circumstances of the industry or business that provides the Goods or Services are sufficiently volatile in terms of innovation or evolution of products, performance techniques, or scientific developments that a reliable highest-prevalent standard does not exist or has not been developed;
 - (D) Any other circumstances in which the District's interest in achieving economy, efficiency, compatibility, or availability in the Procurement of the Goods or Services reasonably outweighs the District's practical need for the highest-prevalent standard in the applicable or closest industry or business that supplies the Goods or Services to be delivered under the resulting Contract.

PPS-47-0257 Competitive Sealed Bidding; Multi-Step Solicitations

Multi-Step Sealed Bidding

- (1) **Generally.** The District may procure Goods or Services by using Multi-step Sealed Bidding under ORS 279B.055(12).
- (2) **Phased Process.** Multi-step Sealed Bidding is a phased Procurement process that seeks information or unpriced submittals in the first phase combined with regular competitive Sealed Bidding, inviting Bidders who submitted technically eligible submittals in the first phase to submit Competitive Sealed Price Bids in the second phase. The Contract must be Awarded to the lowest Responsible Bidder.
- (3) **Public Notice.** When The District uses Multi-step Sealed Bidding, the District shall give public notice for the first phase in accordance with PPS-47-0300. Public notice is not required for the second phase. However, the District shall give notice of the second phase to all Bidders, inform Bidders of the right to protest Addenda issued after the initial Closing under PPS 47-0430, and inform Bidders excluded from the second phase of the right, if any, to protest their exclusion under PPS-47-0720.
- (4) **Procedures Generally.** In addition to the procedures set forth in PPS-47-0300 through PPS-47-0490, the District shall employ the procedures set forth in this Rule for Multi-step Sealed Bidding and in the Invitation to Bid.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(5) Procedure for Phase One of Multi-step Sealed Bidding.

- (a) **Form.** The District shall initiate Multi-step Sealed Bidding by issuing an Invitation to Bid in the form and manner required for Competitive Sealed Bids except as provided in this Rule. In addition to the requirements set forth in PPS-47-0255(2), the Multi-step Invitation to Bid must state:
- (A) That the solicitation is a Multi-step Sealed Bid Procurement and describe the process that the District will use to conduct the Procurement;
 - (B) That the District requests unpriced submittals and that the District will consider price Bids only in the second phase and only from those Bidders whose unpriced submittals are found eligible in the first phase;
 - (C) Whether Bidders must submit price Bids at the same time as unpriced submittals and, if so, that Bidders must submit the price Bids in a separate sealed envelope; and
 - (D) The criteria to be used in the evaluation of unpriced submittals.
- (b) **Evaluation.** The District shall evaluate unpriced submittals in accordance with the criteria set forth in the Invitation to Bid.

(6) Procedure for Phase Two of Multi-step Sealed Bidding.

- (a) After the completion of phase one, if the District does not cancel the solicitation, the District shall invite each eligible Bidder to submit a price Bid.
- (b) The District shall conduct phase two as any other Competitive Sealed Bid Procurement except:
- (A) As specifically set forth in this Rule or the Invitation to Bid;
 - (B) No public notice need be given of the invitation to submit price Bids because such notice was previously given.

PPS-47-0260 Competitive Sealed Proposals; One-Step Solicitations

(1) **Generally.** The District may procure Goods and Services by Competitive Sealed Proposals as set forth in ORS 279B.060. The District shall use a Request for Proposal to initiate a Competitive Sealed Proposal. The Request for Proposal must contain the information required by ORS 279B.060(2) and by Section (2) of this Rule. The District shall provide public notice of the Request for Proposals as set forth in PPS-47-0300.

(2) **Request for Proposal.** In accordance with the provisions required by ORS 279B.060(2), the Request for Proposal must include the following:

(a) General Information.

- (A) Notice of any pre-Offer conference as follows:
- (i) The time, date, and location of any pre-Offer conference;
 - (ii) Whether attendance at the conference will be mandatory or optional; and
 - (iii) A provision that provides that statements made by the District's representatives at the conference are not binding on the District unless confirmed by Written Addendum.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (B) A Procurement description.
- (C) A time, date, and place that prequalification applications, if any, must be filed, and the classes of work, if any, for which Bidders must be prequalified in accordance with ORS 279B.120.
- (D) The form and instructions for submission of Proposals, including the time, date, and place that Proposals are due, and any other special information, e.g., whether Proposals may be submitted by electronic means;
- (E) The time, date, and place of Opening;
- (F) The office where the Solicitation Document may be reviewed;
- (G) Key contact information, as follows:
 - (i) The office or location where the Solicitation Documents may be reviewed;
 - (ii) The name of the Person designated for receipt of Proposals.
 - (iii) The name and title of the person designated by the District as the contact Person for the Procurement, if different from the Person designated to receive Proposals.
- (H) Proposers' certification of nondiscrimination in obtaining required subcontractors in accordance with ORS 279A.110(4); and
- (I) How the District will notify Proposers of Addenda and how the District will make Addenda available. (See PPS-47-0430).
- (J) The following statements:
 - (i) "The District may cancel the Procurement or reject any or all Proposals in accordance with ORS 279B.100."
 - (ii) A statement that requires the Contractor or subcontractor to possess an asbestos abatement license if required under ORS 468A.710.
- (b) District Need to Purchase. The character of the Goods or Services the District is purchasing including, if applicable, a description of the acquisition, Specifications, delivery or performance schedule, inspection, and acceptance requirements. As required by ORS 279B.060(2)(c), the District's description of its need to purchase must:
 - (A) Identify the scope of the Work to be performed under the resulting Contract, if the District Awards one; and
 - (B) Outline the anticipated duties of the Contractor under any resulting Contract; and
 - (C) Establish the expectations for the Contractor's performance of any resulting Contract; and
 - (D) Unless the Contractor under any resulting Contract will provide architectural, engineering, photogrammetric mapping, Transportation Planning or Land Surveying Services or Related Services that are subject to ORS 279C.100 through 279C.125 or PPS-46-0500 through 46-0525, or the District for good cause specifies otherwise, the scope of Work must require the Contractor to meet the highest standards prevalent in the industry or business most closely involved in providing the Goods or Services that the District is purchasing.
- (c) Proposal and Evaluation Process.
 - (A) The anticipated solicitation schedule, deadlines, protest process, and evaluation process.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (B) The District must set forth selection criteria in the Solicitation Document in accordance with the requirements of ORS 279B.060(3)(E), including the relative importance of price and any other evaluation factors used to rate the Proposals in the first tier of competition, and if more than one tier of competitive evaluation may be used, a description of the process under which the Proposals will be evaluated in the subsequent tiers. Evaluation criteria need not be precise predictors of actual future costs and performance, but to the extent possible the factors must be reasonable estimates of actual future costs based on information available to the District.
 - (C) If the District's solicitation process calls for the District to establish a Competitive Range, the District shall generally describe, in the Solicitation Document, the criteria or parameters that the District will apply to determine the Competitive Range. The District, however, may subsequently determine or adjust the number of Proposers in the Competitive Range in accordance with PPS-47-0262(1)(a)(B).
 - (d) Applicable Preferences, including those described in ORS 279A.120, 279A.125(2), and 282.210.
 - (A) Preference for Oregon Goods and Services, pursuant to ORS 279A.120 and PPS-46-0300 and PPS-46-0310;
 - (B) Preference for Recycled Materials, pursuant to ORS 279A.125 and PPS-46-0320; and
 - (C) Performance within the state of public printing, binding, and stationery Work, pursuant to ORS 282.210.
 - (e) Contractual Terms and Conditions. All contractual terms and conditions the District determines are applicable to the Procurement. The District's determination of contractual terms and conditions that are applicable to the Procurement may take into consideration, as authorized by ORS 279B.060(3), those contractual terms and conditions that the District will not include in the Request for Proposals because the District either will reserve them for negotiation or will request Proposers to offer or suggest those terms or conditions. (See PPS-47-0260(3)).
 - (f) Consequences of Failure to Perform. As required by ORS 279B.060(2)(h), the Contract terms and conditions must specify the consequences of the Contractor's failure to perform the scope of Work or to meet the performance standards established by the resulting Contract. Those consequences may include, but are not limited to:
 - (A) The District's reduction or withholding of payment under the Contract;
 - (B) The District's right to require the Contractor to perform, at the Contractor's expense, any additional Work necessary to perform the scope of Work or to meet the performance standards established by the resulting Contract; and
 - (C) The District's rights, which the District may assert individually or in combination, to declare a default of the resulting Contract, to terminate the resulting Contract, and to seek damages and other relief available under the resulting Contract or applicable law.
 - (g) Whether Proposal security is required.
- (3) The District may include the applicable contractual terms and conditions in the form of Contract provisions or legal concepts to be included in the resulting Contract. Further, the District may specify that it will include or use Proposers' terms and conditions that have been pre-negotiated under PPS-47-550(8), but the District may only include or use a Proposer's pre-negotiated terms and conditions in the resulting Contract to the extent that those terms and conditions do not materially conflict with the applicable Contract terms and conditions. The District shall not agree to any Proposer's terms and conditions that were expressly rejected in a solicitation protest under PPS-47-0730.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(4) For multiple Award Contracts, the District may enter into Contracts with different terms and conditions with each Contractor to the extent those terms and conditions do not materially conflict with the applicable contractual terms and conditions. The District shall not agree to any Proposer's terms and conditions that were expressly rejected in a solicitation protest under PPS-47-0730.

(5) **Good Cause.** For the purposes of this Rule, "good cause" means a reasonable explanation for not requiring the Contractor to meet the highest standards prevalent in the industry or business most closely involved in providing the Goods or Services Under the Contract, and may include an explanation of circumstances that support a Finding that the requirement would unreasonably limit competition or is not in the best interest of the District. The District shall document in the Procurement File the basis for the determination of good cause or for specifying otherwise. The District will have good cause to specify otherwise when the District determines that:

- (a) The use or purpose to which the Goods or Services will be put does not justify a requirement that the Contractor meet the highest-prevalent standards in performing the Contract;
- (b) Imposing express technical, standard, dimensional, or mathematical specifications will better ensure that the Goods or Services will be compatible with, or will operate efficiently or effectively with, associated information technology, hardware, software, components, equipment, parts, or ongoing Services with which the Goods or Services will be used, integrated, or coordinated;
- (c) The circumstances of the industry or business that provides the Goods or Services are sufficiently volatile in terms of innovation or evolution of products, performance techniques, or scientific developments, that a reliable highest-prevalent standard does not exist or has not been developed;
- (d) That other circumstances in which the District's interest in achieving economy, efficiency, compatibility, or availability in the Procurement of the Goods or Services reasonably outweighs the District's practical need for the highest-prevalent standard in the applicable or closest industry or business that supplies the Goods or Services to be delivered under the resulting Contract.

(6) **Optional Proposal Requirements.**

- (a) As provided in the Request for Proposals or in Written Addenda issued thereunder, the District may conduct site tours, demonstrations, individual or group discussions, and other informational activities with Proposers before or after the opening of Proposals for the purpose of clarification to ensure full understanding of, and responsiveness to, the solicitation requirements or to consider and respond to requests for modifications of the Proposal requirements. The District shall use procedures designed to accord Proposers fair and equal treatment with respect to any opportunity for discussion and revision of Proposals.
- (b) For purposes of evaluation, when provided for in the Request for Proposals, the District may employ methods of Contractor selection that include, but are not limited to:
 - (A) An Award or Awards based solely on the ranking of Proposals;
 - (B) Discussions leading to best and final Offers, in which the District may not disclose private discussions leading to best and final Offers;
 - (C) Discussions leading to best and final Offers, in which the District may not disclose information derived from Proposals submitted by competing Proposers;
 - (D) Serial negotiations, beginning with the highest-ranked Proposer;
 - (E) Competitive simultaneous negotiations;

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (F) Multi-tiered competition designed to identify, at each level, a class of Proposers that fall within a Competitive Range or to otherwise eliminate from consideration a class of lower-ranked Proposers;
 - (G) A Multi-step Request for Proposals requesting the submission of unpriced technical submittals, and then later issuing a Request for Proposals limited to the Proposers whose technical submittals the District had determined to be qualified under the criteria set forth in the initial Request for Proposals; or
 - (H) Any combination of methods described in this paragraph as authorized or prescribed by these Rules.
- (c) Revisions of Proposals may be permitted after the submission of Proposals and before Award for the purpose of obtaining best Offers or best and final Offers.
 - (d) After the opening of Proposals, the District may issue or electronically post an Addendum to the Request for Proposals that modifies the criteria, rating process, and procedure for any tier of competition before the start of the tier to which the Addendum applies. The District shall send an Addendum that is issued by a method other than electronic posting to all Proposers who are eligible to compete under the Addendum. The District shall issue or post the Addendum at least five Days before the start of the subject tier of competition or as otherwise determined by the District to be adequate to allow eligible Proposers to prepare for the competition in accordance with rules adopted under ORS 279A.065.
- (7) The cancellation of Requests for Proposals and the rejection of Proposals must be in accordance with ORS 279B.100.
- (8) In the Request for Proposals, the District shall describe the methods by which the District will make the results of each tier of competitive evaluation available to the Proposers who competed in the tier. The District shall include a description of the manner in which the Proposers who are eliminated from further competition may protest or otherwise object to the District's decision.
- (9) The District shall issue or electronically post the notice of intent to Award described in ORS 279B.135 to each Proposer who was evaluated in the final competitive tier.
- (10) If a Contract is Awarded, the District shall Award the Contract to the responsible Proposer whose Proposal the District determines in Writing to be the most advantageous to the District based on the evaluation process and evaluation factors described in the Request for Proposals, any applicable preferences described in ORS 279A.120 and 279A.125, and, when applicable, the outcome of any negotiations authorized by the Request for Proposals. Other factors may not be used in the evaluation. When the Request for Proposals specifies or authorizes the Award of multiple Public Contracts, the District shall Award Public Contracts to the responsible Proposers who qualify for the Award of a Contract under the terms of the Request for Proposals.
- (11) The District may issue a request for information, a request for interest, a Request for Qualifications, or other preliminary documents to obtain information useful in the preparation of a Request for Proposals.

PPS-47-0261 Procedures for Competitive Range; Multi-Tiered and Multi-Step Solicitations

(1) **Generally.** The District may procure Goods and Services employing any combination of the methods of Contractor selection as set forth in PPS-47-0260(3)(b). In addition to the procedures set forth in PPS-47-0300 through PPS-47-0490 for methods of Contractor selection, the District may provide for a Multi-tiered or Multi-step selection process that permits Award to the highest-ranked Proposer at any tier or step, calls for the establishment of a Competitive Range, or permits either serial or competitive simultaneous discussions or negotiations with one or more Proposers.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(2) **Methods.** When conducting a Multi-tiered or Multi-step selection process, the District may use any combination or series of Proposals, discussions, negotiations, demonstrations, offers, or other means of soliciting information from Proposers that bears on the selection of a Contractor or Contractors. In Multi-tiered and Multi-step competitions, the District may use these means of soliciting information from prospective Proposers and Proposers in any sequence or order, and at any stage of the selection process, as determined in the discretion of the District.

(3) **District may Elect to Award Contract Prior to Completion of Stages.** When the District's Request for Proposals prescribes a Multi-tiered or Multi-step Contractor selection process, the District nevertheless may, at the completion of any stage in the competition and on determining the most advantageous Proposer (or, in multiple Award situations, on determining the Awardees of the Public Contracts), Award a Contract (or Contracts) and conclude the Procurement without proceeding to subsequent stages. The District also may, at any time, cancel the Procurement under ORS 279B.100.

(4) **Exclusion Protest.** The District may provide, before the notice of an intent to Award, an opportunity for a Proposer to protest exclusion from the Competitive Range or from subsequent phases of Multi-tiered or Multi-step sealed Proposals as set forth in PPS-47-0720.

(5) **Award Protest.** The District shall provide an opportunity to protest its Intent to Award a Contract pursuant to ORS 279B.410 and PPS-47-0740. An Affected Offeror may protest, for any of the bases set forth in PPS-47-0720(2), its exclusion from the Competitive Range or from any phase of a Multi-tiered or Multi-step Sealed Proposal process, or may protest an Addendum issued following initial Closing, if the District did not previously provide Proposers the opportunity to protest the exclusion or Addendum. The failure to protest shall be considered the Proposer's failure to pursue an administrative remedy made available to the Proposer by the District.

(6) **Competitive Range.** When the District's solicitation process conducted under ORS 279B.060(8) calls for the District to establish a Competitive Range at any stage in the Procurement process, the District may do so as follows:

(a) Determining Competitive Range.

(A) The District may establish a Competitive Range after evaluating all Responsive Proposals in accordance with the evaluation criteria in the Request for Proposals. After evaluation of all Proposals in accordance with the criteria in the Request for Proposals, the District may determine and rank the Proposers in the Competitive Range. Notwithstanding the foregoing, however, in instances in which the District determines that a single Proposer has a reasonable chance of being determined the most advantageous Proposer, the District need not determine or rank Proposers in the Competitive Range. In addition, notwithstanding the foregoing, the District may establish a Competitive Range of all Proposers to enter into discussions to correct deficiencies in Proposals.

(B) The District may establish the number of Proposers in the Competitive Range in light of whether the District's evaluation of Proposals identifies a number of Proposers who have a reasonable chance of being determined the most advantageous Proposer, or whether the evaluation establishes a natural break in the scores of Proposers that indicates that a particular number of Proposers are closely competitive or have a reasonable chance of being determined the most advantageous Proposer.

(b) Protesting Competitive Range. The District must provide Written notice to all Proposers identifying Proposers in the Competitive Range. The District may provide an opportunity for Proposers excluded from the Competitive Range to protest the District's evaluation and determination of the Competitive Range in accordance with PPS-47-0720.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (7) **Discussions.** The District may initiate oral or Written discussions with all "eligible Proposers" on subject matter within the general scope of the Request for Proposals. In conducting discussions, the District:
- (a) Shall treat all eligible Proposers fairly and shall not favor any eligible Proposer over another;
 - (b) May disclose other eligible Proposers' Proposals or discussions only in accordance with ORS 279B.060(8)(b) or (c);
 - (c) May adjust the evaluation of a Proposal as a result of discussions. The conditions, terms, or price of the Proposal may be changed during the course of the discussions provided the changes are within the scope of the Request for Proposals.
 - (d) At any time during the time allowed for discussions, the District may:
 - (A) Continue discussions with a particular eligible Proposer;
 - (B) Terminate discussions with a particular eligible Proposer and continue discussions with other eligible Proposers; or
 - (C) Conclude discussions with all remaining eligible Proposers and provide, to the then-eligible Proposers, notice requesting best and final Offers.
- (8) **Negotiations.**
- (a) Serial Negotiations Allowed. The District may commence serial negotiations with the highest-ranked eligible Proposer or commence simultaneous negotiations with all eligible Proposers. The District may negotiate:
 - (A) The statement of Work;
 - (B) The Contract Price as it is affected by negotiating the statement of work and other terms and conditions authorized for negotiation in the Request for Proposals or Addenda thereto; and
 - (C) Any other terms and conditions reasonably related to those authorized for negotiation in the Request for Proposals or Addenda thereto. Proposers shall not submit for negotiation, and a District shall not accept, alternative terms and conditions that are not reasonably related to those authorized for negotiation in the Request for Proposals or any Addendum.
 - (b) Terminating Negotiations. At any time during discussions or negotiations the District conducts under this Rule, the District may terminate discussions or negotiations with the highest-ranked Proposer, or the eligible Proposer with whom it is currently discussing or negotiating, if the District reasonably believes that:
 - (A) The eligible Proposer is not discussing or negotiating in good faith; or
 - (B) Further discussions or negotiations with the eligible Proposer will not result in the parties agreeing to the terms and conditions of a Contract in a timely manner.
 - (c) Continuing Serial Negotiations. If the District is conducting serial negotiations and the District terminates negotiations with an eligible Proposer, the District may then commence negotiations with the next highest-scoring eligible Proposer, and continue the sequential process until the District has either:
 - (A) Determined to Award the Contract to the eligible Proposer with whom it is currently discussing or negotiating; or
 - (B) Decided to cancel the Procurement under ORS 279B.100.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (d) **Competitive Simultaneous Negotiations.** If the District chooses to conduct competitive negotiations, the District may negotiate simultaneously with competing eligible Proposers. The District:
- (A) Shall treat all eligible Proposers fairly and shall not favor any eligible Proposer over another;
 - (B) May disclose other eligible Proposers' Proposals or the substance of negotiations with other eligible Proposers only if the District notifies all of the eligible Proposers with whom the District will engage in negotiations of the District's intent to disclose before engaging in negotiations with any eligible Proposer.
- (e) Any oral modification of a Proposal resulting from negotiations must be reduced to Writing.
- (9) **Best and Final Offers.** If the District requires best and final Offers, the District must establish a common date and time by which eligible Proposers must submit best and final Offers. If the District is dissatisfied with the best and final Offers, the District may make a Written determination that it is in the District's best interest to conduct additional discussions, negotiations or change the District's requirements and require another submission of best and final Offers. The District must inform all eligible Proposers that if they do not submit notice of withdrawal or another best and final Offer, their immediately previous Offers will be considered their best and final Offers. The District shall evaluate Offers as modified by the best and final Offers. The District shall conduct the evaluations as described in OAR PPS-47-0600. The District may not modify evaluation factors or their relative importance after the date and time that best and final Offers are due.
- (10) **Multi-step Sealed Proposals.** The District may procure Goods or Services by using Multi-step Competitive Sealed Proposals under ORS 279B.060(8)(b)(g). Multi-step Sealed Proposals is a phased Procurement process that seeks necessary information or unpriced technical Proposals in the first phase and, in the second phase, invites Proposers who submitted technically qualified Proposals to submit Competitive Sealed Price Proposals on the technical Proposals. The District must Award the Contract to the Responsible Proposer submitting the most advantageous Proposal in accordance with the terms of the Solicitation Document applicable to the second phase.
- (a) **Public Notice.** When the District uses Multi-step Sealed Proposals, the District shall give public notice for the first phase in accordance with PPS-47-0300. Public notice is not required for the second phase. However, the District shall give notice of the subsequent phases to all Proposers and inform any Proposers excluded from the second phase of the right, if any, to protest exclusion under PPS-47-0720.
 - (b) **Procedure for Phase One of Multi-step Sealed Proposals.** The District may initiate a Multi-step Sealed Proposals Procurement by issuing a Request for Proposals in the form and manner required for Competitive Sealed Proposals except as provided in this Rule. In addition to the requirements required for Competitive Sealed Proposals, the Multi-step Request for Proposals must state:
 - (A) That unpriced technical Proposals are requested;
 - (B) That the solicitation is a Multi-step Sealed Proposal Procurement and that, in the second phase, priced Proposals will be accepted only from those Proposers whose unpriced technical Proposals are found qualified in the first phase;
 - (C) The criteria for the evaluation of unpriced technical Proposals; and
 - (D) That the Goods or Services being procured shall be furnished generally in accordance with the Proposer's technical Proposal as found to be finally qualified and shall meet the requirements of the Request for Proposals.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (c) Addenda to the Request for Proposals. After receipt of unpriced technical Proposals, Addenda to the Request for Proposals shall be distributed only to Proposers who submitted unpriced technical Proposals.
- (d) Receipt and Handling of Unpriced Technical Proposals. Unpriced technical Proposals need not be opened publicly.
- (e) Evaluation of Unpriced Technical Proposals. Unpriced technical Proposals shall be evaluated solely in accordance with the criteria set forth in the Request for Proposals.
- (f) Discussion of Unpriced Technical Proposals. The District may seek clarification of a technical Proposal of any Proposer who submits a qualified, or potentially qualified, technical Proposal. During the course of such discussions, the District shall not disclose any information derived from one unpriced technical Proposal to any other Proposer.
- (g) Methods of Contractor Selection for Phase One. In conducting phase one, the District may employ any combination of the methods of Contractor selection that call for the establishment of a Competitive Range or include discussions, negotiations, or best and final Offers as set forth in this Rule.
- (h) Procedure for Phase Two. On the completion of phase one, the District shall invite each qualified Proposer to submit price Proposals. The District shall conduct phase two as any other Competitive Sealed Proposal Procurement except as set forth in this Rule.
- (i) No public notice need be given of the request to submit Price Proposals because such notice was previously given.

PPS-47-0265 Small Procurements

- (1) **Generally**. For Procurements of Goods and Services less than or equal to \$5,000, the District may Award a Contract as a Small Procurement in any manner deemed practical or convenient by the District, including by direct selection or Award.
- (2) **Amendments**. The District may amend a Contract Awarded as a Small Procurement in accordance with PPS-47-0800, but the cumulative amendments must not increase the total Contract Price to greater than \$6,000.
- (3) **No Fragmentation**. A Procurement may not be artificially divided or fragmented so as to constitute a Small Procurement. See ORS 279B.065(2).

PPS-47-0270 Intermediate Procurements

- (1) **Generally**. For Procurements of Goods and Services greater than \$5,000 and less than or equal to \$150,000, the District may Award a Contract as an Intermediate Procurement pursuant to ORS 279B.070.
- (2) **Intermediate Solicitation Process**. When conducting an Intermediate Procurement, the District shall seek at least three informally solicited Competitive Price Quotes or Competitive Proposals from prospective Contractors. The District shall keep a Written record of the sources of the Quotes or Proposals received. If three Quotes or Proposals are not reasonably available, fewer will suffice, but the District shall make a Written record of the effort made to obtain the Quotes or Proposals.
- (3) **Written Solicitations**. For Intermediate Procurements equal to or exceeding \$75,000, the District shall use a Written solicitation to obtain Quotes, Bids, or Proposals.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (4) **Negotiations.** The District may negotiate with a prospective Contractor who offers to provide Goods or Services in response to an Intermediate Procurement to clarify its Quote or Offer or to effect modifications that will make the Quote or Offer more advantageous to the District.
- (5) **Award.** If a Contract is Awarded, the District shall Award the Contract to the Offeror whose Quote or Proposal will best serve the interests of the District, taking into account price as well as considerations including, but not limited to, experience, expertise, product functionality, suitability for a particular purpose, and Contractor responsibility under ORS 279B.110.
- (6) **Amendments.** The District may amend a Contract Awarded as an Intermediate Procurement in accordance with PPS-47-0800, but the cumulative amendments shall not increase the total Contract Price to a sum that is greater than 25% of the Original Contract Price.
- (7) **No Fragmentation.** A Procurement may not be artificially divided or fragmented so as to constitute an Intermediate Procurement. See ORS 279B.070(2).

PPS-47-0275 Sole-Source Procurements

- (1) **Generally.** The Superintendent is delegated the authority to determine whether Goods and Service or a class of Goods and Services are available from only one source pursuant to ORS 279B.075. The Superintendent's determination must be based on Written Findings that may include information that:
- (a) The efficient utilization of existing Goods or Services requires the acquisition of compatible Goods or Services;
 - (b) The Goods or Services required for the exchange of software or data with other public or private agencies are available from only one source;
 - (c) The Goods or Services are for use in a pilot or an experimental Project; or
 - (d) Other Findings that support the conclusion that the Goods or Services are available from only one source.
- (2) **Public Notice.** If the Contract amount is greater than \$150,000, the District shall give public notice of the Superintendent's determination that the Goods or Services or class of Goods or Services are available from only one source. The District shall publish such notice in a manner similar to public notice of Competitive Sealed Bids under ORS 279B.055(4) and PPS-47-0300. The public notice shall describe the Goods or Services to be acquired by a sole-source Procurement, identify the prospective Contractor, and include the date, time, and place that protests are due. The District shall give affected Persons at least seven Days from the date of the notice of the determination that the Goods or Services are available from only one source to protest the sole-source determination.
- (3) **Protest.** An affected Person may protest the Superintendent's determination that the Goods or Services or class of Goods or Services are available from only one source in accordance with PPS-47-0710.

PPS-47-0280 Emergency Procurements

- (1) **Generally.** The Superintendent may Award a Public Contract as an Emergency Procurement. The Superintendent will document the nature of the emergency and describe the method used for selection of the particular Contractor. See ORS 279B.080.
- (2) **Construction Services.** For an Emergency Procurement of construction services that are not Public Improvements, the District shall ensure competition for a Contract for the Emergency Work that is reasonable and appropriate under the emergency circumstances. In conducting the Procurement, the District shall set a solicitation time period that the District determines to be reasonable under the Emergency

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

circumstances, and may issue Written or oral requests for Offers or make direct appointments without competition in cases of extreme necessity. See PPS-49-0150.

SPECIAL PROCUREMENTS (CONTRACTING EXEMPTIONS)

PPS-47-0285 Special Procurements; Purpose and Application

The District may Award a Public Contract as a Special Procurement pursuant to the requirements of ORS 279B.085 without using Competitive Sealed Bidding or Competitive Sealed Proposals or other competitive procedures as otherwise required by these Rules. The Contract Review Board must approve Special Procurements. The Contract Review Board may approve the following two types of Special Procurements:

- (1) A "Class Special Procurement" is a Procurement procedure for entering into a series of Contracts over time or for multiple Projects based on the classification of the Contract.
- (2) A "Contract-Specific Special Procurement" is a Procurement procedure for the purpose of entering into a single Contract or a number of related Contracts on a one-time basis or for a single Project.

PPS-47-0287 Special Procurements; Request Procedures

- (1) To seek approval of an additional Special Procurement, the Superintendent shall submit a Written request to the Contract Review Board. The request must describe the contracting procedure, the Goods and Services or class of Goods and Services that are the subject of the Special Procurement, and the circumstances that justify the use of a Special Procurement under the standards set forth in Section (2) of this Rule.
- (2) The Contract Review Board shall review and may approve a request for a Special Procurement if the Contract Review Board finds that the use of the Special Procurement:
 - (a) Is unlikely to encourage favoritism in the Awarding of Public Contracts or to substantially diminish competition for Public Contracts; and
 - (b) (A) Is reasonably expected to result in substantial cost savings to the District or to the public; or
(B) Otherwise substantially promotes the public interest in a manner that could not practicably be realized by complying with Procurement requirements that would otherwise be applicable to the Procurement under Division 47 of these Rules.
- (3) The District shall give public notice of approval of a Special Procurement in the manner provided in PPS-47-0300. The notice will describe the Goods or Services or class of Goods or Services subject to the Special Procurement, and shall give affected Persons at least seven Days from the date of notice of the approval of the Special Procurement to protest the Special Procurement.
- (4) An affected Person may protest the approval of a Special Procurement in accordance with ORS 279B.400 and PPS-47-0700.
- (5) An approved Class Special Procurement shall be added to enumerated Class Special Procurements in PPS-47-0288.

PPS-47-0288 Approved Class Special Procurements

The Contract Review Board declares the following classes of Contracts for Goods or Services listed in this Section as Class Special Procurements for which Contracts may be Awarded without compliance with the competitive Procurement requirements that would otherwise be applicable to the Procurement under Division 47 of these Rules. Unless an alternative Procurement process is particularly specified in these

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Rules, the selection procedures for such Class Special Procurements shall be as the Superintendent determines will result in a Contract that will best serve the interests of the District. Prior to utilizing a Class Special Procurement, the Superintendent will document in Writing in the Procurement File the reasons why the Contract qualifies as a Class Special Procurement under these Rules, including any required Findings. Except as otherwise provided in this Rule, the School Board must approve any Contracts Awarded pursuant to Special Procurement if the Contract Price exceeds the Superintendent's delegated authority under PPS-45-0200. The Contract Review Board hereby designates the following classes of Contracts for Special Procurement:

- (1) Advertising Contracts.** The District may purchase advertising in any medium, regardless of the dollar value of the Contract. The District may sell advertising for District publications or activities, regardless of the dollar value of the Contract.
- (2) Equipment Repair/Overhaul.** The District may enter into a Public Contract for equipment repair or overhaul without competitive Procurement, subject to the following conditions:
 - (a)** Where the extent of the repair or overhaul is unknown or not easily identified; or
 - (b)** Where service or parts requirements are unpredictable; or
 - (c)** Service or parts required are for equipment for which specially trained personnel are required, and such personnel are available from only one source; and
 - (d)** Conducting a competitive process is impractical. The District must document in the Procurement File the reasons why a competitive process was deemed to be impractical
- (3) Specifications.**
 - (a) "Or Equal" Specification.**
 - (A)** A Brand Name or Equal Specification may be used when the use of a Brand Name or Equal Specification is advantageous to the District, because the Brand Name describes the standard of quality, performance, functionality, and other characteristics of the product needed by the District.
 - (B)** The Superintendent is entitled to determine what constitutes a product that is equal or superior to the product specified, and any such determination is final.
 - (C)** Nothing in this Section may be construed as prohibiting the Superintendent from specifying one or more comparable products as examples of the quality, performance, functionality, or other characteristics of the product needed by the District.
 - (b) Specifying a Particular Make or Product.** A Brand Name Specification may be prepared and used only if the Superintendent determines for a solicitation or a class of solicitations that only the identified Brand Name Specification will meet the needs of the District based on one or more of the following Findings:
 - (A)** That use of a Brand Name Specification is unlikely to encourage favoritism in the Awarding of Public Contracts or substantially diminish competition for Public Contracts;
 - (B)** That use of a Brand Name Specification would result in substantial cost savings to the District;
 - (C)** That there is only one manufacturer or seller of the product of the quality, performance, or functionality required;
 - (D)** That the equipment or supplies being procured are used in athletic programs or physical education programs; or

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(E) That efficient utilization of existing Goods requires the acquisition of compatible Goods or Services. For the purposes of this Finding, "compatibility" includes, without limitation, technical compatibility, technological equity, and equivalent ease of training, durability, and use. "Compatibility" also includes, without limitation, compatibility among equipment in a standardized technology bundle developed to deliver curriculum in a classroom.

(4) **Copyrighted Materials and Creative Works.** The District may directly purchase copyrighted materials or creative works regardless of dollar value if available from only one source. Examples of copyrighted materials covered by this exemption may include, but are not necessarily limited to, new adopted textbooks, workbooks, curriculum kits, on-line curriculum, reference materials, books, periodicals, audio and visual media, and non-mass-marketed software. Examples of creative works covered by this Class Special Procurement include, but are not limited to, artwork, music, uncopyrighted writings, and similar works.

(5) **Insurance and Employee Benefits.** The District may purchase liability, property damage, workers' compensation, and other insurance and insurance services Contracts, and employee benefits, without Competitive Procurement and regardless of dollar amount, by selecting either a vendor directly or by appointing an agent of record. For the purpose of this Special Procurement, "employee benefits" includes, but is not limited to, "employee benefit plans" as defined in ORS 243.105(1), plans provided through the Oregon Educators Benefits Board pursuant to ORS 243.860 through 243.886, plans provided through the School District No. 1J Health and Welfare Trust, flexible benefit plans as defined in ORS 243.221, insurance or other benefit based on life, supplemental medical, supplemental dental, optical, accidental death or disability insurance plans, long-term care insurance, health care coverage to retired officers, employees, spouses, and children, employee assistance plans, and expense reimbursement plans.

(6) **Spot Buys.** This Special Procurement provides a process for the District to procure products that are available for a limited period of time at "lower-than-normal" prices (also referred to as "spot buys").

- (a) Regardless of dollar value and without Competitive Procurement, the District may purchase "spot buys."
- (b) Conditions. The District may procure an unlimited dollar value of products when any of the following conditions are present:
 - (A) A non-exclusive mandatory-use Contract or regularly scheduled Bid process already exists for the item being purchased;
 - (B) The proposed unit price of the item(s) to be purchased is significantly less than a comparable item's price on an existing mandatory-use Contract, recent Bid, or based on obtaining at least three Quotes, and the amount saved exceeds any additional administrative costs incurred to purchase the item using this Special Procurement;
 - (C) The product being purchased has limited availability (i.e., the product may no longer be available or available at the special price upon completion of normal Bid processes); or
 - (D) Any mandatory-use Contract currently in place for the item being purchased contain clauses allowing for the use of this Special Procurement.
- (c) Notwithstanding subsection 6(b) of this Section, the District may not purchase a spot buy if doing so would jeopardize fulfillment of a guaranteed minimum volume under an existing mandatory-use Contract;
- (d) Documentation. Purchases may only be made under this Special Procurement if the Superintendent documents to the Procurement File that the conditions set forth in Section (6)(b) apply to the proposed purchase.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (e) Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on "spot-buy" Contracts in any dollar amount, but will report the nature and amount of the Contract to the School Board as provided in PPS-45-0200(6).

(7) Price Agreements.

- (a) Price Agreements may be established for the purposes of minimizing paperwork, achieving continuity of product, securing a source of supply, reducing inventory, combining District requirements for volume discounts, creating standardization among agencies, and reducing lead time for ordering. The Superintendent may enter into Price Agreements to purchase Goods or Services for an anticipated need at a predetermined price, but the Contract must be let by a Competitive Procurement process pursuant to the requirements of these Rules.
- (b) The Superintendent may purchase the Goods and Services from a Contractor Awarded a Price Agreement without first undertaking additional Competitive solicitation up to the amount set forth in the Price Agreement.
- (c) The Superintendent may use the Price Agreement entered into by another Public Agency when the Original Contract was let pursuant to PPS-46-0400 through PPS-46-0480;
- (d) The term of the Price Agreement, including renewals, may not exceed the term stated in the original solicitation.

(8) Purchase of Used Personal Property. The District may purchase used property or equipment. "Used personal property or equipment" is property or equipment that has been placed in its intended use by a previous owner or user for a time recognized in the relevant trade or industry as qualifying the personal property or equipment as "used" at the time of the District purchase. "Used personal property or equipment" generally does not include property or equipment if the District was the previous user, whether under a lease, as part of a demonstration, trial, or pilot project, or under a similar arrangement. Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on a Contract for the purchase of used personal property in any dollar amount, but will report the nature and amount of the Contract to the School Board as provided in PPS-45-0200(6).

(9) Sale of Used Personal Property.

- (a) The Superintendent may sell used personal property without obtaining Competitive Bids or Quotes if a liquidation sale would bring in greater revenue to the District than would be gained through Bids. As used in this Section, "surplus personal property" is property or equipment that has been determined to no longer be useful to the District. It may be property or equipment that the District has used for some time and that is fully used up or obsolete. It may be property or equipment that is the natural excess or leftover from a Project, such as cable, wire, carpet, etc., that has been cut or partially used in some manner so that it cannot be returned to the supplier for a refund.
- (b) For sales of surplus property valued at more than \$25,000 per item or lot, the Superintendent must attempt to obtain at least three Competitive Quotes. The Superintendent will keep a Written record of the source and number of Quotes received. If three Quotes are not available, a Written record must be made of the attempt to obtain three Quotes.
- (c) The Superintendent may sell used personal property regardless of price via an electronic auction or sales service including, without limitation, eBay, Craigslist, or other similar Internet-based auctions or marketplaces. If the service does not otherwise provide for a competitive sales process, the Superintendent will establish a minimum Bid, a time period for acceptance of Bids, and will not sell the property unless the Superintendent receives a minimum of three Bids. The sale will be Awarded to the highest Responsible Bidder submitting a Responsive Bid, except that

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

the Superintendent may accept a lower Bid if transportation or other costs associated with collection or delivery of the property would offset the higher Bid amount.

- (d) The Superintendent may sell, sell at a discount, or donate used personal property to another school district, to another Public Body, or to a nonprofit corporation that provides educational, social, or other important services to the District, District students, or families of District students.
- (e) If the Superintendent determines that the used personal property has no market value, or that the market value is so low that the staff time or cost involved in selling the property is likely to exceed the value of the used personal property, the Superintendent may dispose of the property as the Superintendent determines is in the best interest of the District.

(10) Reverse Auctions.

- (a) A reverse auction means a process for the purchase of Goods and Services from the lowest Bidder. The District must conduct reverse auctions by first publishing a solicitation that describes its requirements and Contract terms and conditions. Then the District must solicit online Bids from all interested Bidders through an Internet-based program. The solicitation must set forth a start and end time for Bids and specify the following type of information to be disclosed to Bidders during the reverse auction:
 - (A) The prices of the other Bidders or the price of the most Competitive Bidder;
 - (B) The rank of each Bidder (e.g., (i) "winning" or "not winning" or (ii) "1st, 2nd, or higher");
 - (C) The scores of the Bidders if the District chooses to use a scoring model that weighs non-price factors in addition to price; or
 - (D) Any combination of (A), (B), and (C) above. Before the reverse auction commences, Bidders must be required by the District to assent to the Contract terms and conditions, either in Writing or by an Internet "click" agreement. The Bidders then compete for the Award of a Contract by offering successively lower prices, informed by the price(s), ranks, and scores, separately or in any combination thereof, disclosed by the District. The identity of the Bidders must not be revealed during this process. Only the successively lower price(s), ranks, scores, and related details, separately or in any combination thereof, will be revealed to the participants. The District may cancel this solicitation if the District determines that it is in the District's best interest. At the end of this Bidding process, the District must Award any potential Contract to the lowest Responsible Bidder, or in the case of multiple Awards, lowest Responsible Bidders pursuant to ORS 279A.055(10)(b). This process allows the District to test and determine the suitability of the Goods and Services before making the Award.

(11) Software and Hardware Maintenance and Upgrades. The Superintendent may enter into a Contract and may renew existing Contracts for proprietary information technology and telecommunications services, and hardware or software maintenance or upgrades where the efficient utilization of existing equipment or systems requires the acquisition of compatible Goods or Services, or where Goods or Services are available from only one source. The Superintendent must make a Finding supporting this conclusion as required in PPS PPS-47-0275 or PPS-47-0288(3)(b). In making this determination, the Superintendent may consider the functionality of the existing system with upgrades or continued service, long-term cost, ease of use, integration with existing technology or systems, or other factors.

(12) Hazardous Material Abatement.

- (a) The Superintendent may enter into Public Contracts without Competitive Procurement, regardless of dollar amount, when ordered to clean up oil or hazardous waste pursuant to the authority

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

granted by the Oregon Department of Environmental Quality ("DEQ") under ORS Chapter 466, especially ORS 466.605 through 466.680. In exercising its authority under this exemption.

- (b) The Superintendent must, to the extent reasonable under the circumstances, encourage competition by attempting to obtain informal Quotes from potential suppliers of Goods and Services.
- (c) The department responsible for managing or coordinating the clean-up must submit a Written description of the circumstances that require the clean-up and a copy of the DEQ order for the clean-up, along with a requisition authorizing the Contract, to the District Purchasing Department.
- (d) The District Procurement and Distribution Department must record the measures taken under Section (12)(b) of this Rule to encourage competition, the amount of the Quotes or Proposals obtained, if any, and the reason for selecting the Contractor to whom Award is made.
- (e) The District may not contract pursuant to this exemption in the absence of an order from the DEQ to clean up a site that includes a time limit that would not allow the District to hire a Contractor under normal Competitive Procurement procedures. Goods and Services to perform other hazardous material removal or clean-up will be purchased in accordance with normal Competitive Procurement procedures as described in these Rules and policies.
- (f) Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on a Contract for hazardous material abatement in any dollar amount, but will report the nature and amount of the Contract to the School Board as provided in PPS-45-0200(6).

(13) Purchase of Products for Resale to Students and Staff. The District may purchase personal property for resale to students and staff without Competitive Procurement and regardless of dollar amount.

(14) Radio and Television Contracts for Student Activities.

- (a) Generally. The Superintendent must use a Competitive Procurement method (e.g., an Invitation to Bid or Request for Proposals) to obtain Written Bids or Proposals to provide commercial radio and television Services for any student activity or District program, including athletics, if the value of the Services totals more than \$150,000, regardless of whether the District is paying or receiving revenue under the Contract.
- (b) Specific and Ancillary Services. The Solicitation Document used to invite Bids or Proposals to furnish radio or television Services to District programs must include the minimum Bidder or qualifications and Service specifications and will conform to the other requirements of the "Request for Proposal" Rule herein. The Solicitation Document may invite interested Bidders or Proposers to offer other ancillary Services. Each ancillary Service, if offered, must be accompanied by a dollar value that reflects the current purchase price for the Service and a description of the Service and its use and application.
- (c) Term of Contract. A Contract for radio or television Services may be Awarded for up to five years.

(15) Donated Materials or Services. The District may directly negotiate a Contract with a Person to perform Services or provide Goods or Services regardless of dollar amount, if:

- (a) The Person has agreed to donate all or a significant portion of the materials or Services necessary to perform the Work; and

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) The Person enters into a license or agreement with the District whereby the Person agrees to comply with the Public Contract requirements applicable to the particular Project and any requirements that the District deems necessary or beneficial to protect the District.

(16) Manufacturer Direct Supplies. The District may purchase Goods directly from a manufacturer if a large-volume purchase is required and the cost from the manufacturer is the same or less than the cost the manufacturer charges to its distributor(s). Procurements of this type are made on a Contract-by-Contract basis and are not Price Agreements.

(17) Purchases through Federal Programs. The District may purchase certain authorized Goods and Services through General Service Administration federal programs or federal contracts, provided that the District has federal authorization to purchase through the federal program and the federal contract was solicited in a manner substantially equivalent to the requirements of PPS Division 47 and the Public Contracting Code.

(18) Benson House Program Contracts. The District may directly negotiate a Contract for Goods and/or Services without complying with the Competitive Procurement requirements of these Rules where the Contract is for the purpose of supporting the Benson Polytechnic High School Building Construction Class, and all or a portion of the Contract Price is discounted or donated to the District.

(19) Purchases under Contracts Solicited by Nonprofit Procurement Organizations of Which the District is a Member. The District may purchase Goods and/or Services under a Contract or Procurement solicited by a Nonprofit Procurement Organization of which it is a member. For the purposes of this Special Procurement, such a Procurement Organization will be considered to be an "Administering Contracting Agency" and a "Contracting Purchasing Group" under PPS-46-0400 through 46-0480. Such Procurement must otherwise comply with the requirements for permissive, joint, or Interstate Cooperative Procurements, as applicable, pursuant to PPS-46-0400 through PPS-46-0480.

(20) Secure, Specialized Transportation for Special Needs Students. The Superintendent may contract directly for transportation services for special needs students where such transportation need requires a transportation service with skills or equipment tailored to the needs of the particular special needs student or class of special needs students. For the purposes of this Special Procurement, a "special needs student" is a student with special physical, mental, developmental, or security needs such that District transportation, public transportation, or other private general transportation providers (taxicabs, town car services, charter services, etc.) cannot provide safe, beneficial, or timely service. Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on a Contract for secure, specialized transportation, in any dollar amount, and will report the nature and amount of the Contract to the School Board as provided in PPS-45-0200(6).

(21) FSCP. The Superintendent may establish an FSCP for Goods, Services, or construction services that are not Public Improvements for a particular class of Services, where the need for such Services is ongoing in nature, where it is difficult to anticipate the Service need, time, amount, or availability of Contractors, or where Service needs arise so quickly that it is not practical or cost-effective to conduct individual solicitations under these Rules. An FSCP shall comply with the following requirements:

- (a) Solicitation to Create an FSCP. An FSCP for Goods or Services shall be solicited based on the total cost of the Work estimated to be Awarded through the FSCP during its life. If the total amount of the Work is estimated to be over \$150,000, the Superintendent shall use a Competitive Sealed Proposals process as provided in PPS-47-0260. If the total amount of the Work is \$150,000 or less, the FSCP may be solicited pursuant to the Intermediate Procurement process set forth in PPS-47-0270

- (A) The Superintendent shall document the reasons for establishing an FSCP consistent with this Rule in the Procurement File. This documentation must be reviewed and approved by the

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Director of Procurement as demonstrating that the procurement qualifies for use of an FSCP under these Rules.

- (B) The solicitation shall describe the class of Contracts that can be Awarded to Contractors in the FSCP. The District may not Award Contracts outside the designated class of Contracts to the FSCP.
- (C) The solicitation shall set forth the number of Contractors that will be appointed to the FSCP, the selection criteria, and the methodology for ranking the requests and selecting the Contractors to be appointed to the pool.
- (D) The solicitation may request a binding Price Quote or rate that will become part of a subsequent Contract or may establish the pool based on qualification alone.
- (E) The solicitation may set or limit the value of the Work to be performed by the FSCP.
- (b) Contracting for Work from an FSCP. Once an FSCP has been established, the Superintendent may negotiate Contracts directly with Contractors in the pool to perform certain Services or provide certain Goods within the established scope of the Work. Upon creation of the FSCP, the Superintendent will generate a random list of names of the Contractors appointed to the FSCP. Contracts for individual Services or Goods will be offered, negotiated, and Awarded sequentially to Contractors on the FSCP list. Once the Superintendent has offered a Contract to all of the Contractors in the FSCP (whether or not some or all of the Contractors have accepted the Offer), a new random FSCP list will be generated. The Superintendent may Offer a Contract to Contractors out of sequence in the following circumstances:
 - (A) The Contractor that is next on the list declines or is unavailable during the time period needed.
 - (B) Contract negotiations with the next-listed Contractor are not successful.
 - (C) The Project is for Goods or Services that is a continuation of, addition to, or connected with Goods or Services previously performed by a Contractor on the list, and such prior experience means that it is in the best interest of the District to Award the Contract to the Contractor that performed the prior Work or provided the prior Goods.
 - (D) The nature of the Project is such that the Superintendent determines that an additional analysis of Contractor capability or capacity is required. In order to make this determination, the Superintendent shall conduct an Intermediate Procurement pursuant to PPS-47-0270 limited to Contractors in the FSCP.

If a Contractor is selected outside of the sequence, the reason shall be documented in Writing in the Procurement File.

- (c) An FSCP established under this Rule will expire after three years from the date of Closing of the solicitation, unless reestablished as provided in this Rule.
- (d) Appointment to an FSCP does not guarantee that a Contractor will receive a particular amount of Work or orders, or any Work or orders at all.
- (e) The establishment of an FSCP does not preclude the Superintendent from procuring Goods or Services that would otherwise fall within the FSCP from other Contractors through any other Procurement method authorized under these Rules.
- (f) At any time during the term of an FSCP, the Superintendent may request confirmation from a Contractor or Contractors in the pool that the Contractor continues to maintain the skills,

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

personnel, inventory, or other capability needed to perform the class of Work or provide the required Goods or Services.

- (g) If an FSCP for construction services is reasonably estimated to include Public Works Projects that will total over \$50,000 during the life of the FSCP, Public Works Contracts Awarded to Contractors on an FSCP list shall require the payment of prevailing wages pursuant to ORS 279C.800 through 279C.870.

(22) Contracts for Price-Regulated Items. The Superintendent may contract for the direct purchase of Goods or Services where the rate or price for the Goods or Services being purchased is established by federal, state, or local regulatory authority without competitive solicitation.

(23) Service Monopoly. The Superintendent may enter into Contracts for Work by a utility or other entity that has been granted a monopoly for Services for a specific geographic area or provision of a type of Service and by agreement the utility or entity is either entitled to or is required to perform the required Work.

(24) Investment Contracts. The Superintendent may contract for the investment of District funds or the borrowing of funds by the District when such investment or borrowing is contracted pursuant to statute, rule, or constitution. The Superintendent shall use competitive methods where possible to achieve the best value for the District.

(25) Rating Agency Contracts. The District may purchase the Services of Moody's Investors Service, Standard & Poor's, or similar rating agencies.

(26) Gasoline, Diesel Fuel, Heating Oil, Lubricants, and Asphalt. The Superintendent may purchase gasoline, diesel fuel, heating oil, lubricants, and asphalt using the Intermediate Procurement Process set forth in PPS-47-0270 regardless of dollar amount.

(27) Expedited Contracting Process in Order to Access State, Federal, or Grant Funding. The Superintendent may waive any or all of the solicitation procedures under this Division 47 in the following circumstances:

- (a) The state or federal government or a granting entity has adopted a funding program or made funding available to assist the District in purchasing Goods and/or Services and has attached a time deadline to have a Contract in place or underway or completed in order for the District to access or be eligible for those funds.
- (b) The Superintendent determines that compliance with the solicitation procedures in this Rule could jeopardize the District's ability to access or be eligible for such funding under the timeline established by the state or federal government or granting entity.
- (c) The Superintendent provides for an alternative contracting process.
- (d) The reasons for and extent of the waiver are documented in the Procurement File.
- (e) Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on Contracts subject to this exemption in any dollar amount, but will report the nature and amount of the Contract to the School Board if the Contract is over the Superintendent's delegated authority as set forth in PPS-45-0200(4)(b)(A).

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PROCUREMENT PROCESS

PPS-47-0300 Public Notice of Solicitation Documents

- (1) **Notice of Solicitation Documents; Fee.** The District shall provide public notice of every Solicitation Document in accordance with Section (2) of this Rule. The District may give additional notice using any method it determines appropriate to foster and promote competition, including:
- (a) Mailing notice of the availability of the Solicitation Document to Persons that have expressed an interest in the District's Procurements;
 - (b) Placing notice on the District's Electronic Procurement System; or
 - (c) Placing notice on the District's Internet World Wide Web site.
- (2) **Advertising.** The District shall advertise every notice of a Solicitation Document as follows:
- (a) The District shall publish the advertisement for Offers in accordance with the requirements of ORS 279B.055(4) and 279B.060(4) in at least one newspaper of general circulation in the District and in as many other publications as the District may determine; or
 - (b) The District may publish the advertisement for Offers on the State's or State's and District's Electronic Procurement System instead of publishing notice in a newspaper of general circulation as required by ORS 279B.055(4)(b) if, by rule or order, the District's Contract Review Authority has authorized the District to publish notice of Solicitation Documents on the District's Electronic Procurement System.
 - (c) Notice shall be given at least seven Days prior to the solicitation Closing day.
- (3) **Content of Advertisement.** All advertisements for Offers shall set forth:
- (a) Where, when, how, and for how long the Solicitation Document may be obtained;
 - (b) A general description of the Goods or Services to be acquired;
 - (c) The interval between the first date of notice of the Solicitation Document given in accordance with Sections (2)(a) or (b) above and Closing, which shall not be less than seven Days for an Invitation to Bid and 14 Days for a Request for Proposals, unless the District determines that a shorter interval is in the public's interest, and that a shorter interval will not substantially affect competition. However, in no event shall the interval between the first date of notice of the Solicitation Document given in accordance with Section (2)(a) or (b) above and Closing be less than seven Days as set forth in ORS 279B.055(4)(f). The District shall document the specific reasons for the shorter public notice period in the Procurement File;
 - (d) The date that Persons must file applications for prequalification if prequalification is a requirement, and that the class of Goods or Services is one for which Persons must be prequalified;
 - (e) The office where Contract terms, conditions, and Specifications may be reviewed;
 - (f) The name, title, and address of the individual authorized by the District to receive Offers;
 - (g) The scheduled Opening; and
 - (h) Any other information the District deems appropriate.
- (4) **Posting Advertisement for Offers.** The District shall post a copy of each advertisement for Offers at the principal business office of the District. An Offeror may request a copy of the advertisement for Offers.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (5) **Fees.** The District may charge a fee or require a deposit for the Solicitation Document.
- (6) **Notice of Addenda.** The District shall provide potential Offerors notice of any Addenda to a Solicitation Document in accordance with PPS-47-0430.

PPS-47-0310 Bids or Proposals are Offers

- (1) **Offer and Acceptance.** The Bid or Proposal is the Bidder's or Proposer's Offer to enter into a Contract.
- (a) In Competitive Bidding and Competitive Proposals, the Offer is always a "Firm Offer," i.e., the Offer shall be held open by the Offeror for the District's acceptance for the period specified in PPS-47-0480. The District may elect to accept the Offer at any time during the specified period, and the District's Award of the Contract constitutes acceptance of the Offer and binds the Offeror to the Contract.
- (b) Notwithstanding the fact that a Competitive Proposal is a "Firm Offer" for the period specified in PPS-47-0480, the District may elect to discuss or negotiate certain contractual provisions, as identified in these Rules or in the Solicitation Document, with the Proposer. Where negotiation is permitted by the Rules or the Solicitation Document, Proposers are obligated to negotiate in good faith and only on those terms or conditions that the Rules or the Solicitation Document have reserved for negotiation.
- (2) **Contingent Offers.** Except to the extent that the Proposer is authorized to propose certain terms and conditions pursuant to PPS-47-0262, a Proposer must not make its Offer contingent upon the District's acceptance of any terms or conditions (including Specifications) other than those contained in the Solicitation Document.
- (3) **Offeror's Acknowledgment.** By Signing and returning the Offer, the Offeror acknowledges that it has read and understands the terms and conditions contained in the Solicitation Document and that it accepts and agrees to be bound by the terms and conditions of the Solicitation Document. If the Request for Proposals permits Proposers to propose alternative terms or conditions under PPS-47-0261, the Offeror's Offer shall include any nonnegotiable terms and conditions, any proposed terms and conditions offered for negotiation upon and to the extent accepted by the District in Writing, and Offeror's agreement to perform the scope of Work and meet the performance standards set forth in the final negotiated scope of Work.

PPS-47-0320 Facsimile Bids and Proposals

- (1) **District Authorization.** The District may authorize Offerors to submit Facsimile Offers. If the District determines that Bid or Proposal security is or will be required, the District should not authorize Facsimile Offers unless the District has another method for receipt of such security. Prior to authorizing the submission of Facsimile Offers, the District must determine that the District's equipment and personnel are capable of receiving the size and volume of anticipated Offers within a short period of time. In addition, the District must establish administrative procedures and controls:
- (a) To receive, identify, record, and safeguard Facsimile Offers;
- (b) To ensure timely delivery of Offers to the location of Opening; and
- (c) To preserve the Offers as sealed.
- (2) **Provisions to be Included in Solicitation Document.** In addition to all other requirements, if the District authorizes a Facsimile Offer, the District will include in the Solicitation Document the following:

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) A provision substantially in the form of the following: "A 'Facsimile Offer,' as used in this Solicitation Document, means an Offer, modification of an Offer, or withdrawal of an Offer that is transmitted to and received by the District via a facsimile machine";
- (b) A provision substantially in the form of the following: "Offerors may submit Facsimile Offers in response to this Solicitation Document. The entire response must arrive at the place and by the time specified in this Solicitation Document";
- (c) A provision that requires Offerors to Sign their Facsimile Offers;
- (d) A provision substantially in the form of the following: "The District reserves the right to Award the Contract solely on the basis of a Facsimile Offer." However, upon the District's request the apparent successful Offeror must promptly submit its complete original Signed Offer;
- (e) The data and compatibility characteristics of the District's receiving facsimile machine as follows:
 - (A) Telephone number; and
 - (B) Compatibility characteristics, e.g., make and model number, receiving speed, and communications protocol.
- (f) A provision that provides that the District is not responsible for any failure attributable to the transmission or receipt of the Facsimile Offer including, but not limited to, the following:
 - (A) Receipt of garbled or incomplete documents;
 - (B) Availability or condition of the receiving facsimile machine;
 - (C) Incompatibility between the sending and receiving facsimile machine;
 - (D) Delay in transmission or receipt of documents;
 - (E) Failure of the Offeror to properly identify the Offer documents;
 - (F) Illegibility of Offer documents; and
 - (G) Security and confidentiality of data.

PPS-47-0330 E-Procurement

(1) Electronic Procurement Authorized.

- (a) The District may conduct all phases of a Procurement, including, without limitation, the posting of Electronic Advertisements and the receipt of electronic Offers, by electronic methods if and to the extent the District specifies in a Solicitation Document, a Request for Quotes, or any other Writing that instructs Persons how to participate in the Procurement.
- (b) The District must open an Electronic Offer in accordance with electronic security measures in effect at the District at the time of its receipt of the Electronic Offer. Unless the District provides procedures for the secure receipt of Electronic Offers, the Person submitting the Electronic Offer assumes the risk of premature disclosure due to submission in unsealed form.
- (c) The District's use of electronic Signatures must be consistent with applicable statutes and Rules. The District must authorize, and may limit the use of, electronic methods of conducting a Procurement based on the best interests of the District, as determined by the District.
- (d) If the District determines that Bid or Proposal security is or will be required, the District should not authorize Electronic Offers unless the District has another method for receipt of such security.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (2) **Rules Governing Electronic Procurements.** The District must conduct all portions of an Electronic Procurement in accordance with these Division 47 Rules, unless otherwise set forth in this Rule.
- (3) **Preliminary Matters.** As a condition of participation in an Electronic Procurement, the District may require potential Contractors to register with the District before the date and time on which the District will first accept Offers, to agree to the terms, conditions, or other requirements of a Solicitation Document, or to agree to terms and conditions governing the Procurement, such as procedures that the District may use to attribute, authenticate, or verify the accuracy of an Electronic Offer, or the actions that constitute an electronic Signature.
- (4) **Offer Process.** The District may specify that Persons must submit an Electronic Offer by a particular date and time, or that Persons may submit multiple Electronic Offers during a period of time established in the Electronic Advertisement. When the District specifies that Persons may submit multiple Electronic Offers during a specified period of time, the District must designate a time and date on which Persons may begin to submit Electronic Offers, and a time and date after which Persons may no longer submit Electronic Offers. The date and time after which Persons may no longer submit Electronic Offers need not be specified by a particular date and time, but may be specified by a description of the conditions that, when they occur, will establish the date and time after which Persons may no longer submit Electronic Offers. When the District will accept Electronic Offers for a period of time other than at the designated date and time that the District will first receive Electronic Offers, the District must begin to accept real time Electronic Offers on an Electronic Procurement System, and must continue to accept Electronic Offers in accordance with Section (5)(b) of this Rule until the date and time specified by the District, after which the District will no longer accept Electronic Offers.
- (5) **Receipt of Electronic Offers.**
- (a) When the District conducts an Electronic Procurement that provides that all Electronic Offers must be submitted by a particular date and time, the District must receive the Electronic Offers in accordance with these Division 47 Rules.
 - (b) When the District specifies that Persons may submit multiple Electronic Offers during a period of time, the District must accept Electronic Offers, and Persons may submit Electronic Offers, in accordance with the following:
 - (A) Following receipt of the first Electronic Offer after the date and time that the District first receives Electronic Offers, the District must post and update on a real-time basis:
 - (i) The prices of the other Bidders or the price of the most Competitive Bidder;
 - (ii) The rank of each Bidder (e.g., (i) "winning" or "not winning" or (ii) "1st, 2nd, or higher";
 - (iii) The scores of the Bidders if the District chooses to use a scoring model that weighs non-price factors in addition to price; or
 - (iv) Any combination of (i), (ii), and (iii) above. At any time before the date and time after which the District will no longer receive Electronic Offers, a Person may revise its Electronic Offer, except that a Person may not lower its price unless that price is below the then lowest Electronic Offer.
 - (B) A Person may not increase the price set forth in an Electronic Offer after the date and time that the District first accepts Electronic Offers.
 - (C) A Person may withdraw an Electronic Offer only in compliance with these Division 47 Rules. If a Person withdraws an Electronic Offer, it may not later submit an Electronic Offer at a price higher than that set forth in the withdrawn Electronic Offer.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(6) Failure of the E-Procurement System. In the event of a failure that interferes with the ability of Persons to submit Electronic Offers, protest, or to otherwise participate in the Procurement, the District may cancel the Procurement in accordance with PPS-47-0660, or may extend the date and time for receipt of Electronic Offers by providing notice of the extension immediately after the system becomes available.

BID AND PROPOSAL PREPARATION

PPS-47-0400 Offer Preparation

- (1) Instructions.** Offerors must submit and Sign their Offers in accordance with the instructions set forth in the Solicitation Document. Offerors must initial any corrections or erasures to their Offers.
- (2) Forms.** Offerors must submit their Offer on the form(s) provided in the Solicitation Document, unless Offerors are otherwise instructed in the Solicitation Document.
- (3) Documents.** Offerors must provide the District with all documents and Descriptive Literature required by the Solicitation Document.

PPS-47-0410 Offer Submission

- (1) Product Samples and Descriptive Literature.** The District may require Product Samples or Descriptive Literature if the District determines either is necessary or desirable to evaluate the quality, features, or characteristics of an Offer. The District will dispose of Product Samples, or make them available for the Offeror to retrieve, in accordance with the Solicitation Document.
- (2) Identification of Offers.**
 - (a)** To ensure proper identification and handling, Offers must be submitted in a sealed envelope appropriately marked. If the District permits Electronic Offers or Facsimile Offers in the Solicitation Document, the Offeror may submit and identify Electronic Offers or Facsimile Offers in accordance with these Division 47 Rules and the instructions set forth in the Solicitation Document. The District will not consider Facsimile or Electronic Offers unless authorized by the Solicitation Document.
 - (b)** The District is not responsible for Offers submitted in any manner, format, or to any delivery point other than as required in the Solicitation Document.
- (3) Receipt of Offers.** Offerors are responsible for ensuring that the District receives their Offers at the required delivery point prior to the Closing, regardless of the method used to submit or transmit the Offer.

PPS-47-0420 Pre-Offer Conferences

- (1) Purpose.** The District may hold pre-Offer conferences with prospective Offerors prior to Closing to explain the Procurement requirements, obtain information, or conduct site inspections.
- (2) Required Attendance.** The District may require attendance at the pre-Offer conference as a condition for making an Offer.
- (3) Scheduled Time.** If the District holds a pre-Offer conference, it must be held within a reasonable time after the Solicitation Document has been issued, but sufficiently before the Closing to allow Offerors to consider information provided at that conference.
- (4) Statements Not Binding.** Statements made by the District's representative at the pre-Offer conference do not change the Solicitation Document unless the District confirms such statements with a Written Addendum to the Solicitation Document.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(5) **District Announcement.** The District must set forth notice of any pre-Offer conference in the Solicitation Document in accordance with PPS-47-0255(2) or PPS-47-0260(2).

PPS-47-0430 Addenda to Solicitation Document

(1) **Issuance; Receipt.** The District may change a Solicitation Document only by Written Addenda. An Offeror must provide Written acknowledgment of receipt of all issued Addenda with its Offer, unless the District otherwise specifies in the Addenda.

(2) **Notice and Distribution.** The District must notify prospective Offerors of Addenda in a manner intended to foster competition and to make prospective Offerors aware of the Addenda. The Solicitation Document must specify how the District will provide notice of Addenda and how the District will make the Addenda available before Closing, and at each subsequent step or phase of evaluation if the District will engage in a Multi-step Competitive Sealed Bidding process in accordance with PPS-47-0257, or a Multi-tiered or Multi-step Competitive Sealed Proposals process in accordance with PPS-47-0261. The following is an example: "The District will not mail notice of Addenda, but will post public notice of any Addenda on the District's Web site. Offerors should frequently check the District's Web site until Closing, i.e., at least once weekly until the week of Closing and at least once daily the week of Closing."

(3) **Timelines; Extensions.**

- (a) The District must issue Addenda within a reasonable time to allow prospective Offerors to consider the Addenda in preparing their Offers. The District may extend the Closing if the District determines that prospective Offerors need additional time to review and respond to Addenda. Except to the extent justified by a countervailing public interest, the District must not issue Addenda less than 72 hours before the Closing unless the Addendum also extends the Closing.
- (b) Notwithstanding Section (3)(a) of this Rule, an Addendum that modifies the evaluation criteria, selection process, or procedure for any step or phase of competition under a Multi-step Sealed Bidding or Multi-step Sealed Proposals process issued in accordance with PPS-47-0257 or PPS-47-0261 must be issued no fewer than five Days before the beginning of that step or phase of competition, unless the District determines that a shorter period is sufficient to allow the Offerors to prepare for that step or phase of competition. The District must document the factors it considered in making that determination, which may include, without limitation, the scope of the changes to the Solicitation Document, the location of the remaining eligible Proposers, or whether shortening the period between issuing an Addendum and the beginning of the next step or phase of competition favors or disfavors any particular Proposer or Proposers.

(4) **Request for Change or Protest.** Unless a different deadline is set forth in the Addendum, an Offeror may submit a Written request for change or protest to the Addendum, as provided in PPS-47-0730, by the close of the District's next business Day after issuance of the Addendum, or up to the last Day allowed to submit a request for change or protest of the solicitation under PPS-47-0730, whichever date is later. If the date established in the previous sentence falls after the deadline for receiving protests to the Solicitation Document in accordance with PPS-47-0730, then the District may consider an Offeror's request for change or protest to the Addendum only, and the District shall not consider a request for change or protest to matters not added or modified by the Addendum. Notwithstanding any provision of this Section (4) of this Rule, the District is not required to provide a protest period for Addenda issued after the initial Closing during a Multi-tiered or Multi-step Procurement process conducted pursuant to ORS 279B.055 or 279B.060.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-47-0440 Pre-Closing Modification or Withdrawal of Offers

(1) **Modifications.** An Offeror may modify its Offer in Writing prior to the Closing. An Offeror must prepare and submit any modification to its Offer to the District in accordance with PPS-47-0400 and PPS-47-0410, unless otherwise specified in the Solicitation Document. Any modification must include the Offeror's statement that the modification amends and supersedes the prior Offer. The Offeror must mark the submitted modification as follows:

- (a) Bid (or Proposal) Modification; and
- (b) Solicitation Document Number (or other identification as specified in the Solicitation Document).

(2) **Withdrawals.**

- (a) An Offeror may withdraw its Offer by Written notice submitted on the Offeror's letterhead, Signed by an authorized representative of the Offeror, delivered to the individual and location specified in the Solicitation Document (or the place of Closing if no location is specified), and received by the District prior to the Closing. The Offeror or authorized representative of the Offeror may also withdraw its Offer in person prior to the Closing upon presentation of appropriate identification and evidence of authority satisfactory to the District.
- (b) The District may release an unopened Offer withdrawn under Section (2)(a) of this Rule to the Offeror or its authorized representative, after voiding any date and time-stamp mark.
- (c) The Offeror must mark the Written request to withdraw an Offer as follows:
 - (A) Bid (or Proposal) Withdrawal; and
 - (B) Solicitation Document Number (or other identification as specified in the Solicitation Document).

(3) **Documentation.** The District must include all documents relating to the modification or withdrawal of Offers in the appropriate Procurement File.

PPS-47-0450 Receipt, Opening, and Recording of Offers

(1) **Receipt.** The District must electronically or mechanically time-stamp or hand-mark each Offer and any modification upon receipt. The District must not open the Offer or modification, but must maintain it as confidential and secure until Opening. If the District inadvertently opens an Offer or a modification prior to the Opening, the District must return the Offer or modification to its secure and confidential state until Opening. The District must document the resealing for the Procurement File (e.g., "District inadvertently opened the Offer due to improper identification of the Offer").

(2) **Opening and Recording.** The District must publicly open Offers including any modifications made to the Offer pursuant to PPS-47-0440(1). In the case of Invitations to Bid, to the extent practicable, the District must read aloud the name of each Bidder and such other information as the District considers appropriate. However, the District may withhold from disclosure information marked by the Offeror as "confidential" or a "trade secret" in accordance with ORS 279B.055(5)(c) and 279B.060(5). In the case of Requests for Proposals or voluminous Bids, if the Solicitation Document so provides, the District will not read Offers aloud.

PPS-47-0460 Late Offers, Late Withdrawals, and Late Modifications

Any Offer received after Closing is late. An Offeror's request for withdrawal or modification of an Offer received after Closing is late. The District must not consider late Offers, withdrawals, or modifications except as permitted in PPS-47-0470 or PPS-47-0261.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-47-0470 Mistakes

(1) **General.** To protect the integrity of the Competitive Procurement process and to ensure fair treatment of Offerors, the District should carefully consider whether to permit waiver, correction, or withdrawal of Offers for certain mistakes.

(2) **District Treatment of Mistakes.** The District must not allow an Offeror to correct or withdraw an Offer for an error in judgment. If the District discovers certain mistakes in an Offer after Opening but before the Award of the Contract, the District may take the following action:

- (a) The District may waive, or permit an Offeror to correct, a minor informality. A minor informality is a matter of form rather than substance that is evident on the face of the Offer, or an insignificant mistake that can be waived or corrected without prejudice to other Offerors. Examples of minor informalities include an Offeror's failure to:
 - (A) Return the correct number of Signed Offers or the correct number of other documents required by the Solicitation Document;
 - (B) Sign the Offer in the designated block, provided a Signature appears elsewhere in the Offer evidencing an intent to be bound; and
 - (C) Acknowledge receipt of an Addendum to the Solicitation Document, provided: it is clear on the face of the Offer that the Offeror received the Addendum and intended to be bound by its terms; or the Addendum involved did not affect price, quality, or delivery.
- (b) The District may correct a clerical error if the error is evident on the face of the Offer, or other documents submitted with the Offer, and the Offeror confirms the District's correction in Writing. A clerical error is an Offeror's error in transcribing its Offer. Unit prices will prevail over extended prices in the event of a discrepancy between extended prices and unit prices.
- (c) The District may permit an Offeror to withdraw an Offer based on one or more clerical errors in the Offer only if the Offeror shows with objective proof and by clear and convincing evidence:
 - (A) The nature of the error;
 - (B) That the error is not a minor informality under this Section or an error in judgment;
 - (C) That the error cannot be corrected or waived under Section (b) of this Rule;
 - (D) That the Offeror acted in good faith in submitting an Offer that contained the claimed error and in claiming that the alleged error in the Offer exists;
 - (E) That the Offeror acted without gross negligence in submitting an Offer that contained a claimed error;
 - (F) That the Offeror will suffer substantial detriment if the District does not grant the Offeror permission to withdraw the Offer;
 - (G) That the District's or the public's status has not changed so significantly that relief from the forfeiture will work a substantial hardship on the District or the public it represents; and
 - (H) That the Offeror promptly gave notice of the claimed error to the District.
- (d) The criteria in Section (2)(c) of this Rule must determine whether the District will permit an Offeror to withdraw its Offer after Closing. These criteria also must apply to the question whether the District will permit an Offeror to withdraw its Offer without forfeiture of its Bid bond (or Proposal security), or without liability to the District based on the difference between the amount of the Offeror's Offer and the amount of the Contract actually Awarded by the District,

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

whether by Award to the next lowest Responsive and Responsible Bidder, the most advantageous Responsive and Responsible Proposer, or by resort to a new solicitation.

- (3) **Rejection for Mistakes.** The District must reject any Offer in which a mistake is evident on the face of the Offer and the intended correct Offer is not evident or cannot be substantiated from documents accompanying the Offer.
- (4) **Identification of Mistakes after Award.** The procedures and criteria set forth above are Offeror's only opportunity to correct mistakes or withdraw Offers because of a mistake. Following Award, an Offeror is bound by its Offer, and may only withdraw its Offer or rescind a Contract entered into pursuant to this Division 47 to the extent permitted by applicable law.

PPS-47-0480 Time for District Acceptance

An Offeror's Offer is a Firm Offer, irrevocable, valid, and binding on the Offeror for not less than 60 Days following Closing unless otherwise specified in the Solicitation Document.

PPS-47-0490 Extension of Time for Acceptance of Offer

The District may request, orally or in Writing, that Offerors extend, in Writing, the time during which the District may consider their Offer(s). If an Offeror agrees to such extension, the Offer must continue as a Firm Offer, irrevocable, valid, and binding on the Offeror for the agreed-upon extension period.

QUALIFICATIONS AND DUTIES

PPS-47-0500 Responsibility of Offerors

(1) **Determination.** Before Awarding a Contract, the District must determine that the Offeror submitting the lowest Bid or Proposal or most advantageous Offer is Responsible. The District must use the standards set forth in ORS 279B.110 and PPS-47-0640(1)(c)(F) to determine if an Offeror is Responsible. In the event the District determines an Offeror is not Responsible, it must prepare a Written determination of non-Responsibility as required by ORS 279B.110 and must reject the Offer.

PPS-47-0525 Qualified Products Lists

- (1) **Authority.** The District may develop and maintain a qualified products list pursuant to ORS 279B.115 in instances in which the testing or examination of Goods before initiating a Procurement is necessary or desirable in order to best satisfy the requirements of the District. For purposes of this Section, "Goods" includes products that have associated or incidental service components, such as supplier warranty obligations or maintenance service programs.
- (2) **Notice.** In the initial development of any qualified products list, the District shall give public notice, in accordance with PPS-47-0300, of the opportunity for potential Contractors, sellers, or suppliers to submit Goods for testing and examination to determine their acceptability for inclusion on the list, and may solicit in Writing representative groups of potential Contractors, sellers, or suppliers to submit Goods for the testing and examination. Any potential Contractor, seller, or supplier, even though not solicited, may offer its Goods for consideration.
- (3) **Inclusion to be Based Upon Tests or Examinations.** The District's inclusion of Goods on a qualified products list shall be based on the results of tests or examinations. Notwithstanding any provision of ORS 192.410 through 192.505, the District may make the test or examination results public in a manner that protects the identity of the potential Contractor, seller, or supplier that offered the Goods for testing or examination, including by using only numerical designations. Notwithstanding any provision of

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

ORS 192.410 through 192.505, the District may keep confidential trade secrets, test data, and similar information provided by a potential Contractor, seller, or supplier if so requested in Writing by the potential Contractor, seller, or supplier.

(4) List Does Not Constitute Prequalification. The inclusion of Goods on a qualified products list does not constitute and may not be construed as a prequalification under ORS 279B.120 and 279B.125 of any prospective Contractor, seller, or supplier of Goods on the qualified products list.

PPS-47-0550 Prequalification of Prospective Offerors; Pre-negotiation of Contract Terms and Conditions

(1) Prequalification of Prospective Offerors. Pursuant to ORS 279B.120 and 279B.125, the District may prequalify prospective Bidders or Proposers to submit Bids or Proposals for Public Contracts to provide particular types of Goods or Services.

(2) Notice of Prequalification. The District shall, in response to the receipt of a prequalification application submitted under Section (1) of this Rule, notify the prospective Bidder or Proposer whether the prospective Bidder or Proposer is qualified based on the standards of responsibility listed in Section (7), the type and nature of Contracts that the prospective Bidder or Proposer is qualified to compete for and the time period for which the prequalification is valid. If the District does not prequalify a prospective Bidder or Proposer as to any Contracts covered by the prequalification process, the notice must specify which of the standards of responsibility listed in Section (7) the prospective Bidder or Proposer failed to meet. Unless the reasons are specified, the prospective Bidder or Proposer shall be deemed to have been prequalified in accordance with the application.

(3) Revocation of Prequalification. If the District subsequently discovers that a prospective Bidder or Proposer that prequalified under Sections (1) and (2) of this Rule is no longer qualified, the District may revoke the prequalification upon reasonable notice to the prospective Bidder or Proposer, except that a revocation is invalid as to any Contract for which an advertisement for Bids or Proposals has already been issued. Notwithstanding this prohibition against revocation of prequalification, the District may determine that a prequalified Offeror is not Responsible prior to Contract Award.

(4) Application. When the District permits or requires prequalification of Bidders or Proposers, a prospective Bidder or Proposer who wishes to prequalify shall submit a prequalification application to the District on a form prescribed by the District. Upon receipt of a prequalification application, the District shall investigate the prospective Bidder or Proposer as necessary to determine whether the prospective Bidder or Proposer is qualified. The determination shall be made in less than 30 Days, if practicable, if the prospective Bidder or Proposer requests an early decision to allow the prospective Bidder or Proposer as much time as possible to prepare a Bid or Proposal for a Contract that has been advertised. In making its determination, the District shall consider only the applicable standards of responsibility listed in Section (7). The District shall promptly notify the prospective Bidder or Proposer whether the prospective Bidder or Proposer is qualified.

(5) Contents of Notice. If the District finds that a prospective Bidder or Proposer is qualified, the notice must state the type and nature of Contracts that the prospective Bidder or Proposer is qualified to compete for and the period of time for which the prequalification is valid. If the District finds that the prospective Bidder or Proposer is not qualified as to any Contracts covered by the Rule, resolution, ordinance, or other regulation, the notice must specify the reasons given under Section (7) below. To be entitled to a hearing under PPS-47-0760, a prospective Bidder or Proposer shall, within three business Days after receipt of the notice, notify the District that the prospective Bidder or Proposer demands a hearing under PPS-47-0760.

(6) Revocation or Reissuance Process. If the District has reasonable cause to believe that there has been a substantial change in the conditions of a prequalified prospective Bidder or Proposer and that the

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

prospective Bidder or Proposer is no longer qualified or is less qualified, the District may revoke or may revise and reissue the prequalification after reasonable notice to the prequalified prospective Bidder or Proposer. The notice must specify the reasons given under Section (2) for revocation or revision of the prequalification of the prospective Bidder or Proposer and inform the prospective Bidder or Proposer of the right to a hearing under PPS-47-0760. To be entitled to a hearing under PPS-47-0760, a prospective Bidder or Proposer shall, within three business Days after receipt of the notice, notify the District that the prospective Bidder or Proposer demands a hearing under PPS-47-0760. A revocation or revision does not apply to any Contract for which an advertisement for Bids or Proposals was issued before the date the notice of revocation or revision was received by the prequalified prospective Bidder or Proposer.

(7) Standards of Responsibility. In determining whether a Bidder or Proposer has met the standards of responsibility pursuant to ORS 279B.110(2), the District shall consider whether a Bidder or Proposer has:

- (a) Available the appropriate financial, material, equipment, facility, and personnel resources and expertise, or ability to obtain the resources and expertise, necessary to indicate the capability of the Bidder or Proposer to meet all contractual responsibilities;
- (b) A satisfactory record of performance. The District shall document the record of performance of a Bidder or Proposer if the District finds the Bidder or Proposer non-responsible under this Section;
- (c) A satisfactory record of integrity. The District shall document the record of integrity of a Bidder or Proposer if the District finds the Bidder or Proposer non-responsible under this Section;
- (d) Qualified legally to contract with the District;
- (e) Supplied all necessary information in connection with the inquiry concerning responsibility. If a Bidder or Proposer fails to promptly supply information requested by the District concerning responsibility, the District shall base the determination of responsibility on any available information or may find the Bidder or Proposer non-responsible; and
- (f) Not been debarred by the District under PPS-47-0575.

(8) Pre-negotiation. The District may pre-negotiate some or all Contract terms and conditions including prospective Proposer Contract forms such as license agreements, maintenance and support agreements, or similar documents for use in future Procurements. Such pre-negotiation of Contract terms and conditions (including prospective Proposer forms) may be part of the prequalification process of a Proposer in Section 1 or the pre-negotiation may be a separate process. Unless required as part of the prequalification process, the failure of the District and the prospective Proposer to reach agreement on pre-negotiated Contract terms and conditions does not prohibit the prospective Proposer from responding to Procurements. The District may agree to different pre-negotiated Contract terms and conditions with different prospective Proposers. When the District has pre-negotiated different terms and conditions with Proposers or, when permitted, Proposers offer different terms and conditions, the District may consider the terms and conditions in the Proposal evaluation process.

PPS-47-0560 Request for Qualifications (RFQ)

For purposes of this Section, an RFQ may be used without the RFQ constituting a prequalification pursuant to PPS-47-0550, if the District establishes the RFQ to determine whether competition exists to perform the needed Services or to establish a nonbinding, open list of qualified Contractors in addition to the general public and in order to expand the pool of qualified Contractors, prior to issuing an RFP. If the District establishes a closed, exclusive, or binding list of qualified Contractors, then the District must comply with Section (1) of this Rule. The District is not required to issue an RFQ and may elect to forego using an RFQ before issuing an RFP.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(1) Content of RFQ. At a minimum, the RFQ must describe the particular specialty desired, the qualifications the Contractor(s) must have in order to be considered, and the evaluation factors and their relative importance. The RFQ may require information including, but not limited to: the Contractor's particular capability to perform the required Services; the number of experienced staff available to perform the required Services, including specific qualifications and experience of personnel; a list of similar services the Contractor has completed, with references concerning past performance; and any other information deemed necessary by the District to evaluate Contractor qualifications. All RFQs must:

- (a) Be in Writing;
- (b) Provide that the District may, at any time during the solicitation process, reject any or all Proposals or cancel the solicitation without liability if it is in the public interest to do so; and
- (c) Provide that the District is not responsible for any costs of any Proposers incurred while submitting Proposals, and that all Proposers who respond to solicitations do so solely at their own expense, unless compensation is expressly provided for in the Solicitation Document.

(2) Pre-Submission Meeting. A qualifications pre-submission meeting, voluntary or mandatory, may be held for all interested Contractors to discuss the proposed Services. The RFQ must include the date, time, and place of the meeting(s).

(3) Notice and Opportunity to Submit RFQ. Unless the RFQ establishes that competition does not exist or unless the solicitation process is canceled or all qualification statements are rejected, all respondents who met the published qualifications must receive a notice, or other materials as appropriate, in addition to the general public, of any required Services and have an opportunity to submit a Proposal in response to the District's subsequent RFP.

PPS-47-0575 Debarment of Prospective Offerors

(1) Generally. The District may debar prospective Offerors for the reasons of discriminating against a subcontractor in the Awarding of a Contract because the subcontractor is a minority, women or emerging small business enterprise as set forth in ORS 279A.110, or after providing notice and the opportunity for hearing as set forth in Sections (5)-(8).

(2) Responsibility. Notwithstanding the limitation on the term for debarment in ORS 279B.130(1)(b), the District may determine that a previously debarred Offeror is not Responsible prior to Contract Award.

(3) Imputed Knowledge. The District may attribute improper conduct of a Person or their affiliate or affiliates having a Contract with a prospective Offeror to the prospective Offeror for purposes of debarment where the impropriety occurred in connection with the Person's duty for or on behalf of, or with the knowledge, approval, or acquiescence of, the prospective Offeror.

(4) Limited Participation. The District may allow a debarred Person to participate in solicitations and Contracts on a limited basis during the debarment period upon Written determination that participation is advantageous to the District. The determination must specify the factors on which it is based and define the extent of the limits imposed.

(5) Debarment Process. The District may debar a prospective Bidder or Proposer from consideration for Award of the District's Contracts for the reasons listed in Section (6) of this Rule after providing the prospective Bidder or Proposer with notice and a reasonable opportunity to be heard.

- (a) The District may not debar a prospective Bidder or Proposer under this Section for more than three years.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (6) Reasons for Debarment.** A prospective Bidder or Proposer may be debarred from consideration for Award of the District's Contracts if:
- (a) The prospective Bidder or Proposer has been convicted of a criminal offense as an incident in obtaining or attempting to obtain a public or private contract or subcontract or in the performance of a public or private contract or subcontract.
 - (b) The prospective Bidder or Proposer has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty that currently, seriously, and directly affects the prospective Bidder's or Proposer's responsibility as a Contractor.
 - (c) The prospective Bidder or Proposer has been convicted under state or federal antitrust statutes.
 - (d) The prospective Bidder or Proposer has committed a violation of a Contract provision that is regarded by the District or the Construction Contractors Board to be so serious as to justify disqualification. A violation may include, but is not limited to, a failure to perform the terms of a Contract or an unsatisfactory performance in accordance with the terms of the Contract. However, a failure to perform or an unsatisfactory performance caused by acts beyond the control of the Contractor may not be considered to be a basis for debarment.
 - (e) The prospective Bidder or Proposer does not carry workers' compensation or unemployment insurance as required by statute.
- (7) Written Debarment Decision Required.** The District shall issue a Written decision to debar a prospective Bidder or Proposer under this Section. The decision must:
- (a) State the reasons for the action taken;
 - (b) Inform the debarred prospective Bidder or Proposer of the appeal rights of the prospective Bidder or Proposer under PPS-47-0760; and
 - (c) Be mailed or otherwise furnished immediately to the debarred prospective Bidder or Proposer.
- (8)** A prospective Bidder or Proposer that wishes to appeal debarment shall, within three business Days after receipt of notice of debarment, notify the District that the prospective Bidder or Proposer appeals the debarment as provided in PPS-47-0760.

OFFER EVALUATION AND AWARD

PPS-47-0600 Offer Evaluation and Award

- (1) District Evaluation.** The District must evaluate Offers only as set forth in the Solicitation Document pursuant to ORS 279B.055(6)(a) and 279B.060(6)(b) based on the requirements set forth in the ITB or RFP, and in accordance with applicable law. The District must not evaluate Offers using any other requirement or criterion.
- (a) Evaluation of Bids.
 - (A) Nonresident Bidders: In determining the lowest Responsive Bid, the District must apply the reciprocal preference set forth in ORS 279A.120(2)(b) and PPS-46-0310 for nonresident Bidders.
 - (B) Public Printing: The District must, for the purpose of evaluating Bids, apply the public printing preference set forth in ORS 282.210 (printing shall be performed within the state).

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(C) **Award When Bids are Identical:** If the District determines that one or more Bids are identical under PPS-46-0300, the District must Award a Contract in accordance with the procedures set forth in PPS-46-0300.

(b) **Evaluation of Proposals.**

(A) **Award When Proposals are Identical:** If the District determines that one or more Proposals are identical under PPS-46-0300, the District must Award a Contract in accordance with the procedures set forth in PPS-46-0300.

(B) **Public Printing:** The District must, for the purpose of evaluating Proposals, apply the public printing preference set forth in ORS 282.210 (printing shall be performed within the state).

(c) **Recycled Materials.** When procuring Goods, the District shall give preference for Recycled Materials as set forth in ORS 279A.125 if:

(A) The Recycled Product is available;

(B) The Recycled Product meets applicable standards;

(C) The Recycled Product can be substituted for a comparable non-recycled product; and

(D) The Recycled Product's costs do not exceed the costs of non-recycled products by more than 5%, or a higher percentage if the District makes a Written determination.

(2) **Clarification of Bids or Proposals.** After the Opening, the District may conduct discussions with apparent Responsive Offerors for the purpose of clarification to assure full understanding of the Bids or Proposals. All Bids or Proposals, in the District's sole discretion, needing clarification must be afforded such an opportunity. The District must document clarification of any Offeror's Bid or Proposal in the Procurement File.

(3) **Negotiations.**

(a) **Bids.** The District shall not negotiate with any Bidder. After Award of the Contract, the District and Contractor may only modify the Contract in accordance with PPS-47-0800.

(b) **Requests for Proposals.** The District may only conduct discussions or negotiate with Proposers in accordance with ORS 279B.060(6)(b) and PPS-47-0261. After Award of the Contract, the District and Contractor may only modify the Contract in accordance with PPS-47-0800.

(4) **Award.**

(a) **General.** If Awarded, the District must Award the Contract to the Responsible Bidder submitting the lowest Responsive Bid or the Responsible Proposer submitting the most advantageous Responsive Proposal. The District may Award by item, groups of items, or the entire Offer, provided such Award is consistent with the Solicitation Document and in the public interest.

(b) **Multiple Items.** An Invitation to Bid or Request for Proposals may call for pricing of multiple items of similar or related type with the Award based on individual line item, group total of certain items, a "market basket" of items representative of the District's expected purchases, or grand total of all items.

(c) **Multiple Awards - Bids.**

(A) Notwithstanding Section (4)(a) of this Rule, the District may Award multiple Contracts under an Invitation to Bid in accordance with the criteria set forth in the Invitation to Bid. A multiple Award may be made if the Award to two or more Bidders is beneficial for adequate availability, delivery, service, competition, pricing, product capabilities, or other factors

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

deemed significant by the District. Multiple Awards may not be allowed for user preference unrelated to utility or economy. A notice to prospective Bidders that multiple Contracts may be Awarded for any Invitation to Bid shall not preclude the District from Awarding a single Contract for such Invitation to Bid.

- (B) If an Invitation to Bid permits the Award of multiple Contracts, the District must specify in the Invitation to Bid the criteria it will use to choose from the multiple Contracts when purchasing Goods or Services.
- (d) Multiple Awards - Proposals.
 - (A) Notwithstanding Section (4)(a) of this Rule, the District may Award multiple Contracts under a Request for Proposals in accordance with the criteria set forth in the Request for Proposals. A multiple Award may be made if the Award to two or more Proposers is beneficial for adequate availability, delivery, service, competition, pricing, product capabilities, or other factors deemed significant by the District. Multiple Awards may not be allowed for user preference unrelated to utility or economy. A notice to prospective Proposers that multiple Contracts may be Awarded for any Request for Proposals must not preclude the District from Awarding a single Contract for such Request for Proposals.
 - (B) If a Request for Proposals permits the Award of multiple Contracts, the District must specify in the Request for Proposals the criteria it will use to choose from the multiple Contracts when purchasing Goods or Services, which may include consideration and evaluation of the Contract terms and conditions agreed to by the Contractors.
- (e) Partial Awards. If after evaluation of Offers the District determines that an acceptable Offer has been received for only parts of the requirements of the Solicitation Document:
 - (A) The District may Award a Contract for the parts of the Solicitation Document for which acceptable Offers have been received; or
 - (B) The District may reject all Offers and may issue a new Solicitation Document on the same or revised terms, conditions, and Specifications.
- (f) All-or-None Offers. The District may Award all-or-none Offers if the evaluation shows an all-or-none Award to be the lowest cost for Bids or the most advantageous for Proposals of those submitted.

PPS-47-0610 Notice of Intent to Award

(1) **Notice of Intent to Award.** The District must provide Written notice to all Offerors of its Intent to Award pursuant to ORS 279B.135 at least seven Days before the Award of a Contract, unless the District determines that circumstances justify prompt execution of the Contract, in which case the District may provide a shorter notice period. The District must document the specific reasons for the shorter notice period in the Procurement File. This Section does not apply to a Contract Awarded as a Small Procurement, an Intermediate Procurement, a sole-source Procurement, an Emergency Procurement, or a Special Procurement.

- (2) **Finality.** The District's Award will not be final until the later of the following:
 - (a) The expiration of the protest period provided pursuant to PPS-47-0740; or
 - (b) The District provides Written responses to all timely filed protests denying the protests and affirming the Award.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-47-0620 Documentation of Award

- (1) **Basis of Award.** After Award, the District must make a record showing the basis for determining the successful Offeror as part of the District's Procurement File.
- (2) **Contents of Award Record.** The District's record must include:
 - (a) For Bids.
 - (A) Bids;
 - (B) Completed Bid tabulation sheet; and
 - (C) Written justification for any rejection of lower Bids.
 - (b) For Proposals.
 - (A) Proposals;
 - (B) The completed evaluation of the Proposals;
 - (C) Written justification for any rejection of higher-scoring Proposals; and
 - (D) If the District engaged in any of the methods of Contractor selection described in ORS 279B.060(6)(b) and PPS-47-0261, Written documentation of the content of any discussions, negotiations, best and final Offers, or any other procedures the District used to select a Proposer to which the District Awarded a Contract.

PPS-47-0630 Availability of Award Decisions

- (1) **Contract Documents.** To the extent required by the Solicitation Document, the District must deliver to the successful Offeror a Contract, a Signed Purchase Order, Price Agreement, or other Contract Documents as applicable.
- (2) **Availability of Award Decisions.** A Person may obtain tabulations of Awarded Bids or evaluation summaries of Proposals for a minimal charge in person or by submitting to the District a Written request accompanied by payment. The requesting Person must provide the Solicitation Document number and enclose a self-addressed, stamped envelope.
- (3) **Availability of Procurement Files.** After notice of Intent to Award, the District must make Procurement Files available in accordance with applicable law.

PPS-47-0640 Rejection of an Offer

- (1) **Rejection.**
 - (a) Any solicitation or Procurement described in a solicitation may be canceled, or any or all Bids or Proposals may be rejected in whole or in part, when the cancellation or rejection is in the best interest of the District as determined by the District. The reasons for the cancellation or rejection must be made part of the Procurement File. The District is not liable to any Bidder or Proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, Bid, Proposal, or Award. ORS 279B.100.
 - (b) The District must reject an Offer upon the District's Finding that the Offer:
 - (A) Is contingent on the District's acceptance of terms and conditions (including Specifications) that differ from the Solicitation Document;

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (B) Takes exception to terms and conditions (including Specifications) set forth in the Solicitation Document;
 - (C) Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the Solicitation Document or in contravention of applicable law;
 - (D) Offers Goods and Services that fail to meet the Specifications of the Solicitation Document;
 - (E) Is late;
 - (F) Is not in substantial compliance with the Solicitation Document; or
 - (G) Is not in substantial compliance with all prescribed public Procurement procedures.
- (c) The District must reject an Offer upon the District's Finding that the Offeror:
- (A) Has not been prequalified and the District required mandatory prequalification;
 - (B) Has been debarred or has been disqualified pursuant to PPS-46-0210(4) (DBE Disqualification);
 - (C) Has not met the requirements of ORS 279A.105 (emerging small business), if required by the Solicitation Document;
 - (D) Has not submitted properly executed Bid or Proposal security as required by the Solicitation Document;
 - (E) Has failed to provide the certification of non-discrimination required under ORS 279A.110(4); or
 - (F) Is Non-Responsible. Offerors are required to demonstrate their ability to perform satisfactorily under a Contract. Before Awarding a Contract, the District must have information that indicates that the Offeror meets the applicable standards of responsibility. To be a Responsible Offeror, the District must determine pursuant to ORS 279B.110 that the Offeror:
 - (i) Has available the appropriate financial, material, equipment, facility and personnel resources, and expertise, or ability to obtain the resources and expertise, necessary to meet all contractual responsibilities;
 - (ii) Has completed previous contracts of a similar nature with a satisfactory record of performance. A satisfactory record of performance means that to the extent the costs associated with and time available to perform a previous contract were within the Offeror's control, the Offeror stayed within the time and budget allotted for the Procurement, and otherwise performed the contract in a satisfactory manner. The District should carefully scrutinize an Offeror's record of contract performance if the Offeror is or has recently been materially deficient in contract performance. In reviewing the Offeror's performance, the District should determine whether the Offeror's deficient performance was expressly excused under the terms of the contract, or whether the Offeror took appropriate corrective action. The District may review the Offeror's performance on both private and Public Contracts in determining the Offeror's record of contract performance. Pursuant to ORS 279B.110(2)(b), the District must make its basis for determining an Offeror non-Responsible under this Section part of the Procurement File;
 - (iii) Has a satisfactory record of integrity. An Offeror may lack integrity if the District determines that the Offeror demonstrates a lack of business ethics, such as violation of

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

state environmental laws or false certifications made to the District. The District may find an Offeror non-Responsible based on the lack of integrity of any person having influence or control over the Offeror (such as a key employee of the Offeror that has the authority to significantly influence the Offeror's performance of the contract or a parent company, predecessor, or successor person). The standards for debarment under ORS 279B.130 may be used to determine an Offeror's integrity. The District may find an Offeror non-Responsible based on previous convictions of offenses related to obtaining or attempting to obtain a contract or subcontract, or in connection with the Offeror's performance of a contract or subcontract. Pursuant to ORS 279B.110(2)(c), the District must make its basis for determining that an Offeror is non-Responsible under this Section part of the Procurement File;

- (iv) Is legally qualified to contract with the District; and
- (v) Has supplied all necessary information in connection with the inquiry concerning responsibility. If the Offeror fails to promptly supply information requested by the District concerning responsibility, the District must base the determination of responsibility on any available information, or may find the Offeror non-Responsible.

(2) **Form of Business Entity.** For purposes of this Rule, the District may investigate any Person submitting an Offer. The investigation may include that Person's officers, directors, owners, affiliates, or any other Person acquiring ownership of the Person to determine application of this Rule or to apply the debarment provisions of this Rule.

PPS-47-0650 Rejection of All Offers

(1) **Rejection.** The District may reject all Offers when the rejection is in the best interest of the District as determined by the District. The reasons for the rejection must be made part of the Procurement File. The District is not liable to any Bidder or Proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, Bid, Proposal, or Award. ORS 279B.100. The District must notify all Offerors of the rejection of all Offers, along with the reasons for rejection of all Offers.

(2) **Criteria.** The District may reject all Offers based on the following criteria:

- (a) The content of or an error in the Solicitation Document or the Procurement process unnecessarily restricted competition for the Contract;
- (b) The price, quality, or performance presented by the Offerors are too costly or of insufficient quality to justify acceptance of any Offer;
- (c) Misconduct, error, or ambiguous or misleading provisions in the Solicitation Document threaten the fairness and integrity of the competitive process;
- (d) Causes other than legitimate market forces threaten the integrity of the competitive process. These causes may include, without limitation, those that tend to limit competition, such as restrictions on competition, collusion, corruption, unlawful anti-competitive conduct, and inadvertent or intentional errors in the Solicitation Document;
- (e) The District cancels the Procurement or solicitation in accordance with PPS-47-0660; or
- (f) Any other circumstance indicating that Awarding the Contract would not be in the public interest.

PPS-47-0660 Cancellation of Procurement or Solicitation

(1) **Cancellation in the District Interest.** The District may cancel a Procurement or solicitation when the cancellation is in the best interest of the District as determined by the District. The reasons for the

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

cancellation must be made part of the Procurement File. The District is not liable to any Bidder or Proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, Bid, Proposal, or Award.

(2) Notice of Cancellation Before Opening. If the District cancels a Procurement or solicitation prior to Opening, the District must provide Written notice of cancellation in the same manner that the District initially provided notice of the solicitation. Such notice of cancellation must:

- (a) Identify the Solicitation Document;
- (b) Briefly explain the reason for cancellation; and
- (c) If appropriate, explain that an opportunity will be given to compete on any re-solicitation.

(3) Notice of Cancellation After Opening. If the District cancels a Procurement or solicitation after Opening, the District must provide Written notice of cancellation to all Offerors who submitted Offers.

PPS-47-0670 Disposition of Offers if Solicitation Cancelled

(1) Prior to Opening. If the District cancels a Procurement or solicitation prior to Opening, the District must return all Offers it received to Offerors unopened, provided the Offerors submitted their Offers in a hard copy format with a clearly visible return address. If there is no return address on the envelope, the District must open the Offer to determine the source and then return it to the Offeror. For Electronic Offers, the District must delete the Offers from ORPIN or other approved Electronic Procurement System.

(2) After Opening. If the District cancels a Procurement or solicitation after Opening, the District:

- (a) May return Proposals in accordance with ORS 279B.060(6)(c); and
- (b) Must keep a list of all Offers received in the Procurement File.

(3) Rejection of All Offers. If the District rejects all Offers, the District must keep all Proposals and Bids in the Procurement File.

LEGAL REMEDIES

PPS-47-0700 Protests and Judicial Review of Special Procurements

(1) Purpose. An affected Person may protest the approval of a Special Procurement. Pursuant to ORS 279B.400(1), before seeking judicial review of the approval of a Special Procurement, an affected Person must file a Written protest with the Superintendent and exhaust all administrative remedies.

(2) Delivery. Notwithstanding the requirements for filing a writ of review under ORS Chapter 34 pursuant to ORS 279B.400(4)(a), an affected Person must deliver a Written protest to the District within seven Days after the first date of public notice of the approval of a Special Procurement, unless a different protest period is provided in the public notice of the approval of a Special Procurement.

(3) Content of Protest. The Written protest must include:

- (a) A detailed statement of the legal and factual grounds for the protest;
- (b) A description of the resulting harm to the affected Person; and
- (c) The relief requested.

(4) Contract Review Board Response. The Contract Review Board shall not consider an affected Person's protest of the approval of a Special Procurement submitted after the timeline established for submitting such protest under this Rule or such different time period as may be provided in the public notice

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

of the approval of a Special Procurement. The Contract Review Board shall issue a Written disposition of the protest in a timely manner. If the Contract Review Board upholds the protest, in whole or in part, it may in its sole discretion implement the sustained protest in the approval of the Special Procurement, or revoke the approval of the Special Procurement.

(5) **Judicial Review.** An affected Person may seek judicial review of the Superintendent's decision relating to a protest of the approval of a Special Procurement in accordance with ORS 279B.400.

PPS-47-0710 Protests and Judicial Review of Sole-Source Procurements

(1) **Purpose.** For sole-source Procurements requiring public notice under PPS-47-0275, an affected Person may protest the determination of the Superintendent or designee that the Goods or Services or class of Goods or Services are available from only one source. Pursuant to ORS 279B.420(3)(f), before seeking judicial review, an affected Person must file a Written protest with the Superintendent or designee and exhaust all administrative remedies.

(2) **Delivery.** Unless otherwise specified in the public notice of the sole-source Procurement, an affected Person must deliver a Written protest to the Superintendent or designee within seven Days after the first date of public notice of the sole-source Procurement, unless a different protest period is provided in the public notice of a sole-source Procurement.

(3) **Content of Protest.** The Written protest must include:

- (a) A detailed statement of the legal and factual grounds for the protest;
- (b) A description of the resulting harm to the affected Person; and
- (c) The relief requested.

(4) **Response.** The Superintendent or designee shall not consider an affected Person's sole-source Procurement protest submitted after the timeline established for submitting such protest under this Rule, or such different time period as may be provided in the public notice of the sole-source Procurement. The Superintendent or designee shall issue a Written disposition of the protest in a timely manner. If the Superintendent or designee upholds the protest, in whole or in part, the Superintendent shall not enter into a sole-source Contract.

(5) **Judicial Review.** Judicial review of the Superintendent's or designee's disposition of a sole-source Procurement protest shall be in accordance with ORS 279B.420.

PPS-47-0720 Protests and Judicial Review of Multi-Tiered and Multi-Step Solicitations

(1) **Purpose.** An affected Offeror may protest exclusion from the Competitive Range or from subsequent tiers or steps of a solicitation in accordance with the applicable Solicitation Document. When such a protest is permitted by the Solicitation Document, then pursuant to ORS 279B.420(3)(f), before seeking judicial review, an affected Offeror must file a Written protest with the District and exhaust all administrative remedies.

(2) **Basis for Protest.** An affected Offeror may only protest its exclusion from a tier or step of competition if the Offeror is Responsible and submitted a Responsive Offer and, but for the District's mistake in evaluating the Offerors or other Offerors' Offers, the protesting Offeror would have been eligible to participate in the next tier, step, or phase of competition. For example, the protesting Offeror must claim it is eligible for inclusion in the Competitive Range if all ineligible higher-scoring Offerors are removed from consideration, and that those ineligible Offerors are ineligible for inclusion in the Competitive Range because their Proposals were not Responsive, or the District committed a substantial violation of a provision in the Solicitation Document or of an applicable Procurement statute or administrative rule, and the protesting

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Offeror was unfairly evaluated and would have, but for such substantial violation, been included in the Competitive Range.

(3) **Delivery.** Unless otherwise specified in the Solicitation Document, an affected Offeror must deliver a Written protest to the District within five Days after issuance of the notice of the Competitive Range or notice of subsequent tiers, steps, or phases.

(4) **Content of Protest.** The affected Offeror's protest must be in Writing and must specify the grounds on which the protest is based.

(5) **District Response.** The District must not consider an affected Offeror's Multi-tiered or Multi-step solicitation protest submitted after the timeline established for submitting such protest under this Rule, or such different time period as may be provided in the Solicitation Document. The District must issue a Written disposition of the protest in a timely manner. If the District upholds the protest, in whole or in part, the District may in its sole discretion either issue an Addendum under PPS-47-0430 reflecting its disposition or cancel the Procurement or solicitation under PPS-47-0660.

(6) **Judicial Review.** Judicial review of the District's decision relating to a Multi-tiered or Multi-step solicitation protest must be in accordance with ORS 279B.420.

PPS-47-0730 Protests and Judicial Review of Solicitations

(1) **Protests.** A prospective Offeror may protest the Procurement process or the Solicitation Document for a Contract solicited under ORS 279B.055, 279B.060, and 279B.085 as set forth in ORS 279B.405(2). Pursuant to ORS 279B.405(3), before seeking judicial review, a prospective Offeror must file a Written protest with the District and exhaust all administrative remedies.

(2) **Delivery.** Unless otherwise specified in the Solicitation Document, a prospective Offeror must deliver a Written protest to the District not less than five Days prior to Closing.

(3) **Content of Protest.** The prospective Offeror's Written protest must include:

- (a) Sufficient information to identify the solicitation that is the subject of the protest;
- (b) The grounds that demonstrate how the Procurement process is contrary to law or how the Solicitation Document is unnecessarily restrictive, is legally flawed, or improperly specifies a Brand Name;
- (c) Evidence or supporting documentation that supports the grounds on which the protest is based; and
- (d) A statement of the desired changes to the Procurement process or the Solicitation Document that the prospective Offeror believes will remedy the conditions upon which the prospective Offeror based its protest.

(4) **District Response.** The District will not consider a Prospective Offeror's solicitation protest submitted after the timeline established for submitting such protest under this Rule, or such different time period as may be provided in the Solicitation Document. The District must consider the protest if it is timely filed and meets the conditions set forth in Section (3) of this Rule. The District will issue a Written disposition of the protest no fewer than three business Days before Offers are due. If the District upholds the protest, in whole or in part, the District may in its sole discretion either issue an Addendum reflecting its disposition under PPS-47-0430 or cancel the Procurement or solicitation under PPS-47-0660.

(5) **Extension of Closing.** If the District receives a protest from a prospective Offeror in accordance with this Rule, the District may extend Closing if the District determines an extension is necessary to consider and respond to the protest.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(6) **Clarification.** Prior to the deadline for submitting a protest, a prospective Offeror may request that the District clarify any provision of the Solicitation Document. The District's clarification to an Offeror, whether orally or in Writing, does not change the Solicitation Document and is not binding on the District unless the District amends the Solicitation Document by Addendum.

(7) **Judicial Review.** Judicial review of the District's decision relating to a solicitation protest must be in accordance with ORS 279B.405.

(8) **Failure to Protest or Request a Clarification Precludes Protest of Award on Such Issue.** An Offeror cannot protest an Award based on any issue that could have, but was not, raised as a Request for Clarification or Protest of solicitation pursuant to this Section.

PPS-47-0740 Protests and Judicial Review of Contract Award

(1) **Purpose.** An Offeror may protest the Award of a Contract, or the Intent to Award a Contract, whichever occurs first, if:

- (a) The Bidder or Proposer is adversely affected because the Bidder or Proposer would be eligible to be Awarded the Public Contract in the event that the protest were successful; and
- (b) The reason for the protest is that:
 - (A) All lower Bids or higher-ranked Proposals are non-Responsive;
 - (B) The District has failed to conduct the evaluation of Proposals in accordance with the criteria or processes described in the solicitation materials;
 - (C) The District has abused its discretion in rejecting the protestor's Bid or Proposal as non-Responsive; or
 - (D) The District's evaluation of Bids or Proposals or the District's subsequent determination of Award is otherwise in violation of these Rules or the Public Contracting Code.

(2) **Delivery.** An Offeror must file a Written protest with the District and exhaust all administrative remedies before seeking judicial review of the District's Contract Award decision. Unless otherwise specified in the Solicitation Document, an Offeror must deliver a Written protest to the District within seven Days after the Award of a Contract, or issuance of the notice of intent to Award the Contract, whichever occurs first.

(3) **Content of Protest.** An Offeror's Written protest shall specify the grounds for the protest to be considered by the District pursuant to Section (1) of this Rule.

(4) **District Response.** The District shall not consider an Offeror's Contract Award protest submitted after the timeline established for submitting such protest under this Rule, or such different time period as may be provided in the Solicitation Document. The District shall issue a Written disposition of the protest in a timely manner. If the District upholds the protest, in whole or in part, the District may in its sole discretion either Award the Contract to the successful protestor or cancel the Procurement or solicitation.

(5) **Judicial Review.** Judicial review of the District's decision relating to a Contract Award protest shall be in accordance with ORS 279B.415.

PPS-47-0750 Judicial Review of Other Violations

Any violation of ORS 279A or 279B by the District, for which no judicial remedy is otherwise provided in the Public Contracting Code, is subject to judicial review as set forth in ORS 279B.420.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-47-0760 Review of Prequalification and Debarment Decisions

- (1) Upon receipt of a notice from the District of a prequalification decision under ORS 279B.125 or of a decision to debar under ORS 279B.130, a prospective Bidder or Proposer that wishes to appeal the decision shall, within three Days after receipt of the notice, notify the District that the prospective Bidder or Proposer appeals the decision as provided in this Section.
- (2) Immediately upon receipt of the prospective Bidder's or Proposer's notice of appeal, the District shall notify the appropriate Local Contract Review Board.
- (3) Upon the receipt of notice from the District under Section (2) of this Rule, the Contract Review Board shall promptly notify the Person appealing and the District of the time and place of the hearing. The Contract Review Board shall conduct the hearing and decide the appeal within 30 Days after receiving the notice from the District. The Contract Review Board shall set forth in Writing the reasons for the hearing decision.
- (4) At the hearing, the Contract Review Board shall consider de novo the notice of denial, revocation, or revision of a prequalification or the notice of debarment, the standards of responsibility listed in ORS 279B.110(2) on which the District based the denial, revocation or revision of the prequalification or the reasons listed in ORS 279B.130(2) on which the District based the debarment, and any evidence provided by the parties. Hearings before the Contract Review Board shall be conducted under rules of procedure adopted by the Contract Review Board.
- (5) The Contract Review Board may allocate the Contract Review Board's costs for the hearing between the Person appealing and the District. The allocation shall be based on facts found by the Contract Review Board and stated in the final order that, in the Contract Review Board's opinion, warrant such allocation of costs. If the final order does not allocate the costs for the hearing, the costs shall be paid as follows:
 - (a) If the decision to deny, revoke, or revise a prequalification of a Person as a Bidder or the decision to debar a Person is upheld, the costs shall be paid by the Person appealing the decision.
 - (b) If the decision to deny, revoke, or revise a prequalification of a Person as a Bidder or the decision to debar a Person is reversed, the costs shall be paid by the District.
- (6) Judicial review of the District's prequalification and debarment decisions must be as set forth in ORS 279B.425.

PPS-47-0800 Amendments to Goods or Services Contracts and Price Agreements

- (1) **Generally.** The District may Amend a Contract for Goods or Services without additional competition in any of the following circumstances:
 - (a) The amendment is within the scope of the Procurement as described in the Solicitation Documents, if any, or if no Solicitation Documents, as described in the sole-source notice or the approved Special Procurement, or the Contract, if any. An amendment is not within the scope of the Procurement if the District determines that if it had described in the Procurement the changes to be made by the amendment, it would likely have increased competition or affected Award of the Contract.
 - (b) These Rules otherwise permit the District to Award a Contract without competition for the Goods or Services to be procured under the amendment.
 - (c) The amendment is necessary to comply with a change in law that affects performance of the Contract.

Portland Public Schools Public Contracting Rules
Division 47 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (d) The amendment results from renegotiation of the terms and conditions, including the Contract Price, of a Contract and the amendment is advantageous to the District, subject to all of the following conditions:
 - (A) The Goods or Services to be provided under the Amended Contract are the same as the Goods or Services to be provided under the unamended Contract.
 - (B) The District determines that, with all things considered, the Amended Contract is at least as favorable to the District as the unamended Contract.
 - (C) The amended Contract does not have a total term greater than allowed in the Solicitation Documents, if any, or if no Solicitation Documents, as described in the sole-source notice or the approved Special Procurement, if any, after combining the initial and extended terms. For example, a one-year Contract described as renewable each year for up to four additional years, may be renegotiated as a two- to five-year Contract, but not beyond a total of five years.

(2) **Small or Intermediate Contract.** The District may amend a Contract Awarded as a Small or Intermediate Procurement pursuant to Section (1) of this Rule, provided that the total increase in Contract Price does not exceed the amount set forth in PPS-47-0265 for Small Procurements or PPS-47-0270 for Intermediate Procurements.

(3) **Price Agreements.** The District may amend a Price Agreement as follows:

- (a) As permitted by the Price Agreement;
- (b) If the circumstances set forth in ORS 279B.140(2) exist, as follows:
 - (A) The District fails to receive funding or appropriations to sustain purchases at the levels contemplated at the time of contracting; or
 - (B) The applicable program is terminated or the law changes so that purchases under the Price Agreement are no longer authorized or appropriate for the District's use; or
- (c) As permitted by applicable law.

END OF DIVISION 47

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

DIVISION 48

**CONSULTANT SELECTION: ARCHITECTURAL, ENGINEERING,
PHOTOGRAMMETRIC MAPPING, TRANSPORTATION PLANNING OR LAND
SURVEYING SERVICES AND RELATED SERVICES CONTRACTS**

PPS-48-0100 Application

These Division 48 Rules apply to the screening and selection of Architects, Engineers, Photogrammetrists, Transportation Planners, Land Surveyors, and providers of Related Services under Contracts as set forth in the following procedures:

- (1) Procedures through which the District selects Consultants to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning, Land Surveying Services, or Related Services; and
- (2) Two-tiered procedures for selection of Photogrammetrists, Transportation Planners, Land Surveyors, and providers of Related Services for certain public improvements owned and maintained by the District.

PPS-48-0110 Definitions

In addition to the definitions set forth in PPS-46-0110, the following definitions apply to these Division 48 Rules:

- (1) "**Architect**" is defined in ORS 279C.100 and means a Person who is registered and holds a valid certificate in the practice of architecture in the State of Oregon, as provided under ORS 671.010 through 671.220, and includes, without limitation, the terms "Architect," "licensed Architect," and "registered Architect."
- (2) "**Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services**" is defined in ORS 279C.100 and means professional Services that are required to be performed by an Architect, Engineer, Photogrammetrist, Transportation Planner or Land Surveyor.
- (3) "**Consultant**" means an Architect, Engineer, Photogrammetrist, Transportation Planner, Land Surveyor, or provider of Related Services. A Consultant includes a business entity that employs Architects, Engineers, Photogrammetrists, Transportation Planners, Land Surveyors, or providers of Related Services, or any combination of the foregoing. Provided, however, when the District is entering into a direct Contract under PPS-48-0200(1)(c) or (d), the "Consultant" must be an Architect, Engineer, Photogrammetrist, Transportation Planner or Land Surveyor, as required by ORS 279C.115(1).
- (4) "**Engineer**" means an individual who is registered and holds a valid certificate in the practice of land surveying in the State of Oregon, as provided under ORS 672.002 to 672.325, and includes all terms listed in ORS 672.002(5).
- (5) "**Estimated Fee**" means The District's reasonably projected fee to be paid for a Consultant's Services under the anticipated Contract, excluding all anticipated reimbursable or other non-professional fee expenses. The Estimated Fee is used solely to determine the applicable Contract solicitation method and is distinct from the total amount payable under the Contract.
- (6) "**Land Surveyor**" means a Person who is registered and holds a valid certificate in the practice of land surveying in the State of Oregon, as provided under ORS 672.002 to 672.325, and includes all terms listed in ORS 672.002(5).
- (7) "**Photogrammetric Mapping**" means an evaluating and measuring of land that is limited to the determination of the topography, area, contours, and location of planimetric features, by using

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

photogrammetric methods or similar remote sensing technology, including but not limited to using existing ground control points incidental to the photogrammetric or remote sensing mapping process.

(8) "Photogrammetrist" means an individual who is registered and holds a valid certificate to practice photogrammetric mapping in the State of Oregon, as provided under ORS 672.002 to 672.325, and includes all terms listed in ORS 672.002(5).

(9) "Price Agreement" for purposes of this Division 48 is limited to mean an agreement related to the procurement of Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, under agreed-upon terms and conditions, including, but not limited to terms and conditions of later work orders or task orders for Project-specific Services, and which may include Consultant compensation information, with:

- (a) No guarantee of a minimum or maximum purchase; or
- (b) An initial work order, task order, or minimum purchase, combined with a continuing Consultant obligation to provide Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services in which the District does not guarantee a minimum or maximum additional purchase.

(10) "Project" means all components of the District's planned undertaking that gives rise to the need for a Consultant's Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, under a Contract.

(11) "Related Services" means Personal Services, other than Architectural, Engineering, Photogrammetric Mapping, Transportation Planning, or Land Surveying Services that are related to planning, designing, engineering, or overseeing public improvement projects or components of public improvement projects, including but not limited to landscape architectural services, facilities planning services, energy planning services, space planning services, hazardous substances or hazardous waste or toxic substances testing services, cost-estimating services, appraising services, material testing services, mechanical system balancing services, commissioning services, project management services, construction management services, and owner's representation services, or land-use planning services.

(12) "Transportation Planning Services" means Transportation Planning Services for Projects that require compliance with the National Environmental Policy Act, 42 U.S.C. 4321 et seq. Transportation Planning Services include only Project-specific transportation planning involved in the preparation of categorical exclusions, environmental assessments, environmental impact statements, and other documents required for compliance with the National Environmental Policy Act, 42 USC 4321 et. seq. Transportation Planning Services do not include transportation planning for corridor plans, transportation system plans, interchange area management plans, refinement plans, and other transportation plans not directly associated with an individual Project that will require compliance with the National Environmental Policy Act, 42 USC 4321 et. seq. Transportation Planning Services also do not include transportation planning for Projects not subject to the National Environmental Policy Act, 42 USC 4321 et. seq.

PPS-48-0120 List of Interested Consultants; Performance Record

(1) Consultants who are engaged in the lawful practice of their profession and who are interested in providing Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services may annually submit a statement describing their qualifications and related performance information to the District's office addresses. The District shall use this information to create a list of prospective Consultants and shall update this list at least once every two years.

(2) The District may compile and maintain a record of each Consultant's performance under Contracts with the particular Contracting Agency, including information obtained from Consultants during an exit

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

interview. Upon request and in accordance with the Oregon Public Records Law (ORS 192.410 through 192.505), the District may make available copies of the records.

(3) The District shall keep a record of all Contracts with Consultants and shall make these records available to the public, consistent with the requirements of the Oregon Public Records Law (ORS 192.410 through 192.505). The District shall include the following information in the record:

- (a) Locations throughout the state where the Contracts are performed;
- (b) Consultants' principal office address and all office addresses in the State of Oregon;
- (c) Consultants' direct expenses on each Contract, whether or not those direct expenses are reimbursed. "Direct expenses" include all amounts that are directly attributable to Consultants' Services performed under each Contract, including personnel travel expenses, and that would not have been incurred but for the Services being performed. The record must include all personnel travel expenses as a separate and identifiable expense on the Contract; and
- (d) The total number of Contracts Awarded to each Consultant over the immediately preceding ten-year period from the date of the record.

PPS-48-0130 Applicable Selection Procedures; Pricing Information; Disclosure of Proposals; Conflicts of Interest

(1) **Selection of Architects, Engineers, Photogrammetrists, Transportation Planners, or Land Surveyors.** When selecting the most qualified Consultant to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services, the District shall follow the applicable selection procedure under either PPS-48-0200 (Direct Appointment Procedure), PPS-48-0210 (Informal Selection Procedure), or PPS-48-0220 (Formal Selection Procedure). The District (1) may solicit or use pricing policies and pricing Proposals, or other pricing information, including the number of hours proposed for the Services required, expenses, hourly rates, and overhead, to determine a Consultant's compensation only after the District has selected the most qualified Consultant in accordance with the applicable selection procedure. In following the Direct Appointment Procedure under PPS-48-0200, the District may base its initial selection of a Consultant on any information available to the District prior to beginning the Direct Appointment Procedure for the Project involved.

(2) **Selection of Consultants to Perform Related Services.** When selecting a Consultant to perform Related Services, the District shall follow one of the following selection procedures:

- (a) When selecting a Consultant on the basis of qualifications alone, the District shall follow the applicable selection procedure under either PPS-48-0200 (Direct Appointment Procedure), PPS-48-0210 (Informal Selection Procedure), or PPS-48-0220 (Formal Selection Procedure);
- (b) When selecting a Consultant on the basis of price competition alone, the District shall follow either the provisions under PPS Division 47 for obtaining and evaluating Bids, or PPS-48-0200 (Direct Appointment Procedure) if the requirements of PPS-48-0200(1) apply; and
- (c) When selecting a Consultant on the basis of price and qualifications, the District shall follow either the provisions under PPS Division 47 for obtaining and evaluating Proposals, or PPS-48-0200 (Direct Appointment Procedure) if the requirements of PPS-48-0200(1) apply. The District may request and consider a Proposer's pricing policies and pricing proposals or other pricing information, including the number of hours proposed for the Services required, expenses, hourly rates, and overhead, submitted with a Proposal.

(3) **Sections (1) and (2) do not Apply to Price Agreements.** The District is not required to follow the procedures in Section (1) or Section (2) of this Rule when the District has established Price Agreements

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

pursuant to PPS-48-0270 with more than one Consultant and is selecting a single Consultant to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services under an individual work order or task order.

(4) Electronic Selection. The District may use electronic methods to screen and select a Consultant in accordance with the procedures described in Sections (1) and (2) of this Rule. If The District uses electronic methods to screen and select a Consultant, the District shall first promulgate rules for conducting the screening and selection procedure by electronic means, substantially in conformance with PPS-47-0330 (Electronic Procurement).

(5) Contracts for "Mixed" Services. For purposes of these Division 48 Rules, a "mixed" Contract is one requiring the Consultant to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services, and also provide Related Services, other Services or other related Goods under the Contract. The District's classification of a procurement that will involve a "mixed" Contract will be determined by the predominant purpose of the Contract. The District will determine the predominant purpose of the Contract by determining which of the Services involves the majority of the total Estimated Fee to be paid under the Contract. If the majority of the total Estimated Fee to be paid under the Contract is for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services, the District shall comply with the requirements of Section (1) of this Rule. If the majority of the total Estimated Fee to be paid under the Contract is for Related Services, the District shall comply with the requirements of Section (2) of this Rule. If the majority of the total Estimated Fee to be paid under the Contract is for some other Services or Goods under the Public Contracting Code, the District shall comply with the applicable provisions of PPS Divisions 46, 47 and 49 of these Rules that match the predominant purpose of the Contract.

(6) Litigation/Arbitration Services. Where a Consultant will be performing Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for the District by providing analysis, testing services, testimony, or similar services for a Project that is, or is reasonably anticipated to be, the subject of a claim, lawsuit, mediation, arbitration, or other form of action or alternative dispute resolution process, whether legal, equitable, administrative, or otherwise, the District shall comply with these Division 48 Rules in procuring those Services.

(7) Compliance with Board Policy. In applying these Rules, the District shall support Board Policies relating to District Contracts.

(8) Disclosure Requirements for Proposals under Division 48. The following provisions apply to proposals received by the District for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services:

- (a) "Competitive Proposals" Means all Proposals Solicited under Division 48.** The term "Competitive Proposal" includes Proposals under PPS-48-0200 (Direct Appointment Procedure), PPS-48-0210 (Informal Selection Procedure), PPS-48-0220 (Formal Selection Procedure) or PPS-48-0130(2)(c) (Selection Based on Price and Qualifications), and any proposals submitted in response to a selection process for a work order or task order under PPS-48-0270 (Price Agreements) or PPS-48-0280 (FSCP).
- (b) Direct Appointments.** For purposes of Proposals received by the District under PPS-48-0200 (Direct Appointment Procedure), a formal notice of Intent to Award is not required. As a result, while the District may make Proposals under PPS-48-0200 (Direct Appointment Procedure) open for public inspection following the District's decision to begin Contract negotiations with the selected Consultant, Proposals are not required to be open for public inspection until after the District has executed a Contract with the selected Consultant.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (c) Closely Competitive Proposals. Where the District is conducting discussions or negotiations with Proposers who submit Proposals that the District has determined to be closely competitive or to have a reasonable chance of being selected for Award, the District may open Proposals so as to avoid disclosure of Proposal contents to competing Proposers, consistent with the requirements of ORS 279C.107. Otherwise, the District may open Proposals in such a way as to avoid disclosure of the contents until after the District executes a Contract with the selected Consultant. If the District determines that it is in the best interest of the District to do so, the District may make Proposals available for public inspection following the District's issuance of a notice of Intent to Award a Contract to a Consultant.
- (d) ORS 297C.107 Requirements. Disclosure of Proposals and Proposal information is otherwise governed by ORS 279C.107 as follows:
 - (A) The District may open Proposals so as to avoid disclosing contents to competing Proposers during, where applicable, the process of negotiation.
 - (B) The District need not open Proposals for public inspection until after the District executes a Contract.
 - (C) Regardless of when Proposals are opened for public inspection, the District shall withhold from disclosure trade secrets as defined in ORS 192.501, and information submitted to the District in confidence as described in ORS 192.502.
 - (D) Opening a Proposal at a public meeting of the Board or other body subject to the Public Meetings Law does not make the contents of the Proposal subject to disclosure regardless of whether an executive session has been called.
 - (E) If a request for Proposals is cancelled after Proposals are received, the District shall, subject to ORS 192.501 and 192.502, return a Proposal and all copies of the Proposal to the Proposer. The District shall keep a list of returned Proposals in the Procurement File.
- (9) **Independent and Objective Oversight Required**. Pursuant to ORS 279C.307, when procuring Personal Services for the purpose of administering, managing, monitoring, inspecting, evaluating compliance with, or otherwise overseeing a Contract subject to PPS Divisions 48 or 49 ("ORS 279C.307 Services"), the District may not:
 - (a) Procure the ORS 279C.307 Services from a Contractor or an affiliate of a Contractor who is a party to the Public Contract that is subject to administration, management, monitoring, inspection, evaluation, or oversight by means of the ORS 279C.307 Services contract; or
 - (b) Procure the ORS 279C.307 Services through the Public Contract that is subject to administration, management, monitoring, inspection, evaluation, or oversight by means of the ORS 279C.307 Services Contract.
- (10) **Application of Section (9)**. Section 9 of this Rule applies in the following circumstances, except as provided in section (11) of this Rule:
 - (a) The District requires the Procurement of Personal Services for the purpose of administering, managing, monitoring, inspecting, evaluating compliance with, or otherwise overseeing a Public Contract or performance under a Public Contract that is subject to ORS chapter 279C. A Public Contract that is "subject to ORS chapter 279C" includes a Public Contract for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services, a Public Contract for Related Services, or a Public Contract for construction services under ORS chapter 279C.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) The Procurement of Personal Services subject to the restrictions of ORS 279C.307 include, but are not limited to, the following:
- (A) Procurements for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services that involve overseeing or monitoring the performance of a construction Contractor under a Public Contract for construction services subject to ORS chapter 279C;
 - (B) Procurements for commissioning services, which involve monitoring, inspecting, evaluating or otherwise overseeing the performance of a Contractor providing Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or the performance of a construction Contractor under a Public Contract for construction services subject to ORS chapter 279C;
 - (C) Procurements for project management services, which involve administration, management, monitoring, inspecting, evaluating compliance with, or otherwise overseeing the performance of a Contractor providing Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services, construction services subject to ORS chapter 279C, commissioning services, or other Related Services for a Project;
 - (D) Procurements for special inspections and testing services, which involve inspecting, testing, or otherwise overseeing the performance of a construction Contractor under a Public Contract for construction services subject to ORS chapter 279C; and
 - (E) Procurements for other Related Services or Personal Services, which involve administering, managing, monitoring, inspecting, evaluating compliance with, or otherwise overseeing the Public Contracts described in Section (10)(a) of this Rule.

(11) Sections 9 and 10 do not Apply to Design-Build and CM/GC Contract Solicitations. The restrictions of ORS 279C.307 set forth in Sections 9 and 10 do not apply in the following circumstances, except as further specified below:

- (a) To the District's Procurement of both design services and construction services through a single "Design-Build" Procurement, as that term is defined in PPS-49-0610. Such a Design-Build Procurement includes a Procurement under an Energy Savings Performance Contract, as defined in ORS 279A.010. Provided, however, the restrictions of Sections 9 and 10 do apply to the District's Procurement of Personal Services for the purpose of administering, managing, monitoring, inspecting, evaluating compliance with, or otherwise overseeing a Design-Build Contract or performance under such a Contract resulting from a Design-Build Procurement; and
- (b) To the District's Procurement of both pre-construction services and construction services through a single "Construction Manager/General Contractor" Procurement, as defined in PPS-49-0610. Provided, however, the restrictions of Sections 9 and 10 do apply to the District's Procurement of Personal Services for the purpose of administering, managing, monitoring, inspecting, evaluating compliance with, or otherwise overseeing a Construction Manager/General Contractor Contract or performance under such a Contract resulting from a Construction Manager/General Contractor Procurement.

SELECTION PROCEDURES

PPS-48-0200 Direct Appointment Procedure

(1) The District may enter into a Contract directly with a Consultant without following the selection procedures set forth elsewhere in these Rules in the following circumstances:

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) Emergency. The District finds that an emergency exists;
- (b) Small Estimated Fee. The Estimated Fee to be paid under the Contract does not exceed \$100,000;
- (c) FSCP. The Consultant is a member of an FSCP that has been established for the class of Work for which a Contract is required;
- (d) Continuation of Project with an Estimated Fee of \$250,000 or Less. The Contract meets the following requirements:
 - (A) The services consist of or are related to Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services that have been substantially described, planned, or otherwise previously studied in an earlier Contract with the same Consultant and are rendered for the same Project as the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services rendered under the earlier Contract;
 - (B) The Estimated Fee to be made under the Contract does not exceed \$250,000; and
 - (C) The District used either the formal selection procedure under PPS-48-0220 (Formal Selection Procedure) or the formal selection procedure applicable to selection of the Consultant at the time of original selection to select the Consultant for the earlier Contract; or
- (e) Continuation of Project With an Estimated Fee Greater than \$250,000. The Contract meets the following requirements:
 - (A) The services consist of or are related to Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services that have been substantially described, planned, or otherwise previously studied under an earlier Contract with the same Consultant and are rendered for the same Project as the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services rendered under the earlier Contract;
 - (B) The District used either the formal selection procedure under PPS-48-0220 (Formal Selection Procedure) or the formal selection procedure applicable to selection of the Consultant at the time of original selection to select the Consultant for the earlier Contract; and
 - (C) The District makes Written Findings that entering into a Contract with the Consultant, whether in the form of an amendment to an existing Contract or a separate Contract for the additional scope of services, will:
 - (i) Promote efficient use of public funds and resources and result in substantial cost savings to the District; and
 - (ii) Protect the integrity of the Public Contracting process and the competitive nature of the Procurement by not encouraging favoritism or substantially diminishing competition in the Award of the Contract.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (2) The District may select a Consultant for a Contract under this Rule from the following sources:
- (a) District's list of Consultants that is created under PPS-48-0120;
 - (b) Another Contracting Agency's list of Consultants that the Contracting Agency has created under PPS-48-0120 or similar local rule, with Written consent of that Contracting Agency; or
 - (c) All Consultants offering the required Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services that the District reasonably can identify under the circumstances.
- (3) The District shall direct negotiations with Consultants selected under this Rule toward obtaining Written agreement on:
- (a) The Consultants' performance obligations and performance schedule;
 - (b) Payment methodology and a maximum amount payable to the Consultant for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the Contract that is fair and reasonable to the District as determined solely by the District, taking into account the value, scope, complexity, and nature of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services; and
 - (c) Any other provisions that the District believes to be in the District's best interest to negotiate.

PPS-48-0210 Informal Selection Procedure

- (1) The District may use the informal selection procedure described in this Rule to obtain a Public Contract if the Estimated Fee is expected not to exceed \$250,000.
- (2) When using the informal selection procedure, the District shall:
- (a) Create a Request for Proposals that includes at a minimum the following:
 - (A) A description of the Project for which a Consultant's Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services are needed and a description of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services that will be required under the resulting Contract;
 - (B) The anticipated Contract performance schedule;
 - (C) Conditions or limitations, if any, that may constrain or prohibit the selected Consultant's ability to provide additional Services related to the Project, including construction services;
 - (D) The date and time Proposals are due and other directions for submitting Proposals;
 - (E) Criteria upon which the most qualified Consultant will be selected. Selection criteria may include, but are not limited to, the following:
 - (i) The amount and type of resources and number of experienced staff the Consultant has available to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the Request for Proposals within the applicable time limits, including the current and projected workloads of such staff and the proportion of time such staff would have available for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services;

Portland Public Schools Public Contracting Rules

Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (ii) Proposed management techniques for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the Request for Proposals;
 - (iii) A Consultant's capability, experience, and past performance history and record in providing similar Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, including, but not limited to, quality of work, ability to meet schedules, cost control methods, and contract administration practices;
 - (iv) A Consultant's approach to Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the Request for Proposals and design philosophy, if applicable;
 - (v) A Consultant's geographic proximity to and familiarity with the physical location of the Project;
 - (vi) Volume of work, if any, previously Awarded to a Consultant, with the objective of effecting equitable distribution of Contracts among qualified Consultants, provided such distribution does not violate the principle of selecting the most qualified Consultant for the type of professional Services required;
 - (vii) A Consultant's ownership status and employment practices regarding women, minorities and emerging small businesses or historically underutilized businesses;
 - (viii) If the District is selecting a Consultant to provide Related Services, pricing policies and pricing Proposals or other pricing information, including the number of hours proposed for the Services required, expenses, hourly rates, and overhead.
- (F) A Statement that Proposers responding to the RFP do so solely at their expense, and the District is not responsible for any Proposer expenses associated with the RFP; and
- (G) A statement directing Proposers to the protest procedures set forth in these Division 48 Rules.
- (b) Provide a Request for Proposals to a minimum of five prospective Consultants drawn from:
- (A) The District's list of Consultants that is created and maintained under PPS-48-0120;
 - (B) Another Contracting Agency's list of Consultants that is created and maintained under PPS-48-0120 or equivalent local rule; or
 - (C) All Consultants that the District reasonably can locate that offer the desired Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, or any combination of the foregoing.
- (c) Review and rank that all Proposals received according to the criteria set forth in the Request for Proposals, and select the three highest-ranked Proposers.
- (3) If the District does not cancel the RFP after it reviews and ranks each Proposer, the District will begin negotiating a Contract with the highest-ranked Proposer. The District shall direct negotiations toward obtaining Written agreement on:
- (a) The Consultant's performance obligations and performance schedule;
 - (b) Payment methodology and a maximum amount payable to the Consultant for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the Contract that is fair and reasonable to the District as

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

determined solely by the District, taking into account the value, scope, complexity, and nature of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services; and

(c) Any other provisions the District believes to be in the District's best interest to negotiate.

(4) The District shall, either orally or in Writing, formally terminate negotiations with the highest-ranked Proposer if the District and Proposer are unable for any reason to reach agreement on a Contract within a reasonable amount of time. The District may thereafter negotiate with the second-ranked Proposer, and if necessary, with the third-ranked Proposer, in accordance with Section (3) of this Rule, until negotiations result in a Contract. If negotiations with any of the top three Proposers do not result in a Contract within a reasonable amount of time, the District may end the particular informal solicitation and thereafter may proceed with a new informal solicitation under this Rule, or proceed with a formal solicitation under PPS-48-0220.

(5) The District shall terminate the informal selection procedure and proceed with the formal selection procedure under PPS-48-0220 if the scope of the anticipated Contract is revised during negotiations so that the Estimated Fee will exceed \$250,000.

PPS-48-0220 Formal Selection Procedure

(1) Subject to PPS-48-0130, the District shall use the formal selection procedure described in this Rule to select Consultants if the Consultants cannot be selected under either PPS-48-0200 or PPS-48-0210. The formal selection procedure described in this Rule may otherwise be used at the District's discretion.

(2) When using the formal selection procedure, the District shall obtain Contracts through public advertisement of Requests for Proposals, or Requests for Qualifications followed by Requests for Proposals.

(a) Except as provided in Section (2)(b) of this Rule, the District shall advertise each RFP and RFQ at least once in at least one newspaper of general circulation in the area where the Project is located, and in as many other issues and publications as may be necessary or desirable to achieve adequate competition. Other issues and publications may include, but are not limited to, local newspapers, trade journals, and publications targeted to reach the minority, women and emerging small business enterprise audiences.

(A) The District shall publish the advertisement within a reasonable time before the deadline for the Proposal submission or response to the RFQ or RFP, but in any event no fewer than 14 Days before the Closing date set forth in the RFQ or RFP.

(B) The District shall include a brief description of the following items in the advertisement:

(i) The Project;

(ii) A description of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services the District seeks;

(iii) How and where Consultants may obtain a copy of the RFQ or RFP; and

(iv) The deadline for submitting a Proposal or response to the RFQ or RFP.

(b) In the alternative to advertising in a newspaper as described in Section (2)(a) of this Rule, the District shall publish each RFP and RFQ by one or more of the electronic methods identified in PPS-46-0110(14). The District shall comply with Sections (2)(a)(A) and (2)(a)(B) of this Rule when publishing advertisements by electronic methods.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (c) The District may send notice of the RFP or RFQ directly to all Consultants on the District's list of Consultants that is created and maintained under PPS-48-0120.

(3) Request for Qualifications Procedure. The District may use the RFQ procedure to evaluate potential Consultants and establish a short list of qualified Consultants to whom the District may issue an RFP for some or all of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFQ.

- (a) Mandatory RFQ Requirements. The District shall include the following, at a minimum, in each RFQ:
- (A) A brief description of the Project for which the District is seeking Consultants;
 - (B) A description of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services the District seeks for the Project;
 - (C) Conditions or limitations, if any, that may constrain or prohibit the selected Consultant's ability to provide additional Services related to the Project, including, but not limited to, construction services;
 - (D) The deadline for submitting a response to the RFQ;
 - (E) A description of required Consultant qualifications for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services that the District seeks;
 - (F) The RFQ evaluation criteria, including weights, points, or other classifications applicable to each criterion;
 - (G) A statement whether or not the District will hold a prequalification meeting for all interested Consultants to discuss the Project and the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFQ, and if a prequalification meeting will be held, the location of the meeting and whether or not attendance is mandatory; and
 - (H) A statement that Consultants responding to the RFQ do so solely at their expense, and that the District is not responsible for any Consultant expenses associated with the RFQ.
- (b) Optional RFQ Requirements. The District may include a request for any or all of the following in each RFQ:
- (A) A statement describing Consultants' general qualifications and related performance information;
 - (B) A description of Consultants' specific qualifications to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFQ, including Consultants' available resources and recent, current, and projected workloads;
 - (C) A list of similar Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services and references concerning past performance, including but not limited to price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration;
 - (D) A copy of all records, if any, of Consultants' performance under contracts with any other Contracting Agency;

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (E) The number of Consultants' experienced staff committed to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFQ, including such personnel's specific qualifications and experience and an estimate of the proportion of time that such personnel would spend on those Services;
 - (F) Consultants' approaches to Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFQ and design philosophy, if applicable;
 - (G) Consultants' geographic proximity to and familiarity with the physical location of the Project;
 - (H) Consultants' ownership status and employment practices regarding women, minorities and emerging small businesses or historically underutilized businesses;
 - (I) If the District is selecting a Consultant to provide Related Services, Consultants' pricing policies and pricing Proposals, or other pricing information, including the number of hours proposed for the services required, expenses, hourly rates, and overhead;
 - (J) Consultants' ability to assist the District in complying with any art acquisition requirements imposed by the District;
 - (K) Consultants' ability to assist the District in complying with State of Oregon energy efficient design requirements established by the District;
 - (L) Consultants' ability to assist the District in complying with the solar energy technology requirements of ORS 279C.527; and
 - (M) Any other information the District deems reasonably necessary to evaluate Consultants' qualifications.
- (c) RFQ Evaluation Committee. The District shall establish an RFQ evaluation committee of at least two individuals to review, score, and rank the responding Consultants according to the evaluation criteria. The District may appoint to the evaluation committee District employees or employees of other public agencies with experience in architecture, engineering, or land surveying, Related Services, construction services, or Public Contracting. If the District procedure permits, the District may include on the evaluation committee private practitioners of architecture, engineering, photogrammetry, transportation or land surveying, or related professions. The District shall designate one member of the evaluation committee as the evaluation committee chairperson.
- (d) The District may use any reasonable screening or evaluation method to establish a short list of qualified Consultants, including, but not limited to, the following:
- (A) Requiring Consultants responding to an RFQ to achieve a threshold score before qualifying for placement on the short list;
 - (B) Placing a predetermined number of the highest-scoring Consultants on a short list;
 - (C) Placing on a short list only those Consultants with certain essential qualifications or experience, whose practice is limited to a particular subject area, or whose practice is in a particular geographic locale or region, provided that such factors are material, would not unduly restrict competition, and were announced as dispositive in the RFQ.
- (e) After the evaluation committee reviews, scores, and ranks the responding Consultants, the District shall establish a short list of at least three qualified Consultants, if feasible, provided

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

however, that if four or fewer Consultants responded to the RFQ or if fewer than three Consultants fail to meet the District's minimum requirements, then:

- (A) The District may establish a short list of fewer than three qualified Consultants; or
 - (B) The District may cancel the RFQ and issue an RFP.
- (f) No Consultant will be eligible for placement on the District's short list established under Section (3)(d) of this Rule if the Consultant or any of Consultant's principals, partners, or associates are members of the District's RFQ evaluation committee.
- (g) Except when the RFQ is cancelled, the District shall provide a copy of the subsequent RFP to each Consultant on the short list.

(4) Formal Selection of Consultants Through Request for Proposals. The District shall use the procedure described in this Section (4) of this Rule when issuing an RFP for a Contract described in Section (1) of this Rule.

- (a) Mandatory RFP Requirements. When using the formal selection procedure, the District shall include at least the following in each RFP, whether or not the RFP is preceded by an RFQ:
- (A) General background information, including a description of the Project and the specific Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services sought for the Project, the estimated Project cost, the estimated time period during which the Project is to be completed, and the estimated time period in which the specific Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services sought will be performed.
 - (B) The RFP evaluation process and the criteria that will be used to select the most qualified Proposer, including the weights, points, or other classifications applicable to each criterion. If the District does not indicate the applicable number of points, weights, or other classifications, then each criterion is of equal value. Evaluation criteria may include, but are not limited to, the following:
 - (i) Proposers' availability and capability to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP;
 - (ii) Experience of Proposers' key staff persons in providing similar Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services on comparable projects;
 - (iii) The amount and type of resources and number of experienced staff persons Proposers have committed to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP;
 - (iv) The recent, current, and projected workloads of the staff and resources referenced in Section (4)(a)(B)(iii), above;
 - (v) The proportion of time Proposers estimate that the staff referenced in Section (4)(a)(B)(iii) above would spend on the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP;

Portland Public Schools Public Contracting Rules

Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (vi) Proposers' demonstrated ability to complete successfully similar Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services on time and within budget, including whether or not there is a record of satisfactory performance under PPS-48-0120;
 - (vii) References and recommendations from past clients;
 - (viii) Proposers' performance history in meeting deadlines, submitting accurate estimates, producing high quality work, meeting financial obligations, price and cost data from previous projects, cost controls, and contract administration;
 - (ix) Status and quality of any required license or certification;
 - (x) Proposers' knowledge and understanding of the Project and Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP as shown in Proposers' approaches to staffing and scheduling needs for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, and proposed solutions to any perceived design and constructability issues;
 - (xi) Results from interviews, if conducted;
 - (xii) Design philosophy, if applicable, and approach to the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP;
 - (xiii) If the District is selecting a Consultant to provide Related Services, pricing policies and pricing Proposals, or other pricing information, including the number of hours proposed for the services required, expenses, hourly rates, and overhead; and
 - (xiv) Any other criteria that the District deems relevant to the Project and Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP, including, where the nature and budget of the Project so warrant, a design competition between competing Proposers. Provided, however, that these additional criteria cannot include pricing policies and pricing Proposals, or other pricing information, including the number of hours proposed for the services required, expenses, hourly rates, and overhead, when the sole purpose of the RFP is to obtain Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services.
- (C) Conditions or limitations, if any, that may constrain or prohibit the selected Consultant's ability to provide additional Services related to the Project, including, but not limited to, construction services;
- (D) Whether interviews are possible and if so, the weight, points, or other classifications applicable to the potential interview;
- (E) The date and time Proposals are due, and the delivery location for Proposals;
- (F) Reservation of the right to seek clarifications of each Proposal;
- (G) Reservation of the right to negotiate a final Contract that is in the best interest of the District;
- (H) Reservation of the right to reject any or all Proposals and reservation of the right to cancel the RFP at any time if doing either would be in the public interest as determined by the District;

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (I) A statement that Proposers responding to the RFP do so solely at their expense, and the District is not responsible for any Proposer expenses associated with the RFP;
 - (J) A statement directing Proposers to the protest procedures set forth in these Division 48 Rules;
 - (K) Special Contract requirements, including, but not limited to, disadvantaged business enterprise ("DBE"), minority business enterprise ("MBE"), women business enterprise ("WBE"), and emerging small business enterprise ("ESB") participation goals or good-faith efforts with respect to DBE, MBE, WBE, and ESB participation, and federal requirements when federal funds are involved;
 - (L) A statement whether or not the District will hold a pre-Proposal meeting for all interested Consultants to discuss the Project and the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP, and if a pre-Proposal meeting will be held, the location of the meeting and whether or not attendance is mandatory;
 - (M) A request for any information the District deems reasonably necessary to permit the District to evaluate, rank, and select the most qualified Proposer to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP; and
 - (N) A sample form of the Contract.
- (b) RFP Evaluation Committee. The District shall establish a committee of at least three individuals to review, score, and rank Proposals according to the evaluation criteria set forth in the RFP. The Director of the Department of Procurement or the Director's designee shall serve as chair of the evaluation committee, but will not participate in the scoring or ranking of Proposals. If the RFP has followed an RFQ, the District may include the same members who served on the RFQ evaluation committee. The District may appoint to the evaluation committee the District employees or employees of other public agencies with experience in Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services, construction services, or Public Contracting. At least one member of the evaluation committee must be a District employee. If the District procedure permits, the District may include on the evaluation committee private practitioners of architecture, engineering, land surveying, or related professions. The District shall designate one of its employees who also is a member of the evaluation committee as the evaluation committee chairperson.
- (A) No Proposer will be eligible for Award of the Contract under the RFP if Proposer or any of Proposer's principals, partners, or associates are members of the District's RFP evaluation committee for the Contract;
 - (B) If the RFP provides for the possibility of Proposer interviews, the evaluation committee may elect to interview Proposers if the evaluation committee considers it necessary or desirable. If the evaluation committee conducts interviews, it shall award weights, points, or other classifications indicated in the RFP for the anticipated interview; and
 - (C) The evaluation committee shall provide to the District the results of the scoring and ranking for each Proposer.
- (c) If the District does not cancel the RFP after it receives the results of the scoring and ranking for each Proposer, the District will begin negotiating a Contract with the highest-ranked Proposer. The District shall direct negotiations toward obtaining Written agreement on:

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (A) The Consultant's performance obligations and performance schedule;
 - (B) Payment methodology and a maximum amount payable to the Consultant for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the Contract that is fair and reasonable to the District as determined solely by the District, taking into account the value, scope, complexity, and nature of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services; and
 - (C) Any other provisions the District believes to be in the District's best interest to negotiate.
- (d) The District shall, either orally or in Writing, formally terminate negotiations with the highest-ranked Proposer if the District and Proposer are unable for any reason to reach agreement on a Contract within a reasonable amount of time. The District may thereafter negotiate with the second-ranked Proposer, and if necessary, with the third-ranked Proposer, and so on, in accordance with Section (4)(c) of this Rule, until negotiations result in a Contract. If negotiations with any Proposer do not result in a Contract within a reasonable amount of time, the District may end the particular formal solicitation. Nothing in this Rule precludes the District from proceeding with a new formal solicitation for the same Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP that failed to result in a Contract.

PPS-48-0230 Ties Among Proposers

- (1) If the District is selecting a Consultant on the basis of qualifications alone and determines after the ranking of Proposers that two or more Proposers are equally qualified, the District may select a candidate through any process that the District believes will result in the best value for the District, taking into account the scope, complexity, and nature of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services. Provided, however, that the tie-breaking process established by the District under this Section (1) cannot be based on pricing policies and pricing Proposals, or other pricing information, including the number of hours proposed for the services required, expenses, hourly rates, and overhead. The process must be designed to instill public confidence through ethical and fair dealing, honesty, and good faith on the part of the District and Proposers and shall protect the integrity of the Public Contracting process. Once a tie is broken, the District and the selected Proposer shall proceed with negotiations under PPS-48-0210(3) or PPS-48-0220(4)(c), as applicable.
- (2) If the District is selecting a Consultant on the basis of price alone, or on the basis of price and qualifications, and determines after the ranking of Proposers that two or more Proposers are identical in terms of price or are identical in terms of price and qualifications, then the District shall follow the procedure set forth in PPS-46-0300 to select the Consultant.

PPS-48-0240 Protest Procedures

- (1) **RFP Protest and Request for Change.** Consultants may submit a Written protest of anything contained in an RFP and may request a change to any provision, Specification, or Contract term contained in an RFP, no later than seven Days prior to the date Proposals are due, unless a different deadline is indicated in the RFP. Each protest and request for change must include the reasons for the protest or request, and any proposed changes to the RFP provisions, Specifications, or Contract terms. The District may not consider any protest or request for change that is submitted after the submission deadline.
- (2) **Protest of Consultant Selection.**
- (a) **Single Award.** In the event of an Award to a single Proposer, the District shall provide to all Proposers a copy of the selection notice that the District sent to the highest-ranked Proposer. A

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Proposer who claims to have been adversely affected or aggrieved by the selection of the highest-ranked Proposer may submit a Written protest of the selection to the District no later than seven Days after the date of the selection notice, unless a different deadline is indicated in the RFP. A Proposer submitting a protest must claim that the protesting Proposer is the highest-ranked Proposer because the Proposals of all higher-ranked Proposers failed to meet the requirements of the RFP, or because the higher-ranked Proposers otherwise are not qualified to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP.

- (b) **Multiple Award.** In the event of an Award to more than one Proposer, the District shall provide to all Proposers copies of the selection notices that the District sent to the highest-ranked Proposers. A Proposer who claims to have been adversely affected or aggrieved by the selection of the highest-ranked Proposers may submit a Written protest of the selection to the District no later than seven Days after the date of the selection notices, unless a different deadline is indicated in the RFP. A Proposer submitting a protest must claim that the protesting Proposer is one of the highest-ranked Proposers because the Proposals of all higher-ranked Proposers failed to meet the requirements of the RFP, or because a sufficient number of Proposals of higher-ranked Proposers failed to meet the requirements of the RFP. In the alternative, a Proposer submitting a protest must claim that the Proposals of all higher-ranked Proposers, or a sufficient number of higher-ranked Proposers to include the protesting Proposer in the group of highest-ranked Proposers, otherwise are not qualified to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the RFP.
- (c) **Effect of Protest Submission Deadline.** The District may not consider any protest that is submitted after the submission deadline.

(3) **Resolution of Protests.** A duly authorized representative of the District shall resolve all timely submitted protests within a reasonable time following the District's receipt of the protest, and once resolved, shall promptly issue a Written decision on the protest to the Proposer who submitted the protest. If the protest results in a change to the RFP, the District shall revise the RFP accordingly and shall re-advertise the RFP in accordance with these Rules.

PPS-48-0250 Solicitation Cancellation, Delay, or Suspension; Rejection of All Proposals or Responses; Consultant Responsibility For Costs

The District may cancel, delay, or suspend a solicitation, RFQ, or other preliminary Procurement document, whether related to a Direct Appointment Procedure (PPS-48-0200), Informal Selection Procedure (PPS-48-0210), or a Formal Selection Procedure (PPS-48-0200), or reject all Proposals, responses to RFQs, responses to other preliminary Procurement documents, or any combination of the foregoing, if the District believes it is in the public interest to do so. In the event of any such cancellation, delay, suspension, or rejection, the District is not liable to any Proposer for any loss or expense caused by or resulting from any such cancellation, delay, suspension, or rejection. Consultants responding to solicitations, RFQs, or other preliminary Procurement documents are responsible for all costs they may incur in connection with submitting Proposals, responses to RFQs, or responses to other preliminary Procurement documents.

PPS-48-0260 Two-Tiered Selection Procedure for District Public Improvement Projects

(1) If the District requires an Architect, Engineer, Photogrammetrist, Transportation Planner, or Land Surveyor to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for a public improvement that is owned and maintained by the District and a State Agency will serve as the lead, the District will enter into Contracts with Architects,

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Engineers, Photogrammetrists, Transportation Planners, or Land Surveyors for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for that Public Improvement, and the State Contracting Agency shall utilize the two-tiered selection process described below to obtain these Contracts with Architects, Engineers, or Land Surveyors.

(2) Tier One. State that the District shall, when feasible, identify no fewer than the three most qualified Proposers responding to an RFP that was issued under the applicable selection procedures described in PPS-48-0210 and PPS-48-0220, or from among Architects, Engineers, Photogrammetrists, Transportation Planners, or Land Surveyors identified under PPS-48-0200, and shall notify the District of the Architects, Engineers, Photogrammetrists, Transportation Planners, or Land Surveyors selected.

(3) Tier Two. In accordance with the qualifications-based selection requirements of ORS 279C.110, the District shall either:

- (a)** Select an Architect, Engineer, Photogrammetrist, Transportation Planner, or Land Surveyor from the State Contracting Agency's list of Proposers to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for the District's public improvement; or
- (b)** Select an Architect, Engineer, Photogrammetrist, Transportation Planner, or Land Surveyor to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for the District's Public Improvement through an alternative process adopted by the District consistent with the provisions of the applicable RFP, if any, and these Division 48 Rules. The District's alternative process must be described in the applicable RFP, may be structured to take into account the unique circumstances of the particular procurement of the District, and may include provisions to allow the District to perform its tier-two responsibilities efficiently and economically, alone or in cooperation with other Local Contracting Agencies. The District's alternative process may include, but is not limited to, one or more of the following methods:
 - (A)** A general Written direction from the District to the State Contracting Agency, prior to the advertisement of a Procurement or series of Procurements, or during the course of the Procurement or series of Procurements, that the District's tier two selection shall be the highest-ranked firm identified by the State Contracting Agency during the tier one process, and that no further coordination or consultation with the District is required. However, the District may provide Written notice to the State Contracting Agency that the District's general Written direction is not to be applied for a particular Procurement and describe the process that the District will utilize for the particular Procurement. In order for a Written direction from the District consistent with this Section to be effective for a particular Procurement, it must be received by the Contracting Agency with adequate time for the State Contracting Agency to revise the RFP in order for Proposers to be notified of the tier two process to be utilized in the Procurement. In the event of a multiple Award under the terms of the applicable Procurement, the Written direction from the District may apply to the highest-ranked Proposers that are selected under the terms of the Procurement document.
 - (B)** An intergovernmental agreement between the District and the Contracting Agency outlining the alternative process that the District has adopted for a Procurement or series of Procurements.
 - (C)** Where multiple Local Government Contracting Agencies are involved in a two-tiered selection procedure, the Local Government Contracting Agencies may name one or more authorized representative(s) to act on behalf of all the Local Government Contracting Agencies, whether the Local Government Contracting Agencies are acting collectively or

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

individually, to select the Architect, Engineer, Photogrammetrist, Transportation Planner, or Land Surveyor to perform the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services under the tier two selection process. In the event of a multiple Award under the terms of the applicable Procurement, the authorized representative(s) of the Local Contracting Agencies may act on behalf of the District to select the highest-ranked firms that are required under the terms of the Procurement document, as part of the tier two selection process.

(4) The State Contracting Agency shall thereafter begin Contract negotiations with the selected Architect, Engineer, or Land Surveyor in accordance with the negotiation provisions in PPS-48-0200, PPS-48-0210, or PPS-48-0220 as applicable.

(5) Nothing in these Division 48 Rules should be construed to deny or limit the District's ability to contract directly with Architects, Engineers, Photogrammetrists, Transportation Planners, or Land Surveyors pursuant to ORS 279C.125(4) through a selection process established by the District.

PPS-48-0270 Price Agreements

(1) The District may establish Price Agreements for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services when the District cannot determine the precise quantities of those Services that the District will require over a specified time period.

(2) When establishing Price Agreements under this Rule, the District shall select no fewer than three Consultants, when feasible. The selection procedures for establishing Price Agreements shall be in accordance with PPS-48-0130(1) or PPS-48-0130(2), as applicable. The District may select a single Consultant when a Price Agreement is Awarded to obtain Services for a specific Project or a closely-related group of Projects.

(3) In addition to any other applicable solicitation requirements set forth in these Division 48 Rules, solicitation materials and the terms and conditions for a Price Agreement for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services must:

- (a) Include a scope of Services, menu of Services, a specification for Services or a similar description of the nature, general scope, complexity, and purpose of the procurement that will reasonably enable a prospective Bidder or Proposer to decide whether to submit a Bid or Proposal;
- (b) Specify whether the District intends to Award a Price Agreement to one Consultant or to multiple Consultants. If the District will Award a Price Agreement to more than one Consultant, the Solicitation Document and Price Agreement shall describe the criteria and procedures the District will use to select a Consultant for each individual work order or task order. Subject to the requirements of ORS 279C.110, the criteria and procedures to assign work orders or task orders that only involve or predominantly involve Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying services are at the District's sole discretion; provided, however, in circumstances where a direct Contract is not permitted under PPS-48-0200, the selection criteria cannot be based on pricing policies, pricing Proposals, or other pricing information, including the number of hours proposed for the Services required, expenses, hourly rates, and overhead. In accordance with PPS-48-0130(2) applicable to Related Services procurements, the selection criteria and procedures may be based solely on the qualifications of the Consultants, solely on pricing information, or a combination of both qualifications and pricing information. Pricing information may include the number of hours proposed for the Related Services required, expenses, hourly rates, overhead, and other price factors. Work order or task order assignment procedures under Price Agreements may include direct appointments, subject to the requirements of PPS-48-0200; and

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (c) Specify the maximum term for assigning Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services under the Price Agreement.

(1) All Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services assigned under a Price Agreement require a Written work order or task order issued by the District. Any work orders or task orders assigned under a Price Agreement must include, at a minimum, the following:

- (a) The Consultant's performance obligations and performance schedule;
- (b) The payment methodology and a maximum amount payable to the Consultant for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the work order or task order that is fair and reasonable to the District, as determined solely by the District, taking into account the value, scope, complexity, and nature of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services;
- (c) Language that incorporates all applicable terms and conditions of the Price Agreement into the work order or task order; and
- (d) Any other provisions the District believes to be in the District's best interest.

PPS-48-0280 FSCP

The Superintendent may establish an FSCP for a particular class of Architectural, Engineering, Land Surveying or Related Services where the need for such Services is ongoing in nature, where it is difficult to anticipate the Service need, time, amount, or availability of Contractors, or where Service needs arise so quickly it is not practical or cost-effective to conduct individual solicitations under these Rules. An FSCP shall comply with the following requirements:

- (1) **Solicitation to Create an FSCP.** An FSCP can be established pursuant to an RFQ, an RFP, Competitive Quotes, or such other method of competitive Procurement as the Superintendent deems to be appropriate given the Services to be procured.
 - (a) The Superintendent shall document the reasons for establishing an FSCP consistent with this Rule in the Procurement File. This documentation must be reviewed and approved by the Director of Procurement as demonstrating that the procurement qualifies for use of an FSCP under these Rules.
 - (b) The solicitation shall describe the class of Contracts that can be Awarded to Contractors in the FSCP. The District may not Award Contracts outside of the designated class of Contracts to the FSCP.
 - (c) The solicitation shall set forth the number of Contractors that will be appointed to the FSCP, the selection criteria, and the methodology for ranking the requests and selecting the Contractors to be appointed to the pool.
 - (d) The solicitation may request a binding Price Quote or rate that will become part of a subsequent Contract or may establish the pool based on qualifications alone.
 - (e) The solicitation may set or limit the value of the Work to be performed by the FSCP.
- (2) **Contracting for Work from an FSCP.**
 - (a) Once an FSCP has been established, the Superintendent may negotiate Contracts directly with Contractors in the pool to perform individual Projects within the established scope of the Work.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Upon creation of the FSCP, the Superintendent will generate a random list of names of the Contractors appointed to the FSCP. Contracts for individual Projects will be offered, negotiated, and Awarded sequentially to Contractors on the FSCP list. Once the Superintendent has Offered Work to all the Contractors in the FSCP (whether or not some or all of the Contractors have accepted the Offer), a new random FSCP list will be generated. The Superintendent may Offer Work out of sequence in the following circumstances:

- (A) The Contractor that is next on the list declines or is unavailable during the time period needed.
- (B) Contract negotiations with the next-listed Contractor are not successful.
- (C) The Project is for Work that is a continuation of, addition to, or is connected with Work previously performed by a Contractor on the list, and such prior experience means that it is in the best interest of the District to Award the Contract to the Contractor that performed the prior Work.
- (D) The nature of the Project is such that the Superintendent determines that an additional analysis of Contractor capability is required. In order to make this determination, the Superintendent shall conduct an informal Procurement pursuant to PPS-46-0510 limited to Contractors in the FSCP.

If a Contractor is selected outside of the sequence, the reason shall be documented in Writing in the Procurement File.

- (b) An FSCP established under this Section will expire after three years from the date of Closing of the solicitation, unless reestablished as provided in this Rule.
- (c) Appointment to an FSCP does not guarantee that a Contractor will receive a particular amount of Work or any Work at all.
- (d) The establishment of an FSCP does not preclude the Superintendent from procuring Work that would otherwise fall within the FSCP class of Work from other Contractors through any other Procurement method authorized under these Rules.
- (e) At any time during the term of an FSCP, the Superintendent may request confirmation from a Contractor or Contractors in the pool that the Contractor continues to maintain the skills, personnel, or other capability needed to perform the class of Work.

POST-SELECTION CONSIDERATIONS

PPS-48-0300 Prohibited Payment Methodology; Purchase Restrictions

- (1) Except as otherwise allowed by law, the District shall not enter into any Contract in which:
 - (a) The compensation paid under the Contract is solely based on or limited to the Consultant's hourly rates for the Consultant's personnel working on the Project, and reimbursable expenses incurred during the performance of Work on the Project (sometimes referred to as a "time and materials" Contract); and
 - (b) The Contract does not include a maximum amount payable to the Consultant for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the Contract.
- (2) Except in cases of Emergency or in the particular instances noted in the Sections below, the District shall not purchase any building materials, supplies, or equipment for any building, structure, or facility

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

constructed by or for the District from any Consultant under a Contract with the District to perform Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services for the building, structure, or facility. This prohibition does not apply if either of the following circumstances exists:

- (a) Consultant is providing Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services under a Contract with the District to perform Design-Build Services or ESPC Services (see PPS-49-0670 and PPS-49-0680); or
- (b) That portion of the Contract relating to the acquisition of building materials, supplies, or equipment was Awarded to Consultant pursuant to applicable law governing the Award of such a Contract.

PPS-48-0310 Expired or Terminated Contracts; Reinstatement

(1) If the District enters into a Contract for Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services and that Contract subsequently expires or is terminated, the District may proceed as follows, subject to the requirements of Section (2) of this Rule:

- (a) Expired Contracts. If the Contract has expired as the result of Project delay caused by the District or caused by any other occurrence outside the reasonable control of the District or the Consultant, and if no more than one year has passed since the Contract expiration date, the District may Amend the Contract to extend the Contract expiration date, revise the description of the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services required under the Contract to reflect any material alteration of the Project made as a result of the delay, and revise the applicable performance schedule. Beginning on the effective date of the Amendment, the District and the Consultant shall continue performance under the Contract as Amended; or
- (b) Terminated Contracts. If the District or both parties to the Contract have terminated the Contract for any reason and if no more than one year has passed since the Contract termination date, then the District may enter into a new Contract with the same Consultant to perform the remaining Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services not completed under the Original Contract, or to perform any remaining Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services not completed under the Contract as adjusted to reflect a material alteration of the Project.

(2) The District may proceed under either Sections (1)(a) or (1)(b) of this Rule only after making Written Findings that Amending the existing Contract or entering into a new Contract with the Consultant will:

- (a) Promote efficient use of public funds and resources and result in substantial cost savings to the District;
- (b) Protect the integrity of the Public Contracting process and the competitive nature of the Procurement process by not encouraging favoritism or substantially diminishing competition in the Award of Contracts; and
- (c) Result in a Contract that is still within the scope of the final form of the original Procurement document.

Portland Public Schools Public Contracting Rules
Division 48 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-48-0320 Contract Amendments

- (1) The District may amend any Contract if the District, in its sole discretion, determines that the Amendment is within the scope of the Solicitation Document and that the Amendment would not materially impact the field of competition for the Architectural, Engineering, Photogrammetric Mapping, Transportation Planning or Land Surveying Services or Related Services described in the final form of the original Procurement document. In making this determination, the District shall consider potential alternative methods of procuring the Services contemplated under the proposed Amendment. An Amendment would not materially impact the field of competition for the Services described in the Solicitation Document if the District reasonably believes that the number of Proposers would not significantly increase if the Procurement document were re-issued to include the additional Services.
- (2) The District may Amend any Contract if the additional Services are required by reason of existing or new laws, rules, regulations, or ordinances of federal, state, or local agencies which affect performance of the Original Contract.
- (3) All Amendments to Contracts must be in Writing, must be Signed by an authorized representative of the Consultant and the District, and must receive all required approvals before the Amendments will be binding on the District.

END OF DIVISION 48

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS DIVISION 49

**DISTRICT PUBLIC CONTRACTING RULES FOR CONTRACTS
FOR PUBLIC IMPROVEMENTS AND/OR PUBLIC WORKS**

PPS-49-0100 Application

These Division 49 Rules are intended to implement the requirements of ORS 279C in regard to Public Improvements, Public Works, and construction services.

PPS-49-0110 Policies

In addition to the policies of the Code as set forth in ORS 279A.015, the ORS 279C.300 policy on competition and the ORS 279C.305 policy on least-cost for Public Improvements apply to these Division 49 Rules.

PPS-49-0120 Definitions

- (1) **"Conduct Disqualification"** means a disqualification pursuant to ORS 279C.440 in accordance with PPS-49-0370.
- (2) **"Disqualification"** means the preclusion of a Person from contracting with the District for a period of time. Disqualification may be a Conduct Disqualification or DBE Disqualification. The District is authorized to disqualify a Person in accordance with PPS-49-0370.
- (3) **"Foreign Contractor"** means a Contractor that is not domiciled in or registered to do business in the State of Oregon. See PPS-49-0490.
- (4) **"Notice"** means any of the alternative forms of Public announcement of Procurements, as described in PPS-49-0210.

PPS-49-0130 Competitive Bidding Requirement

The District must solicit Bids for Public Improvement Contracts by Invitation to Bid, except as otherwise allowed or required pursuant to ORS 279C.335 on Competitive Bidding exceptions and exemptions, ORS 279A.030 on federal law overrides, or ORS 279A.100 on affirmative action. Also see PPS-49-0600 through PPS-49-0690 regarding the use of Alternative Contracting Methods and the exemption process.

PPS-49-0140 Contracts for Construction Other Than Public Improvements; Emergency Construction Contracts

- (1) **Procurement Under ORS 279B.** Pursuant to ORS 279C.320, Public Contracts for construction services that are not Public Improvement Contracts may be procured and Amended as general trade Services under the provisions of ORS 279B rather than under the provisions of ORS 279C and these Division 49 Rules.
- (2) **Emergency Construction Contracts.** Emergency Contracts for construction services are not Public Improvement Contracts and are regulated under ORS 279B.080. See PPS-49-0150.
- (3) **Application of ORS 279C.** Non-procurement provisions of ORS 279C and these Division 49 Rules may still be applicable to the resulting Contracts. See, for example, particular statutes on disqualification (ORS 279C.440, 445, and 450); Legal Actions (ORS 279C.460 and 465); Required Contract Conditions (ORS 279C.505, 515, 520, and 530); Hours of Labor (ORS 279C.540 and 545); Retainage (ORS 279C.550, 560, and 565); Subcontracts (ORS 279C.580); Action on Payment Bonds (ORS 279C.600, 605, 610, 615,

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

620, and 625); Termination (ORS 279C.650, 655, 660, and 670); and all of the Prevailing Rate of Wage requirements (ORS 279C.800 through 870) for Public Works Contracts.

PPS-49-0145 Exemptions From Competitive Bidding

(1) Specific Exemptions for Individual Contracts. Contracts that have been specifically exempted under ORS 279C.335(2) are as follows:

- (a) Contracts made with qualified nonprofit agencies providing employment opportunities for individuals with disabilities under ORS 279.835 through 279.855.
- (b) A Public Improvement Contract exempt under Section (2) of this Rule.
- (c) A Public Improvement Contract with a value of less than \$5,000.
- (d) A Contract not to exceed \$100,000 made under procedures for Competitive Quotes in PPS-49-0160.
- (e) Energy savings performance Contracts entered into in accordance with rules of procedure adopted under ORS 279A.065.

(2) Contracts Approved Pursuant to a Request for Exemption for an Individual Contract or Class of Contracts.

- (a) The Superintendent may request a resolution from the Contract Review Board exempting a particular Public Improvement Contract or class of Public Improvement Contracts from Competitive Bidding if the Contract or Contracts are not otherwise exempted under these Rules.
- (b) When requesting a class exemption, the Superintendent must clearly identify the class based on the class's defining characteristics, including some combination of Project descriptions or locations, time periods, Contracting values, methods of Procurement, or other factors that distinguish the limited and related class of Public Improvements from the District's overall construction program. The Superintendent or Contract Review Board may not define a class exemption solely by funding source (e.g., a bond fund) or by method of Procurement (e.g., RFP or CM/GC).
- (c) Any approved class exemption shall be added to PPS-49-0146.

(3) Contents of Exemption Request. Exemption requests must contain the following:

- (a) The nature of the Project;
- (b) Estimated cost of the Project;
- (c) Findings supporting why it is unlikely that an exemption from Competitive Bidding would encourage favoritism or diminish competition for the Public Contract as required by ORS 279C.335(2)(a);
- (d) Findings supporting that the exemption will likely result in substantial cost savings to the District as required by ORS 279C.335(2)(b) or is a pilot Project for which the District intends to determine whether the use of an Alternative Contracting Method actually results in substantial cost savings;
- (e) Information regarding the following factors as required by ORS 279C.330:
 - (A) Operational, budget, and financial data;
 - (B) Public benefits;

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (C) Value Engineering;
 - (D) Specialized expertise required;
 - (E) Public safety;
 - (F) Market conditions;
 - (G) Technical complexity; and
 - (H) Funding sources.
- (f) Proposed Alternative Contracting and Purchasing practices to be employed; and
- (g) The estimated date by which it would be necessary to let the Contract.
- (4) Hearing Required.**
- (a) The Contract Review Board must hold a public hearing prior to adoption of an exemption resolution.
 - (b) Notification of the public hearing must be published in at least one trade newspaper of general statewide circulation at least 14 Days before the hearing.
 - (c) The Notice must state that the public hearing is for the purpose of taking comments on the District's draft Findings for an exemption from the Competitive Bidding requirement. At the time of the Notice, copies of the draft Findings must be made available to the public.
 - (d) At the public hearing, the District must offer an opportunity for any interested party to appear and present comment.
 - (e) If the District is required to act promptly due to circumstances beyond its control that do not constitute an Emergency, notification of the public hearing can be published simultaneously with the District's solicitation of Contractors for the Alternative Public Contracting method, as long as responses to the solicitation are due at least five Days after the hearing and approval of the resolution adopting the Findings.

PPS-49-0146 Class Exemptions; Public Improvement Contracts

The Local Contract Review Board declares the following Contracts listed in this Section as classes of Public Improvement Contracts exempt from Competitive Bidding.

- (1) Donated Public Improvements.** The Superintendent may authorize a Person to construct a Public Improvement without Competitive Bidding or other Competitive process and regardless of dollar amount, if:
- (a) The Person has agreed to donate all or a significant portion of the materials or Services necessary to construct the Public Improvement or perform the Service; and
 - (b) The Person enters into a license or agreement with the District whereby the Person agrees to comply with the Public Contract requirements applicable to the particular Project and any requirements that the District deems necessary or beneficial to protect the District.
- (2) Benson House Program Contracts.** The Superintendent may directly negotiate a Public Improvement Contract without complying with the Competitive Procurement requirements of these Rules where the Contract is for the purpose of supporting the Benson Polytechnic High School Building Construction Class, and all or a portion of the Contract Price is discounted or donated to the District.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(3) Purchases under Contracts Solicited by Nonprofit Procurement Organizations of Which the District is a Member. The Superintendent may purchase Public Improvements under a Contract or Procurement solicited by a Nonprofit Procurement Organization of which it is a member. For the purposes of this Special Procurement, such a Nonprofit Procurement Organization will be considered a "Contracting Purchasing Group" under PPS-46-0400 through PPS-46-0480, and a Procurement must comply with the requirements for Joint Cooperative Procurements pursuant to PPS-46-0420.

(4) FSCP. The Superintendent may establish an FSCP for a particular class of Public Improvements where the need for such Work is ongoing in nature, where it is difficult to anticipate the Service need, time, amount, or availability of Contractors, or where Service needs arise so quickly that it is not practical or cost-effective to conduct individual solicitations under these Rules. An FSCP shall comply with the following requirements:

- (a) Solicitation to Create an FSCP.** An FSCP for Public Improvements shall be solicited based on the total cost of the Work estimated to be Awarded through the FSCP during its life. If the total amount of the Work is estimated to be over \$100,000, the Superintendent shall use a formal RFQ process pursuant to PPS-49-0645 or an RFP process pursuant to PPS-49-0650. If the total amount of the Work is \$100,000 or less, the FSCP may be solicited pursuant to the Intermediate Procurement process set forth in PPS-49-0160.

 - (A)** The Superintendent shall document the reasons for establishing an FSCP consistent with this Rule in the Procurement File. This documentation must be reviewed and approved by the Director of Procurement as demonstrating that the Procurement qualifies for use of an FSCP under these Rules.
 - (B)** The solicitation shall describe the class of Contracts that can be Awarded to Contractors in the FSCP. The District may not Award Contracts outside of the designated class of Contracts to the FSCP.
 - (C)** The solicitation shall set forth the number of Contractors that will be appointed to the FSCP, the selection criteria, and the methodology for ranking the requests and selecting the Contractors to be appointed to the pool.
 - (D)** The solicitation may request a binding Price Quote or time and materials rate that will become part of a subsequent Contract or may establish the pool based on qualification alone.
 - (E)** The solicitation may set or limit the value of the work performed by the FSCP.
- (b) Contracting for Work from an FSCP.** Once an FSCP has been established, the Superintendent may negotiate Contracts directly with Contractors in the pool to perform specific Work within the established scope of the Work. Upon creation of the FSCP, the Superintendent will generate a random list of names of the Contractors appointed to the FSCP. Contracts for individual Work will be Offered, negotiated, and Awarded sequentially to Contractors on the FSCP list. Once the Superintendent has Offered a Contract to all the Contractors in the FSCP (whether or not some or all of the Contractors have accepted the Offer), a new random FSCP list will be generated. The Superintendent may offer a Contract to Contractors out of sequence in the following circumstances:

 - (A)** The Contractor that is next on the list declines or is unavailable during the time period needed.
 - (B)** Contract negotiations with the next-listed Contractor are not successful.
 - (C)** The Project is for a Public Improvement that is a continuation of, an addition to, or connected with a Public Improvement previously constructed by a Contractor on the list, and

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

such prior experience means that it is in the best interest of the District to Award the Contract to the Contractor that performed the prior Work or provided the prior Goods.

- (D) The nature of the Project is such that the Superintendent determines that an additional analysis of Contractor capability or capacity is required. In order to make this determination, the Superintendent shall conduct an Intermediate Procurement pursuant to PPS-49-0160 limited to Contractors in the FSCP.

If a Contractor is selected outside of the sequence, the reason shall be documented in Writing in the Procurement File.

- (c) An FSCP established under this Section will expire after three years from the date of Closing of the solicitation, unless reestablished as provided in this Rule.
- (d) Appointment to an FSCP does not guarantee that a contractor will receive a particular amount of work or orders or any work or orders at all.
- (e) The establishment of an FSCP does not preclude the Superintendent from procuring public improvements that would otherwise fall within the FSCP from other contractors through any other Procurement method authorized under these Rules.
- (f) At any time during the term of an FSCP, the Superintendent may request confirmation from a contractor or contractors in the pool that the Contractor continues to maintain the skills, personnel, inventory or other capability needed to perform the class of work or provide the required goods.
- (g) If an FSCP for public improvements is reasonably estimated to include Projects that will total over \$50,000 during the life of the FSCP, public improvement contracts Awarded to Contractors on an FSCP list shall require the payment of prevailing wages pursuant to ORS 279C.800 through 279C.870.

(5) Price Agreements.

- (a) Price Agreements may be established for the purposes of minimizing paperwork, achieving continuity of product, securing a source of supply, reducing inventory, combining District requirements for volume discounts, creating standardization among agencies, and reducing lead time for ordering. The Superintendent may enter into Price Agreements to purchase Public Improvements for an anticipated need at a predetermined price, but the Contract must be solicited by a Competitive Procurement process pursuant to the requirements of these Rules based on the total Contract Price.
- (b) The Superintendent may purchase Public Improvements from a Contractor Awarded a Price Agreement without first undertaking additional competitive solicitation up to the amount set forth in the Price Agreement.
- (c) The Superintendent may use the Price Agreement entered into by another Oregon Public Agency when the Original Contract was let pursuant to PPS-46-0420.
- (d) The term of the Price Agreement, including renewals, may not exceed the term stated in the original solicitation.
- (e) If a Price Agreement for Public Improvements will exceed \$50,000 over the term of the Agreement, the Contract shall require the payment of prevailing wages pursuant to ORS 279C.800 through 279C.870.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(6) Expedited Contracting Process in Order to Access State, Federal, or Grant Funding. The Superintendent may waive any or all of the solicitation procedures under this Division 49 in the following circumstances:

- (a) The state or federal government or granting entity has adopted a funding program or made funding available to assist the District in constructing Public Improvements and has attached a time deadline to have a Contract in place, a Project underway, or a Project completed in order for the District to access or be eligible for those funds. Such programs include, without limitation, the American Recovery and Reinvestment Act of 2009 (“ARRA”) and similar programs.
- (b) The Superintendent determines that compliance with the solicitation procedures in this Division 49 could jeopardize the District’s ability to access or be eligible for such funding under the timeline established by the state or federal government or granting entity.
- (c) The Superintendent provides for an alternative contracting process.
- (d) The reasons for and extent of the waiver are documented in the Procurement File.
- (e) Notwithstanding PPS-45-0200, the School Board hereby authorizes the Superintendent to enter into and approve payment on Contracts subject to this exemption in any dollar amount, but will report the nature and amount of the Contract to the School Board if the Contract is over the Superintendent’s delegated authority as set forth in PPS-45-0200(4)(b)(A).

PPS-49-0150 Emergency Contracts; Bidding and Bonding Exemptions

- (1) Emergency Declaration.** The Superintendent may declare that emergency circumstances exist that require prompt execution of a Public Contract for emergency construction or repair Work. The declaration shall be by a Written declaration that describes the circumstances creating the emergency and the anticipated harm from failure to enter into an Emergency Contract. The Emergency Declaration shall be kept on file as a public record.
- (2) Competition for Emergency Contracts.** Pursuant to ORS 279C.320(1), Emergency Contracts are regulated under ORS 279B.080, which provides that, for an Emergency Procurement of construction services, the District shall ensure competition that is reasonable and appropriate under the emergency circumstances, and may include Written Requests for Offers, oral Requests for Offers, or direct appointments without competition in cases of extreme necessity, in whatever solicitation time periods the Superintendent considers reasonable in responding to the Emergency.
- (3) Emergency Contract Scope.** Although no dollar limitation applies to Emergency Contracts, the scope of the Contract must be limited to Work that is necessary and appropriate to remedy the conditions creating the emergency as described in the declaration.
- (4) Emergency Contract Modification.** Emergency Contracts may be modified by Change Order or Amendment to address the conditions described in the original declaration or an Amended declaration that further describes additional Work necessary and appropriate for related emergency circumstances.
- (5) Excusing Bonds.** Pursuant to ORS 279C.380(4) and this Rule, the Emergency Declaration may also state that the District waives the requirement of furnishing a performance bond and payment bond for the Emergency Contract. After making such an Emergency Declaration, those bonding requirements are excused for the Procurement, but this Emergency Declaration does not affect the separate Public Works bond

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

requirement for the benefit of BOLI in enforcing prevailing wage rate and overtime payment requirements. See PPS-49-0815 and BOLI rules at OAR 839-025-0015.

PPS-49-0160 Intermediate Procurements; Competitive Quotes and Amendments

- (1) **General.** Public Improvement Contracts estimated by the District not to exceed \$100,000 may be Awarded in accordance with Intermediate-level Procurement procedures for Competitive Quotes established by this Rule.
- (2) **Selection Criteria.** The selection criteria may be limited to price or some combination of price, experience, specific expertise, availability, Project understanding, Contractor capacity, responsibility, and similar factors.
- (3) **Request for Quotes.** The District must utilize Written Requests for Quotes whenever reasonably practicable. Written Requests for Quotes must include the selection criteria to be utilized in selecting a Contractor and, if the criteria are not of equal value, their relative value or ranking. When requesting Quotes orally, prior to requesting the Price Quote the District shall state any additional selection criteria and, if the criteria are not of equal value, their relative value. For Public Works Contracts, oral quotes may only be utilized in the event that Written copies of or references to the prevailing wage rates are not required by BOLI (e.g., if the Contract is for \$50,000 or less or is not otherwise subject to payment of prevailing wages).
- (4) **Number of Quotes; Record Required.** The District must seek at least three Competitive Quotes and keep a Written record of the sources and amounts of the Quotes received. If three Quotes are not reasonably available, the District must make a Written record of the effort made to obtain those Quotes.
- (5) **Award.** If Awarded, the District must Award the Contract to the prospective Contractor whose Quote will best serve the interests of the District, taking into account the announced selection criteria. If Award is not made to the Offeror offering the lowest price, the District must make a Written record of the basis for Award.
- (6) **Price Increases.** Intermediate-level Public Improvement Contracts obtained by Competitive Quotes may be increased above the original amount of Award by the District's issuance of a Change to the Work or Amendment, pursuant to PPS-49-0910, within the following limitations:
 - (a) Up to an aggregate Contract Price increase of 25% over the Original Contract amount when the District's contracting officer determines that a price increase is warranted for additional reasonably related Work, and;
 - (b) Up to an aggregate Contract Price increase of 50% over the Original Contract amount, when the District's contracting officer determines that a price increase is warranted for additional reasonably related Work and the District official, Board, or governing body with administrative or review authority over the contracting officer approves the increase.
- (7) **Amendments.** Amendments of Intermediate-level Public Improvement Contracts that exceed the thresholds stated in Section (1) of this Rule are specifically authorized by the Code when made in accordance with this Rule. Accordingly, such Amendments are not considered new Procurements and do not require an exemption from Competitive Bidding.

FORMAL PROCUREMENT RULES

PPS-49-0200 Solicitation Documents; Required Provisions; Assignment or Transfer

- (1) **Solicitation Document.** Pursuant to ORS 279C.365 and this Rule, the Solicitation Document must include the following:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(a) General Information.

- (A) Identification of the Public Improvement Project, including the character of the Work, and applicable plans, specifications, and other Contract Documents;
- (B) Notice of any pre-Offer conference as follows:
 - (i) The time, date, and location of any pre-Offer conference; and
 - (ii) Whether attendance at the conference will be mandatory or voluntary; and
 - (iii) That statements made by the District's representatives at the conference are not binding on the District unless confirmed by Written Addendum.
- (C) The deadline for submitting mandatory prequalification applications and the class or classes of Work for which Offerors must be prequalified if prequalification is a requirement;
- (D) The name and title of the District Person designated for receipt of Offers and the contact Person (if different);
- (E) Instructions and information concerning the form and submission of Offers, including the address of the office to which Offers must be delivered, any Bid or Proposal security requirements, and any other required information or special information, e.g., whether Offers may be submitted by facsimile or electronic means (See PPS-49-0300 regarding Facsimile Bids or Proposals and PPS-49-0310 regarding Electronic Procurement);
- (F) The time, date, and place of Opening;
- (G) The time and date of Closing after which the District will not accept Offers, which time must be not less than five Days after the date of the last publication of the advertisement. Although a minimum of five Days is prescribed, the District is encouraged to use at least a 14-Day solicitation period when feasible. If the District is issuing an ITB that may result in a Public Improvement Contract with a value in excess of \$100,000, the District must designate a time of Closing consistent with the first-tier subcontractor disclosure requirements of ORS 279C.370(1)(b) and PPS-49-0360. For timing issues relating to Addenda, see PPS-49-0250;
- (H) The office where the Specifications for the Work may be reviewed;
- (I) A statement that each Bidder to an ITB must identify whether the Bidder is a "resident Bidder," as defined in ORS 279A.120;
- (J) If the Contract resulting from a solicitation will be a Contract for a Public Work subject to ORS 279C.800 through 279C.870 or the Davis-Bacon Act (40 U.S.C. 3141 to 3148, a statement that no Offer will be received or considered by the District unless the Offer contains a statement by the Offeror as a part of its Offer that "Contractor agrees to be bound by and will comply with the provisions of ORS 279C.838, ORS 279C.840, or 40 U.S.C. 3141 to 3148";
- (K) A statement that the District will not receive or consider an Offer for a Public Improvement Contract unless the Offeror is registered with the Construction Contractors Board or is licensed by the State Landscape Contractors Board as specified in PPS-49-0230;
- (L) Whether a Contractor or a subcontractor under the Contract must be licensed under ORS 468A.720 regarding asbestos abatement projects;
- (M) Contractor's certification of nondiscrimination in obtaining required subcontractors in accordance with ORS 279A.110(4). (See PPS-49-0440(3));

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (N) How the District will notify Offerors of Addenda and how the District will make Addenda available (see PPS-49-0250); and
- (O) When applicable, instructions and forms regarding First-Tier Subcontractor Disclosure requirements, as set forth in PPS-49-0360.
- (b) Evaluation Process.
 - (A) A statement that the District may reject any Offer not in compliance with all prescribed Public Contracting procedures and requirements, including the requirement to demonstrate the Bidder's responsibility under ORS 279C.375(3)(b), and may reject for good cause all Offers after finding that doing so is in the public interest.
 - (B) The anticipated solicitation schedule, deadlines, protest process, and evaluation process, if any;
 - (C) Evaluation criteria, including the relative value applicable to each criterion, that the District will use to determine the Responsible Bidder with the lowest Responsive Bid (where Award is based solely on price) or the Responsible Proposer or Proposers with the best Responsive Proposal or Proposals (where use of Competitive Proposals is authorized under ORS 279C.335 and PPS-49-0620), along with the process the District will use to determine acceptability of the Work;
 - (D) If the Solicitation Document is an Invitation to Bid, the District must set forth any special price evaluation factors in the Solicitation Document. Examples of such factors include, but are not limited to, conversion costs, transportation cost, volume weighing, trade-in allowances, cash discounts, depreciation allowances, cartage penalties, and ownership or Life-Cycle Cost formulas. Price evaluation factors need not be precise predictors of actual future costs; but to the extent possible, such evaluation factors must be objective, reasonable estimates based on information the District has available concerning future use; and
 - (E) If the Solicitation Document is a Request for Proposals, the District must refer to the additional requirements of PPS-49-0650; and
- (c) Contract Provisions. The District must include all Contract terms and conditions, including warranties, insurance, and bonding requirements, that the District considers appropriate for the Public Improvement Project. The District must also include all applicable Contract provisions required by Oregon law as follows:
 - (A) Prompt payment to all Persons supplying labor or material, contributions to Industrial Accident Fund, and liens and withholding taxes (ORS 279C.505(1));
 - (B) Demonstrate that an employee drug testing program is in place (ORS 279C.505(2));
 - (C) If the Contract calls for demolition Work described in ORS 279C.510(1), a condition requiring the Contractor to salvage or recycle construction and demolition debris, if feasible and cost-effective;
 - (D) If the Contract calls for lawn or landscape maintenance, a condition requiring the Contractor to compost or mulch yard waste material at an approved site, if feasible and cost-effective (ORS 279C.510(2));
 - (E) Payment of claims by public officers (ORS 279C.515(1));
 - (F) Contractor and first-tier subcontractor liability for late payment on Public Improvement Contracts pursuant to ORS 279C.515(2), including the rate of interest;

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (G) Person's right to file a complaint with the Construction Contractors Board for all Contracts related to a Public Improvement Contract (ORS 279C.515(3));
- (H) Hours of labor in compliance with ORS 279C.520;
- (I) Environmental and natural resources regulations (ORS 279C.525);
- (J) Payment for medical care and attention to employees (ORS 279C.530(1));
- (K) A Contract provision substantially as follows: "All employers, including Contractor, that employ subject workers who work under this Contract in the State of Oregon must comply with ORS 656.017 and provide the required workers' compensation coverage, unless such employers are exempt under ORS 656.126. Contractor must ensure that each of its subcontractors complies with these requirements." (ORS 279C.530(2));
- (L) Maximum hours, holidays, and overtime (ORS 279C.540);
- (M) Time limitation on claims for overtime (ORS 279C.545);
- (N) Prevailing wage rates (ORS 279C.800 through 279C.870);
- (O) BOLI Public Works Bond (ORS 279C.830(2))
- (P) Retainage (ORS 279C.550 through 279C.570);
- (Q) Prompt payment policy, progress payments, rate of interest (ORS 279C.570);
- (R) Contractor's relations with subcontractors (ORS 279C.580);
- (S) Notice of claim (ORS 279C.605);
- (T) Contractor's certification of compliance with the Oregon tax laws in accordance with ORS 305.385; and
- (U) Contractor's certification that all subcontractors performing Work described in ORS 701.005(2) (i.e., construction Work) will be registered with the Construction Contractors Board or licensed by the State Landscape Contractors Board in accordance with ORS 701.035 through 701.055 before the subcontractors commence Work under the Contract.

(2) Assignment or Transfer Restricted. Unless otherwise provided in the Contract, the Contractor must not assign, sell, dispose of or transfer rights, nor delegate duties under the Contract, either in whole or in part, without the District's prior Written consent. Unless otherwise agreed by the District in Writing, such consent must not relieve the Contractor of any obligations under the Contract. Any assignee or transferee must be considered the agent of the Contractor and be bound to abide by all provisions of the Contract. If the District consents in Writing to an assignment, sale, disposal, or transfer of the Contractor's rights or delegation of Contractor's duties, the Contractor and its surety, if any, must remain liable to the District for complete performance of the Contract as if no such assignment, sale, disposal, transfer, or delegation had occurred unless the District otherwise agrees in Writing.

PPS-49-0210 Notice and Advertising Requirements; Posting

(1) Notice and Distribution Fee. The District shall furnish Notice as set forth below in Sections (1)(a) through (1)(c) to a number of Persons sufficient for the purpose of fostering and promoting competition. The Notice shall indicate where, when, how, and for how long the Solicitation Document may be obtained and generally describe the Public Improvement Project or Work. The Notice may contain any other appropriate information. The District may charge a fee or require a deposit for the Solicitation Document. The District may furnish Notice using any method determined to foster and promote competition, including:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) Mailing Notice of the availability of Solicitation Documents to Persons that have expressed an interest in the District's Procurements;
 - (b) Placing Notice on the District's Electronic Procurement System; or
 - (c) Placing Notice on the District's Internet Web site.
- (2) **Advertising.** Pursuant to ORS 279C.360 and this Rule, the District shall advertise every solicitation for Competitive Bids or Competitive Proposals for a Public Improvement Contract, unless the Contract Review Board has exempted the solicitation from the advertisement requirement as part of a Competitive Bidding exemption under ORS 279C.335.
- (a) Unless the District publishes by Electronic Advertisement as permitted under Section (2)(b) of this Rule, the District shall publish the advertisement for Offers at least once in at least one newspaper of general circulation in the area where the Contract is to be performed and in as many additional issues and publications as the District may determine to be necessary or desirable to foster and promote competition.
 - (b) The District may publish by Electronic Advertisement if the Contract Review Board determines that Electronic Advertisement is likely to be cost-effective and, by Rule or order, authorizes Electronic Advertisement.
 - (c) In addition to the District's publication required under Sections (2)(a) or (2)(b), the District shall also publish an advertisement for Offers in at least one trade newspaper of general statewide circulation if the Contract is for a Public Improvement with an estimated cost in excess of \$125,000.
 - (d) All advertisements for Offers shall set forth:
 - (A) The Public Improvement Project;
 - (B) The office where Contract terms, conditions, and Specifications may be reviewed;
 - (C) The date that Persons must file applications for prequalification under ORS 279C.340, if prequalification is a requirement, and the class or classes of Work for which Persons must be prequalified;
 - (D) The scheduled Closing, which shall not be less than five Days after the date of the last publication of the advertisement;
 - (E) The name, title, and address of the District Person authorized to receive Offers;
 - (F) The scheduled Opening; and
 - (G) If applicable, that the Contract is for a Public Work subject to ORS 279C.800 through 279C.870 or the Davis-Bacon Act (40 U.S.C. 3141 to 3148).

PPS-49-0220 Prequalification of Offerors

(1) **Prequalification.** Pursuant to ORS 279C.430 and this Rule, two types of prequalification are authorized:

- (a) **Mandatory Prequalification.** The District may require mandatory prequalification of Offerors. The District must indicate in the Solicitation Document if it will require mandatory prequalification. Mandatory prequalification is when the District conditions a Person's submission of an Offer on the Person's prequalification. The District must not consider an Offer from a Person that is not prequalified if the District required prequalification.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) **Permissive Prequalification.** The District may prequalify a Person for the District's solicitation list, but in permissive prequalification the District must not limit distribution of a solicitation to that list.
 - (c) **Prequalification Procedure.** When prequalification is required or allowed, a Person shall submit a prequalification application to the District on the form prescribed by the District. The District shall determine if the applicant is qualified within 30 Days of the date of application, or sooner if practicable and so requested by the applicant to enable the applicant to participate in Bidding on an advertised Contract. If the District finds that the applicant is qualified, the District will provide Notice to the applicant of the nature and type of Contracts the applicant is qualified to Bid on and the period of time for which the qualification is valid.
- (2) **Prequalification Presumed.** If an Offeror is currently prequalified by either the Oregon Department of Transportation or the Oregon Department of Administrative Services to perform Contracts, the Offeror must be rebuttably presumed qualified to perform similar Work for the District. When qualifying for the same kind of Work for the District, the Person may submit proof of the prequalification in lieu of a prequalification application under Section (1) of this Rule.
- (3) **Standards for Prequalification.** A Person may prequalify by demonstrating to the District's satisfaction that:
- (a) The Person's financial, material, equipment, facility, and personnel resources and expertise, or ability to obtain such resources and expertise, indicate that the Person is capable of meeting all contractual responsibilities;
 - (b) The Person's record of performance;
 - (c) The Person's record of integrity;
 - (d) The Person is qualified to contract with the District. (See PPS-49-0390(2) regarding standards of responsibility.)
- (4) **Notice Of Denial.** If a Person fails to prequalify for a mandatory prequalification, the District must notify the Person and specify the reasons under Section (3) of this Rule and inform the Person of the Person's right to a hearing under ORS 279C.445 and 279C.450 as provided in Section (6) of this Rule.
- (5) **Revocation of Prequalification.** If the District has reasonable cause to believe that there has been a substantial change in the conditions of a prequalified Person and that the Person is no longer qualified or is less qualified, the District may revoke or revise and reissue the prequalification after reasonable Notice to the prequalified Person. The Notice shall specify the reasons under Section (3) of this Rule and inform the Person of the Person's right to a hearing under ORS 279C.445 and 279C.450 as provided in Section (6) of this Rule.
- (6) **Appeal of Denial or Revocation of, or Revision to Prequalification.**
- (a) Any Person who wishes to appeal the District decision under Sections (4) or (5) of this Rule shall, within three business Days after receipt of the Notice of disqualification, file Written Notice with the District that Person appeals the decision. The District shall notify the Contract Review Board and schedule the appeal hearing before the Contract Review Board.
 - (b) Immediately upon receipt of the prospective Bidder's or Proposer's Notice of appeal, the District shall notify the local Contract Review Board.
 - (c) Upon the receipt of Notice from the District under Section (2) of this Rule, the Contract Review Board shall promptly notify the Person appealing and the District of the time and place of the hearing. The Contract Review Board shall conduct the hearing and decide the appeal within 30

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Days after receiving the Notice from the District. The Contract Review Board shall set forth in Writing the reasons for the hearing decision.

- (d) At the hearing the Contract Review Board shall consider de novo the Notice of denial, revocation or revision of a prequalification, the standards listed in Section (3) of this Rule on which the District based the decision, and any evidence provided by the parties. Hearings before a Contract Review Board shall be conducted under rules of procedure adopted by the Contract Review Board.
- (e) The Contract Review Board may allocate the Contract Review Board's costs for the hearing between the Person appealing and the District. The allocation shall be based on facts found by the Contract Review Board and stated in the final order that, in the Contract Review Board's opinion, warrant such allocation of costs. If the final order does not allocate the costs for the hearing, the costs shall be paid as follows:
 - (A) If the decision to deny, revoke, or revise a prequalification of a Person as a Bidder is upheld, the cost shall be paid by the Person appealing the decision.
 - (B) If the decision to deny, revoke, or revise a prequalification of a Person as a Bidder is reversed, the costs shall be paid by the District.
- (f) Judicial review of any decision by the Contract Review Board shall be as set forth in ORS 279C.450.

PPS-49-0230 Eligibility to Bid or Propose; Registration or License

- (1) **Construction Contracts.** The District must not consider a Person's Offer to do Work as a Contractor, as defined in ORS 701.005(2), unless the Person has a current, valid certificate of registration issued by the Construction Contractors Board at the time the Offer is made.
- (2) **Landscape Contracts.** The District must not consider a Person's Offer to do Work as a landscape Contractor as defined in ORS 671.520(2), unless the Person has a current, valid landscape Contractors license issued pursuant to ORS 671.560 by the State Landscape Contractors Board at the time the Offer is made.
- (3) **Non-complying Entities.** The District must deem an Offer received from a Person that fails to comply with this Rule Non-Responsive and must reject the Offer as stated in ORS 279C.365(1)(k), unless contrary to federal law or subject to different timing requirements set by federal funding or the District.

PPS-49-0240 Pre-Offer Conferences

- (1) **Purpose.** The District may hold pre-Offer conferences with prospective Offerors prior to Closing to explain the Procurement requirements, obtain information, or conduct site inspections.
- (2) **Required Attendance.** The District may require attendance at the pre-Offer conference as a condition for making an Offer. Unless otherwise specified in the Solicitation Document, a mandatory attendance requirement is considered to have been met if, at any time during the mandatory meeting, a representative of the Offering firm is present.
- (3) **Scheduled Time.** If the District holds a pre-Offer conference, it must be held within a reasonable time after the Solicitation Document has been issued, but sufficiently before the Closing to allow Offerors to consider information provided at that conference.
- (4) **Statements Not Binding.** Statements made by the District's representative at the pre-Offer conference do not change the Solicitation Document unless the District confirms such statements with a Written Addendum to the Solicitation Document.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(5) **District Announcement.** The District must set forth Notice of any pre-Offer conference in the Solicitation Document in accordance with PPS-49-0200(1)(a)(B).

PPS-49-0250 Addenda to Solicitation Documents

- (1) **Issuance; Receipt.** The District may change a Solicitation Document only by Written Addenda. An Offeror must provide Written acknowledgement of receipt of all issued Addenda with its Offer, unless the District otherwise specifies in the Addenda or in the Solicitation Document.
- (2) **Notice and Distribution.** The District must notify prospective Offerors of Addenda consistent with the standards of Notice set forth in PPS-49-0210(1). The Solicitation Document must specify how the District will provide Notice of Addenda and how the District will make the Addenda available (see PPS-49-0200(1)(a)(N)). For example, "The District will not mail Notice of Addenda, but will publish Notice of any Addenda on the District's Web site. Addenda may be downloaded off the District's Web site. Offerors should frequently check the District's Web site until Closing, i.e., at least once weekly until the week of Closing, and at least once daily during the week of the Closing."
- (3) **Timelines; Extensions.** The District must issue Addenda within a reasonable time to allow prospective Offerors to consider the Addenda in preparing their Offers. The District may extend the Closing if the District determines that prospective Offerors need additional time to review and respond to Addenda. Except to the extent required by public interest, the District must not issue Addenda less than 72 hours before the Closing unless the Addendum also extends the Closing.
- (4) **Request for Change or Protest.** Unless a different deadline is set forth in the Addendum, an Offeror may submit a Written request for change or protest to the Addendum, as provided in PPS-49-0260, by the close of the District's next business Day after issuance of the Addendum, or up to the last Day allowed to submit a request for change or protest under PPS-49-0260, whichever date is later. The District must consider only an Offeror's request for change or protest to the Addendum; the District must not consider a request for change or protest to matters not added or modified by the Addendum, unless the Offeror submits the request for change or protest before the deadline for the District's receipt of request for change or protests as set forth in PPS-49-0260(2) and (3).

PPS-49-0260 Request for Clarification or Change; Solicitation Protests

- (1) **Clarification.** Prior to the deadline for submitting a Written request for change or protest, an Offeror may request that the District clarify any provision of the Solicitation Document. The District's clarification to an Offeror, whether orally or in Writing, does not change the Solicitation Document and is not binding on the District unless the District amends the Solicitation Document by Addendum.
- (2) **Request for Change.**
- (a) **Delivery.** An Offeror may request in Writing a change to the Specifications or Contract terms and conditions. Unless otherwise specified in the Solicitation Document, an Offeror must deliver the Written request for change to the District not less than five Days prior to Closing;
 - (b) **Content of Request for Change.**
 - (A) An Offeror's Written request for change must include a statement of the requested change(s) to the Contract terms and conditions, including any Specifications, together with the reason for the requested change.
 - (B) An Offeror must mark its request for change as follows:
 - (i) "Contract Provision Request for change"; and

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (ii) Solicitation Document number (or other identification as specified in the Solicitation Document).

(3) Protest.

- (a) Delivery. An Offeror may protest Specifications or Contract terms and conditions. Unless otherwise specified in the Solicitation Document, an Offeror must deliver a Written protest on those matters to the District not less than five Days prior to Closing.

- (b) Content of Protest.

- (A) An Offeror's Written protest must include:

- (i) A detailed statement of the legal and factual grounds for the protest;
- (ii) A description of the resulting prejudice to the Offeror; and
- (iii) A statement of the desired changes to the Contract terms and conditions, including any Specifications.

- (B) An Offeror must mark its protest as follows:

- (i) "Contract Provision Protest"; and
- (ii) Solicitation Document number (or other identification as specified in the Solicitation Document).

(4) The Response. The District is not required to consider an Offeror's request for change or protest after the deadline established for submitting such request or protest. The District must provide Notice to the applicable Person if it entirely rejects a protest. If the District agrees with the Person's request or protest, in whole or in part, the District must either issue an Addendum reflecting its determination under PPS-49-0260 or cancel the solicitation under PPS-49-0270.

(5) Extension of Closing. If the District receives a Written request for change or protest from an Offeror in accordance with this Rule, the District may extend Closing if the District determines that an extension is necessary to consider the request or protest and issue an Addendum, if any, to the Solicitation Document.

(6) Failure to Protest or Request a Change Precludes Protest of Award on Such Issue. An Offeror cannot protest an Award based on any issue that could have, but was not, raised as a Request for Change or Protest of solicitation.

PPS-49-0270 Cancellation of Solicitation Document

(1) Cancellation in the Public Interest. The District may cancel a solicitation for good cause if the District finds that cancellation is in the public interest. The District's reasons for cancellation must be made part of the Procurement File.

(2) Notice of Cancellation. If the District cancels a solicitation prior to Opening, the District must provide Notice of cancellation in accordance with PPS-49-0210(1). Such Notice of cancellation must:

- (a) Identify the solicitation;
- (b) Briefly explain the reason for cancellation; and
- (c) If appropriate, explain that an opportunity will be given to compete on any re-solicitation.

(3) Disposition of Offers.

- (a) Prior to Offer Opening. If the District cancels a solicitation prior to Offer Opening, the District will return all Offers it received to Offerors unopened, provided the Offeror submitted its Offer in

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

a hard copy format with a clearly visible return address. If there is no return address on the envelope, the District will open the Offer to determine the source and then return it to the Offeror.

- (b) After Offer Opening. If the District rejects all Offers, the District will retain all such Offers as part of the District's Procurement File.

PPS-49-0280 Offer Submissions

(1) **Offer and Acceptance.** The Bid or Proposal is the Bidder's or Proposer's Offer to enter into a Contract.

- (a) In Competitive Bidding and Competitive Proposals, the Offer is always a "Firm Offer," i.e., the Offer must be held open by the Offeror for the District's acceptance for the period specified in PPS-49-0410. The District may elect to accept the Offer at any time during the specified period, and the District's Award of the Contract to a Bidder constitutes acceptance of the Offer and binds the Offeror to the Contract.
- (b) Notwithstanding the fact that a Competitive Proposal is a "Firm Offer" for the period specified in PPS-49-0410, the District may elect to discuss or negotiate certain Contractual provisions, as identified in these Rules or in the Solicitation Document, with the Proposer. See PPS-49-0650 on Requests for Proposals and PPS-49-0290 on Bid or Proposal Security. Where negotiation is permitted by the Rules or the Solicitation Document, Proposers are bound to an obligation to negotiate in good faith and only on those terms that the Rules or the Solicitation Document has reserved for negotiation. In Competitive Proposals, the Solicitation Document must describe whether Offers are to be made and considered as "Firm Offers" that may be accepted without negotiation, as in the case of Competitive Bidding, or whether Offers are subject to discussion, negotiation, or otherwise are not to be considered as final Offers. See PPS-49-0650 on Requests for Proposals and PPS-49-0290 on Bid or Proposal Security.

(2) **Responsive Offer.** The District may Award a Contract only to a Responsible Offeror with a Responsive Offer.

(3) **Contingent Offers.** Except to the extent that an Offeror is authorized to Propose certain terms and conditions pursuant to PPS-49-0650, an Offeror must not make an Offer contingent upon the District's acceptance of any terms or conditions (including Specifications) other than those contained in the Solicitation Document.

(4) **Offeror's Acknowledgement.** By signing and returning the Offer, the Offeror acknowledges that they have read and understand the terms and conditions contained in the Solicitation Document and that they accept and agree to be bound by the terms and conditions of the Solicitation Document. If the Request for Proposals permits Proposal of alternative terms under PPS-49-0650, the Offeror's Offer includes the nonnegotiable terms and conditions and any Proposed terms and conditions offered for negotiation upon and to the extent accepted by the District in Writing.

(5) **Instructions.** An Offeror must submit and Sign the Offer in accordance with the Solicitation Document. An Offeror must initial and submit any corrections or erasures to their Offer prior to the Opening in accordance with the requirements for submitting an Offer under the Solicitation Document.

(6) **Forms.** An Offeror must submit the Offers on the form(s) provided in the Solicitation Document, unless Offerors are otherwise instructed in the Solicitation Document.

(7) **Documents.** An Offeror must provide the District with all documents and Descriptive Literature required under the Solicitation Document.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(8) Facsimile or Electronic Submissions. If the District permits Facsimile or Electronic Offers in the Solicitation Document, the Offeror may submit Facsimile or Electronic Offers in accordance with the Solicitation Document. The District will not consider Facsimile or Electronic Offers unless authorized by the Solicitation Document.

(9) Product Samples and Descriptive Literature. The District may require Product Samples or Descriptive Literature if it is necessary or desirable to evaluate the quality, features, or characteristics of the offered items. The District will dispose of Product Samples or return or make available for return Product Samples to the Offeror in accordance with the Solicitation Document.

(10) Identification of Offers.

(a) To ensure proper identification and handling, Offers must be submitted in a sealed envelope appropriately marked or in the envelope provided by the District, whichever is applicable.

(b) The District is not responsible for Offers submitted in any manner or format, or to any delivery point, other than as required in the Solicitation Document.

(11) Receipt of Offers. The Offeror is responsible for ensuring that the District receives the Offers at the required delivery point prior to the Closing, regardless of the method used to submit or transmit the Offer.

PPS-49-0290 Bid or Proposal Security

(1) Security Amount. If the District requires Bid or Proposal security, it must be not more than 10% or less than 5% of the Offeror's Bid or Proposal, consisting of the base Bid or Proposal together with all additive alternates. The District must not use Bid or Proposal security to discourage competition. The District must clearly state any Bid or Proposal security requirements in its Solicitation Document. The Offeror must forfeit Bid or Proposal security after Award if the Offeror fails to execute the Contract and promptly return it with any required Performance Bond and Payment Bond and, in the case of Proposal security, with any required proof of insurance. See ORS 279C.365(5) and ORS 279C.385.

(2) Requirement for Bid Security (Optional for Proposals). Unless the District has otherwise exempted a solicitation or class of solicitations from Bid security pursuant to ORS 279C.390, the District must require Bid security for its solicitation of Bids for Public Improvements. The District may require Bid security even if it has exempted a class of solicitations from Bid security. The District may require Proposal security in RFPs. See ORS 279C.400(5).

(3) Form of Bid or Proposal Security. The District may accept only the following forms of Bid or Proposal security:

(a) A surety bond from a surety company authorized to do business in the State of Oregon;

(b) An irrevocable letter of credit issued by an insured institution as defined in ORS 706.008; or

(c) A cashier's check or Offeror's certified check.

(4) Return of Security. The District must return or release the Bid or Proposal security of all unsuccessful Offerors after a Contract has been fully executed and all required bonds have been provided, or after all Offers have been rejected. The District may return the Bid or Proposal security of unsuccessful Offerors prior to Award if the return does not prejudice Contract Award and the security of at least the Bidders with the three lowest Bids, or the Proposers with the three highest-scoring Proposals, is retained pending execution of a Contract.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0300 Facsimile Bids and Proposals

(1) **District Authorization.** The District may authorize Offerors to submit Facsimile Offers. If the District determines that Bid or Proposal security is or will be required, the District must not authorize Facsimile Offers unless the District has established a method for receipt of such security. Prior to authorizing the submission of Facsimile Offers, the District must determine that the District's equipment and personnel are capable of receiving the size and volume of anticipated Offers within a short period of time. In addition, the District must establish administrative procedures and controls:

- (a) To receive, identify, record, and safeguard Facsimile Offers;
- (b) To ensure timely delivery of Offers to the location of Opening; and
- (c) To preserve the Offers as Sealed.

(2) **Provisions To Be Included in Solicitation Document.** In addition to all other requirements, if the District authorizes a Facsimile Offer for Bids or Proposals, the District must include in the Solicitation Document (other than in an RFQ) the following:

- (a) A provision substantially in the form of the following: "A 'Facsimile Offer' as used in this Solicitation Document means an Offer, modification of an Offer, or withdrawal of an Offer that is transmitted to and received by the District via a facsimile machine";
- (b) A provision substantially in the form of the following: "Offerors may submit Facsimile Offers in response to this Solicitation Document. The entire response must arrive at the place and by the time specified in this Solicitation Document.";
- (c) A provision that requires Offerors to Sign their Facsimile Offers;
- (d) A provision substantially in the form of the following: "The District reserves the right to Award the Contract solely on the basis of the Facsimile Offer." However, upon the District's request, the apparent successful Offeror must promptly submit its complete original Signed Offer; and
- (e) The data and compatibility characteristics of the District's receiving facsimile machine as follows:
 - (A) Telephone number; and
 - (B) Compatibility characteristics, e.g., make and model number, receiving speed, communications protocol; and
- (f) A provision that the District is not responsible for any failure attributable to the transmission or receipt of the Facsimile Offer including, but not limited to, the following:
 - (A) Receipt of garbled or incomplete documents;
 - (B) Availability or condition of the receiving facsimile machine;
 - (C) Incompatibility between the sending and receiving facsimile machine;
 - (D) Delay in transmission or receipt of documents;
 - (E) Failure of the Offeror to properly identify the Offer documents;
 - (F) Illegibility of Offer documents; and
 - (G) Security and confidentiality of data.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0310 Electronic Procurement

- (1) **General.** The District may utilize Electronic Advertisement of Public Improvement Contracts in accordance with ORS 279C.360(1), provided that advertisement of such Contracts with an estimated Contract Price in excess of \$125,000 must also be published in a trade newspaper of general statewide circulation, and may post Notices of intent to Award electronically as provided by ORS 279C.410(7).
- (2) **Alternative Procedures.** In the event that the District desires to allow Electronic Offers for a Public Improvement Contract, the District will comply with PPS-47-0330 (Electronic Procurement under ORS 279B), taking into account ORS 279C requirements for Written Bids, opening Bids publicly, Bid security, first-tier subcontractor disclosure, and inclusion of prevailing wage rates.
- (3) **Interpretation.** Nothing in this Rule must be construed as prohibiting the District from making Procurement documents for Public Improvement Contracts available in electronic format as well as in hard copy when Bids are to be submitted only in hard copy. See ORS 279C.365(2).

PPS-49-0320 Pre-Closing Modification or Withdrawal of Offers

- (1) **Modifications.** An Offeror may modify its Offer in Writing prior to the Closing. An Offeror must prepare and submit any modification to its Offer to the District in accordance with PPS-49-0280, unless otherwise specified in the Solicitation Document. Any modification must include the Offeror's statement that the modification amends and supersedes the prior Offer. The Offeror must mark the submitted modification as follows:
 - (a) Bid (or Proposal) modification; and
 - (b) Solicitation number (or other identification as specified in the Solicitation Document).
- (2) **Withdrawals.**
 - (a) An Offeror may withdraw its Offer by Written Notice submitted on the Offeror's letterhead, Signed by an authorized representative of the Offeror, delivered to the location specified in the Solicitation Document (or the place of Closing if no location is specified), and received by the District prior to the Closing. The Offeror or authorized representative of the Offeror may also withdraw its Offer in person prior to the Closing, upon presentation of appropriate identification and satisfactory evidence of authority;
 - (b) The District may release an unopened Offer withdrawn under Section (2)(a) of this Rule to the Offeror or its authorized representative after voiding any date and time-stamp mark;
 - (c) The Offeror must mark the Written request to withdraw an Offer as follows:
 - (A) Bid (or Proposal) withdrawal; and
 - (B) Solicitation number (or other identification as specified in the Solicitation Document).
- (3) **Documentation.** The District must include all documents relating to the modification or withdrawal of Offers in the appropriate Procurement File.

PPS-49-0330 Receipt, Opening, and Recording of Offers; Confidentiality of Offers

- (1) **Receipt.** The District must electronically or mechanically time-stamp or hand-mark each Offer and any modification upon receipt. The District must not open the Offer or modification upon receipt, but must maintain it as confidential and secure until Opening. If the District inadvertently opens an Offer or a modification prior to the Opening, the District must return the Offer or modification to its secure and

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

confidential state until Opening. The District must document the resealing for the Procurement File (e.g., "The District inadvertently opened the Offer due to improper identification of the Offer").

(2) Opening and Recording. The District must publicly open Offers, including any modifications made to the Offer, pursuant to PPS-49-0320. In the case of Invitations to Bid, to the extent practicable, the District must read aloud the name of each Bidder, the Bid price(s), and such other information as the District considers appropriate. In the case of Requests for Proposals or voluminous Bids, if the Solicitation Document so provides, the District will not read Offers aloud.

(3) Availability. After Opening, the District must make Bids available for public inspection, but pursuant to ORS 279C.410, Proposals are not required to be available for public inspection until after the Notice of Intent to Award is issued. In any event, the District may withhold from disclosure those portions of an Offer that the Offeror designates as trade secrets or as confidential proprietary data in accordance with applicable law. See ORS 192.501(2); ORS 646.461 through 646.475. To the extent that the District determines such designation is not in accordance with applicable law, the District must make those portions available for public inspection. The Offeror must separate information designated as confidential from other non-confidential information at the time of submitting its Offer. Prices, makes, models, or catalog numbers of items offered, scheduled delivery dates, and terms of payment are not confidential, and must be publicly available regardless of an Offeror's designation to the contrary.

PPS-49-0340 Late Bids, Late Withdrawals, and Late Modifications

Any Offer received after Closing is late. An Offeror's request for withdrawal or modification of an Offer received after Closing is late. The District will not consider late Offers, withdrawals, or modifications except as permitted in PPS-49-0350 or PPS-49-0390.

PPS-49-0350 Mistakes

(1) Generally. To protect the integrity of the Competitive Procurement process and to ensure fair treatment of Offerors, the District should carefully consider whether to permit waiver, correction, or withdrawal of Offers for certain mistakes.

(2) District Treatment of Mistakes. The District must not allow an Offeror to correct or withdraw an Offer for an error in judgment. If the District discovers certain mistakes in an Offer after Opening but before Award of the Contract, the District may take the following action:

- (a)** The District may waive, or permit an Offeror to correct, a minor informality. A minor informality is a matter of form rather than substance that is evident on the face of the Offer, or an insignificant mistake that can be waived or corrected without prejudice to other Offerors. Examples of minor informalities include an Offeror's failure to:
 - (A)** Return the correct number of Signed Offers or the correct number of other documents required by the Solicitation Document;
 - (B)** Sign the Offer in the designated block, provided a Signature appears elsewhere in the Offer, evidencing an intent to be bound; and
 - (C)** Acknowledge receipt of an Addendum to the Solicitation Document, provided that it is clear on the face of the Offer that the Offeror received the Addendum and intended to be bound by its terms, or the Addendum involved did not affect price, quality, or delivery.
- (b)** The District may correct a clerical error if the error is evident on the face of the Offer or other documents submitted with the Offer, and the Offeror confirms the District's correction in Writing. A clerical error is an Offeror's error in transcribing its Offer. Unit prices shall prevail over extended prices in the event of a discrepancy between extended prices and unit prices.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (c) The District may permit an Offeror to withdraw an Offer based on one or more clerical errors in the Offer only if the Offeror shows with objective proof and by clear and convincing evidence:
 - (A) The nature of the error;
 - (B) That the error is not a minor informality under this Section or an error in judgment;
 - (C) That the error cannot be corrected or waived under Section (2)(b) of this Rule;
 - (D) That the Offeror acted in good faith in submitting an Offer that contained the claimed error and in claiming that the alleged error in the Offer exists;
 - (E) That the Offeror acted without gross negligence in submitting an Offer that contained a claimed error;
 - (F) That the Offeror will suffer substantial detriment if the District does not grant the Offeror permission to withdraw the Offer;
 - (G) That the District's or the public's status has not changed so significantly that relief from the forfeiture will work a substantial hardship on the District or the public it represents; and
 - (H) That the Offeror promptly gave Notice of the claimed error to the District.
- (d) The criteria in Section (2)(c) of this Rule must determine whether the District will permit an Offeror to withdraw its Offer after Closing. These criteria also must apply to the question of whether the District will permit an Offeror to withdraw its Offer without forfeiture of its Bid bond (or other Bid or Proposal security), or without liability to the District based on the difference between the amount of the Offeror's Offer and the amount of the Contract actually Awarded by the District, whether by Award to the next lowest Responsive and Responsible Bidder or the best Responsive and Responsible Proposer, or by resort to a new solicitation.
- (3) **Rejection for Mistakes.** The District will reject any Offer in which a mistake is evident on the face of the Offer and the intended correct Offer is not evident or cannot be substantiated from documents submitted with the Offer.
- (4) **Identification of Mistakes after Award.** The procedures and criteria set forth above are Offeror's only opportunity to correct mistakes or withdraw Offers because of a mistake. Following Award, an Offeror is bound by its Offer, and may withdraw its Offer or rescind a Contract entered into pursuant to this Division 49 only to the extent permitted by applicable law.

PPS-49-0360 First-Tier Subcontractors; Disclosure and Substitution; ITB

- (1) **Required Disclosure.** Within two working hours after the Bid Closing on an ITB for a Public Improvement having a Contract Price anticipated by the District to exceed \$100,000, all Bidders must submit to the District a disclosure form as described by ORS 279C.370(2), identifying any first-tier subcontractors (those entities that would be contracting directly with the prime Contractor) that will be furnishing labor or labor and materials on the Contract, if Awarded, whose subcontract value would be equal to or greater than:
 - (a) 5% of the total Contract Price, but at least \$15,000; or
 - (b) \$350,000, regardless of the percentage of the total Contract Price.
- (2) **Bid Closing, Disclosure Deadline, and Bid Opening.** For each ITB to which this Rule applies, the District must:
 - (a) Set the Bid Closing on a Tuesday, Wednesday, or Thursday, and at a time between 2:00 p.m. and 5:00 p.m., except that these Bid Closing restrictions do not apply to an ITB for maintenance or

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

construction of highways, bridges, or other transportation facilities, and provided that the two-hour disclosure deadline described by this Rule would not then fall on a legal holiday;

- (b) Open Bids publicly immediately after the Bid Closing; and
- (c) Consider for Contract Award only those Bids for which the required disclosure has been submitted by the announced deadline on forms prescribed by the District.

(3) Bidder Instructions and Disclosure Form. For the purposes of this Rule, the District in its solicitation must:

- (a) Prescribe the disclosure form that must be utilized, substantially in the form set forth in ORS 279C.370(2); and
- (b) Provide instructions in a Notice substantially similar to the following:

"Instructions for First-Tier Subcontractor Disclosure:

Bidders are required to disclose information about certain first-tier subcontractors (see ORS 279C.370). Specifically, when the Contract amount of a first-tier subcontractor furnishing labor or labor and materials would be greater than or equal to: (i) 5% of the Project Bid, but at least \$15,000, or (ii) \$350,000 regardless of the percentage, the Bidder must disclose the following information about that subcontract either in its Bid submission, or within two hours after Bid Closing:

- (A) The subcontractor's name,
- (B) The category of Work that the subcontractor would be performing, and
- (C) The dollar value of the subcontract.

If the Bidder will not be using any subcontractors that are subject to the above disclosure requirements, the Bidder is required to indicate "NONE" on the accompanying form.

THE DISTRICT MUST REJECT A BID IF THE BIDDER FAILS TO SUBMIT THE DISCLOSURE FORM WITH THIS INFORMATION BY THE STATED DEADLINE (see PPS-49-0360)."

(4) Submission. A Bidder must submit the disclosure form required by this Rule either in its Bid submission or within two working hours after Bid Closing in the manner specified by the ITB.

(5) Responsiveness. Compliance with the disclosure and submittal requirements of ORS 279C.370 and this Rule is a matter of Responsiveness. Bids that are submitted by Bid Closing, but for which the disclosure submittal has not been made by the specified deadline, are not Responsive and will not be considered for Contract Award.

(6) District Role. The District must obtain, and make available for public inspection, the disclosure forms required by ORS 279C.370 and this Rule. The District must also provide copies of disclosure forms to BOLI as required by ORS 279C.835. The District is not required to determine the accuracy or completeness of the information provided on disclosure forms.

(7) Substitution. Pursuant to ORS 278C.585, a Contractor whose Bid is accepted may substitute a first-tier subcontractor that was not disclosed under ORS 279C.370 and this Rule by submitting the name of the new subcontractor and the reason for the substitution in Writing to the District. A Contractor may substitute a first-tier subcontractor under this Section in the following circumstances:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) When the subcontractor disclosed under ORS 279C.370 fails or refuses to execute a Written Contract after having had a reasonable opportunity to do so after the Written Contract, which must be reasonably based on the general terms, conditions, plans, and Specifications for the Public Improvement Project or the terms of the subcontractor's Written Bid, is presented to the subcontractor by the Contractor.
- (b) When the disclosed subcontractor becomes bankrupt or insolvent.
- (c) When the disclosed subcontractor fails or refuses to perform the subcontract.
- (d) When the disclosed subcontractor fails or refuses to meet the bond requirements of the Contractor that had been identified prior to the Bid submittal.
- (e) When the Contractor demonstrates to the District that the subcontractor was disclosed as the result of an inadvertent clerical error.
- (f) When the disclosed subcontractor does not hold a license from, or has a license that is not properly endorsed by, the Construction Contractors Board and is required to be licensed by the Construction Contractors Board.
- (g) When the Contractor determines that the Work performed by the disclosed subcontractor is substantially unsatisfactory and not in substantial accordance with the plans and Specifications or that the subcontractor is substantially delaying or disrupting the progress of the Work.
- (h) When the disclosed subcontractor is ineligible to work on a Public Improvement Contract under applicable statutory provisions.
- (i) When the substitution is for good cause. The Construction Contractors Board shall define "good cause" by rule. "good cause" includes, but is not limited to, the financial instability of a subcontractor. The definition of "good cause" must reflect the least-cost policy for Public Improvement Contracts established in ORS 279C.305.
- (j) When the substitution is reasonably based on the Contract alternates chosen by the District.

The District must accept Written submissions filed under this Section (7) as public records. Aside from issues involving inadvertent clerical error under ORS 279C.585, the District does not have a statutory role or duty to review, approve, or resolve disputes concerning such substitutions. See ORS 279C.590 regarding complaints to the Construction Contractors Board on improper substitution.

PPS-49-0370 Disqualification of Persons

(1) Authority. The District may disqualify a Person from consideration of Award of the District's Contracts after providing the Person with Notice and a reasonable opportunity to be heard in accordance with Sections (2) and (4) of this Rule.

- (a) Standards for Conduct Disqualification. As provided in ORS 279C.440, the District may disqualify a Person for:
 - (A) Conviction for the commission of a criminal offense as an incident in obtaining or attempting to obtain a public or private Contract or subcontract or in the performance of such Contract or subcontract.
 - (B) Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty that currently, seriously, and directly affects the Person's responsibility as a Contractor.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (C) Conviction under state or federal antitrust statutes.
- (D) Violation of a Contract provision that is regarded by the District to be so serious as to justify disqualification. A violation under this Section (1)(a)(D) may include, but is not limited to, material failure to perform the terms of a Contract or an unsatisfactory performance in accordance with the terms of the Contract. However, a Person's failure to perform or unsatisfactory performance caused by acts beyond the Person's control is not a basis for disqualification.
- (E) Failure to carry workers' compensation or unemployment insurance as required by statute.
- (b) Standards for DBE Disqualification. As provided in ORS 200.065, 200.075, or 279A.110, the District may disqualify a Person's right to submit an Offer or to participate in a Contract (e.g., subcontractors) as follows:
 - (A) For a DBE Disqualification under ORS 200.065, the District may disqualify a Person upon finding that:
 - (i) The Person fraudulently obtained or retained or attempted to obtain or retain or aided another Person to fraudulently obtain or retain or attempt to obtain or retain certification as a disadvantaged, minority, women or emerging small business enterprise; or
 - (ii) The Person knowingly made a false claim that any Person is qualified for certification or is certified under ORS 200.055 for the purpose of gaining a Contract or subcontract or other benefit; or
 - (iii) The Person has been disqualified by another district pursuant to ORS 200.065.
 - (B) For a DBE Disqualification under ORS 200.075, the District may disqualify a Person upon finding that:
 - (i) The Person has entered into an agreement representing that a disadvantaged, minority, women or emerging small business enterprise, certified pursuant to ORS 200.055 ("Certified Enterprise"), will perform or supply materials under a Public Improvement Contract without the knowledge and consent of the Certified Enterprise; or
 - (ii) The Person exercises management and decision-making control over the internal operations, as defined by ORS 200.075(1)(b), of any Certified Enterprise; or
 - (iii) The Person uses a Certified Enterprise to perform Services under a Contract or to provide supplies under a Public Improvement Contract to meet an established Certified Enterprise goal, and such enterprise does not perform a commercially useful function, as defined by ORS 200.075(3), in performing its obligations under the Contract.
 - (iv) If a Person is disqualified for a DBE Disqualification under ORS 200.075, the affected District must not permit such Person to participate in that District's Contracts.
 - (C) For a DBE Disqualification under ORS 279A.110, the District may disqualify a Person if the District finds that the Person discriminated against minority, women, or emerging small business enterprises in Awarding a subcontract under a Contract with that District.
- (2) **Notice of Intent to Disqualify**. The District must notify the Person in Writing of a proposed disqualification personally or by registered or certified mail, return receipt requested. This Notice must:
 - (a) State that the District intends to disqualify the Person;

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) Set forth the reasons for the disqualification;
 - (c) Include a statement of the Person's right to a hearing if requested in Writing within a time period established by the District and that if the District does not receive the Person's Written request for a hearing within the time stated, the Person must have waived its right to a hearing;
 - (d) Include a statement of the authority and jurisdiction under which the hearing will be held;
 - (e) Include a reference to the particular Sections of the statutes and Rules involved;
 - (f) State the proposed disqualification period; and
 - (g) State that the Person may be represented by legal counsel.
- (3) **Hearing.** The Superintendent will schedule a hearing upon receipt of a timely request for hearing. The Superintendent will notify the Person of the time and place of the hearing and provide information on hearing procedures. Following the hearing, the Superintendent will make a decision on whether to disqualify the Person.
- (4) **Notice of Disqualification.** The District will notify the Person in Writing of its disqualification, personally or by registered or certified mail, return receipt requested. The Notice must contain:
- (a) The effective date and period of disqualification;
 - (b) The grounds for disqualification; and
 - (c) A statement of the Person's appeal rights and applicable appeal deadlines as provided in Section (5) of this Rule.
- (5) **Appeal of Disqualification.**
- (a) Any Person who wishes to appeal a decision by the Superintendent to disqualify the Person under this Section shall, within three business Days after receipt of the Notice of Intent to Disqualify under Section (4) of this Rule, file Written Notice with the District that the Person appeals the decision. The District shall notify the Contract Review Board and schedule the appeal hearing before the Contract Review Board.
 - (b) Immediately upon receipt of the prospective Bidder's or Proposer's Notice of appeal, the District shall notify the appropriate Local Contract Review Board.
 - (c) Upon the receipt of Notice from the District under Section (2) of this Rule, the Contract Review Board shall promptly notify the Person appealing and the District of the time and place of the hearing. The Contract Review Board shall conduct the hearing and decide the appeal within 30 Days after receiving the Notice from the District. The Contract Review Board shall set forth in Writing the reasons for the hearing decision.
 - (d) At the hearing the Contract Review Board shall consider de novo the Notice of disqualification, the reasons for disqualification set forth in Section (1) of this Rule on which the District based the disqualification, and any evidence provided by the parties. Hearings before a Contract Review Board shall be conducted under rules of procedure adopted by the Contract Review Board.
 - (e) The Contract Review Board may allocate the Contract Review Board's costs for the hearing between the Person appealing and the District. The allocation shall be based on facts found by the Contract Review Board and stated in the final order that, in the Contract Review Board's opinion, warrant such allocation of costs. If the final order does not allocate the costs for the hearing, the costs shall be paid as follows:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (A) If the decision to disqualify the Person is upheld, the costs shall be paid by the Person appealing the decision.
- (B) If the decision to disqualify a Person is reversed, the costs shall be paid by the District.
- (f) Judicial review of any decision by the Contract Review Board shall be as set forth in ORS 279C.450.

PPS-49-0380 Bid or Proposal Evaluation Criteria

(1) **General.** A Public Improvement Contract, if Awarded, must be Awarded to the Responsible Bidder submitting the lowest Responsive Bid, or to the Responsible Proposer submitting the best Responsive Proposal. See PPS-49-0390 and Rules for Alternative Contracting Methods at PPS-49-0600 to PPS-49-0690.

(2) **Bid Evaluation Criteria.** Invitations to Bid may solicit lump-sum Offers, unit-price Offers, or a combination of the two.

- (a) **Lump Sum.** If the ITB requires a lump-sum Bid without additive or deductive alternates, or if the District elects not to Award additive or deductive alternates, Bids must be compared on the basis of lump-sum prices, or lump-sum base-Bid prices, as applicable. If the ITB calls for a lump-sum base Bid, plus additive or deductive alternates, the total Bid price must be calculated by adding to or deducting from the base Bid those alternates selected by the District for the purpose of comparing Bids.
- (b) **Unit Price.** If the Bid includes unit pricing for estimated quantities, the total Bid price must be calculated by multiplying the estimated quantities by the unit prices submitted by the Bidder, and adjusting for any additive or deductive alternates selected by the District for the purpose of comparing Bids. The District must specify within the Solicitation Document the estimated quantity of the Procurement to be used for determination of the low Bidder. In the event of mathematical discrepancies between unit price and any extended price calculations submitted by the Bidder, the unit price governs. See PPS-49-0350(2)(b).

(3) **Proposal Evaluation Criteria.** If the District has exempted the Procurement of a Public Improvement from the Competitive Bidding requirements of ORS 279C.335(1) and has directed the Contracting Agency to use an Alternative Contracting Method under ORS 279C.335(4), the District shall set forth the evaluation criteria in the Solicitation Documents. See PPS-49-0640, PPS-49-050, ORS 279C.335, and ORS 279C.405.

PPS-49-0390 Offer Evaluation and Award; Determination of Responsibility

(1) **General.** If Awarded, the District must Award the Contract to the Responsible Bidder submitting the lowest Responsive Bid or the Responsible Proposer or Proposers submitting the best Responsive Proposal or Proposals, provided that such Person is not listed by the Construction Contractors Board as disqualified to hold a Public Improvement Contract (See ORS 279C.375(3)(a)) or is ineligible for Award as a nonresident education service district (ORS 279C.325). The District may Award by item, groups of items, or the entire Offer provided such Award is consistent with the Solicitation Document and in the public interest. Where Award is based on Competitive Bids, ORS 279C.375(5) permits multiple Contract Awards when specified in the ITB.

(2) **Determination of Responsibility.** Offerors are required to demonstrate their ability to perform satisfactorily under a Contract. Before Awarding a Contract, the District must have information that indicates that the Offeror meets the standards of responsibility set forth in ORS 279C.375(3)(b). To be a Responsible Offeror, the District must determine that the Offeror:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) Has available the appropriate financial, material, equipment, facility, and personnel resources and expertise, or has the ability to obtain the resources and expertise, necessary to meet all Contractual responsibilities.
- (b) Holds current licenses that businesses or service professionals operating in this state must hold in order to undertake or perform the Work specified in the Contract.
- (c) Is covered by liability insurance and other insurance in amounts the District requires in the Solicitation Documents.
- (d) Qualifies as a carrier-insured employer or a self-insured employer under ORS 656.407, or has elected coverage under ORS 656.128.
- (e) Has made the disclosure required under ORS 279C.370.
- (f) Completed previous contracts of a similar nature with a satisfactory record of performance. For purposes of this subparagraph, a satisfactory record of performance means that to the extent that the costs associated with and time available to perform a previous contract remained within the Bidder's control, the Bidder stayed within the time and budget allotted for the procurement, and otherwise performed the contract in a satisfactory manner. The District shall document the Bidder's record of performance in the Procurement File if the District finds under this subparagraph that the Bidder is not responsible.
- (g) Has a satisfactory record of integrity. In evaluating the Bidder's record of integrity, the District may consider, among other things, whether the Bidder has previous criminal convictions for offenses related to obtaining or attempting to obtain a contract or subcontract or in connection with the Bidder's performance of a contract or subcontract. The District shall document the Bidder's record of integrity in the Procurement File if the District finds under this subparagraph that the Bidder is not responsible.
- (h) Is legally qualified to contract with the District.
- (i) Supplied all necessary information in connection with the inquiry concerning responsibility. If a Bidder fails to promptly supply information concerning responsibility that the District requests, the District shall determine the Bidder's responsibility based on available information, or may find that the Bidder is not responsible.

(3) Documenting Agency Determinations. The District must document its compliance with ORS 279C.375(3) and the above Sections of this Rule on a Responsibility Determination Form substantially as set forth in 279.375(3)(c), and file that form with the Construction Contractors Board within 30 Days after Contract Award.

(4) District Evaluation. The District must evaluate an Offer only as set forth in the Solicitation Document and in accordance with applicable law. The District must not evaluate an Offer using any other requirement or criterion.

(5) Offeror Submissions.

- (a) The District may require an Offeror to submit Product Samples, Descriptive Literature, technical data, or other material, and may also require any of the following prior to Award:
 - (A) Demonstration, inspection, or testing of a product for characteristics such as compatibility, quality, or workmanship;
 - (B) Examination of such elements as appearance or finish; or

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (C) Other examinations to determine whether the product conforms to Specifications.
- (b) The District must evaluate product acceptability only in accordance with the criteria disclosed in the Solicitation Document to determine that a product is acceptable. The District must reject an Offer providing any product that does not meet the Solicitation Document requirements. The District's rejection of an Offer because it offers nonconforming Work or materials is not disqualification and is not appealable under ORS 279C.445.
- (6) **Evaluation of Bids.** The District must use only objective criteria to evaluate Bids as set forth in the ITB. The District must evaluate Bids to determine which Responsible Offeror Offers the lowest Responsive Bid.
 - (a) Nonresident Bidders. In determining the lowest Responsive Bid, the District must add a percentage increase to the Bid of a nonresident Bidder equal to the percentage, if any, of the preference given to that Bidder in the state in which the Bidder resides.
 - (b) Clarifications. In evaluating Bids, the District may seek information from a Bidder only to clarify the Bidder's Bid. Such clarification must not vary, contradict, or supplement the Bid. A Bidder must submit Written and Signed clarifications and such clarifications must become part of the Bidder's Bid.
 - (c) Negotiation Prohibited. The District must not negotiate scope of Work or other terms or conditions under an Invitation to Bid process prior to Award.
- (7) **Evaluation of Proposals.** See PPS-49-0650 regarding Rules applicable to Requests for Proposals.

PPS-49-0395 Notice of Intent to Award

- (1) **Notice.** At least seven Days before the Award of a Public Improvement Contract, the District shall issue to each Bidder (pursuant to ORS 279C.375(2)) and each Proposer (pursuant to 279C.410(7)), or post electronically or otherwise, a Notice of the District's Intent to Award the Contract. This requirement does not apply to Award of a Small (under \$5,000) or Intermediate (informal Competitive Quotes) Public Improvement Contract Awarded under ORS 279C.335(1)(c) or (d).
- (2) **Form and Manner of Posting.** The form and manner of posting Notice shall conform to customary practices within the District's Procurement system, and may be made electronically.
- (3) **Finalizing Award.** The District's Award shall not be final until the later of the following:
 - (a) Seven Days after the date of the Notice, unless the Solicitation Document provided a different period for protest; or
 - (b) The District provides a Written response to all timely filed protests that denies each protest and affirms the Award.
- (4) **Prior Notice Impractical.** Posting of Notice of Intent to Award shall not be required when the District determines that it is impractical due to unusual time constraints in making prompt Award for its immediate Procurement needs, documents the Procurement File as to the reasons for that determination, and posts Notice of that action as soon as reasonably practical.

PPS-49-0400 Documentation of Award; Availability of Award Decisions

- (1) **Basis of Award.** After Award, the District must make a record showing the basis for determining the successful Offeror part of the District's Procurement File.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (2) **Contents of Award Record for Bids.** The District's record must include:
- (a) Bids.
 - (b) Completed Bid tabulation sheet; and
 - (c) Written justification for any rejection of lower Bids.
- (3) **Contents of Award Record for Proposals.** Where the use of Requests for Proposals is authorized as set forth in PPS-49-0650, the District's record must include:
- (a) Proposals.
 - (b) The completed evaluation of the Proposals;
 - (c) Written justification for any rejection of higher-scoring Proposals or for failing to meet mandatory requirements of the Request for Proposal; and
 - (d) If the District permitted negotiations in accordance with PPS-49-0650, the District's completed evaluation of the initial Proposals and the District's completed evaluation of final Proposals.
- (4) **Contract Document.** The District must deliver a fully executed copy of the final Contract to the successful Offeror.
- (5) **Bid Tabulations and Award Summaries.** Upon request of any Person, the District must provide tabulations of Awarded Bids or evaluation summaries of Proposals for a nominal charge which may be payable in advance. Requests must contain the Solicitation Document number and, if requested, be accompanied by a self-addressed, stamped envelope. The District may also provide tabulations of Bids and Proposals Awarded on designated Web sites.
- (6) **Availability of Procurement Files.** The District must make completed Procurement Files available for public review at the District.
- (7) **Copies from Procurement Files.** Any Person may obtain copies of material from Procurement Files upon payment of a reasonable copying charge.

PPS-49-0410 Time for District Acceptance; Extension

- (1) **Time for Offer Acceptance.** An Offeror's Bid, or Proposal submitted as a Firm Offer (see PPS-49-0280), is irrevocable, valid, and binding on the Offeror for not less than 60 Days from Closing unless otherwise specified in the Solicitation Document.
- (2) **Extension of Acceptance Time.** The District may request, orally or in Writing, that Offerors extend, in Writing, the time during which the District may consider and accept their Offer(s). If an Offeror agrees to such extension, the Offer must continue as a Firm Offer, irrevocable, valid, and binding on the Offeror for the agreed-upon extension period.

PPS-49-0420 Negotiation With Bidders Prohibited

- (1) **Bids.** Except as permitted by ORS 279C.340 and PPS-49-0430 when all Bids exceed the Cost Estimate, the District must not negotiate with any Bidder prior to Contract Award. After Award of the Contract, the District and the Contractor may only modify the Contract by Change Order or Amendment to the Contract in accordance with PPS-49-0860.
- (2) **Requests for Proposals.** The District may only conduct discussions or negotiations with Proposers in accordance with the requirements of PPS-49-0650.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0430 Negotiation When Bids Exceed Cost Estimate

- (1) **Generally.** In accordance with ORS 279C.340, if all Responsive Bids from Responsible Bidders on a competitively Bid Project exceed the District's Cost Estimate, prior to Contract Award the District may negotiate Value Engineering and Other Options with the Responsible Bidder submitting the lowest Responsive Bid in an attempt to bring the Project within the District's Cost Estimate. The subcontractor disclosure and substitution requirements of PPS-49-0360 do not apply to negotiations under this Rule.
- (2) **Definitions.** The following definitions apply to this Rule:
- (a) **"Cost Estimate"** means the District's most recent pre-Bid, good-faith assessment of anticipated Contract costs, consisting either of an estimate of an Architect, Engineer, or other qualified professional, or confidential cost calculation worksheets, where available, and otherwise consisting of formal planning or budgetary documents.
 - (b) **"Other Options"** means those items generally considered appropriate for negotiation in the RFP process, relating to the details of Contract performance as specified in PPS-49-0650, but excluding any material requirements previously announced in the solicitation process that would likely affect the field of competition.
 - (c) **"Project"** means a Public Improvement.
 - (d) **"Value Engineering"** means the identification of alternative methods, materials, or systems which provide for comparable function at reduced initial or life-time cost. It includes proposed changes to the plans, Specifications, or other Contract requirements that may be made, consistent with industry practice, under the Original Contract by mutual agreement in order to take advantage of potential cost savings without impairing the essential functions or characteristics of the Public Improvement. Cost savings include those resulting from Life-Cycle Costing, which may either increase or decrease absolute costs over varying time periods.
- (3) **Rejection of Bids.** In determining whether all Responsive Bids from Responsible Bidders exceed the Cost Estimate, only those Bids that have been formally rejected, or Bids from Bidders who have been formally disqualified by the District, must be excluded from consideration.
- (4) **Scope of Negotiations.** The District must not proceed with Contract Award if the scope of the Project is significantly changed from the original Bid. The scope is considered to have been significantly changed if the pool of competition would likely have been affected by the change; that is, if other Bidders would have been expected by the District to participate in the Bidding process had the change been made during the solicitation process rather than during negotiation. This Rule must not be construed to prohibit solicitation of trade subcontracts.
- (5) **Discontinuing Negotiations.** The District may discontinue negotiations at any time, and must do so if it appears to the District that the apparent low Bidder is not negotiating in good faith or fails to share cost and pricing information upon request. Failure to re-Bid any portion of the Project, or to obtain subcontractor pricing information upon request, must be considered a lack of good faith.
- (6) **Limitation.** Negotiations may be undertaken only with the lowest Responsive, Responsible Bidder pursuant to ORS 279C.340. That statute does not provide any additional authority to further negotiate with Bidders next in line for Contract Award.
- (7) **Public Records.** To the extent that a Bidder's records used in Contract negotiations under ORS 279C.340 are public records, they are exempt from disclosure until after the negotiated Contract has been Awarded or the negotiation process has been terminated, at which time they are subject to disclosure pursuant to the provisions of the Oregon Public Records Law, ORS 192.410 through 192.505.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0440 Rejection of Offers

(1) Rejection of an Offer.

- (a) The District may reject any Offer upon finding that to accept the Offer may impair the integrity of the Procurement process or that rejecting the Offer is in the public interest.
- (b) The District will reject an Offer upon the District's finding that the Offer:
 - (A) Is contingent upon the District's acceptance of terms and conditions (including Specifications) that differ from the Solicitation Document, or
 - (B) Takes exception to terms and conditions (including Specifications), or
 - (C) Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the Solicitation Document or in contravention of applicable law; or
 - (D) Offers Work that fails to meet the Specifications of the Solicitation Document; or
 - (E) Is late; or
 - (F) Is not in substantial compliance with the Solicitation Document; or
 - (G) Is not in substantial compliance with all prescribed public solicitation procedures.
- (c) The District will reject an Offer upon the District's finding that the Offeror:
 - (A) Has not been prequalified under ORS 279C.430 and the District required mandatory prequalification; or
 - (B) Has been disqualified; or
 - (C) Has been declared ineligible under ORS 279C.860 by the Commissioner of BOLI and the Contract is for a Public Work; or
 - (D) Is listed as not qualified by the Construction Contractors Board, if the Contract is for a Public Improvement; or
 - (E) Has not met the requirements of ORS 279A.105 if required by the Solicitation Document; or
 - (F) Has not submitted properly executed Bid or Proposal security as required by the Solicitation Document; or
 - (G) Has failed to provide the certification required under Section (3) of this Rule; or
 - (H) Is not Responsible. See PPS-49-0390(2) regarding District determination that the Offeror has met statutory standards of responsibility.

(2) Form of Business. For purposes of this Rule, the District may investigate any Person submitting an Offer. The investigation may include that Person's officers, directors, owners, affiliates, or any other Person acquiring ownership of the Person to determine application of this Rule or to apply the disqualification provisions of ORS 279C.440 through 279C.450 and PPS-49-0370.

(3) Certification of Non-Discrimination. The Offeror must certify and deliver to the District Written certification, as part of the Offer, that the Offeror has not discriminated against minority, women or emerging small business enterprises in obtaining any required subcontracts. Failure to do so must be grounds for disqualification.

(4) Rejection of all Offers. The District may reject all Offers for good cause upon the District's Written Finding that it is in the public interest to do so. The District must notify all Offerors of the rejection of all Offers, along with the good-cause justification and Finding.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (5) **Criteria for Rejection of All Offers.** The District may reject all Offers upon a Written Finding that:
- (a) The content of or an error in the Solicitation Document or the solicitation process unnecessarily restricted competition for the Contract;
 - (b) The price, quality, or performance presented by the Offerors is too costly or of insufficient quality to justify acceptance of the Offer;
 - (c) Misconduct, error, or ambiguous or misleading provisions in the Solicitation Document threaten the fairness and integrity of the Competitive process;
 - (d) Causes other than legitimate market forces threaten the integrity of the Competitive Procurement process. These causes include, but are not limited to, those that tend to limit competition such as restrictions on competition, collusion, corruption, unlawful anti-competitive conduct, and inadvertent or intentional errors in the Solicitation Document;
 - (e) The District cancels the solicitation in accordance with PPS-49-0270; or
 - (f) Any other circumstance indicating that Awarding the Contract would not be in the public interest.

PPS-49-0450 Protest of Contractor Selection, Contract Award

- (1) **Purpose.** An adversely affected or aggrieved Offeror must exhaust all avenues of administrative review and relief before seeking judicial review of the District's Contractor selection or Contract Award decision.
- (2) **Notice of Competitive Range.** Unless otherwise provided in the RFP, when the Competitive Proposal process is authorized under PPS-49-0650, the District must provide Written Notice to all Proposers of the District's determination of the Proposers included in the Competitive Range. The District's Notice of the Proposers included in the Competitive Range must not be final until the later of the following:
- (a) Ten Days after the date of the Notice, unless otherwise provided therein; or
 - (b) Until the District provides a Written response to all timely filed protests that denies the protest and affirms the Notice of the Proposers included in the Competitive Range.
- (3) **Notice of Intent to Award.** Unless otherwise provided in the Solicitation Document, the District must provide Written Notice to all Offerors of the District's Intent to Award the Contract as provided in PPS-49-0395.
- (4) **Right to Protest Award.**
- (a) An adversely affected or aggrieved Offeror may submit to the District a Written protest of the District's Intent to Award within seven Days after issuance of the Notice of Intent to Award the Contract, unless a different protest period is provided under the Solicitation Document.
 - (b) The Offeror's protest must be in Writing and must specify the grounds on which the protest is based.
 - (c) An Offeror is adversely affected or aggrieved only if the Offeror is eligible for Award of the Contract as the Responsible Bidder submitting the lowest Responsive Bid or the Responsible Proposer submitting the best Responsive Proposal and is next in line for Award, i.e., the protesting Offeror must claim that all lower Bidders or higher-scored Proposers are ineligible for Award:
 - (A) Because their Offers were Non-Responsive; or

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (B) The District committed a substantial violation of a provision in the Solicitation Document or of an applicable Procurement statute or administrative rule, and the protesting Offeror was unfairly evaluated and would have, but for such substantial violation, been the Responsible Bidder offering the lowest Bid or the Responsible Proposer offering the highest-ranked Proposal.
- (d) The District will not consider a protest submitted after the time period established in this Rule or such different period as may be provided in the Solicitation Document. A Proposer may not protest the District's decision not to increase the size of the Competitive Range above the size of the Competitive Range set forth in the RFP.
- (5) Right to Protest Competitive Range.**

 - (a) An adversely affected or aggrieved Proposer may submit to the District a Written protest of the District's decision to exclude the Proposer from the Competitive Range within seven Days after issuance of the Notice of the Competitive Range, unless a different protest period is provided under the Solicitation Document. (See procedural requirements for the use of RFPs at PPS-49-0650.)
 - (b) The Proposer's protest must be in Writing and must specify the grounds on which the protest is based.
 - (c) A Proposer is adversely affected only if the Proposer is responsible and submitted a Responsive Proposal and is eligible for inclusion in the Competitive Range, i.e., the protesting Proposer must claim it is eligible for inclusion in the Competitive Range if all ineligible higher-scoring Proposers are removed from consideration, and that those ineligible Proposers are ineligible for inclusion in the Competitive Range because:

 - (A) Their Proposals were not Responsive; or
 - (B) The District committed a substantial violation of a provision in the RFP or of an applicable Procurement statute or administrative rule, and the protesting Proposer was unfairly evaluated and would have, but for such substantial violation, been included in the Competitive Range.
 - (d) The District must not consider a protest submitted after the time period established in this Rule or such different period as may be provided in the Solicitation Document. A Proposer may not protest the District's decision not to increase the size of the Competitive Range above the size of the Competitive Range set forth in the RFP.
- (6) Authority to Resolve Protests.** The Superintendent may settle or resolve a Written protest submitted in accordance with the requirements of this Rule.
- (7) Decision.** If a protest is not settled, the Superintendent, or such Person's designee, must promptly issue a Written decision on the protest. Judicial review of this decision will be available if provided by statute.
- (8) Award.** The successful Offeror must promptly execute the Contract after the Award is final. The District must execute the Contract only after it has obtained all applicable required documents and approvals.

PPS-49-0460 Performance and Payment Security; Waiver

- (1) Public Improvement Contracts.** Unless the required performance bond is waived under ORS 279C.380(1)(a) or this Rule, excused in cases of emergency under ORS 279C.380(4), or unless the District exempts a Contract or classes of Contracts from the required performance bond and payment bond

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

pursuant to ORS 279C.390, the Contractor must execute and deliver to the District a performance bond and a payment bond each in a sum equal to the Contract Price for all Public Improvement Contracts.

(2) Other Construction Contracts. The District may require performance security for other construction Contracts that are not Public Improvement Contracts. Such requirements must be expressly set forth in the Solicitation Document.

(3) Requirement for Surety Bond. The District must accept only a performance bond furnished by a surety company authorized to do business in Oregon unless otherwise specified in the Solicitation Document (i.e., the District may accept a cashier's check or certified check in lieu of all or a portion of the required performance bond if specified in the Solicitation Document). The payment bond must be furnished by a surety company authorized to do business in Oregon, and in an amount equal to the full Contract Price.

(4) Time for Submission. The apparent successful Offeror must promptly furnish the required performance security at the District's request. If the Offeror fails to furnish the security as requested, the District may reject the Offer and Award the Contract to the Responsible Bidder with the next lowest Responsive Bid or the Responsible Proposer with the next highest-scoring Responsive Proposal, and, at the District's discretion, the Offeror must forfeit its Bid or Proposal security.

(5) Public Improvement Contracts Under \$100,000. The Superintendent may, in his or her discretion, waive the Bid security requirements and performance and payment bond requirements of ORS 279C.380 if the amount of the Contract for the Public Improvement is \$100,000 or less.

PPS-49-0470 Substitute Contractor

If the Contractor provided a performance bond, the District may afford the Contractor's surety the opportunity to provide a substitute Contractor to complete performance of the Contract. A substitute Contractor must perform all remaining Contract Work and comply with all terms and conditions of the Contract, including the provisions of the performance bond and the payment bond. Such substitute performance does not involve the Award of a new Contract and must not be subject to the Competitive Procurement provisions of ORS 279C.

PPS-49-0490 Foreign Contractor

If the Contract Price exceeds \$10,000 and the Contractor is a Foreign Contractor, the Contractor must promptly report to the Oregon Department of Revenue on forms provided by the Department of Revenue, the Contract Price, terms of payment, Contract duration, and such other information as the Department of Revenue may require before final payment can be made on the Contract. A copy of the report must be forwarded to the District. The District Awarding the Contract must satisfy itself that the above requirements have been complied with before it issues final payment on the Contract.

ALTERNATIVE CONTRACTING METHODS

PPS-49-0600 Alternative Contracting Methods; Purpose

These PPS-49-0600 to PPS-49-0690 Rules are intended to provide guidance to the District regarding the use of Alternative Contracting Methods for Public Improvement Contracts. Those methods include, but are not limited to, Design-Build, ESPC, and Construction Manager/General Contractor ("CM/GC") forms of contracting. As to ESPC contracting, these PPS-49-0600 through PPS-49-0690 Rules implement the requirements of ORS 279C.335 pertaining to the adoption of Rules appropriate for use by the entire District to govern the procedures for entering into ESPCs.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0610 Definitions for Alternative Contracting Methods

The following definitions must apply to Rules PPS-49-0600 to PPS-49-0690, unless the context requires otherwise:

- (1) **"Alternative Contracting Methods"** mean innovative Procurement techniques for obtaining Public Improvement Contracts, utilizing processes other than the traditional method of Design-Bid-Build (with Award based solely on price, in which a final design is issued with formal Bid Documents, construction services are obtained by Sealed Bid Awarded to the lowest Responsive, Responsible Bidder, and the Project is built in accordance with those Documents). In industry practice, such methods commonly include variations of Design-Build contracting, CM/GC forms of contracting, and ESPCs, which are specifically addressed in these PPS-49-0600 to PPS-49-0690 Rules, as well as other developing techniques such as general "performance" and "cost-plus-time" contracting, for which procedural requirements are identified under these PPS-49-0600 to PPS-49-0690 Rules.
- (2) **"Construction Manager/General Contractor"** means a form of Procurement that results in a Public Improvement Contract for a Construction Manager/General Contractor to undertake Project team involvement with design development; constructability reviews; value engineering, scheduling, estimating, and subcontracting services; establish a GMP to complete the Contract Work; act as General Contractor; hold all subcontracts, self-perform portions of the Work as may be allowed by the District under the CM/GC Contract; coordinate and manage the building process; provide General Contractor expertise; and act as a member of the Project team along with the District, Architect/Engineers, and other Consultants. CM/GC also refers to a Contractor under this form of Contract, sometimes known as the "Construction Manager at Risk."
- (3) **"Design-Build"** means a form of Procurement that results in a Public Improvement Contract in which the construction Contractor also provides or obtains specified design services, participates on the Project team with the District, and manages both design and construction. In this form of Contract, a single Person provides the District with all of the Services necessary to both design and construct the Project.
- (4) **"Energy Conservation Measures" ("ECMs")** (also known as **"Energy Efficiency Measures"**) means, as used in ESPC Procurement, any equipment, fixture, or furnishing to be added to or used in an existing building or structure, and any repair, alteration, or improvement to an existing building or structure that is designed to reduce energy consumption and related costs, including those costs related to electrical energy, thermal energy, water consumption, waste disposal, and future Contract-labor costs and materials costs associated with maintenance of the building or structure. For purposes of these PPS-49-0600 to PPS-49-0690 Rules, use of either or both of the terms "building" or "structure" must be deemed to include existing energy, water, and waste disposal systems connected or related to or otherwise used for the building or structure when such system(s) are included in the Project, either as part of the Project together with the building or structure, or when such system(s) are the focus of the Project. Maintenance services are not Energy Conservation Measures for purposes of these PPS-49-0600 to PPS-49-0690 Rules.
- (5) **"Energy Savings Guarantee"** means the energy savings and performance guarantee provided by the ESCO under an ESPC Procurement, which guarantees to the District that certain energy savings and performance will be achieved for the Project covered by the RFP through the installation and implementation of the agreed-upon ECMs for the Project. The Energy Savings Guarantee must include, but must not be limited to, the specific energy savings and performance levels and amounts that will be guaranteed, provisions related to the financial remedies available to the District in the event the guaranteed savings and performance are not achieved, the specific conditions under which the ESCO will guarantee energy savings and performance (including the specific responsibilities of the District after final completion of the design and construction phase), and the term of the energy savings and performance guarantee.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(6) **"Energy Savings Performance Contract" ("ESPC")** means a Public Improvement Contract between the District and a Qualified Energy Service Company for the identification, evaluation, recommendation, design, and construction of Energy Conservation Measures, including a Design-Build Contract, that guarantee energy savings or performance.

(7) **"Guaranteed Maximum Price" ("GMP")** means the total maximum price provided to the District by the Contractor, and accepted by the District, that includes all reimbursable costs of and fees for completion of the Contract Work, as defined by the Public Improvement Contract, except for material changes in the scope of Work. It may also include particularly identified contingency amounts.

(8) **"Measurement and Verification" ("M & V")** means, as used in ESPC Procurement, the examination of installed ECMs using the International Performance Measurement and Verification Protocol ("IPMVP"), or any other comparable protocol or process, to monitor and verify the operation of energy-using systems pre-installation and post-installation.

(9) **"Project Development Plan"** means a secondary phase of Services performed by an ESCO in an ESPC Procurement when the ESCO performs more extensive design of the agreed-upon ECMs for the Project, provides the detailed provisions of the ESCO's Energy Savings Guarantee that the fully installed and commissioned ECMs will achieve a particular energy savings level for the building or structure, and prepares an overall report or plan summarizing the ESCO's services during this secondary phase of the Work and otherwise explaining how the agreed-upon ECMs will be implemented during the design and construction phase of the Work. The term "Project Development Plan" can also refer to the report or plan provided by the ESCO at the conclusion of this phase of the Work.

(10) **"Qualified Energy Service Company" ("ESCO")** means, as used in ESPC Procurement, a company, firm, or other legal Person with the following characteristics: demonstrated technical, operational, financial, and managerial capabilities to design, install, construct, commission, manage, measure and verify, and otherwise implement Energy Conservation Measures and other Work on building systems or building components that are directly related to the ECMs in existing buildings and structures; a prior record of successfully performing ESPCs on projects involving existing buildings and structures that are comparable to the Project under consideration by the District; and the financial strength to effectively guarantee energy savings and performance under the ESPC for the Project in question, or the ability to secure necessary financial measures to effectively guarantee energy savings under an ESPC for that Project.

(11) **"Technical Energy Audit,"** as used in ESPC Procurement means the initial phase of Services to be performed by an ESCO that includes a detailed evaluation of an existing building or structure, an evaluation of the potential ECMs that could be effectively utilized at the facility, and preparation of a report to the District of the ESCO's Findings during this initial phase of the Work. The term "Technical Energy Audit" can also refer to the report provided by the ESCO at the conclusion of this phase of the Work.

PPS-49-0620 Use of Alternative Contracting Methods

(1) **Competitive Bidding Exemptions.** ORS 279C requires a Competitive Bidding process for Public Improvement Contracts unless a statutory exception applies, a class of Contracts has been exempted, or an individual Contract has been exempted in accordance with ORS 279C.335 and any applicable District Rules. Use of Alternative Contracting Methods may be directed by the District as an exception to the prescribed Public Contracting practices in Oregon, and their use must be justified in accordance with the Public Contract Code and these PPS-49-0600 through PPS-49-0690 Rules. See PPS-49-0630 regarding required Findings and restrictions on class exemptions.

(2) **Energy Savings Performance Contracts.** Unlike other Alternative Contracting Methods covered by these PPS-49-0600 through PPS-49-0690 Rules, ESPCs may be exempted from the Competitive Bidding process for Public Improvement Contracts pursuant to ORS 279C.335(1)(f) if the District complies with the

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

procedures set forth in these PPS-49-0600 through PPS-49-0690 Rules related to the solicitation, negotiation, and contracting for ESPC Services. If these procedures are not followed, an ESPC Procurement may still be exempted from competitive Bidding requirements by following the general exemption procedures within ORS 279C.335.

(3) Post-Project Evaluation. ORS 279C.355 requires that the District prepare a formal post-Project evaluation of Public Improvement Projects in excess of \$100,000 for which the Competitive Bidding process was not used. The purpose of this evaluation is to determine whether it was actually in the District's best interest to use an Alternative Contracting Method. The evaluation must be delivered to the Contract Review Board of the District as applicable within 30 Days of the date the District "accepts" the Public Improvement Project, which event is typically defined in the Contract. In the absence of such definition, acceptance of the Project occurs on the later of the date of final payment or the date of final completion of the Work. ORS 279C.355 describes the timing and content of this evaluation, with three required elements:

- (a) Financial information, consisting of Cost Estimates, any GMP changes, and actual costs;
- (b) A narrative description of successes and failures during design, engineering, and construction; and
- (c) An objective assessment of the use of the Alternative Contracting Method as compared to the exemption Findings.

PPS-49-0630 Findings, Notice, and Hearing

(1) Cost Savings Factors. When Findings are required under ORS 279C.335 to exempt a Contract or class of Contracts from Competitive Bidding requirements, the "substantial cost savings" criterion at ORS 279C.335(2)(b) allows consideration of the type, cost, and amount of the Contract, number of entities available to Bid, and "such other factors as may be deemed appropriate."

(2) Required Information. Likewise, the statutory definition of "Findings" at ORS 279C.330 means the justification for the District's conclusion that includes "but is not limited to" information regarding eight identified areas.

(3) Addressing Cost Savings. Accordingly, when the Contract or class of Contracts under consideration for an exemption contemplates the use of Alternative Contracting Methods, the "substantial cost savings" requirement may be addressed by a combination of:

- (a) Specified Findings that address the factors and other information specifically identified by statute, including an analysis or reasonable forecast of future cost savings as well as present cost savings; and
- (b) Additional Findings that address industry practices, surveys, trends, past experiences, evaluations of completed projects required by ORS 279C.355, and related information regarding the expected benefits and drawbacks of particular Alternative Contracting Methods. To the extent practicable, such Findings must relate back to the specific characteristics of the Project or Projects at issue in the exemption request; and
- (c) As an alternative to the "substantial cost savings" requirement where an Alternative Contracting Method has not been previously used, the District may make a Finding that identifies the Project as a "pilot Project" under ORS 279C.335(2)(c).

(4) Favoritism and Competition. The criteria at ORS 279C.335(2)(a) that it is "unlikely" that the exemption will "encourage favoritism" or "substantially diminish competition" may be addressed in contemplating the use of Alternative Contracting Methods by specifying the manner in which an RFP process will be utilized, that the Procurement will be formally advertised with public Notice and disclosure

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

of the planned Alternative Contracting Method, competition will be encouraged, Award will be made based on identified selection criteria, and an opportunity will be given to protest that Award.

(5) Class Exemptions. In making the Findings supporting a class exemption, the District must clearly identify the class with respect to its defining characteristics. Those characteristics must include some combination of Project descriptions or locations, time periods, Contract values or method of Procurement, or other factors that distinguish the limited and related class of Projects from the District's overall construction program. Classes must not be defined solely by funding sources, such as a particular bond fund or by method of Procurement, but must be defined by characteristics that reasonably relate to the exemption criteria set forth in ORS 279C.335(2).

(6) Public Hearing. Before final adoption of Findings exempting a Public Improvement Contract from the requirement of Competitive Bidding, the District must give Notice and hold a public hearing as required by ORS 279C.335(4). The hearing must be for the purpose of receiving public comment on the District's draft Findings.

PPS-49-0640 Competitive Proposals; Procedure

The District may utilize the following RFP process for Public Improvement Contracts, allowing flexibility in both Proposal evaluation and Contract negotiation, only in accordance with ORS 279C.400 through 279C.410 and PPS-49-0600 through PPS-49-0690, unless other applicable statutes control the District's use of Competitive Proposals for Public Improvement Contracts. Also see the Section of Rules in this Division entitled Formal Procurement Rules, PPS-49-0200 through PPS-49-0450, and RFP-related Rules under the Alternative Contracting Methods Section at PPS-49-0640 through PPS-49-0660. For ESPCs, the following RFP process must be utilized if the District desires the Procurement process to be exempt from the Competitive Bidding requirements of ORS 279C.335. The RFP process for the Alternative Contracting Methods identified in PPS-49-0600 through PPS-49-0690 includes the following steps:

(1) Proposal Evaluation. Factors in addition to price may be considered in the selection process, but only as set forth in the RFP. For ESPC Proposal evaluations, the District may provide in the RFP that qualifications-based evaluation factors will outweigh the District's consideration of price-related factors due to the fact that prices for the major components of the Work to be performed during the ESPC process contemplated by the RFP will likely not be determinable at the time of Proposal evaluation. Proposal evaluation must be as objective as possible. Evaluation factors need not be precise predictors of future costs and performance, but to the extent possible such evaluation factors must:

- (a) Be reasonable estimates based on information available to the District;
- (b) Treat all Proposals equitably; and
- (c) Recognize that public policy requires that Public Improvements be constructed at the least overall cost to the District. See ORS 279C.305.

(2) Evaluation Factors.

- (a) In basic negotiated construction contracting where the only reason for an RFP is to consider factors other than price, those factors may consist of firm and personnel experience on similar projects, adequacy of equipment and physical plant, sources of supply, availability of key personnel, financial capacity, past performance, safety records, project understanding, proposed methods of construction, proposed milestone dates, references, service, and related matters that affect cost or quality.
- (b) In CM/GC contracting, in addition to Section (2)(a) above, those factors may also include the ability to respond to the technical complexity or unique character of the Project, analyze and propose solutions or approaches to complex Project problems, coordination of multiple

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

disciplines, the time required to commence and complete the improvement, and related matters that affect cost or quality.

- (c) In Design-Build contracting, in addition to Sections (2)(a) and (2)(b) above, those factors may also include design professional qualifications, specialized experience, preliminary design submittals, technical merit, design-builder team experience, and related matters that affect cost or quality.
- (d) In ESPC contracting, in addition to the factors set forth in Sections (2)(a)-(c) above, those factors may also include sample Technical Energy Audits from similar projects, sample M & V reports, financial statements and related information of the ESCO for a time period established in the RFP, financial statements and related information of joint ventures comprising the ESCO, the ESCO's capabilities and experience in performing energy baseline studies for facilities (independently or in cooperation with an independent third-party energy baseline consultant), past performance of the ESCO in meeting energy guarantee contract levels, the specific Person that will provide the Energy Savings Guarantee to be offered by the ESCO, the ESCO's management plan for the Project, information on the specific methods, techniques, and equipment that the ESCO will use in the performance of the Work under the ESPC, the ESCO's team members and consultants to be assigned to the Project, the ESCO's experience in the energy savings performance contracting field, the ESCO's experience acting as the prime contractor on previous ESPC projects (as opposed to a subcontractor or consultant to a prime ESCO), the ESCO's vendor and product neutrality related to the development of ECMs, the ESCO's project history related to removal from an ESPC project or the inability or unwillingness of the ESCO to complete an ESPC project, the ESCO's M & V capabilities and experience (independently or in cooperation with an independent third-party M & V consultant), the ESCO's ability to explain the unique risks associated with ESPC projects and the assignment of risk in the particular Project between the District and the ESCO, the ESCO's equipment performance guarantee policies and procedures, the ESCO's energy savings and cost savings guarantee policies and procedures, the ESCO's Project cost guarantee policies and procedures, the ESCO's pricing methodologies, the price that the ESCO will charge for the Technical Energy Audit phase of the Work, and the ESCO's fee structure for all phases of the ESPC Project.

(3) Contract Negotiations. Contract terms may be negotiated to the extent allowed by the RFP and PPS-49-0600 through PPS-49-0690, provided that the general Work scope remains the same and that the field of competition does not change as a result of material changes to the requirements stated in the Solicitation Document. See PPS-49-0650. Terms that may be negotiated consist of details of Contract performance; methods of construction, timing, and assignment of risk in specified areas; fee; and other matters that affect cost or quality. In ESPC contracting, terms that may be negotiated also include the scope of preliminary design of ECMs to be evaluated by the parties during the Technical Energy Audit phase of the Work, the scope of Services to be performed by the ESCO during the Project Development Plan phase of the Work, the detailed provisions of the Energy Savings Guarantee to be provided by the ESCO, and scope of Work, methodologies, and compensation terms and conditions during the design and construction phase and M & V phase of the Work, consistent with the requirements of PPS-49-0680 below.

PPS-49-0645 Requests for Qualifications ("RFQ")

As provided by ORS 279C.405(1), the District may utilize RFQs to obtain information useful in the preparation or distribution of an RFP. When using RFQs as the first step in a two-step solicitation process in which distribution of the RFPs will be limited to the firms identified as most qualified through their submitted statements of qualification, the District must first advertise and provide Notice of the RFQ in the same manner in which RFPs are advertised, specifically stating that RFPs will be distributed only to the firms selected in the RFQ process. In such cases, the District must also provide within the RFQ a protest

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

provision substantially in the form of PPS-49-0450(5) regarding protests of the Competitive Range. Thereafter, the District may distribute RFPs to the selected firms without further advertisement of the solicitation.

PPS-49-0650 Requests for Proposals ("RFP")

(1) Generally. The use of Competitive Proposals must be specially authorized for a Public Improvement Contract under the Competitive Bidding requirement of ORS 279C.335(1), PPS-49-0130, and PPS-49-0600 through PPS-49-0690. Also see ORS 279C.400 through 279C.410 for statutory requirements regarding Competitive Proposals, and PPS-49-0640 regarding Competitive Proposal procedures.

(2) Solicitation Documents. In addition to the Solicitation Document requirements of PPS-49-0200, this Rule applies to the requirements for RFPs. RFP Solicitation Documents must conform to the following standards:

- (a)** The District must set forth selection criteria in the Solicitation Document. Examples of evaluation criteria include price or cost, quality of a product or service, past performance, management, capability, personnel qualification, prior experience, compatibility, reliability, operating efficiency, expansion potential, experience of key personnel, adequacy of equipment or physical plant, financial wherewithal, sources of supply, references, and warranty provisions. See PPS-49-0640. Evaluation factors need not be precise predictors of actual future costs and performance, but to the extent possible, such factors must be reasonable estimates based on information available to the District. Subject to ORS 279(C).410(4), the Solicitation Document may provide for discussions with Proposers to be conducted for the purpose of Proposal evaluation prior to Award or prior to establishing any Competitive Range;
- (b)** When the District is willing to negotiate terms and conditions of the Contract or allow submission of revised Proposals following discussions, the District must identify the specific terms and conditions in or provisions of the Solicitation Document that are subject to negotiation or discussion and authorize Offerors to propose certain alternative terms and conditions in lieu of the terms and conditions the District has identified as authorized for negotiation. The District shall describe the evaluation, discussion, and negotiation process, including how the District will establish the Competitive Range, if any;
- (c)** The anticipated size of any Competitive Range must be stated in the Solicitation Document but may be decreased if the number of Proposers that submit Responsive Proposals is less than the specified number, or may be decreased as provided in PPS-49-0650(4)(a).
- (d)** When the District intends to Award Contracts to more than one Proposer, the District shall identify in the Solicitation Document the manner in which it will determine the number of Contracts it will Award. The District must also include the criteria it will use to determine how the District will endeavor to achieve optimal value, utility, and substantial fairness when selecting a particular Contractor to provide Goods and Services from those Contractors Awarded Contracts.

(3) Evaluation of Proposals.

- (a) Evaluation.** The District must evaluate Proposals only in accordance with criteria set forth in the RFP and applicable law. The District must evaluate Proposals to determine the Responsible Proposer or Proposers submitting the best Responsive Proposal or Proposals.
 - (A) Clarifications.** In evaluating Proposals, the District may seek information from a Proposer to clarify the Proposer's Proposal. A Proposer must submit Written and Signed clarifications and such clarifications must become part of the Proposer's Proposal.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (B) **Limited Negotiation.** If the District did not permit negotiation in its Request for Proposals, the District may, nonetheless, negotiate with the highest-ranked Proposer, but may then only negotiate the:

 - (i) Statement of Work; and
 - (ii) Contract Price as it is affected by negotiating the statement of Work.

The process for discussions or negotiations that is outlined and explained in Sections (5)(b) and (6) of this Rule does not apply to this limited negotiation.
- (b) **Discussions; Negotiations.** If the District permitted discussions or negotiations in the Request for Proposals, the District must evaluate Proposals and establish the Competitive Range, and may then conduct discussions and negotiations in accordance with this Rule.

 - (A) If the Solicitation Document provided that discussions or negotiations may occur at the District's discretion, the District may forego discussions and negotiations and evaluate all Proposals in accordance with this Rule.
 - (B) If the District proceeds with discussions or negotiations, the District must establish a negotiation team tailored for the acquisition. The District's team may include legal, technical, and negotiating personnel.
- (c) **Cancellation.** Nothing in this Rule must restrict or prohibit the District from canceling the solicitation at any time.
- (4) **Competitive Range; Protest; Award.**

 - (a) **Determining Competitive Range.**
 - (A) If the District does not cancel the solicitation, after the Opening the District will evaluate all Proposals in accordance with the evaluation criteria set forth in the RFP. After evaluation of all Proposals in accordance with the criteria set forth in the RFP, the District will determine and rank the Proposers in the Competitive Range.
 - (B) The District may increase the number of Proposers in the Competitive Range if the District's evaluation of Proposals establishes a natural break in the scores of Proposers indicating a number of Proposers greater than the initial Competitive Range are closely competitive or have a reasonable chance of being determined the best Proposer after the District's evaluation of revised Proposals submitted in accordance with the process described in this Rule.
 - (b) **Protesting Competitive Range.** The District must provide Written Notice to all Proposers identifying Proposers in the Competitive Range. A Proposer that is not within the Competitive Range may protest the District's evaluation and determination of the Competitive Range in accordance with PPS-49-0450.
 - (c) **Intent to Award; Discuss or Negotiate.** After the protest period provided in accordance with these Rules expires, or after the District has provided a final response to any protest, whichever date is later, the District may either:
 - (A) Provide Written Notice to all Proposers in the Competitive Range of its Intent to Award the Contract to the highest-ranked Proposer in the Competitive Range.
 - (i) An unsuccessful Proposer may protest the District's Intent to Award in accordance with PPS-49-0450.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

and Proposers must submit revised Proposals by the date and time set forth in the District's Notice.

(A) Upon receipt of the revised Proposals, the District must score the revised Proposals based on the evaluation criteria set forth in the RFP and rank the revised Proposals based on the District's scoring.

(B) The District may conduct discussions with and accept only one revised Proposal from each Proposer in the Competitive Range unless otherwise set forth in the RFP.

(d) Intent to Award; Protest. The District must provide Written Notice to all Proposers in the Competitive Range of the District's Intent to Award the Contract. An unsuccessful Proposer may protest the District's Intent to Award in accordance with PPS-49-0450. After the protest period provided in accordance with that Rule expires, or after the District has provided a final response to any protest, whichever date is later, the District must commence final Contract negotiations.

(6) Negotiation.

(a) Initiating Negotiations. The District may determine to commence negotiations with the highest-ranked Proposer in the Competitive Range following the:

(A) Initial determination of the Competitive Range; or

(B) Conclusion of discussions with all Proposers in the Competitive Range and evaluation of revised Proposals.

(b) Conducting Negotiations

(A) Scope: The District may negotiate:

(i) The statement of Work;

(ii) The Contract Price as it is affected by negotiating the statement of Work; and

(iii) Any other terms and conditions reasonably related to those expressly authorized for negotiation in the RFP. Accordingly, Proposers must not submit, and the District must not accept, for negotiation any alternative terms and conditions that are not reasonably related to those expressly authorized for negotiation in the RFP.

(c) Continuing Negotiations. If the District terminates negotiations with a Proposer, the District may then commence negotiations with the next highest-scoring Proposer in the Competitive Range, and continue the process described in this Rule until the District has:

(A) Determined to Award the Contract to the Proposer with whom it is currently negotiating; or

(B) Completed one round of negotiations with all Proposers in the Competitive Range, unless the District provided for more than one round of discussions or negotiations in the Request for Proposals, in which case the District may proceed with any authorized further rounds of negotiations.

(7) **Terminating Discussions or Negotiations**. At any time during discussions or negotiations conducted in accordance with this Rule, the District may terminate discussions or negotiations with the Proposer with whom it is currently conducting discussions or negotiations if the District reasonably believes that:

(a) The Proposer is not discussing or negotiating in good faith; or

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) Further discussions or negotiations with the Proposer will not result in the parties agreeing to the terms and conditions of a final Contract in a timely manner.

PPS-49-0660 RFP Pricing Mechanisms

- (1) An RFP may result in a lump-sum Contract Price, as in the case of Competitive Bidding. Alternatively, a Cost Reimbursement Contract may be negotiated.
- (2) Economic incentives or disincentives may be included to reflect stated District purposes related to time of completion, safety, or other Public Contracting objectives, including total least-cost mechanisms such as Life-Cycle Costing.
- (3) A GMP is used as the pricing mechanism for CM/GC where a total Contract Price is provided in the design phase in order to assist the District in determining whether the Project scope is within the District's budget and allowing for design changes during preliminary design rather than after final design Work has been completed.
 - (a) If this collaborative process is successful, the Contractor must propose a final GMP, which may be accepted by the District and included within the Contract.
 - (b) If this collaborative process is not successful and no mutually agreeable resolution on GMP can be achieved with the Contractor, then the District must terminate the Contract. The District may then proceed to negotiate a new Contract (and GMP) with the Proposer that was next-ranked in the original selection process, or employ other means for continuing the Project under ORS 279C.
- (4) When Cost Reimbursement Contracts are utilized, regardless of whether a GMP is included, the District must provide for audit controls that will effectively verify rates and ensure that costs are reasonable, allowable, and properly allocated.

PPS-49-0670 Design-Build Contracts

- (1) **General.** The Design-Build form of contracting, as defined at PPS-49-0610(3), has technical complexities that are not readily apparent. The District must use this contracting method only with the assistance of knowledgeable staff or Consultants who are experienced in its use. In order to use the Design-Build process, the District must be able to reasonably anticipate the following types of benefits:
 - (a) Obtaining, through a Design-Build team, engineering design, plan preparation, value engineering, construction engineering, construction, quality control, and required documentation as a fully integrated function with a single point of responsibility;
 - (b) Integrating value engineering suggestions into the design phase, as the construction Contractor joins the Project team early with design responsibilities under a team approach, with the potential of reducing Contract changes;
 - (c) Reducing the risk of design flaws, misunderstandings, and conflicts inherent in construction Contractors building from designs in which they have had no opportunity for input, with the potential of reducing Contract claims;
 - (d) Shortening Project time as construction activity (early submittals, mobilization, subcontracting, and advance Work) commences prior to completion of a "Biddable" design, or where a design solution is still required (as in complex or phased Projects); or
 - (e) Obtaining innovative design solutions through the collaboration of the Contractor and design team, which would not otherwise be possible if the Contractor had not yet been selected.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(2) **Authority.** The District must utilize the Design-Build form of contracting only in accordance with the requirements of these PPS-49-0600 through PPS-49-0690 Rules. See particularly PPS-49-0620 pertaining to Alternative Contracting Methods and PPS-49-0680 pertaining to ESPCs.

(3) **Selection.** Design-Build selection criteria may include those factors set forth above in PPS-49-0640(2)(a), (b), and (c).

(4) **QBS Inapplicable.** Because the value of construction services predominates the Design-Build form of Contracting, the qualifications-based selection ("QBS") process mandated by ORS 279C.110 for the District in certain circumstances in obtaining certain Consultant services is not applicable.

(5) **Licensing.** If a Design-Build Contractor is not an Oregon-licensed design professional, the District must require that the Design-Build Contractor disclose in its Written Offer that it is not an Oregon-licensed design professional, and identify the Oregon-licensed design professional(s) who will provide design Services. See ORS 671.030(5) regarding the offer of Architectural Services, and ORS 672.060(11) regarding the offer of Engineering Services that are appurtenant to construction services.

(6) **Performance Security.** ORS 279C.380(1)(a) provides that for Design-Build Contracts, the surety's obligation on performance bonds, or the Bidder's obligation on cashier's or certified checks accepted in lieu thereof, includes the preparation and completion of design and related professional Services specified in the Contract. This additional obligation, beyond performance of construction services, extends only to the provision of professional Services and related design revisions, corrective Work, and associated costs prior to final completion of the Contract (or for such longer time as may be defined in the Contract). The obligation is not intended to be a substitute for professional liability insurance, and does not include errors and omissions or latent defects coverage.

(7) **Contract Requirements.** The District must conform their Design-Build contracting practices to the following requirements:

- (a) **Design Services.** The level or type of design Services required must be clearly defined within the Procurement documents and Contract, along with a description of the level or type of design Services previously performed for the Project. The Services to be performed must be clearly delineated as either design Specifications or performance standards, and performance measurements must be identified.
- (b) **Professional Liability.** The Contract must clearly identify the liability of design professionals with respect to the Design-Build Contractor and the District, as well as requirements for professional liability insurance.
- (c) **Risk Allocation.** The Contract must clearly identify the extent to which the District requires an express indemnification from the Design-Build Contractor for any failure to perform, including professional errors and omissions, design warranties, construction operations, and faulty Work claims.
- (d) **Warranties.** The Contract must clearly identify any express warranties made to the District regarding characteristics or capabilities of the completed Project (regardless of whether errors occur as the result of improper design, construction, or both), including any warranty that a design will be produced that meets the stated Project performance and budget guidelines.
- (e) **Incentives.** The Contract must clearly identify any economic incentives and disincentives, the specific criteria that apply, and their relationship to other financial elements of the Contract.
- (f) **Honoraria.** If allowed by the RFP, honoraria or stipends may be provided for early design submittals from qualified finalists during the solicitation process on the basis that the District is benefited from such deliverables.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0680 Energy Savings Performance Contracts

(1) **Generally.** These PPS-49-0600 through PPS-49-0690 Rules include a limited, efficient method for the District to enter into ESPCs outside the Competitive Bidding requirements of ORS 279C.335 for existing buildings or structures, but not for new construction. If the District chooses not to utilize the ESPC Procurement method provided for by these PPS-49-0600 through PPS-49-0690 Rules, the District may still enter into an ESPC by complying with the Competitive Bidding exemption process set forth in ORS 279C.335, or by otherwise complying with the Procurement requirements applicable to any district not subject to all the requirements of ORS 279C.335.

(2) **ESPC Contracting Method.** The ESPC form of contracting, as defined at PPS-49-0610(6), has unique technical complexities associated with the determination of what ECMs are feasible for the District, as well as the additional technical complexities associated with a Design-Build Contract. The District must only utilize the ESPC contracting method with the assistance of knowledgeable staff or Consultants who are experienced in its use. In order to utilize the ESPC contracting process, the District must be able to reasonably anticipate one or more of the following types of benefits:

- (a) Obtaining, through an ESCO, the following types of integrated Services: facility profiling, energy baseline studies, ECMs, Technical Energy Audits, project development planning, engineering design, plan preparation, cost estimating, Life-Cycle Costing, construction administration, project management, construction, quality control, operations and maintenance staff training, commissioning Services, M & V Services, and required documentation as a fully integrated function with a single point of responsibility;
- (b) Obtaining, through an ESCO, an Energy Savings Guarantee;
- (c) Integrating the Technical Energy Audit phase and the Project Development Plan phase into the design and construction phase of Work on the Project;
- (d) Reducing the risk of design flaws, misunderstandings, and conflicts inherent in the construction process, through the integration of ESPC Services;
- (e) Obtaining innovative design solutions through the collaboration of the members of the ESCO-integrated ESPC Services team;
- (f) Integrating cost-effective ECMs into an existing building or structure so that the ECMs pay for themselves through savings realized over the useful life of the ECMs;
- (g) Preliminary design, development, implementation, and an Energy Savings Guarantee of ECMs into an existing building or structure through an ESPC as a distinct part of a major remodel of that building or structure that is being performed under a separate remodeling Contract; and
- (h) Satisfying local energy efficiency design criteria or requirements.

(3) **Authority.** The District desiring to pursue an exemption from the Competitive Bidding requirements of ORS 279C.335 (and, if applicable, ORS 351.086) must utilize the ESPC form of contracting only in accordance with the requirements of these PPS-49-0600 to PPS-49-0690 Rules.

(4) **No Findings Required.** The District is only required to comply with the ESPC contracting procedures set forth in PPS-49-0600 through PPS-49-0690 of these Rules in order for the ESPC to be exempt from the Competitive Bidding processes of ORS 279C.335. No Findings are required for an ESPC to be exempt from the Competitive Bidding process for Public Improvement Contracts pursuant to ORS 279C.335, unless the District is subject to the requirements of ORS 279C.335 and chooses not to comply with the ESPC contracting procedures set forth in these PPS-49-0600 through PPS-49-0690 Rules.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (5) **Selection.** ESPC selection criteria may include those factors set forth above in PPS-49-0640(2)(a), (b), (c), and (d). Since the Energy Savings Guarantee is such a fundamental component in the ESPC contracting process, Proposers must disclose in their Proposals the identity of any Person providing (directly or indirectly) any Energy Savings Guarantee that may be offered by the successful ESCO during the course of the performance of the ESPC, along with any financial statements and related information pertaining to any such Person.
- (6) **Qualifications Based Selection (QBS).** Because the value of construction services predominates in the ESPC method of contracting, the QBS process mandated by ORS 279C.110 for the District in obtaining certain Consultant Services is not applicable.
- (7) **Licensing.** If the ESCO is not an Oregon-licensed design professional, the District must require that the ESCO disclose in the ESPC that it is not an Oregon-licensed design professional, and identify the Oregon-licensed design professional(s) who will provide design Services. See ORS 671.030(5) regarding the offer of Architectural Services, and ORS 672.060(11) regarding the offer of Engineering Services that are appurtenant to construction services.
- (8) **Performance Security.** At the point in the ESPC when the parties enter into a binding Contract that constitutes a Design-Build Contract, the ESCO must provide a performance bond and a payment bond, each for 100% of the full Contract Price, including the construction and design and related professional Services specified in the ESPC Design-Build Contract, pursuant to ORS 279C.380(1)(a). For ESPC Design-Build Contracts, these "design and related professional Services" include conventional design Services, commissioning Services, training Services for the District's operations and maintenance staff, and any similar professional Services provided by the ESCO under the ESPC Design-Build Contract prior to final completion of construction. M & V Services, and any Services associated with the ESCO's Energy Savings Guarantee, are not included in these ORS 279C.380(1)(a) "design and related professional Services." Nevertheless, the District may require that the ESCO provide performance security for M & V Services and any Services associated with the ESCO's Energy Savings Guarantee, if the District so provides in the RFP.
- (9) **Contracting Requirements.** The District must conform their ESPC contracting practices to the following requirements:
- (a) **General ESPC Contracting Practices.** An ESPC involves a multi-phase Project, which includes the following contractual elements:
 - (A) A contractual structure which includes general Contract terms describing the relationship of the parties, the various phases of the Work, the contractual terms governing the Technical Energy Audit for the Project, the contractual terms governing the Project Development Plan for the Project, the contractual terms governing the final design and construction of the Project, the contractual terms governing the performance of the M & V Services for the Project, and the detailed provisions of the ESCO's Energy Savings Guarantee for the Project.
 - (B) The various phases of the ESCO's Work will include the following:
 - (i) The Technical Energy Audit phase of the Work;
 - (ii) The Project Development Plan phase of the Work;
 - (iii) A third phase of the Work that constitutes a Design-Build Contract, during which the ESCO completes any plans and Specifications required to implement the ECMs that have been agreed to by the parties to the ESPC, and the ESCO performs all construction, commissioning, construction administration, and related Services to actually construct the Project; and

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (iv) A final phase of the Work whereby the ESCO, independently or in cooperation with an independent Consultant hired by the District, performs M & V Services to ensure that the Energy Savings Guarantee identified by the ESCO in the earlier phases of the Work and agreed to by the parties has actually been achieved.
- (b) Design-Build Contracting Requirements in ESPCs. At the point in the ESPC when the parties enter into a binding Contract that constitutes a Design-Build Contract, the District must conform its Design-Build contracting practices to the Design-Build contracting requirements set forth in PPS-49-0670(7).
- (c) Pricing Alternatives. The District may utilize one of the following pricing alternatives in an ESPC:
 - (A) A fixed price for each phase of the Services to be provided by the ESCO;
 - (B) A cost-reimbursement pricing mechanism, with a maximum not-to-exceed price or a GMP; or
 - (C) A combination of a fixed fee for certain components of the Services to be performed, a cost-reimbursement pricing mechanism for the construction services to be performed with a GMP, a single or annual fixed fee for M & V Services to be performed for an identified time period after final completion of the construction Work, and a single or annual Energy Savings Guarantee fixed fee payable for an identified time period after final completion of the construction Work that is conditioned on certain energy savings being achieved at the facility by the ECMs that have been implemented by the ESCO during the Project (in the event an annual M & V Services fee and annual Energy Savings Guarantee fee is utilized by the parties, the parties may provide in the Design-Build Contract that, at the sole option of the District, the ESCO's M & V Services may be terminated prior to the completion of the M & V/Energy Savings Guarantee period and the District's future obligation to pay the M & V Services fee and Energy Savings Guarantee fee will likewise be terminated, under terms agreed to by the parties).
- (d) Permitted ESPC Scope of Work. The scope of Work under the ESPC is restricted to implementation and installation of ECMs, as well as other Work on building systems or building components that are directly related to the ECMs, and that, as an integrated unit, will pay for themselves over the useful life of the ECMs installed. The permitted scope of Work for ESPCs resulting from a solicitation under these PPS-49-0600 through PPS-49-0690 Rules does not include maintenance services for the Project facility.

PPS-49-0690 Construction Manager/General Contractor ("CM/GC")

(1) **General.** The CM/GC form of contracting, as defined at PPS-49-0610(2), is a technically complex project delivery system. The District must use this contracting method only with the assistance of knowledgeable staff or Consultants who have a demonstrated capability of managing the CM/GC process in the necessary disciplines of engineering, construction scheduling and cost control, accounting, legal, public contracting, and project management. Unlike the Design-Build form of contracting, the CM/GC form of contracting does not contemplate a "single point of responsibility" under which the Contractor is responsible for successful completion of all Work related to a performance Specification. The CM/GC has defined Contract obligations, including responsibilities as part of the Project team along with the District and design professional, although in the CM/GC method there is a separate Contract between the District and design professional. In order to utilize the CM/GC method, the District must be able to reasonably anticipate the following types of benefits:

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (a) **Time Savings.** The Public Improvement has significant schedule ramifications, such that concurrent design and construction are necessary in order to meet critical deadlines and shorten the overall duration of construction. The District may consider operational and financial data that show significant savings or increased opportunities for generating revenue as a result of early completion, as well as less disruption to public facilities as a result of shortened construction periods;
 - (b) **Cost Savings.** Early Contractor input during the design process is expected to contribute to significant cost savings. The District may consider value engineering, building systems analysis, Life-Cycle Costing analysis, and construction planning that lead to cost savings. The District must specify any special factors influencing this analysis, including high rates of inflation, market uncertainty due to material and labor fluctuations or scarcities, and the need for specialized construction expertise due to technical challenges; or
 - (c) **Technical Complexity.** The Public Improvement presents significant technical complexities that are best addressed by a collaborative or team effort between the District, design professionals, and the Contractor, in which the Contractor will assist in addressing specific Project challenges through preconstruction services. The District may consider the need for Contractor input on issues such as operation of the facility during construction, tenant occupancy, public safety, delivery of an early budget or GMP, financing, historic preservation, difficult remodeling Projects, and Projects requiring complex phasing or highly coordinated scheduling.
- (2) **Authority.** The District must use the CM/GC form of contracting only in accordance with the requirements of these Rules. See particularly PPS-49-0620 on "Use of Alternative Contracting Methods."
- (3) **Selection.** CM/GC selection criteria may include those factors set forth in PPS-49-0640(2)(b).
- (4) **Basis for Payment.** The CM/GC process adds specified Construction Manager Services to traditional General Contractor Services, requiring full Contract performance within a negotiated GMP. The basis for payment is reimbursable direct costs as defined under the Contract, plus a fee constituting full payment for Work and Services rendered, which together must not exceed the GMP. See GMP definition at PPS-49-0610(7) and pricing mechanisms at PPS-49-0660.
- (5) **Contract Requirements.** The District must conform their CM/GC contracting practices to the following requirements:
- (a) **Setting the GMP.** The GMP must be set at an identified time consistent with industry practice, after supporting information reasonably considered necessary to its use has been developed, and the supporting information must define with particularity both what is included and excluded from the GMP. A set of drawings and Specifications must be produced establishing the GMP scope.
 - (b) **Adjustments to the GMP.** The Contract must clearly identify the standards or factors under which changes or additional Work will be considered outside of the scope of Work that warrants an increase in the GMP, as well as criteria for decreasing the GMP. The GMP must not be increased without a concomitant increase to the scope defined at the establishment of the GMP or most recent GMP Amendment.
 - (c) **Cost Savings.** The Contract must clearly identify the disposition of any cost savings resulting from completion of the Work below the GMP; that is, under what circumstances, if any, the CM/GC might share in those cost savings, or whether they accrue only to the District's benefit. (Note that unless there is a clearly articulated reason for sharing such cost savings, they should accrue to the District.)

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (d) Cost Reimbursement. The Contract must clearly identify what items or categories of items are eligible for cost reimbursement within the GMP, including any category of "General Conditions" (a general grouping of direct costs that are not separately invoiced, subcontracted, or included within either overhead or fee), and may also incorporate a mutually agreeable cost-reimbursement standard.
- (e) Audit. Cost reimbursements must be made subject to final audit adjustment, and the Contract must establish an audit process to ensure that Contract costs are allowable, properly allocated, and reasonable.
- (f) Fee. Compensation for the CM/GC's Services must be paid on the basis of a fee that is inclusive of profit, overhead, and all other indirect or non-reimbursable costs. Costs determined to be included within the fee should be expressly defined wherever possible. The fee, first expressed as a proposed percentage of all reimbursable costs, must be identified during and become an element of the selection process. It must subsequently be expressed as a fixed amount when the GMP is established.
- (g) Incentives. The Contract must clearly identify any economic incentives, the specific criteria that apply, and their relationship to other financial elements of the Contract (including the GMP).
- (h) Controlled Insurance Programs. For Projects anticipated to exceed \$75 million, the Contract must clearly identify whether an Owner-Controlled or Contractor-Controlled Insurance Program is anticipated or allowable. If so, the Contract must clearly identify (1) anticipated cost savings from reduced premiums, claims reductions, and other factors, (2) the allocation of cost savings, and (3) safety responsibilities and incentives, separately or combined.
- (i) Early Work. The RFP must clearly identify, whenever feasible, the circumstances under which any of the following activities may be authorized and undertaken for compensation prior to establishing the GMP:
 - (D) Early Procurement of materials and supplies;
 - (E) Early release of Bid packages for such things as site development; and
 - (F) Other advance Work related to critical components of the Contract.
- (j) Subcontractor Selection. The Contract must clearly describe the methods by which the CM/GC must publicly receive, open, and record Bids or price quotations, and competitively select subcontractors to perform the Contract Work based on price, as well as the mechanisms by which the District may waive those requirements. The documents must also describe completely the methods by which the CM/GC and its affiliated or subsidiary entities may compete to perform the Work, including, at a minimum, advance Notice to the public of the CM/GC's intent to compete and a Public opening of Bids or Quotations by an independent party.
- (k) Subcontractor Approvals and Protests. The Contract must clearly establish whether the District must approve subcontract Awards, and to what extent, if any, the District will resolve Procurement protests of subcontractors and suppliers. The related procedures and reporting mechanisms must be established with certainty, including whether the CM/GC acts as the District's representative in this process and whether the CM/GC's subcontracting records are considered to be public records. In any event, the District must retain the right to monitor the subcontracting process in order to protect the District's interests.
- (l) CM/GC Self-Performance. Whenever feasible, the Contract must establish the elements of Work the CM/GC may self-perform without competition, including, for example, the Work of the job-

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

site general conditions. In the alternative, the Contract must include a process for District approval of CM/GC self-performance.

- (m) **Socio-Economic Programs.** The Contract must clearly identify conditions relating to any required socio-economic programs (such as Affirmative Action or Prison Inmate Labor Programs), including the manner in which such programs affect the CM/GC's subcontracting requirements, the enforcement mechanisms available, and the respective responsibilities of the CM/GC and the District.

CONTRACT PROVISIONS

PPS-49-0800 Required Contract Clauses

Except as provided by PPS-49-0150 and PPS-49-0160, the District must include in all Solicitation Documents for Public Improvement Contracts all of the ORS 279C-required Contract clauses, as set forth in the checklist contained in PPS-49-0200(1)(c) regarding Solicitation Documents. The following series of Rules provides further guidance regarding particular Public Contract provisions.

PPS-49-0810 Waiver of Delay Damages against Public Policy

The District must not place any provision in a Public Improvement Contract purporting to waive, release, or extinguish the rights of a Contractor to damages resulting from the District's unreasonable delay in performing the Contract. However, Contract provisions requiring Notice of delay, providing for alternative dispute resolution such as arbitration (where allowable) or mediation, providing other procedures for settling Contract disputes, or providing for reasonable liquidated damages are permissible.

PPS-49-0815 BOLI Public Works Bond

Pursuant to ORS 279C.830(2), the Specifications for every Public Works Contract shall contain a provision stating that the Contractor and every subcontractor must have a Public Works bond filed with the Construction Contractors Board before starting Work on the Project, unless otherwise exempt. This bond is in addition to performance bond and payment bond requirements. See BOLI rule at OAR 839-025-0015.

PPS-49-0820 Retainage

(1) **Withholding of Retainage.** Except as required by law, the District will not retain an amount in excess of 5% of the Contract Price for Work completed. If the Contractor has performed at least 50% of the Contract Work and is progressing satisfactorily, upon the Contractor's submission of Written application containing the surety's Written approval, the District may, in its discretion, reduce or eliminate Retainage on any remaining progress payments. The District must respond in Writing to all such applications within a reasonable time. When the Contract Work is 97½% completed, the District may, at its discretion and without application by the Contractor, reduce the retained amount to 100% of the value of the remaining unperformed Contract Work. The District may at any time reinstate Retainage. Retainage must be included in the final payment of the Contract Price.

(2) **Form of Retainage.** Unless the District finds in Writing that accepting a bond or instrument described in Section (2)(a) or (2)(b) of this Rule poses an extraordinary risk that is not typically associated with the bond or instrument, the District, in lieu of withholding moneys from payment, shall accept from a Contractor:

- (a) Bonds, securities, or other instruments that are deposited and accepted as provided in Section (4)(a) of this Rule; or

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

- (b) A surety bond deposited as provided in Section (4)(b) of this Rule.
- (3) **Deposit in Interest-Bearing Accounts.** Upon request of the Contractor, the District must deposit cash Retainage in an interest-bearing account in a bank, savings bank, trust company, or savings association, for the benefit of the District. Earnings on such account must accrue to the Contractor. The District must establish the account through the State Treasurer.
- (4) **Alternatives to Cash Retainage.** In lieu of cash Retainage to be held by the District, the Contractor may substitute one of the following:
- (a) Deposit of bonds, securities, or other instruments.
- (A) The Contractor may deposit bonds, securities, or other instruments with the District or in any bank or trust company to be held for the benefit of the District. If the District accepts the deposit, the District must reduce the cash Retainage by an amount equal to the value of the bonds and securities, and reimburse the excess to the Contractor.
- (B) Bonds, securities, or other instruments deposited or acquired in lieu of cash Retainage must be of a character approved by the District, including, but not limited to:
- (i) Bills, certificates, notes, or bonds of the United States.
- (ii) Other obligations of the United States or agencies of the United States.
- (iii) Obligations of a corporation wholly owned by the federal government.
- (iv) Indebtedness of the Federal National Mortgage Association.
- (v) General obligation bonds of the State of Oregon or a political subdivision of the State of Oregon.
- (vi) Irrevocable letters of credit issued by an insured institution, as defined in ORS 706.008.
- (C) Upon the District's determination that all requirements for the protection of the District's interests have been fulfilled, it must release to the Contractor all bonds and securities deposited in lieu of Retainage.
- (b) Deposit of Surety Bond. The District, at its discretion, may allow the Contractor to deposit a surety bond in a form acceptable to the District in lieu of all or a portion of funds retained or to be retained. A Contractor depositing such a bond must accept surety bonds from its subcontractors and suppliers in lieu of Retainage. In such cases, Retainage must be reduced by an amount equal to the value of the bond, and the excess must be reimbursed.
- (5) **Recovery of Costs.** The District may recover from the Contractor all costs incurred in the proper handling of Retainage by reduction of the final payment.
- (6) **Additional Retainage When Certified Payroll Statements Not Filed.** Pursuant to ORS 279C.845(7), if a Contractor is required to file certified payroll statements and fails to do so, the District shall retain 25% of any amount earned by the Contractor on a Public Works Contract until the Contractor has filed such statements with the District. The District shall pay the Contractor the amount retained under this provision within 14 Days after the Contractor files the certified statements, regardless of whether a subcontractor has filed such statements (but see 279C.845(1) regarding the requirement for both Contractors and subcontractors to file certified statements with the District). See BOLI rule at OAR 839-025-0010.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0830 Contractor Progress Payments

(1) **Request for Progress Payments.** Each month the Contractor must submit to the District their Written request for a progress payment based on an estimated percentage of Contract completion. At the District's discretion, this request may also include the value of material to be incorporated in the completed Work, which has been delivered to the premises and appropriately stored. The sum of these estimates is referred to as the "value of completed Work." With these estimates as a base, the District will make a progress payment to the Contractor, which must be equal to:

- (a) The value of completed Work;
- (b) Less those amounts that have been previously paid;
- (c) Less other amounts that may be deductible or owing and due to the District for any cause; and
- (d) Less the appropriate amount of Retainage.

(2) **Progress Payments Do Not Mean Acceptance of Work.** Progress payments must not be construed as an acceptance or approval of any part of the Work, and must not relieve the Contractor of responsibility for defective workmanship or material.

PPS-49-0840 Interest

(1) **Prompt Payment Policy.** The District must pay promptly all payments due and owing to the Contractor on Contracts for Public Improvements.

(2) **Interest on Progress Payments.** Late payment interest must begin to accrue on payments due and owing on the earlier of 30 Days after receipt of invoice or 15 Days after District approval of payment (the "Progress Payment Due Date"). The interest rate must equal three times the discount rate on 90-day commercial paper in effect on the Progress Payment Due Date at the Federal Reserve Bank in the Federal Reserve District that includes Oregon, up to a maximum rate of 30%.

(3) **Interest on Final Payment.** Final payment on the Contract Price, including Retainage, must be due and owing no later than 30 Days after Contract completion and acceptance of the Work. Late-payment interest on such final payment must thereafter accrue at the rate of 1½% per month until paid.

(4) **Settlement or Judgment Interest.** In the event of a dispute as to compensation due a Contractor for Work performed, upon settlement or judgment in favor of the Contractor, interest on the amount of the settlement or judgment must be added to, and not made part of, the settlement or judgment. Such interest, at the discount rate on 90-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve District that includes Oregon, must accrue from the later of the Progress Payment Due Date, or 30 Days after the Contractor submitted a claim for payment to the District in Writing or otherwise in accordance with the Contract requirements.

PPS-49-0850 Final Inspection

(1) **Notification of Completion; Inspection.** The Contractor must notify the District in Writing when the Contractor considers the Contract Work completed. Within 15 Days of receiving the Contractor's Notice, the District will inspect the Project and Project records, and will either accept the Work or notify the Contractor of remaining Work to be performed.

(2) **Acknowledgment of Acceptance.** When the District finds that all Work required under the Contract has been completed satisfactorily, the District must acknowledge acceptance of the Work in Writing.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

PPS-49-0860 Public Works Contracts

(1) **Generally.** ORS 279C.800 through 279C.870 regulates Public Works Contracts, as defined in ORS 279C.800(6), and requirements for payment of prevailing wage rates. Also see BOLI rules at OAR Chapter 839.

(2) **Required Contract Conditions.** As detailed in the above statutes and Rules, every Public Works Contract must contain the following provisions:

- (a) District authority to pay certain unpaid claims and charge such amounts to Contractors, as set forth in ORS 279C.515(1).
- (b) Maximum hours of labor and overtime, as set forth in ORS 279C.520(1).
- (c) Employer Notice to employees of hours and Days that employees may be required to Work, as set forth in ORS 279C.520(2).
- (d) Contractor-required payments for certain services related to sickness or injury, as set forth in ORS 279C.530.
- (e) Requirement for payment of Prevailing Rate of Wage, as set forth in ORS 279C.830(1). If both state and federal prevailing rates of wage apply, the contract and every subcontract must provide that all workers must be paid the higher of the applicable state or federal Prevailing Rate of Wage.
- (f) A requirement for filing a public works bond by the Contractor and every subcontractor, as set forth in ORS 279(C).830(1)(a).

(3) **Requirements for Specifications.** The Specifications for every Public Works Contract, consisting of the Procurement package (such as the Project Manual, Bid or Proposal booklets, Request for Quotes, or similar Procurement Specifications), must contain the following provisions:

- (a) The State Prevailing Rate of Wage, and, if applicable, the federal Prevailing Rate of Wage, as required by ORS 279C.830(1)(a):
 - (A) Physically contained within or attached to hard copies of Procurement Specifications;
 - (B) Included by a statement incorporating the applicable wage rate publication into the Specifications by reference in compliance with OAR 839-025-0020; or
 - (C) When the rates are available electronically or by Internet access, the rates may be incorporated into the Specifications by referring to the rates and providing adequate information on how to access them in compliance with OAR 839-025-0020.
- (b) If both state and federal prevailing rates of wage apply, a requirement that the Contractor shall pay the higher of the applicable state or federal prevailing rate of way to all workers. See BOLI rules at OAR 839-025-0020 and 839-025-0035.
- (c) A requirement for filing a public works bond by the Contractor and every subcontractor, as set forth in ORS 279C.830(2).

PPS-49-0870 Specifications; Brand Name Products

(1) **Generally.** The District's Solicitation Document must not expressly or implicitly require any product by Brand Name or mark, nor must it require the product of any particular manufacturer or seller, except pursuant to an exemption granted under ORS 279C.345(2).

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(2) **Equivalents.** The District may identify products by Brand Names as long as the following language: "approved equal," "or equal," "approved equivalent," or "equivalent," or similar language is included in the Solicitation Document. The District must determine, in its sole discretion, whether an Offeror's alternate product is "equal" or "equivalent."

(3) **Product Exemption.** The Superintendent is delegated the authority to exempt products from the prohibition in Section (1) of this Rule, pursuant to ORS 279C.345(2), upon any of the following Written Findings:

- (a) It is unlikely that the exemption will encourage favoritism in the Awarding of Public Improvement Contracts or substantially diminish competition for Public Improvement Contracts;
- (b) The Specification of a product by Brand Name or mark, or the product of a particular manufacturer or seller, would result in substantial cost savings to the District;
- (c) There is only one manufacturer or seller of the product of the quality required; or
- (d) Efficient utilization of existing equipment or supplies requires the acquisition of compatible equipment or supplies.

PPS-49-0880 Records Maintenance; Right to Audit Records

(1) **Records Maintenance; Access.** Contractors and subcontractors must maintain all fiscal records relating to Contracts in accordance with generally accepted accounting principles ("GAAP"). In addition, Contractors and subcontractors must maintain all other records necessary to clearly document (i) their performance, and (ii) any claims arising from or relating to their performance under a Public Contract. Contractors and subcontractors must make all records pertaining to their performance and any claims under a Contract (the books, fiscal records, and all other records, hereafter referred to as "Records") accessible to the District at reasonable times and places, whether or not litigation has been filed as to such claims.

(2) **Inspection and Audit.** The District may, at reasonable times and places, have access to and an opportunity to inspect, examine, copy, and audit the Records of any Person that has submitted cost or pricing data according to the terms of a Contract to the extent that the Records relate to such cost or pricing data. If the Person must provide cost or pricing data under a Contract, the Person must maintain such Records that relate to the cost or pricing data for three years from the date of final payment under the Contract, unless a shorter period is otherwise authorized in Writing.

(3) **Records Inspection; Contract Audit.** The District and its authorized representatives must be entitled to inspect, examine, copy, and audit any Contractor's or subcontractor's Records, as provided in Section (1) of this Rule. The Contractor and subcontractor must maintain the Records and keep the Records accessible and available at reasonable times and places for a minimum period of three years from the date of final payment under the Contract or subcontract, as applicable, or until the conclusion of any audit, controversy, or litigation arising out of or related to the Contract, whichever date is later, unless a shorter period is otherwise authorized in Writing.

PPS-49-0890 District Payment for Unpaid Labor or Supplies

(1) **Contract Incomplete.** If the Contract is still in force, the District may, in accordance with ORS 279C.515(1), pay a valid claim to the Person furnishing the labor or Services, and charge the amount against payments due or to become due to the Contractor under the Contract. If the District chooses to make such a payment as provided in ORS 279C.515(1), the Contractor and the Contractor's surety must not be relieved from liability for unpaid claims.

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

(2) **Contract Completed.** If the Contract has been completed and all funds disbursed to the prime Contractor, all claims must be referred to the Contractor's surety for resolution. The District must not make payments to subcontractors or suppliers for Work already paid for by the District.

PPS-49-0900 Contract Suspension; Termination Procedures

(1) **Suspension of Work.** In the event the District suspends performance of Work for any reason considered by the District to be in the public interest other than a labor dispute, the Contractor must be entitled to a reasonable extension of Contract time and to reasonable compensation for all costs, including a reasonable allowance for related overhead, incurred by the Contractor as a result of the suspension.

(2) **Termination of Contract by Mutual Agreement for Reasons Other Than Default.**

- (a) Reasons for termination. The parties may agree to terminate the Contract or a divisible portion thereof if:
- (A) The District suspends Work under the Contract for any reason considered to be in the public interest (other than a labor dispute, or any judicial proceeding relating to the Work filed to resolve a labor dispute); and
 - (B) Circumstances or conditions are such that it is impracticable within a reasonable time to proceed with a substantial portion of the Work.
- (b) Payment. When a Contract, or any divisible portion thereof, is terminated pursuant to this Section (2), the District must pay the Contractor a reasonable amount of compensation for preparatory Work completed, and for costs and expenses arising out of termination. The District must also pay for all Work completed based on the Contract Price. Unless the Work completed is subject to unit or itemized pricing under the Contract, payment must be calculated based on percent of Contract completed. No claim for loss of anticipated profits will be allowed.

(3) **Public Interest Termination by the District.** The District may include in its Contracts terms detailing the circumstances under which the Contractor must be entitled to compensation as a matter of right in the event the District unilaterally terminates the Contract for any reason considered by the District to be in the public interest.

(4) **Responsibility for Completed Work.** Termination of the Contract or a divisible portion thereof pursuant to this Rule must not relieve either the Contractor or its surety of liability for claims arising out of the Work performed.

(5) **Remedies Cumulative.** The District may, at its discretion, avail itself of any or all rights or remedies set forth in these Rules, in the Contract, or available at law or in equity.

CONTRACT AMENDMENTS AND CHANGE ORDERS

PPS-49-0910 Public Improvement Contract Amendments and Changes to the Work

- (1) **Definitions for Rule.** As used in this Rule with regard to Public Improvement Contracts:
- (a) **"Amendment"** means a Written modification to the terms and conditions of a Public Improvement Contract, other than by Changes to the Work, within the general scope of the original Procurement that requires mutual agreement between the District and the Contractor.
 - (b) **"Changes to the Work"** means a mutually agreed-upon Change Order, or a Construction Change Directive or other Written order issued by the District or its authorized representatives to the Contractor requiring a Change in the Work within the general scope of a Public Improvement

Portland Public Schools Public Contracting Rules
Division 49 – Public Contracting Rules for Contracts for Goods and/or Services
Other Than Personal Services

Contract and issued under its Changes provisions in administering the Contract and, if applicable, adjusting the Contract Price or Contract time for the Changed Work.

- (2) **Change Orders.** Changes to the Work are anticipated in construction and, accordingly, the District shall include Change provisions in all Public Improvement Contracts that detail the scope of the Changes clause, provide pricing mechanisms, authorize the District or its authorized representative(s) to issue Changes to the Work, and provide a procedure for addressing Contractor claims for additional time or compensation. When Changes to the Work are agreed to or issued consistent with the Contract's Changes provisions, they are not considered to be new Procurements, and an exemption from Competitive Bidding is not required for their issuance by the District.
- (3) **Change Order Authority.** The District may establish internal limitations and delegations for authorizing Changes to the Work, including dollar limitations. Dollar limitations on Changes to the Work are not set by these Rules, but such Changes are limited by the above definition of that term.
- (4) **Contract Amendments.** Public Improvement Contract Amendments within the general scope of the original Procurement are not considered to be new Procurements, and an exemption from Competitive Bidding is not required in order to add components or phases of Work specified in or reasonably implied from the Solicitation Document. Amendments to a Public Improvement Contract may be made only when:
- (a) They are within the general scope of the original Procurement;
 - (b) The field of competition and Contractor selection would not likely have been affected by the Contract modification. Factors to be considered in making that determination include similarities in Work, Project site, relative dollar values, differences in risk allocation, and whether the original Procurement was accomplished through Competitive Bidding, Competitive Proposals, Competitive Quotes, sole-source, or Emergency Contract;
 - (c) In the case of a Contract obtained under an Alternative Contracting Method, any additional Work was specified or reasonably implied within the Findings supporting the Competitive Bidding exemption; and
 - (d) The Amendment is made consistent with this Rule and other applicable legal requirements.

END OF DIVISION 49



Board of Education

Superintendent's Recommendation to the Board

Board Meeting Date: November 26, 2012 Executive Committee Lead: Sue Ann Higgins

Department: Office of Schools

Presenter/Staff Lead: Larry Dashiell/Judy Brennan

Agenda Action: Resolution Policy

SUBJECT: Proposed boundary change for Llewellyn and Duniway elementary schools

BRIEF SUMMARY AND RECOMMENDATION

Llewellyn Elementary School is currently operating at 110% of school capacity. A boundary change is recommended between Llewellyn and nearby Duniway Elementary School, in order to provide relief for Llewellyn and to reduce transfers into Duniway.

BACKGROUND

Enrollment at Llewellyn Elementary School has grown by 58% in the past five years. The causes are a combination of an increased catchment area, due to a boundary change in 2007, and higher rates of neighborhood students choosing to attend the school. To manage the growth, new transfers into Llewellyn ended and numerous facility changes were made, including the addition of two modular classrooms in 2010. Without additional relief, Llewellyn will be critically overcrowded, and its educational program significantly compromised.

Staff is proposing a boundary change between Llewellyn and Duniway to balance enrollment between the two schools. Duniway's neighborhood has remained stable, with only minimal growth in the past five years, while the school has relied on transfers each year to maintain valuable programs.

The area proposed for change is south of S.E. Tacoma Street and west of S.E. 17th Avenue. The portion between S.E. 17th Avenue and S.E. 13th Avenue had historically been assigned to Duniway prior to 2007. If approved the boundary change will begin taking effect in September 2013, with incoming students who do not have older siblings attending Llewellyn. As the typical pace of boundary change is slow, it will likely take 3+ years before enrollment approached 500 students at the two schools, down from current Llewellyn enrollment of 583 and up from current Duniway population of 423.

More details about the proposed change are found in the attached documents.

RELATED POLICIES / BOARD GOALS AND PRIORITIES

Policy 4.10.045-P, Student Assignment to Neighborhood School

Administrative Directive 4.10.049-AD, Student Assignment Review & School Boundary Changes

Reviewed and Approved by
Superintendent

PROCESS / COMMUNITY ENGAGEMENT

District staff began meeting with the Llewellyn community in winter 2012 to discuss a process for considering short-term space relief and long-term enrollment changes. In total, 5 meetings were held at Llewellyn between January-May 2012, with both small and large groups of parents, as well as with staff. A community meeting was also held in May at Duniway.

In late May, staff provided two scenarios for boundary change between the schools, and held a combined community forum to hear feedback on the proposals. Information was communicated through school newsletters and websites, the PPS website, Pulse and social media sources. Postcards explaining the scenarios and announcing the meeting were sent to each address in the potential boundary change areas, and proposals were sent to local media outlets and neighborhood associations. Feedback sheets were available in schools and online, to collect community responses from community members who were unable to attend the meeting.

Once new enrollment data was available, staff and principals agreed on a single recommendation for boundary change. The recommendation was sent out through both school communities, and again communicated via postcard to every address in the proposed change area, as well as to media outlets, neighborhood associations and through the districts electronic and social networking outlets.

A final community forum was held on November 8 to gather input on the proposed change. Eleven community members attended. Concerns were expressed that the size of the boundary change may be too large for Duniway over time, that the community south of Tacoma would be further isolated from the rest of the Sellwood area because of this change, and general skepticism that the district would monitor the changes and take effective actions if additional changes were needed.

Staff agreed to share community division concerns with neighborhood associations and school leaders, who could help promote cohesion as part of the boundary change transition. Further, staff assured families that the district is more mindful of multiple types of changes, such as limiting transfers that can help manage enrollment over time.

A work session was held with the School Board on November 19.

ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN

In alignment with strategy A6 of the 2011-12 Racial Equity workplan, the racial groups impacted by potential change were identified, and the potential impact of the proposed boundary change was considered relative to those groups. Both Llewellyn and Duniway boundaries contain populations of at least 80% white, non-Hispanic students. The areas proposed to change from Llewellyn and Duniway have similar racial compositions. Due to the mostly homogenous nature of population, and the limited resources available, no specialized outreach was conducted to communities of color. The proposed boundary change does not have an identified impact on any community of color.

BUDGET / RESOURCE IMPLICATIONS

Reviewed and Approved by Superintendent
--

The proposed boundary change includes minimal budget/resource implications. Staffing levels may shift slowly between schools as enrollment shrinks at Llewellyn and grows at Duniway. Transportation costs are expected to be neutral over time, although one additional route may be allocated for one year to accommodate families who choose to remain at Llewellyn. Reducing enrollment at Llewellyn saves potential facility change costs on that campus.

NEXT STEPS / TIMELINE / COMMUNICATION PLAN

If approved, the boundary change would take effect in September 2013. Information will be provided to all residents in the boundary change area, including timelines for requesting co-enrolled sibling status, transportation routes and other implementation details. PPS will also communicate with local stakeholders, including neighborhood associations and PTAs from both schools, regarding opportunities to offset perceived increase in community isolation due to the boundary change.

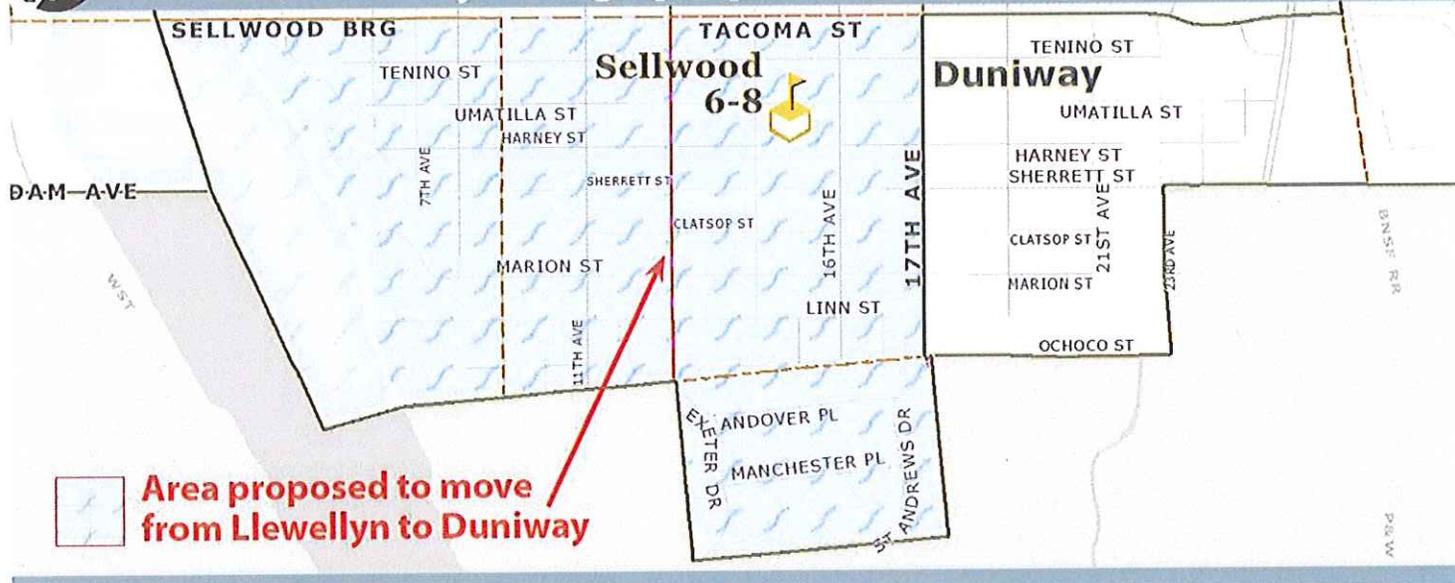
ATTACHMENTS

Resolution
Boundary change proposal summary

Reviewed and Approved by Superintendent
--



School boundary change proposed



Portland Public Schools district staff are recommending a portion of the Llewellyn Elementary School boundary be shifted to Duniway Elementary School, located at 7700 S.E. Reed College Place. Llewellyn remains crowded, due to neighborhood growth, and Duniway's enrollment has shrunk since transfers into the school were limited. The purpose of the boundary change is to balance enrollment between the two schools.

A community forum will be held Thursday, November 8, from 6-7 pm in the Sellwood Middle School library, 8300 S.E. 15th Ave, to hear comments and concerns about the boundary change proposal. The PPS School Board will discuss the recommendation in a work session on November 19 at 6 pm in the auditorium of school district headquarters, 501 N. Dixon St. Next steps in the boundary change process will be scheduled this month, including the date for the final School Board vote.

Interested parties who are unable to attend either of these public session are encouraged to submit their feedback either through e-mail to enrollment-office@pps.net or by completing the attached form and returning it to the main office at Llewellyn or Duniway or the Enrollment & Transfer Center, 501 N. Dixon, Portland, OR 97227.

Background

Last spring, staff proposed two different scenarios for boundary change. Comments were gathered through a public forum last May as well as feedback sheets submitted through the summer. This input, along with new enrollment data, was used to narrow the choices down to a single recommendation.

Recommendation

Because of continued growth in the Llewellyn boundary, staff is recommending that the portion of the boundary south of S.E. Tacoma Street between S.E. 17th Avenue and the Willamette River be moved into the Duniway boundary. A smaller area, located south of S.E. Nehalem Street, north of S.E. Tacoma Street, east of S.E. 13th Avenue and west of the railroad tracks, will remain assigned to Llewellyn.

The area proposed for change that is east of S.E. 13th Avenue moved from Duniway to Llewellyn in 2007. The remaining area between S.E. 13th Avenue and the river has historically been a part of the Llewellyn boundary. Both sections qualify for bus service to Llewellyn, and will also receive bussing to Duniway. The neighborhood is adjacent to the Springwater Trail bike path, and some parents who live in this area indicated that the Trail is an accessible option for their children to bike between home and Duniway School.

Concerns were raised that this boundary change would isolate the neighborhoods south of Tacoma from the rest of the Sellwood community. However, this portion of the boundary has also seen steady growth in school-aged population over the past several years. If it remained in the Llewellyn boundary, other areas that do not currently qualify for bussing would have to be moved out of Llewellyn, adding to transportation costs.

Implementation Plan

The proposed change would be implemented beginning in September 2013 for new students not currently attending a PPS school. Current students who live in the area may remain at their present school, and new, co-enrolled siblings who live in the boundary change areas may attend Llewellyn with their older students. If this recommendation is approved by the Superintendent and School Board, enrollment and transportation departments will contact affected families with details about bus services and transfer options.

This implementation plan is consistent with PPS policy, but does result in a slow pace of change between the schools. This summer, PPS allowed voluntary transfers between Llewellyn and Duniway to speed the rate of enrollment change. Five students moved under this arrangement, 3 kindergartners, one 1st grader and one 4th grader.

Estimated enrollment impact

Forecast enrollment for Llewellyn would drop by twelve students the first year, but is estimated to be about 75 students lower over the next five years. These estimates assume that neighborhood enrollment follows the spring 2012 medium-growth forecasts provided by the Portland State University Population Research Center, and would see Llewellyn enrollment drop below 500 students by 2018. However, since neighborhood growth has consistently exceeded the medium-growth forecast each year, it is likely that actual enrollment at the school will remain above 500 students in those years.

At the same time, the boundary change is expected to result in Duniway's enrollment increasing to above 500 students, even as transfer slots are reduced at that school. Staff believe these estimates are reasonable assumptions for planning purposes. However, we recognize that there are many unpredictable variables that drive enrollment changes. While we do not anticipate the need for additional enrollment adjustments in the next three years, we will continue to monitor growth factors and may enact other changes, if warranted, beyond that point.

For additional information, please call 503-916-3205 or visit www.pps.net, click on enrollment balancing (lower right hand side of page) and then follow the links to Llewellyn/Duniway boundary change.

Llewellyn/Duniway Enrollment Change Worksheet

Boundary changes are proposed between Llewellyn and Duniway Elementary Schools. This worksheet describes current enrollment and estimated impacts of proposed changes on both schools.

General School Information

Llewellyn	Grade Structure:	K-5	Feeder Schools: Sellwood MS/Cleveland HS
	Enrollment Oct 2012:		583
	% F/R lunch in 2011:		21.2%
Duniway	Grade Structure:	K-5	Feeder Schools: Sellwood MS/Cleveland HS
	Enrollment Oct 2012:		423
	% F/R lunch in 2011:		15.3%

Student Counts by Grade Level in Proposed Boundary Change Area: 2011-12 to 2012-13

		K	1	2	3	4	5	Total
2011-12	Students attending neighborhood school	12	14	19	16	16	6	83
2011-12	Students attending other public schools	3	7	7	11	5	9	42
2011-12	Total students attending public schools	15	21	26	27	21	15	125
2011-12	% attending neighborhood school (capture rate)	80%	67%	73%	59%	76%	40%	66%
2012-13	Students attending neighborhood school	9	15	16	16	20	16	92
2012-13	Students attending other public schools	8	3	7	7	11	7	43
2012-13	Total students attending public schools	17	18	23	23	31	23	135
2012-13	% attending neighborhood school (capture rate)	53%	83%	70%	70%	65%	70%	68%

Estimated Boundary Change Impact

Area south of S.E Tacoma Street and east of S.E. 17th Avenue moves from Llewellyn to Duniway beginning in September 2013 with new students who do not have an older brother or sister attending Llewellyn.

(A) Forecast enrollment without changes

(B) Grades subject to change

(C) Estimated students in boundary change area

(D) Estimated capture rate

(E) Sub-total (C x D)

(F) Non-neighborhood students (Net Change)

(G) Sum of changes (E + F)

(H) Estimated enrollment after changes (A + G)

Llewellyn		Duniway	
2013	2018	2013	2018
589	556	429	429
K	K-5	K	K-5
-22	-135	22	135
83%	83%	88%	88%
-18	-112	19	119
5	30	-5	-30
-13	-82	14	89
576	474	443	518

(B) Assumes boundary change begins with kindergarten in 2013 and adds a grade each year.

(C) Source: August 2012 update of PRC enrollment forecast by elementary student attendance area. 2018 forecast is distributed across planning areas based on 2012 student density.

(D) Capture rate estimate for grades K-5 in 2018 closely mirror the current grade K-2 capture rates.

(F) Non-neighborhood student net change anticipates some co-enrolled siblings from the boundary change area remaining at Llewellyn, and fewer transfers students accepted to Duniway.



Portland Public Schools
 Staff **DRAFT**
 recommendation:
 Llewellyn/Duniway
 boundary change.

Legend
 PPS School Sites

- Middle School
- K-5/K-8
- Areas proposed to move from Llewellyn to Duniway
- Area remains assigned to Llewellyn

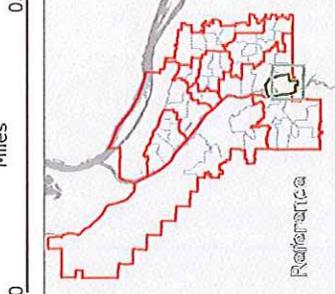
Boundaries

- High School
- K-5/K-8

Planning Area
 -34- with K-5
 Population

Student Population by Blocks

- 1-6
- 7-20
- 21-50
- 51-80
- 81-120
- 121-144



Area remains assigned to Llewellyn

Areas proposed to move from Llewellyn to Duniway



Options to balance enrollment in SE Portland schools—Feedback sheet

A staff recommendation for boundary change between Llewellyn and Duniway elementary schools is now available. We are seeking community feedback upon the proposal through November 19. Soon after, the Superintendent will make a recommendation to the School Board, and they will make the final boundary change decision.

We encourage you to comment on the recommendation in any of the following ways:

- Attend a community forum Thursday, November 8 from 6-7 pm in the Sellwood Middle School library, 8300 S.E. 15th Ave. Childcare and interpretation services will be provided.
- Sign up to speak at a School Board work session Monday, November 19, beginning at 6 pm at the school district headquarters, 501 N. Dixon, by calling 503-916-3741.
- Send written feedback by e-mailing enrollment-office@pps.net, or by completing this form and returning it to the front office at Llewellyn or Duniway schools, or the Enrollment & Transfer Center, 501 N Dixon, Portland 97227, fax 503-916-3699.

Questions for your response:

What strengths do you find in this recommendation, and why?

What challenges concern you, and why?

What suggestions do you have for improving the proposal?

What educational factors do you believe are most important to consider when making a decision on the options presented?

Would the proposed change have a direct impact on you? YES NO

If yes, how? (resident, staff member, parent of a current or future student, etc).

For more information, call 503-916-3205 or go to www.pps.net and click on “enrollment balancing”



Board of Education

Staff Report to the Board

Board Meeting Date: November 26, 2012 **Executive Committee Lead:** Neil Sullivan, CFO

Department: Accounting & Payroll

Presenter/Staff Lead: Sharie Lewis, Director

SUBJECT:

2011-12 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND SINGLE AUDIT

BACKGROUND

The District Auditor, Talbot, Korvola & Warwick, LLP, has issued an unqualified opinion on our financial reports for the year ended June 30, 2012 (see pages 1-2). An unqualified opinion is accountant-speak for a "clean audit" and the highest level of opinion. It is the outcome that we expected.

CAFR AND SINGLE (A-133) AUDIT HIGHLIGHTS

- ◆ Total net assets, which is an indicator of economic condition for the year, decreased by \$4.7 million as shown in the Analysis of Activities on page 6. The overall decrease in net assets is the result of a \$9.6 million decrease in assets, which includes cash & investments, fixed assets net of depreciation and UAL investment, and a \$4.9 million decline in liabilities, which includes accounts payable & accrued wages payable, claims & judgments payable, outstanding debt, and UAL liability. The \$9.2 million decrease in assets is offset by the \$4.9 million decrease in liabilities, resulting in a \$4.7 million net decrease in net assets. This decrease represents a negative economic condition for the District.
- ◆ The operation for the General Fund was a net loss of \$0.6 million (page 20), which reduced fund balance to \$30.9 million. The final supplemental budget the District had originally planned a net loss of \$4.9 million therefore the overall increase the beginning fund balance in the General Fund in the next year will be \$4.3 million more than planned.
- ◆ In February 2012 the District entered into a two year \$45 million line of credit agreement to finance: 1) repayment of \$25.75 million of short term debt; 2) purchase of Rosa Parks School in Oct 2012 for \$9.0 million; and 3) replacement of over 40 school boiler burners for \$9.1 million. Capital expenditures and debt are further explained on pages 9-10.
- ◆ In January 2012 the District refinanced \$14.0 million of the PERS limited tax pension bonds with \$14.4 million of new debt to take advantage of lower interest rates. The interest rate of the retired debt was 5.50%, while the new debt is at 2.75%. This refinancing resulted in an interest savings of \$156 thousand in the current year, and is expected to save approximately \$375 thousand per year in future years.
- ◆ The District implemented several policy changes to improve transparency and accountability for debt-related transactions, capital projects, and self-insurance. Five new funds were created or reopened to account for debt service and capital projects separately from the General Fund. In addition, self-insurance activity related to general liability and property claims was moved from

Reviewed and Approved by
Executive Committee Lead

Neil Sullivan, CFO

the Self Insurance Fund (a proprietary fund) to the General Fund, leaving only Workers Compensation Program activities in the Self Insurance Fund.

- ◆ The District had one Financial Statement Significant Deficiency, no questioned costs and no material weaknesses for the year ended June 30, 2012 (see Single Audit pages 16-18). The one finding has to do with a weakness in the processes of approval/review controls for procurement card transactions. A management response to the significant deficiency finding is reported in the A-133 report. For context, while we take every finding seriously and strive for perfection, only one finding is indicative of sound financial management. In the audit of 2010-11 statements there was one material weakness finding that was corrected with a journal entry and fiscal monitoring.

WHERE THINGS ARE IN THIS YEAR'S CAFR

Here are some of the major sections of the CAFR where your assessment of the report would be greatly appreciated:

- ◆ Transmittal Letter, pages i-viii. This communication from the Superintendent, CFO and Accounting & Payroll Services Director explains the 4 major sections of the CAFR, the District's profile, PPS's Service Efforts and Achievements, the state and local economies, and the District's long-range planning.
- ◆ Management's Discussion and Analysis, pages 3-11. District management provides an overview narrative of balances and activities at the District-wide level, changes from the prior year, analysis of the District's major funds, budgetary highlights, capital and debt administration, and economic factors and next year's budget.
- ◆ Financial Reporting, The District is required to use two different accounting methods in the CAFR; one method is used for government-wide and "business" type activities, and another is used for governmental "fund type" activities.
- ◆ Government-wide statements (found on pages 14-15), and proprietary fund statements (on pages 24-26, and page 97) must measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting (also known as full-accrual). The economic resources focus includes significant differences from fund financial accounting such as reporting historical capital asset costs and long-term debt.
- ◆ Governmental fund statements found on pages 16-22, and the budgetary fund schedules on pages 56-96, uses the financial resources measurement focus and modified-accrual basis of accounting.
- ◆ The differences between these two methods of accounting are reported in the CAFR reconciliations on pages 19 and 23.
- ◆ The footnotes on pages 27-52 disclose the summary of significant accounting policies of the District and provide additional details for such things as cash and investments, capital assets, debt, risk management, commitment and contingencies and subsequent events.
- ◆ Budget versus Actual Variance schedules on pages 56-96 are summarized at the budgetary appropriation level, and report how each fund has complied with the Board's budgetary appropriations. The reports show both the original budget and final budget.
- ◆ The Statistical Section is on pages 107-136. The four parts of the statistical section are intended to provide the reader with a more complete context for the financial information presented in the CAFR. The 16 schedules presented present financial trends, revenue and debt capacity analysis, demographic and economic information and District operations.

- ◆ The Independent Auditor's Report on pages 137-139 is provided by the auditors and presents audit comments and disclosures required by state regulations. In this report the auditors explain the District's compliance in specific areas, and they explain their consideration of internal controls and any District control deficiencies they have found.

RELATED POLICIES / BOARD GOALS AND PRIORITIES

This audit report is indicative of a high level of fiscal accountability by PPS Finance staff. A clean audit, only one finding, and no issues to be raised in a management letter are evidence of excellent performance. Last year the Association of School Business Officials and the Government Finance Officers Association awarded PPS their certificates of excellence and achievement in financial reporting.

PROCESS / COMMUNITY ENGAGEMENT

The CAFR will be published on the district website, shared with the Citizens Budget Review Committee, and various interest parties, mainly financial institutions, are issued copies. These reports are also required to be reported to various Federal entities.

ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN

BUDGET / RESOURCE IMPLICATIONS

There is no direct fiscal / budget impact as a result of this audit. If the outcome had been less positive, it could have had a negative impact on PPS fiscal outlook including the District's ability to secure grant funding its ability to borrow funds and/or the cost of that debt would likely be impacted negatively. Additionally, in the case of adverse audit findings/issues, the State Office of the Department of Education has the authority to withhold State School Fund payments until audit findings and/or issues are resolved by the District.

NEXT STEPS / TIMELINE / COMMUNICATION PLAN

We recommend that the Board of Education accept and approve the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act and OMB Circular A-133 of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2012 at the December 3, 2012 board meeting.

In order for PPS to meet the requirements of state and federal government the Board is asked to approve and accept these statements and reports. Finance staff will be happy to answer board members' questions; and any comments and suggestions for improvement are valuable to us.

QUESTIONS FOR BOARD DISCUSSION

Do you have any changes to the draft resolution.

ATTACHMENTS

- a. CAFR – draft
- b. A-133/Single Audit - draft

OFFICE OF THE BOARD OF EDUCATION
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
BLANCHARD EDUCATION SERVICE CENTER
PORTLAND, OREGON

RESOLUTION No. XXXX

Acceptance and Approval of the Comprehensive Annual Financial Report, Reports to Management and Report on Requirements of the Single Audit Act and OMB Circular A-133

RECITALS

- A. The Board of Education is committed to accountability for how Portland Public Schools spends its tax dollars and other resources, and recognizes that transparency, accuracy, and timeliness in financial reporting are important components of financial accountability.
- B. The District Auditor, Talbot, Korvola & Warwick, LLP, has completed their independent audit of the financial reporting for the year ended June 30, 2012, and provides assurance that the District's accounting and reporting is in compliance with generally accepted accounting principles.
- C. The District has received awards in Excellence in Financial Reporting for 32 consecutive years from both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) and plans to submit the current financial reports for similar award consideration.

RESOLUTION

The Board of Education accepts and approves the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act and OMB Circular A-133 of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2012, and authorizes the reports to be distributed to required state and federal agencies and filed for future reference.

N. Sullivan / S. Lewis

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2012



Benson House Projects - Mallory House

At Portland Public Schools, this is our goal: By the end of elementary, middle, and high school, every student by name will meet or exceed academic standards and will be fully prepared to make productive life decisions. Portland Public Schools is an equal opportunity educator and employer.

About the cover

Benson House Projects - Mallory House

The Mallory House is located at 4225 NE Mallory Avenue, Portland, Oregon. Construction of the Mallory House was a three-year project. Designs were completed by Benson Architectural students in the spring of 2009 with groundbreaking in December of 2009. The house is an Energy Star-certified home with many desirable features such as hardwood flooring throughout, student-made hardwood cabinets, stainless steel appliances, granite countertops and Fir wood finish trim.

The Benson High School Program offers students hands-on experience in building a residential home through all phases of construction to final completion. The Benson High School Program has sold 16 homes since the late 1970's.

Teachers Tony Franciscone and Rich Weber teach the students all phases of building construction in this program from blueprint reading , foundation systems, floor and wall systems, flooring, window and door installation, roofing , siding, cabinetmaking and woodworking to construction math, building science and basic engineering. These homes are built primarily with student labor and donations of material and labor from industry and community partners. Benson House Projects usually take between two to three years to complete.

Once completed, these homes are offered on the market through a commercial broker. The Mallory House was listed on June 18, 2012 for \$305,000. The District received a purchase offer of \$320,000 on June 24, 2012 and the sale was completed in July 2012. Proceeds from the sale of this home are directed back into the program to sustain the Benson Construction Technology Program.

The next Benson Program House is planned for the adjacent corner lot at 4231 NE Mallory Avenue, cross street NE Skidmore Street. Work on the foundation for this house has begun.

Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2012

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2012

Table of Contents

SECTION I - INTRODUCTORY SECTION

Letter of Transmittal	i
Principal Officials	ix
Organizational Chart	x
ASBO Certificate of Excellence in Financial Reporting	xi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xii

SECTION II - FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Proprietary Financial Statements	
Statement of Net Assets	24
Statement of Revenues, Expenses, and Changes in Net Assets	25
Statement of Cash Flows	26
Notes to the Basic Financial Statements	27
Required Supplementary Information	
Other Postemployment Benefits - Schedule of Funding Progress	55
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	56
Grant Fund	58
PERS Rate Stabilization Reserve Fund	60
Supplementary Information	
Combining Statements - Nonmajor Governmental Funds	
Combining Balance Sheet-Nonmajor Funds	
Combining by Fund Types	65
Special Revenue Funds	66
Debt Service Funds	67
Capital Projects Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Combining by Fund Types	70
Special Revenue Funds	71
Debt Service Funds	72
Capital Projects Funds	74

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2012

Table of Contents (continued)

SECTION II - FINANCIAL SECTION (continued)

Budgetary Comparison Schedules

Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Governmental Funds

Student Body Activity Fund	78
Cafeteria Fund	79
Dedicated Resource Fund	80
Bond Sinking Fund	82
School Modernization Debt Service Fund	83
Settlement Debt Service Fund	84
IT Projects Debt Service Fund	85
PERS UAL Debt Service Fund	86
SELP Debt Service Fund	87
Recovery Zone Debt Service Fund	88
Construction Excise Tax Fund	89
IT System Project Fund	90
Recovery Zone Energy and Water Conservation Fund	91
Energy Efficient Schools Fund	92
Facilities Capital Fund	93
Insurance Recoveries Fund	94
Other Funds	
School Modernization Fund	96
Self-Insurance Fund	97

Other Financial Schedules

Schedule of Property Tax Transactions - General Fund	100
--	-----

Capital Assets Used in the Operation of Governmental Funds

Schedule By Source	104
Schedule By Function and Activity	105
Schedule of Changes By Function and Activity	106

SECTION III - STATISTICAL SECTION

Financial Trends Information

Condensed Statement of Net Assets	108
Changes in Net Assets	110
Fund Balances of Governmental Funds	112
Changes in Fund Balances of Governmental Funds	114

Revenue Capacity Information

Assessed Values of Taxable Property within School District No.1J Boundaries	116
Direct and Overlapping Property Tax Rates	117
Principal Property Tax Payers for Multnomah County	118
Property Tax Levies and Collections	119

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report

For the Year Ended June 30, 2012

Table of Contents (continued)

SECTION III - STATISTICAL SECTION (continued)

Debt Capacity Information

Ratios of Outstanding Debt by Type	120
Direct and Overlapping Governmental Activities Debt	121
Legal Debt Margin Information	122

Demographic and Economic Information

Demographic and Economic Statistics	123
Principal Employers for the Portland Metro Area	124

Operating Information

Full Time Equivalent District Employees by Assignment/Function	125
Meal and Transportation Services Provided	126
School Building and Student Enrollment Information	127

SECTION IV - AUDIT COMMENTS AND DISCLOSURES SECTION

Independent Auditor's Report Required by Oregon State Regulations	137
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DRAFT 11-20-12



Mallory House - Foundation Work



Mallory House - Floor Joists



PORTLAND PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT

Carole Smith
Superintendent

December 3, 2012

To the Citizens of School District No. 1J, Multnomah County, Oregon,
and to the Members of the Board of Education:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2012, together with the audit opinion thereon of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Our internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe our internal control structure adequately safeguards the assets and provides reasonable assurance of proper recording of all financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Financial Report Presentation

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into four major sections:

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2011 CAFR.

The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information (RSI), and supplementary information including the combining and individual fund financial statements. This CAFR marks the second year for implementation of GASB Statement No. 54, which changes the way the District reports its fund balances in the governmental type fund reporting.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. This CAFR marks the eighth year for implementation of GASB Statement No. 44, resulting in schedules designed to improve the understandability and usefulness of the information presented in the statistical section.

The **Audit Comments and Disclosures Section** contains disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

Profile of the District

Established in 1851, Portland Public Schools is the largest and oldest school district in the State of Oregon. The District covers an area over 145 square miles and has a population in excess of 500,000 including portions of the cities of Portland (estimated population 585,800), Lake Oswego (estimated population 36,700), and Milwaukie (estimated population 20,400). The District maintains over 100 facilities with a total floor area of approximately 9.2 million square feet. Please see the Statistical Section, Schedule 16 for details of each building's size, age, and enrollment.

Student enrollment in the Fall of 2011 was 47,288. October enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Program Type	Grade ranges ⁽¹⁾	Enrollment	Distribution
Regular Schools and Programs			
Elementary Schools	K-5, K-8, PK-8, PK-5, 1-8	26,445	56%
Middle Schools	6-8	5,160	11%
High Schools	9-12, 8-12, 6-11, 6-12	10,810	23%
Total Regular Schools		42,415	90%
Magnet/Special Focus Programs	PK, K-12, 9-12, 10-12	1,689	4%
Total Regular & Special Focus		44,104	94%
Community-Based Programs	9-12, 6-8, 6-12	1,150	2%
Special Education Programs	K-12	502	1%
Public Charter Programs	K-4, K-5, K-12, 6-8, 9-12	1,532	3%
Total Programs and Enrollment		47,288	100%

⁽¹⁾ Definitions: PK:Pre-Kindergarten. K:Kindergarten

Source: PPS; Enrollment Summaries, October 2011

After more than a decade of steady decline beginning in 1996-97, Portland Public Schools has seen increasing enrollment counts for the last four years since a nadir in October, 2008 with the early counts for 2012 continuing this trend. The decline was primarily a result of lower birth rates and higher housing prices driving migration out of the district. As those two causes have abated somewhat PPS has started to experience increased enrollment. This growth is essentially reflected in higher numbers in the younger grades offsetting lower numbers in high school grade levels as the cohorts of students from earlier years are aged through the system. PPS contracts with the Portland State University Population Research Center (PSUPRC) for forecasting and analysis of population and enrollment trends. PPS is running ahead of the most recent medium growth forecast from PSUPRC which showed continued steady but modest increase in District enrollment with the total reaching 49,351 by 2016-17. Under this scenario the numbers in early grades would continue to increase. Middle grades would increase as the students currently in younger grades move through the system, and high school numbers would be relatively flat.

The October 2012 preliminary enrollment count of 47,595 shows an increase of 307 students over October 2011, with growth in younger grades, alternative schools, and charter schools.

The District is governed by a seven-member Board of Education elected by the voters of the District for staggered four-year terms. The chief administrative officer of the District is the Superintendent, who is

appointed by the Board. The Board is ultimately accountable for all fiscal matters that significantly influence operations.

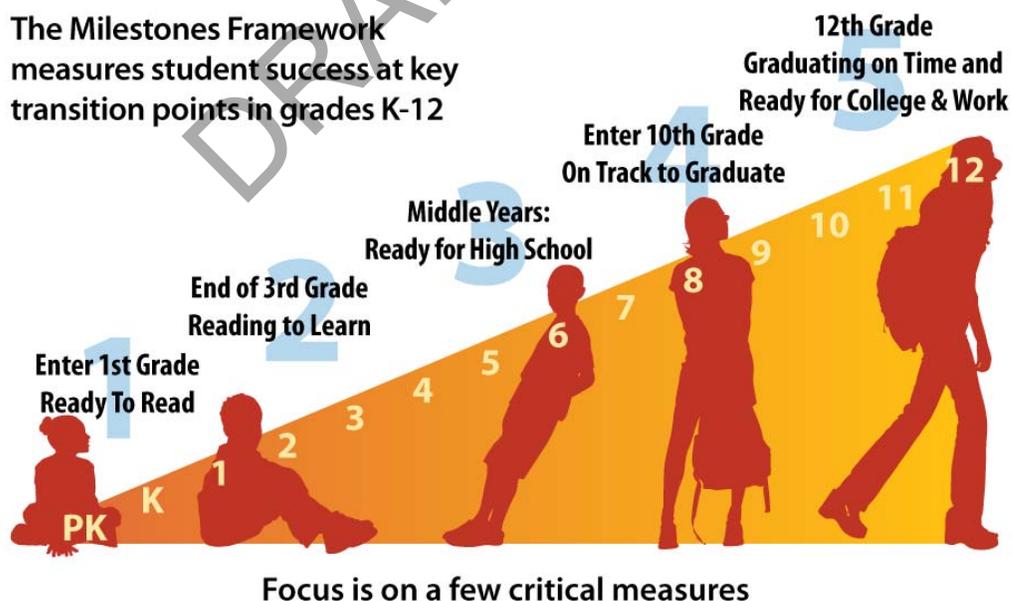
Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating, and maintaining school facilities, developing and maintaining approved educational programs and courses of study, including career/technical educational programs and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State, and Federal programs. This report includes all funds of the District.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the 2011 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

Service Efforts and Accomplishments – The PPS Milestones Framework

Portland Public Schools’ core mission is to ensure that every student, by name, succeeds regardless of race and class. This means that PPS must provide its 47,288 students the instruction and support they need to succeed at every grade, so they graduate on time and are prepared for college, career and citizenship. The District has set measures – a Milestones Framework – to gauge student achievement at key learning stages, from the earliest grades through graduation day.

The Milestones Framework was designed to rely on existing tools and statistics – including annual state assessment results, student credit attainment and graduation rates – to measure how students are performing at particular points in their education. Research shows that these measures, at these junctures, predict whether students will graduate on time and be ready for college or a career. We have set goals for better student performance so we can hold ourselves accountable to our families and our community, and to see which educational strategies are working to produce better results. We have also aligned our Milestones to State Achievement Compacts where possible.



Results for 2011-2012

There are five Milestone/Achievement Compact Measures. PPS sorts data results by racial subgroups to quantify the achievement gap – the extent to which race predicts academic success.

In 2011-12 PPS set specific targets for three key Milestones Measures to evaluate progress (third grade reading, students entering tenth grade on-track to graduate and our 4-year cohort graduation rate). The goal was to increase the overall performance on each of these measures by five percentage points and at the same time to reduce the disparity in outcomes between white students and the lowest reported racial sub-group by five percentage points. The targets were achieved in four out of six cases, and the result was an improvement of three and four percentage points in the remaining two as indicated below.

While, overall, students are showing progress at most Milestones and there has been progress in closing some achievement gaps, there remains much that PPS schools need to do to help students of color to experience results at the same level as their white peers while raising results for all of our students to the levels that they deserve.

Progress on Milestones/Achievement Compacts			
Milestone	2010-11 Actual	2011-12 Target	2011-12 Actual
Reading to Learn (Meet or exceed benchmark by the end of 3rd grade)	71%	Keep up: +5	+6 (77%)
	Largest gap: Hispanic v. white 34pts	Catch up: -5 Close gap by 5	-4 (30 pts)
On Track to Graduate (Enter 10th grade with 6 credits and 90% attendance)	63%	Keep up: +5	+7 (70%)
	Largest gap: Multi-racial v. white 25pts	Catch up: -5 Close gap by 5	-3 (22 pts)
	2009-10 Actual	2010-11 Target	2010-11 Actual
4-year Cohort Graduation Rate	54%	Keep up: +5	+8 (62%)
	Largest gap: Hispanic v. white 27pts	Catch up: -5 Close gap by 5	-9 (18 pts)

= Met Target
 = Near Target

1. Students entering first grade should be ready to read.

PPS did not report progress on the first grade milestone for the last two years. Working in partnership with other school districts in Multnomah County under the Cradle-to-Career initiative, we are re-evaluating whether our definition of this Milestone aligns well with the type of student performance shown by other Milestones. In addition, there have been changes to how data for this Milestone have been collected and reported over time that make year-to-year comparisons unreliable. The Oregon Department of Education is currently piloting a Kindergarten Readiness Assessment that we anticipate will be a factor in this Milestone.

2. By the end of third grade, students should be reading to learn.

Result: 77% of third-graders met this measure, an increase of 5 percentage points from 71% in 2010-11. PPS exceeded the target of increasing performance by five percentage points.

How it's measured: Third-graders must meet or exceed the benchmark on a state reading test. PPS has historically used a higher cut score, and we are pleased that ODE raised the Meets cut score to a level more predictive of student success.

Racial achievement gap: The 34 percentage point gap between white and Hispanic students was reduced by four percentage points (to 30 percentage points). PPS missed the target of reducing the largest gap by a single percentage point.

3. Ready for high school.

With the suspension of the State writing test at 7th grade and the change in math standards K-12, the Ready for High School Milestone is currently suspended.

4. Sophomores should be on track to graduate.

Result: 70% of students met this milestone, an increase of seven percentage points from 2010-11. PPS exceeded the target of increasing performance by five percentage points.

How it's measured: Students must enter 10th grade with six or more credits and 90% or better attendance.

Racial achievement gap: In 2010-2011, the largest gap existed between multi-racial and white students (25 percentage points). PPS did not meet the target of reducing this gap by five percentage points, as the gap was reduced by only three percentage points.

5. Students should graduate on time, equipped for work and college.

Students must graduate within four years. In the 2007-08 to 2011-12 cohort, 62% of PPS students graduated on time, an eight percentage point increase from the cohort one year earlier. This exceeded our target.

Racial achievement gap: For the graduation rate, the largest gap, between Hispanic and white students, was closed by nine percentage points, exceeding our targets.

PPS is taking a number of actions to improve student performance. These actions include, but are not limited to, providing greater support for high-needs "Academic Priority Zone" schools, nurturing collaboration across schools, offering focused professional development to improve curriculum and instruction, ensuring students have access to rigorous courses and continuing to support intervention programs such as the summer academies for students who need extra opportunity to stay on track to meet their educational goals and addressing the role and presence of whiteness in our educational system and teaching practices.

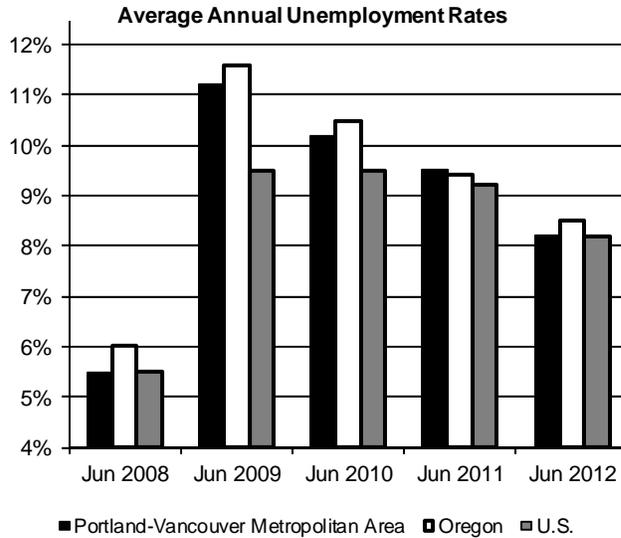
Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Ever since the passage of Measure 5 more than twenty years ago school districts across Oregon rely upon the state for the majority of their financing. Even though districts collect revenue locally through the property tax, school funding is essentially equalized through the allocations under the state school fund. Oregon is more dependent upon a single revenue source, state income tax, than any other state in the

country. So the financial outlook for PPS is tied closely to the condition of the Oregon economy.

State economy. Oregon's unemployment rate has declined from a June 2009 level of 11.6% to a June 2012 rate of 8.5%. Oregon's unemployment rates have been higher than the U.S. average, and are an indication the economy remains weaker than the nation as a whole. Reduced housing and construction activity, coupled with reduced home values have been contributing factors in the overall decline in state funding for education.



As to the outlook for the state economy, forecasts remain largely unchanged from previous predictions with modest economic growth as the most likely scenario, similar to national growth predictions. However, a great deal of uncertainty remains due to the threat of events overseas impacting US and Oregon economic growth. Workforce growth over the past year was a modest 0.9 percent, with growth in all sectors except Government, which declined 2.1 percent and continued to have a negative impact on overall job growth. The majority of this decline occurred in K-12 and community college positions. Further public sector downsizing is a clear possibility, as funding for these positions is tied to the recovery of General Fund revenues and property taxes. One bright spot for Oregon is the housing market, which has begun to show early signs of recovery with an increase in housing prices over the past year. Long-term U.S. and Oregon economic growth depend upon restoring international competitiveness through productivity enhancing investments in physical capital, human capital, and infrastructure.

Local economy. The Portland metropolitan area has a diversified economy, with centralized, accessible schools, and excellent public transportation. The area is a major West Coast distribution point for wholesale trade and high tech exports. The local economy however reflects the state's poor economy with a reduced workforce at June 2012 and an unemployment rate of 8.2%.

Oregon Employment by Industry (not seasonally adjusted)	June		Change from prior year
	2011	2012	
Trade, Transportation & Utilities	311.5	319.3	2.5%
Government	307.2	300.9	-2.1%
Education & Health Services	231.4	233.7	1.0%
Professional & Business Services	187.6	190.2	1.4%
Leisure & Hospitality	170.6	172.1	0.9%
Manufacturing	168.2	169.7	0.9%
Financial Activities	92.4	93.2	0.9%
Construction	69.8	70.2	0.6%
Information	32.0	33.5	4.7%
Mining & Logging	7.0	7.1	1.4%
Other Services	57.3	59.0	3.0%
Total non-farm workforce (in thousands)	1,635.0	1,648.9	
Workforce change from prior year	1.9%	0.9%	

PPS has the authority to generate revenue locally through the local option levy and has, thanks to the generous support of PPS voters, been able to approve local levies. Most recently, PPS voters approved a five-year levy in May, 2011. Whereas the outlook for state revenue is dependent upon the impact of economic activity in income tax collections, locally the revenue available under the local option levy is a reflection of the impact of the economy on tax assessed values and, most particularly, market values of taxable property within PPS. The state of the local economy has an impact on this potential revenue. Reduction in market values of residential property within the PPS area during 2008-2011 reduced the income of the school district. Local housing prices rebounded 3.2% in the past year, but are still below 2008 pre-recession levels.

Long-term financial planning. As mentioned above, PPS improved the medium-term fiscal outlook with the passage of the five-year local option property levy. PPS operates well over 100 buildings on its 85 school campuses. The average age of the school buildings in service is roughly 65 years, about 20 years older than the average for school buildings nationally. Through more than a decade of tight budgets and shortfalls, PPS has chosen to support core instructional services, and has not invested General Fund dollars in capital improvements to its buildings. In May, 2011, PPS placed a capital bond on the ballot that would have provided \$548 million for school construction and capital improvement projects. The bond was not approved. In January 2012, PPS adopted a Capital Asset Renewal Plan to set up a fund to maintain schools replaced or renovated in the future. In May 2012, PPS adopted a Long Range Facility Plan to reduce an estimated \$165 million in accumulated deferred maintenance over the next 24 to 40 years. This long range plan includes funding through capital bonds, capital funding partnerships, Construction Excise Tax revenues, and Cool Schools Funds (Senate Bill 1149). In August 2012 PPS placed a \$482 million school construction bond (M26-144) on the November 2012 ballot. The bond measure passed but has not yet been certified by the county election offices as of the issue date of this report. This new measure focuses on earthquake reinforcements, roof repair and replacement, high school renovations, improved access to schools for people with disabilities, and science classroom upgrades.

Independent Audits

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the basic financial statements and, accordingly, have included their unqualified Independent Auditor's Report in the financial section of this report.

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 require state and local governments that expend \$500,000 or more in federal assistance in a year have a special form of audit conducted for that year. Since 1989, Portland Public Schools has issued a separate report on these requirements and the requirements of the implementing circular, U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. Talbot, Korvola & Warwick, LLP have

also provided various required reports. Contained in the separately issued Single Audit Report is the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 32nd consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 32nd consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2012 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

We wish to express our appreciation to the staff of Accounting and Payroll Services and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Education, employees of the District, and the citizens of Portland whose continued cooperation, support, and assistance have contributed greatly to the achievements of Portland Public Schools.

Respectfully submitted,

Carole Smith, Superintendent

Neil Sullivan, RSBO, CGFM, Chief Financial Officer

Sharie Lewis, CPA, Director, Accounting and Payroll Services

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

Principal Officials

At June 30, 2012

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Ruth Adkins	1	June 30, 2015	503-916-3741	radkins@pps.net
Matt Morton	2	June 30, 2015	503-916-3741	mmorton@pps.net
Bobbie Regan	3	June 30, 2015	503-292-6841	bregan@pps.net
Martin Gonzalez	4	June 30, 2013	971-409-3245	mgonzalez@pps.net
Pam Knowles	5	June 30, 2013	503-334-3668	pknowles@pps.net
Trudy Sargent	6	June 30, 2013	503-916-6655	tsargent@pps.net
Greg Belisle	7	June 30, 2015	971-221-6866	gbelisle@pps.net

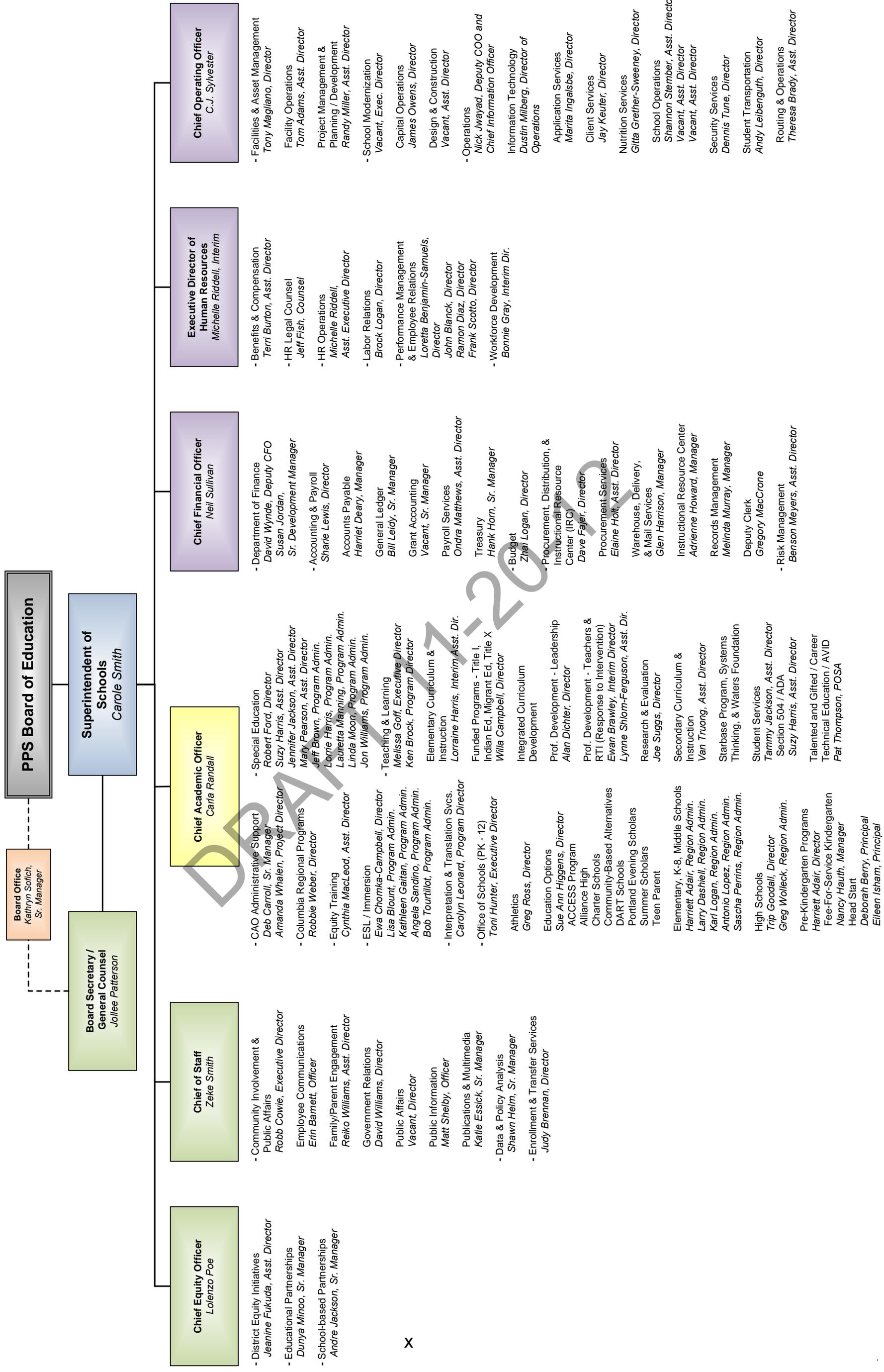
Ruth Adkins, Matt Morton, Bobbie Regan, and Greg Belisle were elected to four-year terms commencing July 1, 2011 and expiring June 30, 2015.

ADMINISTRATIVE STAFF

Carole SmithSuperintendent
Zeke Smith.....Chief of Staff
C. J. Sylvester, MSSN.....Chief Operating Officer
Neil Sullivan, RSBO, CGFM.....Chief Financial Officer
Carla Randall.....Chief Academic Officer
Jollee Patterson, J.D.....General Counsel



Portland Public Schools 2011-2012 Organizational Structure



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

**School District No. 1J, Multnomah County,
Oregon**

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Handwritten signature of Brian L. Mee in black ink.

Brian L. Mee, SFO, RSBA
President

Handwritten signature of John D. Musso in black ink.

John D. Musso, CAE, RSBA
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District No. 1J,
Multnomah County, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

DRAFT 11-20-12





Mallory House - Framing Work



Mallory House - Framing Work

INDEPENDENT AUDITOR'S REPORT

DATE

To the Board of Education
School District No. 1J, Multnomah County, Oregon
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits Schedule of Funding Progress, as listed in the Table of Contents, be presented to supplement the 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. We have applied certain limited procedures to

To the Board of Education
School District No. 1J, Multnomah County, Oregon
DATE
Page 2

the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison information for the General, Grant, and PERS Stabilization Funds, as listed in the Table of Contents as Required Supplementary Information, is not a required part of the basic financial statements and is presented for purposes of additional analysis as required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By _____
Timothy R. Gillette, Partner

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON Management's Discussion and Analysis

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS), we offer readers this narrative overview and analysis of the financial activities of the Portland Public Schools for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

All dollar amounts, unless otherwise indicated, are expressed in thousands.

FINANCIAL HIGHLIGHTS

- ◆ The net assets of Portland Public Schools were \$199.8 million at June 30, 2012. Of that amount \$157.2 million was invested in capital assets net of related debt, \$21.6 million was restricted for capital projects and other restrictions, and \$21.0 million was unrestricted. Further analysis can be found on page 5 in the Analysis of Net Assets.
- ◆ Total net assets for the year decreased by \$4.7 million as shown in the Analysis of Activities on page 6. The overall decrease in net assets is the result of multiple factors. Further explanations are offered by management in the following sections of this Discussion and Analysis.
- ◆ In February 2012 the District entered into a two year \$45 million line of credit agreement to finance: 1) repayment of \$25.75 million of short term debt; 2) purchase of Rosa Parks School in Oct 2012 for \$9.0 million; and 3) replacement of over 40 school boiler burners for \$9.1 million. Capital expenditures and debt are further explained on pages 9-10.
- ◆ In January 2012 the District refinanced \$14.2 million of the PERS limited tax pension bonds with \$14.4 million of new debt to take advantage of lower interest rates. The interest rate of the retired debt was 5.50%, while the new debt is at 2.75%. This refinancing resulted in an interest savings of \$156 thousand in the current year, and is expected to save approximately \$375 thousand per year in future years.
- ◆ The District implemented several policy changes to improve transparency and accountability for debt-related transactions, capital projects, and self-insurance. Five new funds were created or reopened to account for debt service and capital projects separately from the General Fund. In addition, self-insurance activity related to general liability and property claims was moved from the Self Insurance Fund (a proprietary fund) to the General Fund, leaving only Workers Compensation Program activities in the Self Insurance Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Portland Public Schools' basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the Portland Public Schools can be divided into two categories: governmental funds and proprietary funds. Reports by fund and fund group are shown in the Financial Section of the report beginning on page 16.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Portland Public Schools designates four major governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Grant Fund, the PERS Rate Stabilization Reserve Fund and the School Modernization Fund, all of which are considered to be major funds. Data from the other sixteen governmental-type funds are combined into a single, aggregated presentation titled "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets.

The basic governmental fund financial statements can be found on pages 16-23 of this report.

Proprietary funds are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an Internal Service Fund.

Internal service funds are accounting devices used to accumulate and allocate costs among various internal functions. The District uses an internal service fund to account for its Self-Insurance activities related to workers compensation. Because Portland Public Schools has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the government-wide financial statements.

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund, which is considered to be a major fund of Portland Public Schools.

The basic internal service fund financial statements can be found on pages 24-26 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found on pages 27-52 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, the Grant Fund and the PERS Stabilization Reserve Fund. In addition the RSI discloses the actuarial estimate of funding progress of the District's other post employment healthcare benefits obligations. This information is on pages 53-60.

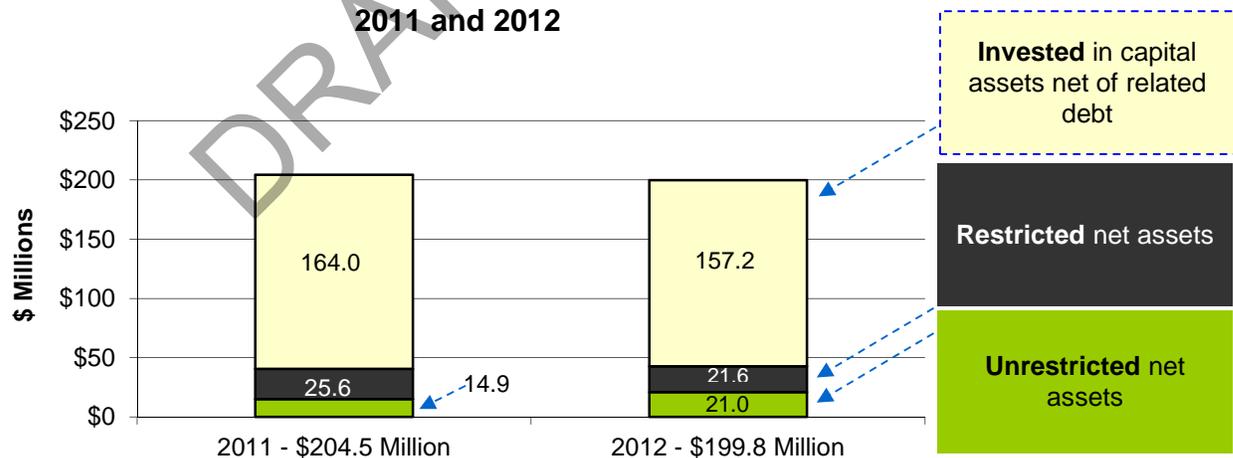
Supplementary Information (SI) presented on pages 61-97 includes combining statements for the nonmajor governmental funds, budgetary comparison schedules for nonmajor and other funds, and other financial schedules.

Government-Wide Financial Analysis

Analysis of Net Assets. The Statement of Net Assets presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time net assets may serve as a useful indicator of the District's financial position. Other indicators that can be useful in reviewing the District's financial health include enrollment trends, debt capacity and the condition of facilities.

Net Assets	Government-wide			
	2011	2012	Change	% change
Assets				
Current or other assets	\$ 614,348	\$ 606,378	\$ (7,970)	-1.3%
Net capital assets	200,731	199,058	(1,673)	-0.8%
Total Assets	815,079	805,436	(9,643)	-1.2%
Liabilities				
Long-term liabilities outstanding	490,046	504,183	14,137	2.9%
Other liabilities	120,498	101,419	(19,079)	-15.8%
Total Liabilities	610,544	605,602	(4,942)	-0.8%
Net Assets				
Invested in capital assets, net of related debt	164,033	157,209	(6,824)	-4.2%
Restricted	25,597	21,577	(4,020)	-15.7%
Unrestricted	14,905	21,048	6,143	41.2%
Total Net Assets	\$ 204,535	\$ 199,834	\$ (4,701)	-2.3%

GOVERNMENT-WIDE NET ASSETS 2011 and 2012



Net Assets - 2012 compared to 2011.

Net Assets are a primary indicator of financial position. In the case of Portland Public Schools assets exceeded liabilities by \$199.8 million at the close of the most current fiscal year. *Net Assets Invested in Capital Assets Net of Related Debt* (\$157.2 million) is the largest component of District Net Assets, and has decreased by \$6.8 million this year, mainly due to depreciation (\$12.2 million) offset by the

completion of debt financed capital projects (\$6.5 million). *Restricted Net Assets* (\$21.6 million) reports the unspent portions of capital projects debt and net assets restricted by grantors. Restricted net assets have decreased \$4.0 million this year, reflecting primarily the portions of debt expended for capital purposes (\$6.5 million) less unspent revenues in the Construction Excise Tax Fund (\$2.1 million). *Unrestricted Net Assets* (\$21.0 million) are the remaining net assets, and have increased \$6.1 million primarily due to reductions in restricted net assets as noted above.

Analysis of Activities. The Statement of Activities presents expenses and related revenues by program, showing how the District's net assets changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned but unused vacation leave).

Statement of Activities

	Government-wide				
	<u>2011</u>	<u>2012</u>	<u>% of total 2012</u>	<u>Change</u>	<u>% change</u>
Revenues					
Program Revenues					
Charges for services	\$ 11,813	\$ 11,577	2.1%	\$ (236)	-2.0%
Operating grants & contributions	105,740	99,629	18.3%	(6,111)	-5.8%
Total Program Revenues	<u>117,553</u>	<u>111,206</u>	<u>20.4%</u>	<u>(6,347)</u>	<u>-5.4%</u>
General Revenues					
Property & other taxes	194,170	200,906	36.9%	6,736	3.5%
Local option taxes	38,226	53,622	9.8%	15,396	40.3%
County and intermediate sources	9,543	9,588	1.8%	45	0.5%
Construction excise tax	1,361	2,108	0.4%	747	54.9%
State School Fund	139,229	149,031	27.3%	9,802	7.0%
State Common School Fund	4,461	4,138	0.8%	(323)	-7.2%
Federal stimulus	14,349	403	0.1%	(13,946)	-97.2%
Investment earnings	582	595	0.1%	13	2.2%
Other	8,440	13,535	2.5%	5,095	60.4%
Total General Revenues	<u>410,361</u>	<u>433,926</u>	<u>79.6%</u>	<u>23,565</u>	<u>5.7%</u>
Total Revenues	<u>527,914</u>	<u>545,132</u>	<u>100.0%</u>	<u>17,218</u>	<u>3.3%</u>
Expenses					
Instruction	315,465	287,424	52.3%	(28,041)	-8.9%
Support services	204,613	206,856	37.6%	2,243	1.1%
Enterprise & community services	19,758	19,108	3.5%	(650)	-3.3%
Non-capital facilities					
maintenance & replacement	11,649	10,697	1.9%	(952)	-8.2%
Interest and fees on long-term debt	2,135	25,748	4.7%	23,613	1106.0%
Total Expenses	<u>553,620</u>	<u>549,833</u>	<u>100.0%</u>	<u>(3,787)</u>	<u>-0.7%</u>
Change in net assets	(25,706)	(4,701)	-2.4%	21,005	-81.7%
Net assets - beginning of year	230,241	204,535	102.4%	(25,706)	-11.2%
Net assets - end of year	<u>\$ 204,535</u>	<u>\$ 199,834</u>	<u>100.0%</u>	<u>\$ (4,701)</u>	<u>-2.3%</u>

REVENUES

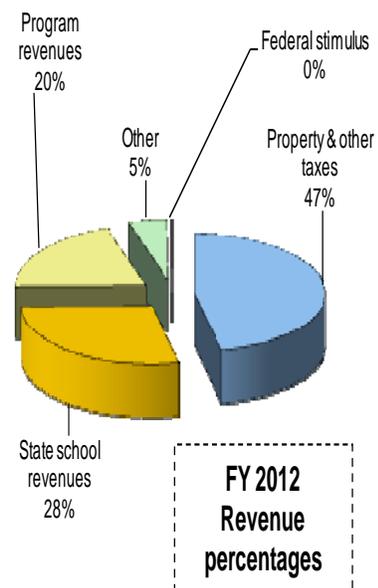
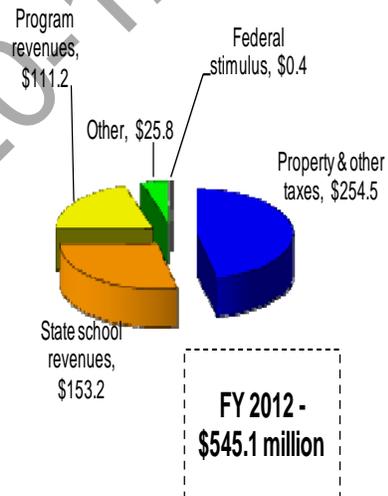
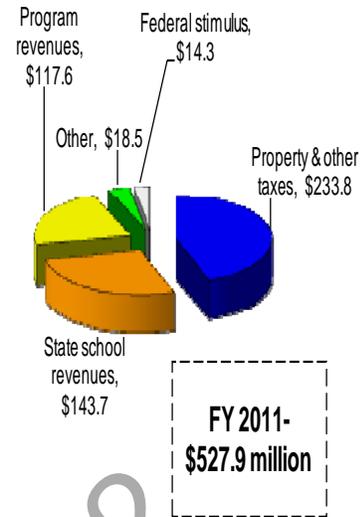
The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in 2012 compared to 2011.

Revenues. Because the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. The District does charge for non-core services such as facilities rentals, activities fees, lunches and kindergarten programs beyond the mandatory half-day class. Therefore, general revenues provide most of the funding required for governmental programs, primarily property taxes and State School Funds.

Revenues – 2012 compared to 2011. Total 2012 revenues of \$545.1 million represented a \$17.2 million (or 3.3%) increase from prior year revenues of \$527.9 million. State school revenues increased \$9.5 million from the prior year due to 485 increase in student census and increased state funding rates, Federal stimulus funds decreased \$13.9 million, and grants and contributions decreased \$6.1 million, primarily due to decreases in ARRA, Ed Jobs, SFSF and Title I funding. Property and other taxes increased \$22.8 million due to increases in the local option tax assessed rate (from 1.25 to 1.99 percent) and increases in assessed value of property in the local area.

Expenses. Portland Public Schools program activities include Instruction, Support Services, Enterprise and Community Services, Non-capital Facilities Maintenance and Replacement, and Interest and Fees on Long-term Debt. The District's activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

Expenses by function – 2012 compared to 2011. Current year total expenses of \$549.8 million were a decrease of 0.7% (\$3.8 million) from the prior year. The primary component of the \$28.0 million reduction in instruction costs was a reduction in spending in both the General Fund and Grant Funds, in response to the reduction in Federal stimulus funding. Support services costs increased \$2.2 million in the current year due to year-end adjustments to fringe rates. Instruction and support services together accounted for 89.9% of the District's expenses in 2012, compared to 94.0%, in the prior year. Interest expense increased \$23.6 million primarily due to a change in accounting for \$23.8 million of interest on PERS debt. In prior years, payments for PERS bond debt were reported in the general fund as PERS UAL expenditures. Beginning this year, due to a change in accounting method, the debt service was moved to a separate fund (PERS UAL Debt Service), and debt service payments were reported as principal



and interest versus PERS UAL personnel expenditures in the prior year.

Financial Analysis of the District's Major Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the major operating fund of the District. The year's activities saw the General Fund's ending fund balance decrease by \$0.6 million to \$30.9 million. This decrease was less than the \$5.1 million decrease (excluding contingency) anticipated in the current year budget. Instructional-Regular Program cost savings were primarily due to expenditures less than budget for wages (\$1.3 million) and consumable supplies (\$1.4 million). Instructional- Special Program cost savings were primarily due to Maintenance of Effort adjustments for Special Education (\$0.9 million) and under-utilization of budgeted wages for ESL temporary and extended hours staffing (\$0.6 million).

Of the \$30.9 million fund balance, \$28.9 million was Unassigned, another \$1.6 million was Committed by the Board, and the remainder of \$452 thousand was Nonspendable and included prepaid expenditures (\$19 thousand), notes receivable (\$326 thousand) and inventories (\$107 thousand).

Grant Fund. Of the \$67.9 million in grant funds received in 2011-12, \$61.5 million is attributable to federal and state grants. Funding for Title I and other federal Title funds of \$25.4 million was targeted to provide additional services to students disadvantaged by poverty, to support migrant education, innovative programs, and safe and drug-free schools. Approximately \$19.7 million was received for Special Education, Head Start, Striving Readers, Voluntary Public School Choice and 21st Century Grants. Public and private-entity awards and other federal and state sources accounted for \$22.8 million.

School Modernization Fund. Fund activity this year included using proceeds from the \$45 million line of credit mentioned on page three to repay \$25.75 million of short term debt. During the year the fund expended \$3.9 million in school improvement projects.

PERS Rate Stabilization Reserve Fund. By action of the District Board this year, the PERS Rate Stabilization Reserve Fund currently has a dedicated revenue stream in the form of property taxes that have been committed at a rate of 0.11%. Current year revenues from property taxes were \$191 thousand. The Board also established conditions under which the Fund may be used that are consistent with the Fund's original objectives: (1) upon PERS rate increases per specified limits, and (2) upon PERS UAL debt service increase, also per specified limits. During the year The Fund transferred \$1.9 million to the General Fund to defray increasing costs for retirement benefits.

Budgetary Highlights

The 2011-12 General Fund budget was adjusted two times and there was one technical correction during the year. The Board approved changes can be briefly summarized as follows:

- In January 2012, the Board increased General Fund budgetary beginning fund balance by \$3.3 million to \$31.5 million. In addition, General Fund resources were revised to reflect increases in State School Fund (\$5.0 million) and insurance recoveries (\$0.6 million), and a decrease in anticipated Local Option Levy revenue (\$7.7 million). Net General Fund increase was \$1.2 million.
- In June 2012, the Board increased the General Fund budget \$2.7 million by increasing support services (\$1.2 million) and instruction (\$1.0 million), by decreasing facilities acquisition and construction (\$0.8 million) and debt service (\$0.5 million). An additional \$1.8 million was then added to contingency. The main reason for the increase was increased E-Rate revenue of \$2.0 million and \$0.7 million for Medicaid reimbursements from MESD.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2012, the District had invested \$199.1 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide			
	2011	2012	change	% change
Land	\$ 8,274	\$ 8,274	\$ -	0.0%
Buildings	338,644	349,040	10,396	3.1%
Vehicles and Equipment	43,558	44,052	494	1.1%
Construction in Progress	14,013	13,658	(355)	-2.5%
	<u>404,489</u>	<u>415,024</u>	<u>10,535</u>	<u>2.6%</u>
less accumulated depreciation	<u>(203,758)</u>	<u>(215,966)</u>	<u>(12,208)</u>	<u>6.0%</u>
Capital assets, net of depreciation	\$ <u>200,731</u>	\$ <u>199,058</u>	\$ <u>(1,673)</u>	<u>-0.8%</u>

District-wide, capital assets increased by \$10.5 million in FY2011-12, and \$12.2 million in depreciation and amortization was recorded. The impact of all events has decreased net capital assets by \$1.7 million. Significant additions for the current year included projects for energy efficiency (\$3.4 million), building improvements at Franklin, Madison, and Marshall High schools related to the closure of Marshall (\$1.7 million), classroom and fire alarm upgrades (\$1.7 million), modular buildings (\$1.5 million), and roof repairs (\$1.1 million). Additional information on the District's capital assets can be found in Note 7 on pages 39-40.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$488.0 million, which is comprised of limited tax pension and refunding bonds (\$430.0 million) and debt backed by the full faith and credit of the District (\$58.0 million). During the year the District reduced debt by making scheduled debt service payments of \$17.2 million. The District also retired \$14.2 million of limited tax pension debt, and \$25.75 million of short term School Modernization debt. The two debt retirements were financed with new limited tax pension refunding debt (\$14.4 million) and a two year line of credit with US Bank (\$27.25 million). The result of all activities was an overall net decrease of \$15.3 million in outstanding debt. Further explanation of debt is offered in Note 9 of the Financial Statements (pages 41-44).

Outstanding Debt	Government-wide				
	2011	increases	decreases	2012	% change
Limited tax pension and refunding bonds	\$ 440,491	\$ 14,400	\$ (24,833)	\$ 430,058	-2.4%
Other debt	62,851	27,250	(32,129)	57,972	-7.8%
Total outstanding debt	\$ <u>503,342</u>	\$ <u>41,650</u>	\$ <u>(56,962)</u>	\$ <u>488,030</u>	<u>-3.0%</u>

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95% of Real Market Value or \$5.7 billion. More information is available in Statistical Section Schedule 11 on page 122 of this report.

OPERS is Oregon's public pension system. Under the pension plan, the actuarial liability is the present value of the plan's current and expected benefits payments (plus administrative expenses). If the fund's actuarial liability exceeds its assets, then the fund has a shortfall that is known as an unfunded actuarial liability ("UAL"). OPERS requires that school districts pay (or "amortize") this UAL over a period of 20 years (Tier1/Tier2 portion) and (Retiree Health Insurance Account portion) for 10 years. Since interest rates had been at historic lows, an opportunity to benefit from lowered interest was created.

The District participated in the Oregon School Board Association (“OSBA”) sponsored pooled pension obligation bond program, in which the proceeds from bond issues were used to offset a portion of the OPERS Unfunded Actuarial Liability (UAL). The reduced rate charged for the UAL, that has resulted from the District’s decision to borrow, has saved an estimated \$22 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates should dampen the effects of future increases in the District’s UAL. So long as OPERS’ investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District’s UAL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time. Because of the significant investment declines experienced by OPERS and other plans across the nation in 2008, OPERS rates are expected to increase, although at a much lower rate than the District would have experienced had it not participated in the pooled pension obligation bond program.

Additional information on the District’s long-term debt can be found in Note 9 on pages 41-44 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

- The state’s economy, while not technically in a recession, continues at levels significantly below FY 2006-07 levels. As a result funding for K-12 education in 2012-13 is lower than in the prior biennium and continues to account for a diminishing share of the state budget. While the most likely scenario for the state’s economy going forward is for modest growth, there are risks that could upset that eventuality. Fiscal pressures for K-12 education funding are likely to continue for the foreseeable future. Stable and adequate funding remains an aspiration but is no closer to realization than at any time in the past decade. Without the generous support of local voters and taxpayers the fiscal situation for PPS would be significantly more challenging and the ability to provide the education that our students deserve would be even more seriously compromised.
- Portland-Vancouver unemployment rates are improving but remain high. Local unemployment, a lagging indicator, was 10.5% in June 2010, dropped to 9.5% for the year ended June 2011, and equaled the national average of 8.2% in June 2012. Expectations are that the recovery will be slow in the region and unemployment will remain higher than normal for an extended period of time.
- In May 2011, PPS voters passed a new increased five-year Local Option Levy effective July 1, 2012. The new levy, which replaces the previous levy, will generate \$52.8 million in 2012-13. The impact of the local economy on property tax values has impact on PPS local tax revenues. Market value of residential property declined 5.3 percent from the prior year. The assessed value increased 2.4 percent. These changes resulted in higher direct revenue for PPS.
- The remaining federal stimulus funds have ended under the current program and there is no current prospect for additional federal funding. In the 2011-12 year there were reductions to funding from ARRA, Ed Jobs, SFSF and Title I. This gives rise to concern for further reductions as the federal government struggles to deal with the deficit and a slowly recovering economy. Due to reduced funding for Title I by \$6 million, the District raised Title I eligibility from 40% to 60% for elementary and middle schools. This resulted in nine fewer schools funded under Title I.
- In August 2012, the Superintendent proposed an eight-year, \$482 million capital bond measure. The proposed measure was referred by the Board of Education to the District voters. The bond measure passed but has not yet been certified by the county election offices as of the issue date of this report. This bond will be the first phase of a 20-30 year effort to modernize every school in the district, and will fund:
 - Replace leaking, worn, or deteriorating school roofs.
 - Renovate Franklin High School, Grant High School and Roosevelt High School, and replace Faubion Pre K-8 school.
 - Reinforce schools against earthquakes.
 - Repay previous line of credit that funded 9 roof replacements, 47 boiler conversions, and the purchase of Rosa Parks Elementary School.

- Increase access to schools for students, teachers and visitors with disabilities.
- Upgrade science classrooms at middle grade schools.
- In 2012-13, the District has been informed of a future PERS rate increase due to an updated actuarial valuation. There remain concerns over the long-term trend in PERS costs. Although PPS offsets some of these costs through the debt financing in place, the outlook for this expense remains of concern.
- To address low enrollment at two schools and a projected \$27.5 million budget gap in the general fund, the District closed Humboldt school and moved the affected students to Boise Eliot in July 2012. In addition, the Harriet Tubman Young Women's Leadership Academy was closed in July 2012, and Jefferson High School was reconfigured to a grade 9-12 school to accommodate the affected students.
- The District will use \$7.2 million from reserves, and \$9.5 million was cut from central services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Portland Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Accounting and Payroll Services Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior year financial reports are available at the District website: www.pps.k12.or.us/departments/accounting/, site shortcut: **Financial Statements**.

DRAFT 11-20-12



BASIC FINANCIAL STATEMENTS

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 79,276
Cash and cash equivalents held by fiscal agents	4,141
Investments	59,180
Accounts and other receivables	18,415
Property taxes and other taxes receivable	15,606
Inventories	497
Bond issue costs, net of accumulated amortization	3,516
Note receivable - due within one year	89
Noncurrent assets:	
Prepaid pension and other prepaid costs	425,421
Note receivable - due in more than one year	237
Capital assets, net of accumulated depreciation:	
Land	8,274
Construction in progress	13,658
Buildings and capital improvements	167,237
Vehicles and equipment	9,889
Total assets	805,436
LIABILITIES	
Accounts payable	12,780
Accrued wages and benefits payable	63,844
Accrued bond interest payable	122
Unearned revenues	2,865
Claims payable	4,366
Non-current liabilities:	
Due within one year	17,442
Due in more than one year	470,588
Net other post employment benefit obligation	33,595
Total liabilities	605,602
NET ASSETS	
Invested in capital assets, net of related debt	157,209
Restricted for:	
Capital projects	15,478
Grants	6,099
Unrestricted	21,048
Total Net Assets	\$ 199,834

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Activities
For the year ended June 30, 2012
(amounts expressed in thousands)

Functions/Programs	EXPENSES	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 287,424	\$ 5,046	\$ 71,319	\$ (211,059)
Support services	206,856	2,109	25,447	(179,300)
Enterprise and Community Services	19,108	4,422	2,863	(11,823)
Non-capital facilities maintenance and replacement	10,697	-	-	(10,697)
Interest and fees on long-term debt	25,748	-	-	(25,748)
Total governmental activities	<u>\$ 549,833</u>	<u>\$ 11,577</u>	<u>\$ 99,629</u>	<u>(438,627)</u>

GENERAL REVENUES (UNRESTRICTED)

Property taxes, levies for operations	200,906
Construction excise tax	2,108
Local option taxes	53,622
State School Fund	149,031
State Common School Fund	4,138
County and intermediate sources	9,588
Investment earnings	595
Federal stimulus	403
Other	13,535
Total general revenues	<u>433,926</u>
Change in net assets	(4,701)
Net assets - beginning of year	204,535
Net assets - end of year	<u>\$ 199,834</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Governmental Funds

Balance Sheet

June 30, 2012

(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
ASSETS		
Cash and cash equivalents	\$ 26,736	\$ -
Cash and cash equivalents held by fiscal agents	4,141	-
Investments	56,968	-
Prepaid items	19	-
Accounts receivable	3,802	10,891
Notes receivable	326	-
Property taxes and other taxes receivable	15,606	-
Due from other funds	3,264	-
Inventories	107	-
Total assets	<u>\$ 110,969</u>	<u>\$ 10,891</u>
LIABILITIES		
Accounts payable	\$ 8,858	\$ 1,648
Accrued wages and benefits	55,634	4,769
Due to other funds	894	3,264
Deferred revenues	14,658	1,210
Total liabilities	<u>80,044</u>	<u>10,891</u>
FUND BALANCES		
Nonspendable	452	-
Restricted	-	-
Committed	1,583	-
Unassigned	28,890	-
Total fund balances	<u>30,925</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 110,969</u>	<u>\$ 10,891</u>

The notes to the basic financial statements are an integral part of this financial statement.

PERS Rate Stabilization Reserve Fund	School Modernization Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,278	\$ 3,612	\$ 29,481	\$ 75,107
-	-	-	4,141
-	-	-	56,968
-	-	-	19
-	2	3,722	18,417
-	-	-	326
-	-	-	15,606
-	-	894	4,158
-	-	390	497
<u>\$ 15,278</u>	<u>\$ 3,614</u>	<u>\$ 34,487</u>	<u>\$ 175,239</u>
\$ -	\$ 5	\$ 2,217	\$ 12,728
-	24	1,156	61,583
-	-	-	4,158
-	-	1,655	17,523
-	29	5,028	95,992
-	-	390	842
-	-	27,471	27,471
15,278	3,585	1,598	22,044
-	-	-	28,890
<u>15,278</u>	<u>3,585</u>	<u>29,459</u>	<u>79,247</u>
<u>\$ 15,278</u>	<u>\$ 3,614</u>	<u>\$ 34,487</u>	<u>\$ 175,239</u>

The notes to the basic financial statements are an integral part of this financial statement.

DRAFT 11-20-12



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

Fund balances - total governmental funds (page 17)	\$	79,247
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets are not financial resources and are not reported in governmental funds.		199,058
Long-term taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		14,332
Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		2,759
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(488,030)
Prepaid pension costs are not reported in the governmental funds.		425,401
Bond issue costs are not amortized over the life of the bonds in the governmental funds and therefore are expensed in the year of the bond issue.		3,516
Notes receivable are not collectable in the current period and therefore deferred revenue is recognized in the governmental funds.		326
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(2,249)
Accrued property and liability insurance claims incurred but not reported are not due and payable in the current period and therefore are not reported in the governmental funds.		(845)
Accrued interest payable is not recognized as a liability in the governmental funds.		(122)
Other post employment benefit liability obligation is not reported in governmental funds.		(33,559)
Net assets of governmental activities (page 14)	<u>\$</u>	<u>199,834</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
REVENUES		
Property and other taxes	\$ 198,417	\$ -
State School Fund	149,031	-
State Common School Fund	4,138	-
Federal and state support	10,113	61,540
Federal stimulus	139	4,188
Local option taxes	53,099	-
County and intermediate sources	6,965	993
Charges for services	3,016	-
Extracurricular activities	-	-
Investment earnings	462	-
Other	7,221	1,169
Total revenues	<u>432,601</u>	<u>67,890</u>
EXPENDITURES		
Current Operating:		
Instruction	250,229	39,580
Support services	178,859	25,448
Enterprise and Community Services	967	2,824
Non-capital facilities maintenance and replacement	2,739	38
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>432,794</u>	<u>67,890</u>
Excess (deficit) of revenues over expenditures	<u>(193)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	6,309	-
Transfers out	(7,066)	-
Proceeds from the sale of capital assets	102	-
Issuance of debt	-	-
Issuance of refunding bonds	232	-
Total other financing sources (uses)	<u>(423)</u>	<u>-</u>
Net change in fund balances	(616)	-
Fund balances - beginning of year	31,541	-
Fund balances - end of year	<u>\$ 30,925</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this financial statement.

PERS Rate Stabilization Reserve Fund	School Modernization Fund	Other Governmental Funds	Total Governmental Funds
\$ 191	\$ -	\$ 2,108	\$ 200,716
-	-	-	149,031
-	-	-	4,138
-	-	13,051	84,704
-	-	264	4,591
-	-	-	53,099
-	-	1,630	9,588
-	-	42,937	45,953
-	-	7,355	7,355
-	18	99	579
-	-	6,737	15,127
<u>191</u>	<u>18</u>	<u>74,181</u>	<u>574,881</u>
-	-	15,429	305,238
-	-	3,384	207,691
-	-	15,991	19,782
-	3,934	3,902	10,613
-	25,750	31,213	56,963
-	178	25,430	25,608
-	29,862	95,349	625,895
<u>191</u>	<u>(29,844)</u>	<u>(21,168)</u>	<u>(51,014)</u>
-	-	7,781	14,090
(1,900)	(37)	(677)	(9,680)
-	-	-	102
-	25,750	1,500	27,250
-	-	14,168	14,400
<u>(1,900)</u>	<u>25,713</u>	<u>22,772</u>	<u>46,162</u>
(1,709)	(4,131)	1,604	(4,852)
16,987	7,716	27,855	84,099
<u>\$ 15,278</u>	<u>\$ 3,585</u>	<u>\$ 29,459</u>	<u>\$ 79,247</u>

The notes to the basic financial statements are an integral part of this financial statement.

DRAFT 11-20-12



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2012
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 21) \$ (4,852)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and disposals in the current period of \$12,924 exceeded capital outlays of \$11,251. (1,673)

Governmental funds do not report the long term portion of notes receivable from the sale of capital assets in the current year. Revenue is recorded at the time the note payment is received. This is the amount that the long term portion was reduced in the current year. (89)

Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred revenue related to property taxes. 3,174

The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the net income for the year. (2,092)

Accrued incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds 59

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. 15,386

Governmental funds reported the prepayment of the PERS unfunded actuarial liability as an other financing use in prior years. However, in the Statement of Activities the expense is the amortization of the prepaid asset. (10,434)

Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds. (3,927)

Change in compensated absences (289)
Change in bond interest payable 36

Change in net assets of governmental activities (page 15) \$ (4,701)

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$ 4,168
Investments	2,212
Total assets	6,380

LIABILITIES

Current Liabilities

Accounts payable	53
Accrued wages and benefits	12
Claims payable	3,521
Total current liabilities	3,586

Long-term Liability

Other post employment benefit obligation	35
Total liabilities	3,621

NET ASSETS

Unrestricted	\$ 2,759
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DRAFT 11-20-12

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 3,628
Insurance recoveries	1,229
Total operating revenues	4,857

OPERATING EXPENSES

Salaries and benefits	182
Materials and services	228
Claims expense	2,342
Total operating expenses	2,752

Operating income	2,105
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NON-OPERATING REVENUES

Federal and state support	196
Investment earnings	17
Total non-operating revenues	213

TRANSFERS

Transfers out	(4,410)
Change in net assets	(2,092)
Net assets - beginning of year	3,948
Change in Accounting Method (Note 13)	903
Net assets - beginning of year - as restated	4,851
Net assets - end of year	\$ 2,759

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2012
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$ 3,628
Cash received from insurance recoveries	2,759
Cash payments for salaries and benefits	(196)
Cash payments for goods and services	(252)
Cash payments for claims	(1,479)
Net cash from operating activities	<u>4,460</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state for return to work reimbursements	196
Transfers to other funds	(4,410)
Net cash from noncapital financing activities	<u>(4,214)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(2)
Investment earnings	17
Net cash from investing activities	<u>15</u>
Net increase in cash and cash equivalents	261

Cash and cash equivalents at beginning of year	3,907
Cash and cash equivalents at end of year	<u>\$ 4,168</u>

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

Operating income	\$ 2,105
Adjustments to reconcile operating income to net cash from operating activities:	
Decrease in prepaid items	945
Decrease in accounts and other receivables	1,530
Decrease in accounts and other payables	(24)
Decrease in claims payable	(83)
Decrease in accrued wages and benefits	(15)
Increase in net other post employment benefits obligation	2
Total adjustments	<u>2,355</u>
Net cash from operating activities	<u>\$ 4,460</u>

The notes to the basic financial statements are an integral part of this financial statement.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School District No. 1J, Multnomah County, Oregon, known as Portland Public Schools or the District, is governed by a seven-member elected board. The District is the special-purpose primary government exercising financial accountability for all public K-12 education within its boundaries. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present all significant activities and organizations of the District. The District reports no component units, nor is the District a component unit of any other entity, and specifically has no relationship or connection with Multnomah County, Oregon.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The District does not report any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain functional expenditures contain an element of indirect cost.

Separate financial statements are provided for Governmental Funds and the Self-Insurance Fund, which is an internal service fund (proprietary fund). The Self-Insurance Fund is included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. In the internal service fund, all revenues and expenses except interest earnings, transfers and fire-related insurance recoveries and costs, are considered to be related to operations.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Government-wide and fund financial statements - Continued

Measurement focus, basis of accounting, and financial statement presentation – Continued

However, debt service and expenditures related to compensated absences are recorded only when payment is due.

Property taxes and grant reimbursements are considered to be susceptible to accrual, if received in cash by the District or a county collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon thereafter.

The District reports the following major governmental funds:

General Fund – Accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution or policy of the District and/or the laws of Oregon.

Grant Fund – Accounts for revenues and expenditures of grants restricted for specific projects. Principal revenue sources are federal, state and local grants.

PERS Rate Stabilization Reserve Fund – Accounts for reserves that will be used to mitigate the budgetary impact of significant employer personnel benefit rates fluctuations when they occur in future OPERS or PERS UAL charges.

School Modernization Fund - Accounts for capital improvements that focus on school modernization and construction.

Additionally, the District reports the following internal service fund:

Self-Insurance Fund – Accounts for all workers' compensation activities. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. The primary resources are charges to other funds, investment earnings and insurance recoveries. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other related costs.

The District reports the following non-major governmental funds:

Special Revenue Funds – Accounts for certain revenues that are restricted to expenditures for designated purposes.

Debt Service Funds – Accounts for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs.

Capital Projects Funds – Accounts for financial resources to be used for the acquisition of technology or construction or renovation of major capital facilities.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Government-wide and fund financial statements - Continued

Measurement focus, basis of accounting, and financial statement presentation – Continued

The District's School Board established, by resolution or policy, the following funds during the year:

School Modernization Debt Service Fund (Board Resolution 4599, May 14, 2012) – The General Obligation Debt Service Fund, which was closed July 2007, was reopened and renamed the School Modernization Debt Service Fund. This renamed fund accounts for debt service expenditures related to the District's school modernization activities occurring in the School Modernization Fund. The principal source of revenue is proceeds from debt and transfers from the General Fund.

PERS UAL Debt Service Fund (Board Resolution 4473, June 27, 2011) – Accounts for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds, which were previously accounted for in the General Fund. The principal source of revenue comes from charges to other funds incurring wage expenses subject to PERS benefits and transfers from the General Fund.

SELP Debt Service Fund (Board Resolution 4473, June 27, 2011) – Accounts for debt service payments related to 1994 and 1995 Small Scale Energy Loan Program loans from the Oregon Department of Energy, which had previously been accounted for in the General Fund. The principal source of revenue is transfers from the General Fund.

Facilities Capital Fund (Board Resolution 4600, May 14, 2012) – Accounts for resources and requirements resulting from capital improvements work conducted by the District. The principal sources of revenue are from the General Fund and debt proceeds accounted for in the Facilities Capital Debt Service Fund

Energy Efficient Schools Fund (Board Resolution 4591, April 23, 2012) – Accounts for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

B. Appropriations and Budgetary Controls

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Local Budget Law.

Consistent with Local Budget Law, expenditures are appropriated by fund for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Support Services
- Enterprise and Community Services
- Facilities Acquisition and Construction
- Debt Service
- Contingency
- Fund Transfers

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Appropriations and Budgetary Controls – Continued

Capital outlay expenditures are appropriated within the service levels for Instruction, Support Services, Enterprise and Community Services, and Facilities Acquisition and Construction. Debt service expenditures in the General Fund are generally appropriated within the Support Services level of control. For reporting purposes all other debt service expenditures are segregated from the supporting services budgetary control levels and are presented in the debt service expenditures category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10% of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10% of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had three supplemental budgets and one technical correction of wording during budget year 2012.

C. Encumbrances

During the year encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed however, all encumbrances expire at year-end.

D. Cash and Cash Equivalents and Investments

For the purpose of the Statement of Cash Flows, the Statement of Net Assets and the Balance Sheet, the District's monies in the Oregon Local Government Investment Pool, savings deposits, demand deposits and cash with county treasurer are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Board approval is required in order to purchase investments with a maturity greater than one year. Other investments are stated at amortized cost, which approximates fair value.

E. Property Taxes

Uncollected real and personal property taxes are reflected on the Statement of Net Assets and the Balance Sheet as receivables. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Inventories and Prepaid Items

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture are included in the District's inventories at USDA wholesale value. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial. Prepaid assets are recognized as expenses/expenditures when their use benefits the District.

G. Capital Assets

Expenditures for capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance by function. The District defines capital assets as assets with an initial cost exceeding the threshold amounts shown in the schedule below, and an estimated useful life in excess of one year. District capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed, and depreciated or amortized, where appropriate, using the straight-line method. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are recorded as construction in progress and capitalized as projects are completed. When the District determines that an asset has been impaired as defined by GASB Statement No. 42 it adjusts the asset value. Under the pronouncements of GASB Statement No. 51 the District capitalizes intangible asset costs, such as costs relating to the internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are:

Asset	Capitalization threshold	Useful lives, years
Buildings	\$ 25	100
Site improvements	25	5 to 25
Equipment	5	5 to 15
Vehicles	5	5 to 8

H. Grant Accounting

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned/deferred revenue on the Statement of Net Assets and the Balance Sheet.

I. Insurance

The District operates the Self-Insurance Fund to account for the costs of workers' compensation related costs and resources. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges. The District accounts for all other insurance related resources and costs, such as general liability claims, property and fire loss claims, and the payment of premiums through the General fund.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Insurance – Continued

The District recognizes the liabilities for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.

The District's insurance deductibles and policy limits are as follows:

	Deductibles	Excess Coverage per Occurrence
General and Automobile Claims	\$ 1,000	\$ 5,000
Property and Fire Claims	1,000	250,000
Earthquake Claims	250	50,000
Flood Claims	1,000	75,000
Workers' Compensation Claims	1,000	25,000

With the exception of the Marysville School fire, which occurred in November 2009, the District has not exceeded the claims limitation on its insurance policies for the last five years. Marysville School is expected to reopen in January 2013.

J. Compensated Absences

Depending on years of service and union membership, employees can earn annual vacation leave between 10 days and 22 days per year. Administrators earn 22 days of annual vacation leave. Effective January 1, 2012, employees are allowed to carry over twice their maximum yearly earned balances from one fiscal year to another. All outstanding vacation leave is payable upon resignation, retirement, or death. Compensated absences are recognized as liabilities in the District's proprietary fund. Compensated absences are not reported as liabilities in the governmental funds because they have not "matured," meaning they are not yet payable to the employee.

Sick leave accumulates each month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expense/expenditure when leave is taken and no liability is recorded.

K. Receivables and Payables

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the fund financial statements. Other receivables, except certain grants, are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Assets.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" in the fund financial statements, and are eliminated in the government-wide statements.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations including claims are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

M. Retirement Plans

Most District employees participate in Oregon's Public Employees Retirement System (OPERS). OPERS requires plan contributions on a current basis. Contributions are made on a current basis as required by the plan and are recorded as expense/expenditures.

The District provides tax-deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

N. Early Retirement and Other Post Employment Benefits

Certificated employees who have met the requirements for age and years of service with the District are eligible for early retirement benefits. Early retirement benefits are further explained in Note 10 and other post employment benefits are explained in Note 11.

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of OPERS, and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

A health and welfare program the District provides for retirees is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The OPEB obligation is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year, and are reported on the pay-as-you-go basis.

O. Net Assets

Net assets represent the difference between the District's total assets and total liabilities. District net assets currently have three components:

Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation and outstanding principal of capital asset related debt.

Restricted net assets are net assets upon which constraints have been placed, either externally by creditors, grantors, contributors or others, or legally constrained by law.

Unrestricted net assets are net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

P. Management Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Fund Balance Definitions

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance definitions, from most to least restrictive are:

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaids, inventory or notes receivable.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District's Board. The District's Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.
4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are not restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District's Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed or assigned in the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The District's Board passed resolution number 4461 on June 13, 2011, titled: *Compliance with Governmental Accounting Standards Board Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Fund Type Definitions*. The resolution reads as follows:

- The Board affirms that it is the highest level decision authority for the District.
- The Board hereby delegates the authority to classify portions of ending fund balance as "Assigned" to the Superintendent.
- The Board adopts GASB 54 definitions for Non-spendable, Restricted, Committed, Assigned and Unassigned fund balances.
- In conjunction with the adoption of GASB 54 fund balance classifications, the Board declares its budgeting practices and budget allocations for restricted and unrestricted fund balance amounts will be consistent with the fund balance classification hierarchy.
- The Board hereby adopts GASB 54 definitions of fund types for the general fund, special revenue funds, debt services funds, capital projects funds, and permanent funds.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, before using unassigned fund balances.

S. Fund Balance Policy

The District's Board policy 8.10.025P mandates that the District budget a minimum of 3 percent of its General Fund revenue as contingency, and that a 3 percent fund balance be maintained.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District reports financial position, results of operations, and changes in fund balance/net assets on the basis of generally accepted accounting principles (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

The District's tax rates for the year ended June 30, 2012 were:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits with financial institutions include bank demand deposits, deposits in the Local Government Investment Pool, time certificates of deposit, and savings account deposits, as authorized by Oregon statutes.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Cash, cash equivalents and investments on June 30, 2012 are comprised of the following:

Oregon Local Government Investment Pool	\$ 40,457
Cash in demand deposits	38,814
Petty cash	5
Total cash and cash equivalents	79,276
Cash and cash equivalents held by fiscal agents	4,141
Certificates of deposit	8,855
U.S Government agency securities	19,694
Corporate commercial paper	10,211
Corporate notes	20,420
Total investments	59,180
Total cash, cash equivalents and investments	\$142,597

A. Investments

Accounting principles generally accepted in the United States of America require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. District policy requires that all investments with maturities greater than one year require Board approval. Investments with maturities of less than one year are carried at amortized cost.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP portfolio may mature in over one year and no investment may mature in over three years.

The District requires all securities, except for overnight investments used in conjunction with the District's demand deposit account, to be purchased in the District's name and held in third party safekeeping. During the year, the District invested in overnight U.S. government agency securities for which the dealer held the underlying securities.

Included within investments is \$8,855 held by a financial institution in conjunction with the District lease of Rosa Parks Elementary School. The District has elected to exercise an option to purchase the property (Note 17).

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

A. Investments – Continued

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2012 are categorized by rating as follows:

	Ratings					Total	Weighted average maturity (yrs)
	Moody's Aaa	Moody's P1	S&P AA	S&P A+	CDs		
Certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ 8,855	\$ 8,855	0.375
U.S. Government & agency obligations	19,694	-	-	-	-	19,694	0.595
Corporate commercial paper	-	10,211	-	-	-	10,211	0.578
Corporate notes	-	-	8,045	12,375	-	20,420	0.607
	<u>\$ 19,694</u>	<u>\$ 10,211</u>	<u>\$ 8,045</u>	<u>\$ 12,375</u>	<u>\$ 8,855</u>	<u>\$ 59,180</u>	

Interest rate risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio, so that securities mature to meet ongoing operations.

Credit risk

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the LGIP, among others. The Board of Education has adopted a more conservative investment policy for the District, which complies with state statutes. The District's investments in U.S. government securities are not required to be rated. Investments in U.S. government agency securities are rated Aaa by Moody's Investors Service.

Credit risk - Continued

Corporate commercial paper is rated P1 by Moody's and corporate notes are rated AA or A+ by Standard and Poor's.

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2012 the District held the following:

	Value	Percentage of total investments
US Bank - Commercial paper	\$ 10,211	17.3%
Proctor & Gamble-Cp - Corporate note	\$ 4,504	7.6%
GE Electric Capital-Cp - Corporate note	\$ 3,543	6.0%
JP Morgan-Cp - Corporate note	\$ 9,753	16.5%

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

A. Investments – Continued

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest bearing accounts are insured up to \$250 thousand and non-interest bearing accounts are fully insured. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2012, bank balances of \$3,732 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2012, the carrying amount of the District's balance was \$38,814 and the bank balance was \$35,197.

Custodial credit risk-investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to LGIP investments.

NOTE 5 – RECEIVABLES

Receivables at year-end are summarized as follows:

	General Fund	Grant Fund	School Modern- ization Fund	Govern- mental and other funds	Total
Accounts and other receivables:					
Interest	\$ 566	\$ -	\$ -	\$ -	\$ 566
Accounts receivable	3,146	-	2	3,721	6,869
Federal, state and local grants	-	10,890	-	-	10,890
Advances to employees	90	-	-	-	90
Total accounts and other receivables	<u>3,802</u>	<u>10,890</u>	<u>2</u>	<u>3,721</u>	<u>18,415</u>
Property taxes and other taxes receivables	15,606	-	-	-	15,606
Total receivables	<u>\$19,408</u>	<u>\$10,890</u>	<u>\$ 2</u>	<u>\$ 3,721</u>	<u>\$34,021</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 6 – NOTE RECEIVABLE

In 2003, the District sold the broadcast license and capital assets of its public broadcasting FM station to a not-for-profit foundation. During the current year the District received principal and interest payments of \$100. The interest rate at June 30, 2012 was 3.5%.

Future maturities are:

June 30,	Principal	Interest	Total future payments
2013	\$ 89	\$ 11	\$ 100
2014	237	8	245
	<u>\$ 326</u>	<u>\$ 19</u>	<u>\$ 345</u>

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012 follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized					
Land	\$ 8,274	\$ -	\$ -	\$ -	\$ 8,274
Construction in progress	14,013	8,439	(998)	(7,796)	13,658
Total capital assets not being depreciated or amortized	22,287	8,439	(998)	(7,796)	21,932
Capital assets being depreciated or amortized					
Buildings and site improvements	338,644	2,958	(358)	7,796	349,040
Vehicles and equipment	43,558	852	(358)	-	44,052
Total capital assets being depreciated or amortized	382,202	3,810	(716)	7,796	393,092
Total general capital assets	404,489	12,249	(1,714)	-	415,024
Less Accumulated depreciation and amortization					
Buildings and site improvements	(172,211)	(9,592)	-	-	(181,803)
Vehicles and equipment	(31,547)	(2,974)	358	-	(34,163)
Total accumulated depreciation and amortization	(203,758)	(12,566)	358	-	(215,966)
Total capital assets, net of accumulated depreciation	<u>\$200,731</u>	<u>\$ (317)</u>	<u>\$ (1,356)</u>	<u>\$ -</u>	<u>\$199,058</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 7 – CAPITAL ASSETS - Continued

Depreciation expense for governmental activities is charged to functions as follows:

Instruction	\$ 8,960
Supporting services	3,436
Food services	170
	<u>\$ 12,566</u>

As of June 30, 2012 the District had three schools that were closed and idle: Clarendon, Marysville and Smith. The carrying value of these schools is \$2,161 and is included in the capital assets summary above.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund balances represent cash owed by one fund to another. At June 30, 2012, the General Fund owed the Student Body Activity Fund \$894 and the Grants Fund was advanced \$3,264 by the General Fund to cover unbilled expenses.

Interfund receivables and payables on June 30, 2012 are comprised of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 3,264	\$ 894
Non-major governmental funds	894	-
Grant Fund	-	3,264
	<u>\$ 4,158</u>	<u>\$ 4,158</u>

The District's General Fund made debt service transfers totaling \$7,066 to: the Bond Sinking Fund \$1,667; the Settlement Debt Service Fund \$3,977; the IT Projects Debt Service Fund \$614; the SELP Debt Service Fund \$377; and the Recovery Zone Debt Service Fund \$431. The Construction Excise Fund made a debt service transfer to the Recovery Zone Debt Service Fund of \$677. The School Modernization Fund made a debt service transfer to the School Modernization Debt Service Fund of \$37. The PERS Rate Stabilization Fund transferred \$1,900 to the General Fund to defray increasing costs for retirement benefits. The Self Insurance Fund transferred \$4,410 to the General Fund to pay for non-workers compensation (general liability insurance) expenses.

The composition of interfund transfers as of June 30, 2012, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 6,309	\$ 7,066
PERS Rate Stabilization Reserve Fund	-	1,900
School Modernization Fund	-	37
Self Insurance Fund	-	4,410
Nonmajor Governmental Funds	7,781	677
	<u>\$ 14,090</u>	<u>\$ 14,090</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2012 were as follows:

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
Pension debt:					
Limited tax pension bonds					
Series 2002	\$210,104	\$193,670	\$ -	\$ (17,551)	\$176,119
Series 2003	281,170	246,821	-	(7,282)	239,539
Series 2012	14,400	-	14,400	-	14,400
Total pension debt (Note 10)	<u>505,674</u>	<u>440,491</u>	<u>14,400</u>	<u>(24,833)</u>	<u>430,058</u>
Other Debt:					
Limited tax general obligation refunding bonds, Series 2004	11,900	3,080	-	(1,500)	1,580
Small scale energy loan programs	8,335	676	-	(351)	325
Full faith and credit bonds, Series 2007A and 2007B	15,090	8,650	-	(3,570)	5,080
2009 Credit facility	15,000	13,695	-	(148)	13,547
Recovery Zone Economic Development Bonds	11,000	11,000	-	(810)	10,190
Full faith and credit School Modernization Loan	25,750	25,750	-	(25,750)	-
Line of Credit	27,250	-	27,250	-	27,250
Total other debt	<u>114,325</u>	<u>62,851</u>	<u>27,250</u>	<u>(32,129)</u>	<u>57,972</u>
Total long-term debt	<u>\$619,999</u>	<u>\$503,342</u>	<u>\$41,650</u>	<u>\$ (56,962)</u>	<u>\$488,030</u>

Limited Tax Pension Bonds

In October 2002 Portland Public Schools participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the Oregon Public Employees Retirement System (“OPERS”). The Oregon School Boards Association (“OSBA”) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district’s pension bonds or liabilities to OPERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District recorded the proceeds of the debt to OPERS as prepaid pension costs and amortizes it as a pension expense over the life of the bonds. Payments of yearly principal and interest are recorded as financial statement expenditures in instruction and in support services. The District anticipates the total costs of financing the District’s actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to OPERS.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

Limited Tax Pension Bonds – Continued

The District issued \$210,104 Limited Tax Pension Bonds, Series 2002 (Federally Taxable), of which \$53,524 are Series 2002A (deferred interest bonds) and \$156,580 are Series 2002B (current interest bonds). The 2002 series Limited Tax Pensions Bonds were issued on October 31, 2002, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.06% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The Series 2002A Bonds are not subject to optional prepayment prior to maturity. The Series 2002B Bonds maturing June 30, 2021, shall be subject to prepayment from pension prepayments on or after June 30, 2009, and those due June 30, 2028 are subject to mandatory prepayment prior to its stated maturity, in whole or part, on any June 30 on or after June 30, 2024. During 2012 \$14.2 million of Series 2002 Pension Bonds were refinanced. See description of the new debt instrument (Limited Tax Pension Bonds, Series 2012) below.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.76% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

Under the terms of the borrowing agreements for the 2002, 2003 and 2012 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby Wells Fargo Bank Northwest NA, as the trustee, directly receives specified amounts that have been withheld from the District's State School Fund support payments, that are deposited in trust with LGIP. Wells Fargo Bank Northwest NA then makes the scheduled semi-annual debt service payments from the LGIP trust account.

On January 31, 2012 the District issued \$14.4 million in Limited Tax Pension Refunding Bonds, Series 2012. The interest rate is fixed at 2.75% and interest payments on the bonds are payable semiannually in June and December. The bonds mature on June 30, 2021. The total amount of interest savings (economic gain) as a result of the refinancing is \$3.2 million dollars. The present value of future cash savings as a result of the refinancing is \$2.8 million dollars. The bond proceeds, \$14.2 million, were used to pay on the Limited Tax Pension Bonds, Series 2002. The Series 2012 bonds are subject to optional prepayment.

Other Debt

On February 27, 2012 the District secured a Non-revolving Credit Facility (Line of Credit) of \$45 million to refinance the School Modernization Loan of \$25.75 million and fund the purchase of Rosa Parks Elementary School (Note 17) and replacement of boiler burners at over 40 of the District's facilities. The Line of Credit matures on February 27, 2014 and carries an interest rate tied to the one month LIBOR plus .375%. The interest rate at June 30, 2012 was .61375%. Interest is due monthly and no principal is due until the line matures. During 2012 the District borrowed \$1.5 million against the Line of Credit for boiler burner replacements. Total amount drawn on the Line of Credit as of June 30, 2012 is \$27.25 million.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

Other Debt – Continued

On February 28, 2011 the District School Modernization Fund borrowed \$25.75 million from Bank of America, N.A. to pay off an interfund loan from the District General Fund. The funds were used to finance capital asset projects such as energy efficient roofs for schools. The loan was a non-revolving loan, that matured on February 28, 2012 with quarterly interest payments. The interest, which was fixed and re-determined quarterly, was based on the LIBOR rate. The annualized rate at maturity was 0.80%. This debt instrument was paid off with the Line of Credit noted above.

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13.5 million in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11 million of the RZED bonds to Portland Public Schools, which are being used to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05% are 45% federally subsidized.

In October 2009 the District borrowed \$15 million from Bank of America, N.A. to finance capital asset projects related to information technology. Loan interest at 3.4% is payable semi-annually beginning December 1, 2009, and principal is payable annually beginning June 1, 2010. The installment loan is a full faith and credit obligation which matures June 1, 2019. It is authorized by ORS 271.390, which requires that the weighted average life of the projects (approximately 7.4 years) must exceed the weighted average life of the loan (approximately 6.8 years).

In October 2007 the District issued Full Faith and Credit Bonds, Series 2007, pursuant to the terms and provisions of Oregon Revised Statutes 288.805 to 288.945, inclusive (Uniform Revenue Bond Act). \$10,010 are Series 2007A (Tax-Exempt) and \$5,080 are Series 2007B (Federally Taxable). The proceeds from the sale of the bonds were used to finance a settlement with custodial employees and to pay the costs of issuance. Series 2007A are payable annually beginning in 2010 through 2012. Interest is payable semi-annually at rates yielding from 3.50% to 3.59%. Series 2007B are payable annually in 2013 and 2014. Interest is payable semi-annually at rates ranging from 5.27% to 5.36%. The bonds are not subject to redemption prior to their stated maturities.

In fiscal year 2004 the 1998 series refunding bonds were advance refunded, with proceeds of the Limited Tax General Obligation Refunding Bonds, Series 2004 for \$11,900. The 2004 series refunding bonds are payable annually through June 15, 2013. Interest is payable semi-annually at rates ranging from 2.190% to 5.518%. The bonds are federally taxable and are not subject to redemption prior to their stated maturities.

The District borrowed from the Oregon Department of Energy Small Scale Energy Loan Program (SELP) in several increments beginning in 1993 at various interest rates. The obligations are payable monthly by the General Fund. The payment amounts are based on anticipated savings related to retrofitting and other energy conservation measures implemented with the proceeds of the loans. Such loans are not collateralized.

In 2000, the District sold Qualified Zone Academy Bonds, Series 2000, with a face amount of \$6,052, and net proceeds of \$5,922 (after payment of underwriting and other issuance costs). Simultaneous to this transaction, the District purchased U.S. Treasury "Strip" obligations which will mature in fiscal year 2013 in the amount of \$6,052 with a cost of \$2,759, and placed these investments in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the Qualified Zone Academy Bonds, Series 2000, are considered to be defeased and the liability for those bonds is not included in the financial statements.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

Federal arbitrage restrictions apply to substantially all debt. Any liabilities to the federal government are accrued and paid semi-annually. Long-term debt payments are made from the debt service funds.

The following is a summary of the future annual debt service requirements for the District:

Fiscal year	Limited tax pension bonds	Recovery zone bonds	Other full faith & credit	Total
Principal				
2013	\$ 11,024	\$ 834	\$ 5,584	\$ 17,442
2014	11,534	860	29,825	42,219
2015	11,542	886	2,363	14,791
2016	11,883	913	2,408	15,204
2017	11,826	941	2,449	15,216
2018-2022	81,663	5,149	5,152	91,964
2023-2027	257,326	608	-	257,934
2028	33,260	-	-	33,260
Total principal	<u>430,058</u>	<u>10,191</u>	<u>47,781</u>	<u>488,030</u>
Interest				
2013	24,810	504	982	26,296
2014	26,600	462	650	27,712
2015	28,258	418	421	29,097
2016	30,431	373	340	31,144
2017	32,309	326	258	32,893
2018-2022	178,038	884	264	179,186
2023-2027	76,428	15	-	76,443
2028	1,872	-	-	1,872
Total interest	<u>398,746</u>	<u>2,982</u>	<u>2,915</u>	<u>404,643</u>
Total debt service	<u>\$828,804</u>	<u>\$13,173</u>	<u>\$50,696</u>	<u>\$892,673</u>

NOTE 10 – PENSION PLANS

A. Oregon Public Employees Retirement System (OPERS)

Plan Description. The District contributes to two pension plans administered by the State of Oregon Public Employees Retirement System (OPERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: (1) the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and (2) the program for inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all OPERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. OPERS members retain their existing OPERS accounts, but any future member contributions go to the member's IAP, not the member's OPERS account.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – PENSION PLANS – Continued

A. Oregon Public Employees Retirement System (OPERS) – Continued

Plan Description - Continued

Both OPERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. OPERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of OPERS. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy and Annual Pension Cost. Members of OPERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan.

In order to finance a portion of its unfunded actuarial OPERS liability, the District issued limited tax pension bonds in 2002-03 and placed the proceeds into an OPERS side account (Note 9). The District's contributions to OPERS are equal to the actuarially determined required contribution, but because funding in the OPERS side account has been sufficient to provide pension rate relief, there have been no contractually required pension contributions for the years ended June 30, 2010, 2011 and 2012. There have been required OPERS contributions for retiree healthcare over this same three-year time period (Note 11 B.), and it is anticipated contractually required pension contributions will be reinstated at the next actuarial determination.

For the year ended June 30, 2012, the District's annual debt service for the limited tax pension bonds included \$24.8 million of principal, and \$23.8 million of interest. This included \$14 million in principal and \$163 thousand in interest paid as a result of the 2012 pension obligation refinancing. Total debt service payments for the years 2010, 2011 and 2012 were \$30.9 million, \$31.8 million and \$48.6 million respectively.

B. Early Retirement Benefits

Plan Description. The District provides a single-employer defined benefit early retirement program for members of the Portland Association of Teachers (PAT) and licensed administrators. Certificated employees who are at least 55 years of age with 15 consecutive years of service with the District or at any age with 30 years of service and who retire before age 62 are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit of \$425 dollars commencing on the first month after the retirement. Benefits are payable up to the earlier of attaining age 62 or receiving 60 monthly payments. All financial information relating to the early retirement benefits is reported in the General Fund. The District does not issue a stand-alone financial report for this plan.

Funding Policy. The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis. Because of this policy, no liability has been recorded for early retirement benefits. During fiscal year 2012, expenses/expenditures of approximately \$1.9 million were recognized.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

A. District Plan

Plan Description. The District provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon PERS retirement system. There are 5,163 active and 927 retired members in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. All bargaining units and employee groups, except the Portland Association of Teachers (PAT), have agreed to terminate this benefit after June 30, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible.

Funding Policy. The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2012 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$4.4 million for the post-employment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is reflected on the Statement of Net Assets on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's most recent actuarial valuation date was June 30, 2011 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Governmental Funds	Proprietary Fund	Total
Annual required contribution (ARC)	\$ 13,338	\$ 5	\$ 13,343
Interest on net OPEB obligation	890	-	890
Adjustment to annual required contribution	<u>(1,469)</u>	<u>(1)</u>	<u>(1,470)</u>
Annual OPEB cost	12,759	4	12,763
Contributions made	<u>(8,831)</u>	<u>(4)</u>	<u>(8,835)</u>
Increase in net OPEB obligation	3,928	0	3,928
Net OPEB obligation - beginning of year	29,634	33	29,667
Net OPEB obligation - end of year	<u>\$ 33,562</u>	<u>\$ 33</u>	<u>\$ 33,595</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS – Continued

A. District Plan – Continued

Annual OPEB Cost and Net OPEB Obligation – Continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and the preceding years are as follows:

Fiscal year	Annual OPEB cost	% of annual OPEB cost contributed	Net OPEB obligation
2008	\$ 18,439	52.0%	\$ 8,852
2009	16,110	44.7%	17,762
2010	16,423	57.5%	24,741
2011	12,860	61.7%	29,667
2012	12,763	69.2%	33,595

Actuarial methods and assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

In the June 30, 2011, actuarial valuation the entry age normal cost method was used to determine the District's OPEB liability. In its application of this method: (1) Service was the basis for allocation, (2) Entry age was established with the hire date, (3) Liabilities were individually calculated at the participant level without aggregation, and (4) The 30 year amortization period used for the unfunded Actuarial Accrued Liability (AAL) was based on level dollars over open future periods. The actuarial assumptions included a 3 percent investment rate of return, a 2 percent inflation rate, and healthcare cost trend rates ranging from 5%-10% depending on the employee group.

Under the Entry Age Normal Method, the AAL for active members is calculated as the portion of the Actuarial Present Value of projected benefits allocated to prior years. The cost allocated to the current plan year is called the Normal Cost. The AAL for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total AAL over the actuarial value of plan assets is called the unfunded AAL. Funding requirements are determined by adding the normal cost and an amortization of the unfunded AAL. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In addition, all gains or losses are tracked and an unamortized gain or loss may be amortized each year. All amortization bases are spread as level dollar amounts over future open periods

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS – Continued

A. District Plan – Continued

Actuarial methods and assumptions – Continued

In its most recent actuarial valuation expected retiree claims did not increase as much as had been predicted in earlier valuations. Higher claims along with raised health care trend assumptions and other factors have resulted in a higher accrued actuarial liability at June 30, 2012 as shown:

Accrued actuarial liability (AAL) reported June 30, 2011	\$ 145,855
Accrued actuarial liability (AAL) reported June 30, 2012	147,565
Increase in AAL	<u>\$ 1,710</u>

Funded Status and Funding Progress. As of June 30, 2012 the actuarial accrued liability for benefits was \$147.6 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$147.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$279.2 million for fiscal year 2012 and the ratio of the UAAL to the covered payroll was 52.87%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2012 has been actuarially determined to be \$13.3 million, representing \$6.1 million for the normal cost and \$7.2 million for the UAAL.

A Schedule of Funding Progress for the District Other Post Employment Benefits Plan immediately follows the Notes to the Basic Financial Statements on page 55, and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

B. Retirement Health Insurance Account

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS – Continued

B. Retirement Health Insurance Account - Continued

Funding Policy - Continued

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.59% of annual covered OPERF payroll and 0.50% of OPSRP payroll under a contractual requirement in effect until June 30, 2013. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2010, 2011 and 2012 were \$.8 million, \$.8 million and \$4.3 million, respectively, which equaled the required contributions each year.

NOTE 12 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures/expenses in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$3.6 million of revenues from other governmental funds for the year ended June 30, 2012. The fund also recognized \$1.2 million in insurance recoveries.

The total claims payable at June 30, 2012 of \$4.4 million was made up of approximately \$3.5 million in workers' compensation claims and \$.9 million in property and general liability claims payable. Changes in the balances of claims liabilities during the years ended June 30, 2010, through June 30, 2012, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2010	\$ 4,106	\$ 4,296	\$ (4,425)	\$ 3,977
2011	3,977	4,607	(4,077)	4,507
2012	4,507	3,187	(3,328)	4,366

NOTE 13 – CHANGE IN ACCOUNTING METHODOLOGY

Effective July 1, 2011, management made a change in accounting method: All activities related to property and general liability insurance, which were previously accounted for in the Self-Insurance Fund, are now accounted for in the General Fund. See page 25 for disclosure of the impact of this change on beginning net assets.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases. The District has operating leases for Blanchard Educational Service Center (BESC), the Pearl School and the Community Transition Program. Future minimum required payments under these operating leases are:

2013		\$ 460
2014		356
2015		295
2016		301
Total minimum payments		\$ 1,412

Contracts. Under Oregon Revised Statute No. 279, should funding not be available, the following contracts may be cancelled without penalty. Estimated future District service commitments in excess of \$2 million are listed as follows:

Contractor	Estimated Commitments
Laidlaw Transit / First Student	\$ 9,594
Skanska	5,694
CDW Government	2,911
Open Meadows	2,572
Portland Community College	2,556
Albina Fuel	2,387
	\$ 25,714

Blanchard Educational Service Center (BESC). In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which is payable over a period of 6 years. Future minimum payments under the BESC operating lease back agreement are included in the future minimum payments schedule above.

Pearl School. In September 2009, the District committed to a commercial lease from Nurture 247 LP, for the Pearl School. The lease commences in 2011 and is renewable in 2016 at the end of the five-year lease period. Initial payments of \$23 thousand per month in year 1, will increase annually to \$25 thousand per month in the fifth year.

Community Transition Program. The District leased commercial space for its Special Education Community Transition Program from Weigel Properties LLC. The space has approximately 2,700 square feet located on N.E. MLK Jr. Boulevard in Portland, Oregon. The lease is for a three-year period with payments of \$2 thousand per month and is renewable in 2013 for an additional two years.

Pending Legal Actions. The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2012 are as follows:

	General Fund	Other Major Funds	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable:				
Prepaid items	\$ 19	\$ -	\$ -	\$ 19
Notes Receivable	326	-	-	326
Inventories - Warehouse	107	-	-	107
Inventories - Cafeteria Fund	-	-	390	390
	<u>452</u>	<u>-</u>	<u>390</u>	<u>842</u>
Restricted:				
Special Revenue Funds:				
Student Body Activity Fund	-	-	3,532	3,532
Cafeteria Fund	-	-	3,634	3,634
Dedicated Resource Fund	-	-	6,099	6,099
Capital Projects Funds:				
Construction Excise Tax Fund	-	-	6,015	6,015
IT System Project Fund	-	-	1,621	1,621
Recovery Zone Energy and Water Conservation Fund	-	-	4,532	4,532
Energy Efficient Schools Fund	-	-	1,206	1,206
Facilities Capital Fund	-	-	832	832
	<u>-</u>	<u>-</u>	<u>27,471</u>	<u>27,471</u>
Committed:				
Greatfields projects	1,583	-	-	1,583
PERS Rate Stabilization Fund	-	15,278	-	15,278
Insurance Recoveries Fund	-	-	1,593	1,593
Debt Service Fund	-	-	5	5
School Modernization Fund	-	3,585	-	3,585
	<u>1,583</u>	<u>18,863</u>	<u>1,598</u>	<u>22,044</u>
Unassigned				
	28,890	-	-	28,890
Total fund balances	<u>\$ 30,925</u>	<u>\$ 18,863</u>	<u>\$ 29,459</u>	<u>\$ 79,247</u>

NOTE 16 – RELATED ORGANIZATIONS

The District includes seven charter schools that are legally separate, tax-exempt organizations. The most recent data available (from fiscal 2010-11) indicates charter school total students were 1,532 (representing 3.2% of the District's total enrollment); and that charter school net assets were \$1.8 million (representing .9% of District net assets). Because of their size relative to the District the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 17 – SUBSEQUENT EVENTS

Property purchase. As of June 28, 2012 the District had the option, within its lease, to purchase the Rosa Parks Elementary School. During July 2012 the District elected to exercise that option. The school was subsequently purchased on October 29, 2012. The purchase price of the school was \$8.9 million dollars. The District borrowed \$8.8 million dollars from the Line of Credit to fund the acquisition.

Portland School District Bond Measure 144. In August 2012, the Superintendent proposed an eight-year, \$482 million capital bond measure. It was referred by the Board of Education, and passed by the District voters in November 2012.

Ballot Measure 26-146. Measure 26-146 creating a limited income tax assessment on Portland, Oregon residents was passed in the November 2012 elections. This tax will provide funding to hire arts and music teachers for kindergarten through 5th grade students at local public schools attended by Portland students. The District will receive funds to hire and maintain one certified arts teacher for every 500 students in grades K-5.

Ballot Measure 85. Measure 85 was passed in the November 2012 elections. This Measure changed the corporate kicker provision of the Oregon Constitution. Prior to the passing of Measure 85, under current law, certain excess corporate income and excise tax revenues collected during a biennium are returned to corporate taxpayers. With the passing of Measure 85, the excess revenues will be retained in the state's General Fund and used to provide additional funding for kindergarten through twelfth grade public education. The effect on the District of Measure 85 passing cannot be determined at this time.

All bond and ballot measures noted above were passed by district voters, but have not yet been certified, by the county election offices, as of the issue date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

The information in this section compares budget to actual for the District's General and major special revenue funds.

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

Under the provisions of GASB Statement No. 45, a Schedule of Funding Progress for the District's Other Post Employment Benefit Plan is included in the Required Supplementary Information.

DRAFT 11-20-12

DRAFT 11-20-12



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress and Employer Contributions
June 30, 2012
(amounts expressed in thousands)

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2006	\$ -	\$ 179,044	\$ 179,044	0%	\$ 215,749	83.0%
07/01/2009	\$ -	\$ 177,180	\$ 177,180	0%	\$ 256,919	69.0%
07/01/2011	\$ -	\$ 145,855	\$ 145,855	0%	\$ 267,981	54.4%

The above table presents the most recent actuarial valuations for the District's post-retirement health and welfare benefits plan and it provides information that approximates the funding progress of the plan.

Employer Contributions

Fiscal Year End	Annual Required Contribution	Contribution Made	Percentage Contributed
6/30/2010	16,282	9,444	58.0%
6/30/2011	13,343	7,934	59.5%
6/30/2012	13,343	8,835	66.2%

The above table presents trend information about the amounts contributed to the plan by the District in comparison to the Annual Required Contribution.

Requests for Information:

Copies of the District's most recent actuarial report of its Other Post Employment Benefit Plan are available. Please direct requests to the Accounting and Payroll Services Department; Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

General Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

For the year ended June 30, 2012

(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property and other taxes	\$ 197,241	\$ 197,241	\$ 198,417	\$ 1,176
State School Fund	145,056	148,046	149,031	985
Local option taxes	62,268	53,947	53,099	(848)
Federal stimulus	-	139	139	-
County and intermediate sources	6,915	6,915	6,965	50
Restricted state grants	8,094	10,108	10,113	5
State Common School Fund	3,654	3,654	4,138	484
Charges for services	3,271	3,271	3,016	(255)
Investment earnings	600	600	462	(138)
Other	6,707	9,327	7,221	(2,106)
Total revenues	433,806	433,248	432,601	(647)
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs:				
Salaries and benefits	173,492	173,152	171,823	1,329
Materials and services	8,156	8,071	6,868	1,203
Total regular programs	181,648	181,223	178,691	2,532
Special programs:				
Salaries and benefits	52,204	52,434	51,418	1,016
Materials and services	20,605	20,471	20,120	351
Total special programs	72,809	72,905	71,538	1,367
Total instruction	254,457	254,128	250,229	3,899
Support services:				
Students:				
Salaries and benefits	33,071	32,446	32,526	(80)
Materials and services	2,202	3,158	2,040	1,118
Total students	35,273	35,604	34,566	1,038
Instructional staff:				
Salaries and benefits	13,897	14,280	12,333	1,947
Materials and services	1,729	1,840	1,284	556
Total instructional staff	15,626	16,120	13,617	2,503
General administration:				
Salaries and benefits	3,211	3,619	4,151	(532)
Materials and services	1,236	1,273	1,931	(658)
Total general administration	4,447	4,892	6,082	(1,190)
School administration:				
Salaries and benefits	28,085	28,796	28,949	(153)
Materials and services	718	721	228	493
Total school administration	28,803	29,517	29,177	340

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
Business:				
Salaries and benefits	\$ 36,483	\$ 36,431	\$ 39,859	\$ (3,428)
Materials and services	36,485	36,631	37,028	(397)
Total business	72,968	73,062	76,887	(3,825)
Central:				
Salaries and benefits	13,847	12,956	11,933	1,023
Materials and services	6,057	7,533	6,597	936
Total central	19,904	20,489	18,530	1,959
Total support services	177,021	179,684	178,859	825
Enterprise and Community Services:				
Salaries and benefits	-	527	512	15
Materials and services	550	550	455	95
Total Enterprise and community services	550	1,077	967	110
Facilities acquisition & construction:				
Salaries and benefits	-	-	29	(29)
Materials and services	3,109	2,833	2,710	123
Total facilities acquisition & construction	3,109	2,833	2,739	94
Other expenditures:				
Debt Service				
Interest	293	-	-	-
Total debt service	293	-	-	-
Total current expenditures	435,430	437,722	432,794	4,928
Operating contingency	24,559	26,411	-	26,411
Total expenditures	459,989	464,133	432,794	31,339
Excess (deficit) of revenues over expenditures	(26,183)	(30,885)	(193)	30,692
OTHER FINANCING SOURCES (USES)				
Transfers in	5,170	6,310	6,309	(1)
Transfers out	(7,312)	(7,066)	(7,066)	-
Proceeds from the sale of capital assets	100	100	102	2
Issuance of refunding bonds	-	-	232	232
Total other financing sources and (uses)	(2,042)	(656)	(423)	233
Net change in fund balance	(28,225)	(31,541)	(616)	30,925
Fund balance - beginning of year	28,225	31,541	31,541	-
Fund balance - end of year	\$ -	\$ -	\$ 30,925	\$ 30,925

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Grant Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

For the year ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 64,621	\$ 68,336	\$ 61,540	\$ (6,796)
Federal stimulus	7,883	4,168	4,188	20
County and intermediate sources	720	1,578	993	(585)
Other	1,732	1,374	1,169	(205)
Total revenues	74,956	75,456	67,890	(7,566)
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs:				
Salaries and benefits	17,011	16,862	15,311	1,551
Materials and services	6,614	5,445	4,833	612
Total regular programs	23,625	22,307	20,144	2,163
Special programs:				
Salaries and benefits	14,758	12,754	11,988	766
Materials and services	5,617	7,790	6,132	1,658
Total special programs	20,375	20,544	18,120	2,424
Summer school programs:				
Salaries and benefits	195	1,019	1,040	(21)
Materials and services	160	485	276	209
Total summer school programs	355	1,504	1,316	188
Total instruction	44,355	44,355	39,580	4,775
Support Services:				
Students:				
Salaries and benefits	6,635	8,189	7,632	557
Materials and services	4,427	1,205	1,307	(102)
Total students	11,062	9,394	8,939	455
Instructional staff:				
Salaries and benefits	8,243	8,046	10,159	(2,113)
Materials and services	5,239	5,500	3,125	2,375
Total instructional staff	13,482	13,546	13,284	262
General administration:				
Salaries and benefits	-	20	20	-
Materials and services	-	-	2	(2)
Total school administration	-	20	22	(2)
School administration:				
Salaries and benefits	1,032	1,478	1,527	(49)
Materials and services	57	590	382	208
Total school administration	1,089	2,068	1,909	159
Business:				
Salaries and benefits	286	272	242	30
Materials and services	391	524	432	92
Total business	677	796	674	122

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support Services (continued):				
Central:				
Salaries and benefits	\$ 77	\$ 116	\$ 108	\$ 8
Materials and services	480	927	512	415
Total central	557	1,043	620	423
Total support services	26,867	26,867	25,448	1,419
Enterprise and Community Services:				
Food Services:				
Materials and services	422	843	717	126
Total food services	422	843	717	126
Community Services:				
Salaries and benefits	897	1,545	1,381	164
Materials and services	1,987	918	726	192
Total community services	2,884	2,463	2,107	356
Total enterprise and community services	3,306	3,306	2,824	482
Facilities acquisition & construction:				
Materials and services	428	928	38	890
Total facilities acquisition & construction	428	928	38	890
Total current expenditures	74,956	75,456	67,890	7,566
Excess (deficit) of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS Rate Stabilization Reserve Fund
Schedule of Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 200	\$ 200	\$ 191	\$ (9)
Total revenues	<u>200</u>	<u>200</u>	<u>191</u>	<u>(9)</u>
Transfers out	(1,900)	(1,900)	(1,900)	-
Net change in fund balance	<u>(1,700)</u>	<u>(1,700)</u>	<u>(1,709)</u>	<u>(9)</u>
Fund balance - beginning of year	17,000	16,987	16,987	-
Fund balance - end of year	<u>\$ 15,300</u>	<u>\$ 15,287</u>	<u>\$ 15,278</u>	<u>\$ (9)</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SUPPLEMENTARY INFORMATION

DRAFT 11-20-12

DRAFT 11-20-12



COMBINING STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenues that are restricted to expenditures for designated purposes.

Student Body Activity Fund

This fund has separate accounts for each school's student body activities. Principal revenue sources are donations, fund raisers, individual support from PTAs, booster clubs, student store sales and club dues.

Cafeteria Fund

The Cafeteria Fund accounts for revenues and expenditures of the District's food service programs. Principal revenue sources are cash sales and federal subsidies under the National School Lunch and Breakfast Programs, and the sales of food in the BESC Cafeteria.

Dedicated Resource Fund

The Dedicated Resource Fund (formerly called the Special Revenue Fund) accounts for specific project revenues and expenditures such as state grants, foundation grants, donations, and charges to participants.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of financial resources to pay long-term debt principal, interest and related costs.

Bond Sinking Fund

The Bond Sinking Fund accounts for debt service payments of the 2004 Limited Tax General Obligation Refunding Bonds. The principal funding source is transfers from the General Fund.

School Modernization Debt Service Fund

The School Modernization Debt Service Fund accounts for debt service payments expenditures related to the District's school modernization activities.

Settlement Debt Service Fund

This fund is used for debt service payments of 2007 series Full Faith and Credit Bonds that were issued to settle \$14.5 million in claims to 280 custodians that were laid off in 2002. The principal source of funding is operating transfers from the General Fund.

IT Projects Debt Service Fund

This fund is used for debt service payments of a \$15.0 million Full Faith and Credit bank loan that was executed on October 8, 2009. The debt relates to the activities in the IT Systems Projects Fund described below.

PERS UAL Debt Service Fund

This fund was established to separately account for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds, which were previously accounted for in the General Fund.

SELP Debt Service Fund

Energy Loan Program loans from the Oregon Department of Energy, which had previously been accounted for in the General Fund.

Recovery Zone Debt Service Fund

This fund is used for debt service payments of \$11.0 million in ARRA Recovery Zone Economic Development Bonds that were sub-awarded to the District by the City of Portland in July, 2010.

COMBINING STATEMENTS
Nonmajor Governmental Funds (continued)

CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources used to acquire technology or construction, or for major renovation of capital facilities.

Construction Excise Tax Fund

This fund accounts for facilities improvements and construction set forth in Oregon Senate Bill 1036, which authorizes school districts to impose a construction excise tax in order to fund real property improvements.

IT System Project Fund

This fund accounts for projects relating to teacher/classroom technology, information systems, and technical infrastructure.

Recovery Zone Energy and Water Conservation Fund

This fund accounts for energy and water conservation projects that will financially benefit the District in reduced energy and water costs.

Energy Efficient Schools Fund

This fund was established to separately account for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

Facilities Capital Fund

This fund was established to separately account for resources and requirements resulting from capital improvements work conducted by the District. Primary sources of revenue are transfers from the General Fund and debt proceeds.

Insurance Recoveries Fund

This fund accounts for insurance recoveries that fund capital projects at Marysville School, which was damaged by a fire in November, 2009.

DRAFT 11/20/10

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2012
(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
ASSETS				
Cash and cash equivalents	\$ 12,719	\$ 5	\$ 16,757	\$ 29,481
Accounts and other receivables	1,392	-	2,330	3,722
Due from other funds	894	-	-	894
Inventories	390	-	-	390
Total assets	<u>\$ 15,395</u>	<u>\$ 5</u>	<u>\$ 19,087</u>	<u>\$ 34,487</u>
LIABILITIES				
Accounts payable	\$ 585	\$ -	\$ 1,632	\$ 2,217
Accrued wages and benefits	1,155	-	1	1,156
Deferred revenues	-	-	1,655	1,655
Total liabilities	<u>1,740</u>	<u>-</u>	<u>3,288</u>	<u>5,028</u>
FUND BALANCES				
Nonspendable	390	-	-	390
Restricted	13,265	-	14,206	27,471
Committed	-	5	1,593	1,598
Total fund balances	<u>13,655</u>	<u>5</u>	<u>15,799</u>	<u>29,459</u>
Total liabilities and fund balances	<u>\$ 15,395</u>	<u>\$ 5</u>	<u>\$ 19,087</u>	<u>\$ 34,487</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,924	\$ 3,229	\$ 6,566	\$ 12,719
Accounts and other receivables	54	653	685	1,392
Due from other funds	894	-	-	894
Inventories	-	390	-	390
Total assets	<u>\$ 3,872</u>	<u>\$ 4,272</u>	<u>\$ 7,251</u>	<u>\$ 15,395</u>
LIABILITIES				
Accounts payable	\$ 340	\$ 159	\$ 86	\$ 585
Accrued wages and benefits	-	89	1,066	1,155
Total liabilities	<u>340</u>	<u>248</u>	<u>1,152</u>	<u>1,740</u>
FUND BALANCES				
Nonspendable	-	390	-	390
Restricted	3,532	3,634	6,099	13,265
Total Fund balances	<u>3,532</u>	<u>4,024</u>	<u>6,099</u>	<u>13,655</u>
Total liabilities and fund balances	<u>\$ 3,872</u>	<u>\$ 4,272</u>	<u>\$ 7,251</u>	<u>\$ 15,395</u>

DRAFT MAY 2012

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Balance Sheet
June 30, 2012
 (amounts expressed in thousands)

	PERS UAL Debt Service Fund
ASSETS	
Cash and cash equivalents	\$ 5
Total assets	\$ 5
LIABILITIES	
Total liabilities	-
FUND BALANCES	
Committed	5
Total fund balances	5
Total liabilities and fund balances	\$ 5

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund
ASSETS			
Cash and cash equivalents	\$ 5,340	\$ 1,750	\$ 4,588
Accounts and other receivables	675	-	-
Total assets	<u>\$ 6,015</u>	<u>\$ 1,750</u>	<u>\$ 4,588</u>
LIABILITIES			
Accounts payable	\$ -	\$ 129	\$ 55
Accrued wages and benefits	-	-	1
Deferred revenues	-	-	-
Total liabilities	<u>-</u>	<u>129</u>	<u>56</u>
FUND BALANCES			
Restricted	6,015	1,621	4,532
Committed	-	-	-
Total fund balances	<u>6,015</u>	<u>1,621</u>	<u>4,532</u>
Total liabilities and fund balances	<u>\$ 6,015</u>	<u>\$ 1,750</u>	<u>\$ 4,588</u>

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds (continued)
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

	Energy Efficient Schools Fund	Facilities Capital Fund	Insurance Recoveries Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,206	\$ 1,164	\$ 2,709	\$ 16,757
Accounts and other receivables	-	-	1,655	2,330
Total assets	<u>\$ 1,206</u>	<u>\$ 1,164</u>	<u>\$ 4,364</u>	<u>\$ 19,087</u>
LIABILITIES				
Accounts payable	\$ -	\$ 332	\$ 1,116	\$ 1,632
Accrued wages and benefits	-	-	-	1
Deferred revenues	-	-	1,655	1,655
Total liabilities	<u>-</u>	<u>332</u>	<u>2,771</u>	<u>3,288</u>
FUND BALANCES				
Restricted	1,206	832	-	14,206
Committed	-	-	1,593	1,593
Total fund balances	<u>1,206</u>	<u>832</u>	<u>1,593</u>	<u>15,799</u>
Total liabilities and fund balances	<u>\$ 1,206</u>	<u>\$ 1,164</u>	<u>\$ 4,364</u>	<u>\$ 19,087</u>

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Type

For the year ended June 30, 2012

(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES				
Property and other taxes	\$ -	\$ -	\$ 2,108	\$ 2,108
Federal and state support	12,457	246	348	13,051
County and intermediate sources	1,630	-	-	1,630
Charges for services	8,561	34,376	-	42,937
Extracurricular activities	7,355	-	-	7,355
Federal stimulus	264	-	-	264
Investment earnings	-	77	22	99
Other	4,947	-	1,790	6,737
Total revenues	35,214	34,699	4,268	74,181
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs	13,011	-	-	13,011
Special programs	1,963	-	-	1,963
Summer school programs	455	-	-	455
Total instruction	15,429	-	-	15,429
Support services:				
Students	199	-	-	199
Instructional staff	327	-	-	327
General administration	8	-	-	8
School administration	474	-	-	474
Business	773	-	-	773
Central	6	-	1,597	1,603
Total support services	1,787	-	1,597	3,384
Enterprise and community services:				
Food services	15,964	-	-	15,964
Community services	27	-	-	27
Total enterprise and community services	15,991	-	-	15,991
Facilities acquisition and construction	132	-	3,770	3,902
Debt Service:				
Principal	-	31,213	-	31,213
Interest and fiscal charges	-	25,430	-	25,430
Total debt service	-	56,643	-	56,643
Total current expenditures	33,339	56,643	5,367	95,349
Excess (deficit) of revenues over expenditures	1,875	(21,944)	(1,099)	(21,168)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,781	-	7,781
Transfers out	-	-	(677)	(677)
Issuance of debt	-	-	1,500	1,500
Issuance of refunding bonds	-	14,168	-	14,168
Total other financing sources	-	21,949	823	22,772
Net change in fund balances	1,875	5	(276)	1,604
Fund balances - beginning of year	11,780	-	16,075	27,855
Fund balances - end of year	\$ 13,655	\$ 5	\$ 15,799	\$ 29,459

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
REVENUES				
Federal and state support	\$ -	\$ 12,682	\$ (225)	\$ 12,457
County and intermediate sources	-	-	1,630	1,630
Charges for services	-	3,615	4,946	8,561
Extracurricular activities	7,355	-	-	7,355
Federal stimulus	-	264	-	264
Other	-	13	4,934	4,947
Total revenues	<u>7,355</u>	<u>16,574</u>	<u>11,285</u>	<u>35,214</u>
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs	6,911	-	6,100	13,011
Special programs	-	-	1,963	1,963
Summer school programs	-	-	455	455
Total instruction	<u>6,911</u>	<u>-</u>	<u>8,518</u>	<u>15,429</u>
Support services:				
Students	-	-	199	199
Instructional staff	-	-	327	327
General administration	-	-	8	8
School administration	-	-	474	474
Business	-	-	773	773
Central	-	-	6	6
Total support services	<u>-</u>	<u>-</u>	<u>1,787</u>	<u>1,787</u>
Enterprise and community services:				
Food services	-	15,957	7	15,964
Community services	-	-	27	27
Total enterprise & community service	<u>-</u>	<u>15,957</u>	<u>34</u>	<u>15,991</u>
Facilities acquisition & construction	-	-	132	132
Total current expenditures	<u>6,911</u>	<u>15,957</u>	<u>10,471</u>	<u>33,339</u>
Excess of revenues over expenditures	444	617	814	1,875
Fund balances - beginning of year	3,088	3,407	5,285	11,780
Fund balances - end of year	<u>\$ 3,532</u>	<u>\$ 4,024</u>	<u>\$ 6,099</u>	<u>\$ 13,655</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012
(amounts expressed in thousands)

	Bond Sinking Fund	School Modernization Debt Service Fund	Settlement Debt Service Fund
REVENUES			
Charges for Services	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Federal and state support	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service:			
Principal	1,500	-	3,570
Interest and fiscal charges	167	37	407
Total expenditures	<u>1,667</u>	<u>37</u>	<u>3,977</u>
Excess (deficit) of revenues over expenditures	(1,667)	(37)	(3,977)
OTHER FINANCING SOURCES			
Transfers in	1,667	37	3,977
Issuance of refunding bonds	-	-	-
Total other financing sources	<u>1,667</u>	<u>37</u>	<u>3,977</u>
Net change in fund balances	-	-	-
Fund balances - beginning of year	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the year ended June 30, 2012
(amounts expressed in thousands)

	IT Projects Debt Service Fund	PERS UAL Debt Service Fund	SELP Debt Service Fund	Recovery Zone Debt Service Fund	Total
REVENUES					
Charges for Services	\$ -	\$ 34,376	\$ -	\$ -	\$ 34,376
Investment Earnings	-	77	-	-	77
Federal and state support	-	-	-	246	246
Total revenues	<u>-</u>	<u>34,453</u>	<u>-</u>	<u>246</u>	<u>34,699</u>
EXPENDITURES					
Debt Service:					
Principal	148	24,834	351	810	31,213
Interest and fiscal charges	466	23,782	26	545	25,430
Total expenditures	<u>614</u>	<u>48,616</u>	<u>377</u>	<u>1,355</u>	<u>56,643</u>
Excess (deficit) of revenues over expenditure:	(614)	(14,163)	(377)	(1,109)	(21,944)
OTHER FINANCING SOURCES					
Transfers in	614	-	377	1,109	7,781
Issuance of refunding bonds	-	14,168	-	-	14,168
Total other financing sources	<u>614</u>	<u>14,168</u>	<u>377</u>	<u>1,109</u>	<u>21,949</u>
Net change in fund balances	-	5	-	-	5
Fund balances - beginning of year	-	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012
(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund
REVENUES			
Property and other taxes	\$ 2,108	\$ -	\$ -
Federal and state support	-	-	-
Investment earnings	-	5	17
Other revenues	-	-	-
Total revenues	2,108	5	17
EXPENDITURES			
Current Operating:			
Support services			
Central			
Salaries and benefits	-	354	-
Materials and services	-	1,243	-
Total central	-	1,597	-
Facilities acquisition and construction			
Salaries and benefits	-	-	101
Materials and services	-	-	1,466
Total facilities acquisition and construction	-	-	1,567
Total current expenditures	-	1,597	1,567
Excess (deficit) of revenues over expenditures	2,108	(1,592)	(1,550)
OTHER FINANCING SOURCES (USES)			
Transfers out	(677)	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	(677)	-	-
Net change in fund balances	1,431	(1,592)	(1,550)
Fund balances - beginning of year	4,584	3,213	6,082
Fund balances - end of year	\$ 6,015	\$ 1,621	\$ 4,532

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the year ended June 30, 2012
(amounts expressed in thousands)

	Energy			
	Efficient	Facilities	Insurance	
	Schools	Capital	Recoveries	
	Fund	Fund	Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Property and other taxes	\$ -	\$ -	\$ -	\$ 2,108
Federal and state support	348	-	-	348
Investment earnings	-	-	-	22
Other revenues	876	-	914	1,790
Total revenues	<u>1,224</u>	<u>-</u>	<u>914</u>	<u>4,268</u>
EXPENDITURES				
Current Operating:				
Support services				
Central				
Salaries and benefits	-	-	-	354
Materials and services	-	-	-	1,243
Total central	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,597</u>
Facilities acquisition and construction				
Salaries and benefits	-	-	2	103
Materials and services	18	668	1,515	3,667
Total facilities acquisition and construction	<u>18</u>	<u>668</u>	<u>1,517</u>	<u>3,770</u>
Total current expenditures	<u>18</u>	<u>668</u>	<u>1,517</u>	<u>5,367</u>
Excess (deficit) of revenues over expenditures	1,206	(668)	(603)	(1,099)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(677)
Issuance of debt	-	1,500	-	1,500
Total other financing sources (uses)	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>823</u>
Net change in fund balances	1,206	832	(603)	(276)
Fund balances - beginning of year	-	-	2,196	16,075
Fund balances - end of year	<u>\$ 1,206</u>	<u>\$ 832</u>	<u>\$ 1,593</u>	<u>\$ 15,799</u>

DRAFT 11-20-12



BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Student Body Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Extracurricular activities	\$ 8,100	\$ 8,969	\$ 7,355	\$ (1,614)
Total revenues	<u>8,100</u>	<u>8,969</u>	<u>7,355</u>	<u>(1,614)</u>
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs				
Materials and services	8,150	8,900	6,911	1,989
Total instruction	<u>8,150</u>	<u>8,900</u>	<u>6,911</u>	<u>1,989</u>
Total expenditures	<u>8,150</u>	<u>8,900</u>	<u>6,911</u>	<u>1,989</u>
Excess (deficit) of revenues over expenditures	(50)	69	444	375
Net change in fund balance	(50)	69	444	375
Fund balance - beginning of year	<u>3,207</u>	<u>3,088</u>	<u>3,088</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 3,157</u></u>	<u><u>\$ 3,157</u></u>	<u><u>\$ 3,532</u></u>	<u><u>\$ 375</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Cafeteria Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 12,614	\$ 12,469	\$ 12,682	\$ 213
Federal stimulus	263	254	264	10
Charges for services	3,750	3,704	3,615	(89)
Other	30	27	13	(14)
Total revenues	<u>16,657</u>	<u>16,454</u>	<u>16,574</u>	<u>120</u>
EXPENDITURES				
Current Operating:				
Enterprise and Community Services:				
Food services:				
Salaries and benefits	7,752	7,565	7,030	535
Materials and services	9,273	9,766	8,927	839
Total Enterprise and Community Services	17,025	17,331	15,957	1,374
Total expenditures	<u>17,025</u>	<u>17,331</u>	<u>15,957</u>	<u>1,374</u>
Excess (deficit) revenues over expenditures	(368)	(877)	617	1,494
Net change in fund balance	(368)	(877)	617	1,494
Fund balance - beginning of year	2,898	3,407	3,407	-
Fund balance - end of year	<u>\$ 2,530</u>	<u>\$ 2,530</u>	<u>\$ 4,024</u>	<u>\$ 1,494</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 4,581	\$ 5,763	\$ 4,946	\$ (817)
County and intermediate sources	2,016	2,700	1,630	(1,070)
Federal and state support	1,590	1,590	(225)	(1,815)
Other	5,386	3,520	4,934	1,414
Total revenues	<u>13,573</u>	<u>13,573</u>	<u>11,285</u>	<u>(2,288)</u>
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs:				
Salaries and benefits	5,484	6,388	5,859	529
Materials and services	2,086	609	241	368
Total regular programs	<u>7,570</u>	<u>6,997</u>	<u>6,100</u>	<u>897</u>
Special programs:				
Salaries and benefits	2,444	4,136	1,733	2,403
Materials and services	1,591	473	230	243
Total special programs	<u>4,035</u>	<u>4,609</u>	<u>1,963</u>	<u>2,646</u>
Summer school programs:				
Salaries and benefits	415	422	426	(4)
Materials and services	34	26	29	(3)
Total summer school programs	<u>449</u>	<u>448</u>	<u>455</u>	<u>(7)</u>
Total instruction	<u>12,054</u>	<u>12,054</u>	<u>8,518</u>	<u>3,536</u>
Support Services:				
Students:				
Salaries and benefits	4	50	43	7
Materials and services	216	202	156	46
Total students	<u>220</u>	<u>252</u>	<u>199</u>	<u>53</u>
Instructional staff:				
Salaries and benefits	288	279	268	11
Materials and services	247	67	59	8
Total instructional staff	<u>535</u>	<u>346</u>	<u>327</u>	<u>19</u>
General administration:				
Materials and services	333	18	8	10
Total general administration	<u>333</u>	<u>18</u>	<u>8</u>	<u>10</u>
School administration:				
Salaries and benefits	433	366	354	12
Materials and services	17	68	120	(52)
Total school administration	<u>450</u>	<u>434</u>	<u>474</u>	<u>(40)</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support Services (continued):				
Business:				
Salaries and benefits	\$ 288	\$ 126	\$ 130	\$ (4)
Materials and services	17	663	643	20
Total business	305	789	773	16
Central:				
Materials and services	3	7	6	1
Total central	3	7	6	1
Total support services	1,846	1,846	1,787	59
Enterprise and Community Services:				
Food Services:				
Materials and services	7	27	7	20
Total food service	7	27	7	20
Community Services:				
Salaries and benefits	16	109	25	84
Materials and services	27	14	2	12
Total community services	43	123	27	96
Total enterprise and community services	50	150	34	116
Facilities acquisition & construction:				
Salaries and benefits	-	25	-	25
Materials and services	4,313	4,188	132	4,056
Total facilities acquisition and construction	4,313	4,213	132	4,081
Total expenditures	18,263	18,263	10,471	7,792
Excess (deficit) of revenues over expenditures	(4,690)	(4,690)	814	5,504
Net change in fund balance	(4,690)	(4,690)	814	5,504
Fund balance - beginning of year	4,690	4,690	5,285	595
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,099</u>	<u>\$ 6,099</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Bond Sinking Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Principal	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Interest and fiscal charges	167	167	167	-
Total debt service	1,667	1,667	1,667	-
Total expenditures	1,667	1,667	1,667	-
OTHER FINANCING SOURCES				
Transfers in	1,667	1,667	1,667	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Interest and fiscal charges	\$ -	\$ 49	\$ 37	\$ (12)
Total debt service	-	49	37	(12)
<hr/>				
Total expenditures	-	49	37	(12)
<hr/>				
OTHER FINANCING SOURCES				
Transfers in	-	49	37	(12)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Settlement Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
EXPENDITURES				
Debt Service:				
Principal	\$ 3,570	\$ 3,570	\$ 3,570	\$ -
Interest and fiscal charges	407	407	407	-
Total debt service	3,977	3,977	3,977	-
Total expenditures	3,977	3,977	3,977	-
OTHER FINANCING SOURCES				
Transfers in	3,977	3,977	3,977	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT Projects Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Principal	\$ 148	\$ 148	\$ 148	\$ -
Interest and fiscal charges	466	466	466	-
Total debt service	614	614	614	-
<hr/>				
Total expenditures	614	614	614	-
<hr/>				
OTHER FINANCING SOURCES				
Transfers in	614	614	614	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

PERS UAL Debt Service Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

For the year ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Charges for services	\$ 34,673	\$ 34,453	\$ 34,376	\$ (77)
Investment earnings	-	-	77	77
Total revenues	34,673	34,453	34,453	-
EXPENDITURES				
Debt Service:				
Principal	10,834	16,567	24,834	(8,267)
Interest and fiscal charges	23,839	32,049	23,782	8,267
Total debt service	34,673	48,616	48,616	-
Total expenditures	34,673	48,616	48,616	-
Excess (deficit) of revenues over expenditures	-	(14,163)	(14,163)	-
OTHER FINANCING SOURCES				
Issuance of refunding bonds	-	14,163	14,168	5
Total other financing sources	-	14,163	14,168	5
Net change in fund balance	-	-	5	5
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 5	\$ 5

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
SELP Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget
	<u>Original</u>	<u>Final</u>		Positive/ (Negative)
EXPENDITURES				
Debt Service:				
Principal	\$ 351	\$ 351	\$ 351	\$ -
Interest and fiscal charges	26	26	26	-
Total debt service	377	377	377	-
Total expenditures	<u>377</u>	<u>377</u>	<u>377</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	(377)	(377)	(377)	-
OTHER FINANCING SOURCES				
Transfers in	<u>377</u>	<u>377</u>	<u>377</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Recovery Zone Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal and state support	\$ -	\$ 246	\$ 246	\$ -
Total revenues	<u>-</u>	<u>246</u>	<u>246</u>	<u>-</u>
EXPENDITURES				
Debt Service:				
Principal	810	810	810	-
Interest and fiscal charges	545	545	545	-
Total debt service	1,355	1,355	1,355	-
Total expenditures	<u>1,355</u>	<u>1,355</u>	<u>1,355</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	(1,355)	(1,109)	(1,109)	-
OTHER FINANCING SOURCES				
Transfers in	1,355	1,109	1,109	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Construction Excise Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Construction excise tax	\$ 1,004	\$ 2,000	\$ 2,108	\$ 108
Total revenues	<u>1,004</u>	<u>2,000</u>	<u>2,108</u>	<u>108</u>
EXPENDITURES				
Facilities acquisition & construction:				
Materials and services	3,300	3,300	-	3,300
Total facilities acquisition and construction	<u>3,300</u>	<u>3,300</u>	<u>-</u>	<u>3,300</u>
Operating contingency	250	<u>2,607</u>	-	<u>2,607</u>
Total expenditures	<u>3,550</u>	<u>5,907</u>	<u>-</u>	<u>5,907</u>
Excess (deficit) of revenues over expenditures	(2,546)	(3,907)	2,108	6,015
OTHER FINANCING USES				
Transfers out	(677)	(677)	(677)	-
Total other financing uses	<u>(677)</u>	<u>(677)</u>	<u>(677)</u>	<u>-</u>
Net change in fund balance	(3,223)	(4,584)	1,431	6,015
Fund balance - beginning of year	3,223	4,584	4,584	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,015</u>	<u>\$ 6,015</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT System Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 4	\$ 5	\$ 1
Total revenues	-	4	5	1
EXPENDITURES				
Support services				
Instructional staff:				
Salaries and benefits	-	64	-	64
Materials and services	-	62	-	62
Total instructional staff	-	126	-	126
Central:				
Salaries and benefits	223	326	354	(28)
Materials and services	1,882	1,802	1,243	559
Total central	2,105	2,128	1,597	531
Total support services expenditures	2,105	2,254	1,597	657
Operating contingency	1,325	963	-	963
Total expenditures	3,430	3,217	1,597	1,620
Excess (deficit) of revenues over expenditures	(3,430)	(3,213)	(1,592)	1,621
Net change in fund balance	(3,430)	(3,213)	(1,592)	1,621
Fund balance - beginning of year	3,430	3,213	3,213	-
Fund balance - end of year	\$ -	\$ -	\$ 1,621	\$ 1,621

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Recovery Zone Energy and Water Conservation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 23	\$ 23	\$ 17	\$ (6)
Total revenues	23	23	17	(6)
EXPENDITURES				
Support services				
Business:				
Materials and services	13	-	-	-
Total support services expenditures	13	-	-	-
Facilities acquisition and construction:				
Salaries and benefits	421	421	101	320
Materials and services	4,089	5,171	1,466	3,705
Total facilities acquisition and construction	4,510	5,592	1,567	4,025
Total operating expenditures	4,523	5,592	1,567	4,025
Operating contingency	500	513	-	513
Total expenditures	5,023	6,105	1,567	4,538
Excess (deficit) of revenues over expenditures	(5,000)	(6,082)	(1,550)	4,532
Net change in fund balance	(5,000)	(6,082)	(1,550)	4,532
Fund balance - beginning of year	5,000	6,082	6,082	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,532</u>	<u>\$ 4,532</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Energy Efficient Schools Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal and state support	\$ -	\$ -	\$ 348	\$ 348
Other Revenues	-	1,200	876	(324)
Total revenues	<u>-</u>	<u>1,200</u>	<u>1,224</u>	<u>24</u>
EXPENDITURES				
Facilities acquisition & construction:				
Materials and services	-	1,200	18	1,182
Total facilities acquisition & construction	<u>-</u>	<u>1,200</u>	<u>18</u>	<u>1,182</u>
Total expenditures	<u>-</u>	<u>1,200</u>	<u>18</u>	<u>1,182</u>
Excess (deficit) of revenues over expenditures	-	-	1,206	1,206
Net change in fund balance	-	-	1,206	1,206
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ 1,206</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Facilities Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Facilities acquisition & construction:				
Materials and services	\$ -	\$ 2,500	\$ 668	\$ 1,832
Total facilities acquisition & construction	-	2,500	668	1,832
Total expenditures	-	2,500	668	1,832
Excess (deficit) of revenues over expenditures	-	(2,500)	(668)	1,832
OTHER FINANCING SOURCES				
Issuance of debt	-	2,500	1,500	(1,000)
Total other financing sources	-	2,500	1,500	(1,000)
Net change in fund balance	-	-	832	832
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832</u>	<u>\$ 832</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Insurance Recoveries Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Other Revenues	\$ -	\$ 914	\$ 914	\$ -
Total revenues	<u>-</u>	<u>914</u>	<u>914</u>	<u>-</u>
EXPENDITURES				
Facilities acquisition & construction:				
Salaries and benefits	-	-	2	(2)
Materials and services	3,000	3,110	1,515	1,595
Total facilities acquisition and construction	<u>3,000</u>	<u>3,110</u>	<u>1,517</u>	<u>1,593</u>
Total expenditures	<u>3,000</u>	<u>3,110</u>	<u>1,517</u>	<u>1,593</u>
Excess (deficit) of revenues over expenditures	(3,000)	(2,196)	(603)	1,593
Net change in fund balance	(3,000)	(2,196)	(603)	1,593
Fund balance - beginning of year	3,000	2,196	2,196	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,593</u>	<u>\$ 1,593</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

BUDGETARY COMPARISON SCHEDULES
Other funds

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Fund
Schedule of Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 20	\$ 20	\$ 18	\$ (2)
Total revenues	<u>20</u>	<u>20</u>	<u>18</u>	<u>(2)</u>
EXPENDITURES				
Facilities acquisition & construction:				
Salaries and benefits	1,798	905	837	68
Materials and services	5,270	5,204	3,097	2,107
Total facilities acquisition & construction	7,068	6,109	3,934	2,175
Total current operating	7,068	6,109	3,934	2,175
Debt service				
Principal	-	25,701	25,750	(49)
Interest	-	227	178	49
Total debt service	-	25,928	25,928	-
Total current expenditures	7,068	32,037	29,862	2,175
Operating contingency	500	1,400	-	1,400
Total expenditures	<u>7,568</u>	<u>33,437</u>	<u>29,862</u>	<u>3,575</u>
Excess (deficit) of revenues over expenditures	<u>(7,548)</u>	<u>(33,417)</u>	<u>(29,844)</u>	<u>3,573</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(49)	(37)	12
Issuance of debt	-	25,750	25,750	-
Total other financing sources (uses)	<u>-</u>	<u>25,701</u>	<u>25,713</u>	<u>12</u>
Net change in fund balance	(7,548)	(7,716)	(4,131)	3,585
Fund balance - beginning of year	7,548	7,716	7,716	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,585</u>	<u>\$ 3,585</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Self-Insurance Fund
Schedule of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,415	\$ 3,415	\$ 3,628	\$ 213
Other	-	1,660	1,229	(431)
Total operating revenues	3,415	5,075	4,857	(218)
OPERATING EXPENSES				
Support Services:				
Salaries and benefits	213	213	187	26
Materials and services	539	539	228	311
Claims expense	2,171	2,171	2,342	(171)
Total support services	2,923	2,923	2,757	166
Operating contingency	500	2,015	-	2,015
Total operating expenses	3,423	4,938	2,757	2,181
Operating income (loss)	(8)	137	2,100	1,963
NON OPERATING REVENUES				
Investment income	15	15	16	1
Federal and state support	263	263	196	(67)
Total non-operating revenues	278	278	212	(66)
TRANSFERS OUT	(3,270)	(4,410)	(4,410)	-
Change in net assets	(3,000)	(3,995)	(2,098)	1,897
Beginning retained earnings - budgetary basis	3,000	3,995	3,995	-
Ending retained earnings - budgetary basis	<u>\$ (3,000)</u>	<u>\$ (3,995)</u>	1,897	<u>\$ 1,897</u>
Reconciliation:				
Change in accounting method ¹			903	
Other post employment benefits obligation			(35)	
Accrued compensated absences			(6)	
Retained earnings - GAAP basis			<u>\$ 2,759</u>	

¹ Effective July 1, 2011, management implemented a change in accounting method: All activities related to property and general liability insurance, which were previously accounted for in the Self-Insurance Fund, are now accounted for in the General Fund.

Note: Bolded lines indicate legally required appropriation budget levels of control

DRAFT 11-20-12



OTHER FINANCIAL SCHEDULES

DRAFT 11-20-12

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON

**General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2012
(dollars in thousands)**

Tax Year	Taxes	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes
	Uncollected June 30, 2011						Uncollected June 30, 2012
2011-2012	\$ -	\$ 203,152	\$ (5,082)	\$ 88	\$ (1,662)	\$ (190,187)	\$ 6,309
2010-2011	5,491	-	32	217	272	(2,806)	3,206
2009-2010	2,527	-	24	218	481	(1,147)	2,103
2008-2009	1,378	-	-	273	(16)	(1,062)	573
2007-2008	464	-	-	146	(14)	(494)	102
2006-2007	77	-	-	19	(2)	(53)	41
2005-2006	30	-	-	5	(2)	(13)	20
2004-2005	34	-	-	2	1	(5)	32
2003-2004	32	-	-	3	-	(6)	29
2002-2003	23	-	-	1	-	(2)	22
10+ yrs prior	154	-	-	14	-	(20)	148
Total General Tax:	10,210	203,152	(5,026)	986	(942)	(195,795)	12,585

Tax Year	Taxes	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes
	Uncollected June 30, 2011						Uncollected June 30, 2012
2011-2012	\$ -	\$ 55,082	\$ (1,378)	\$ 24	\$ (451)	\$ (51,567)	\$ 1,710
2010-2011	1,094	-	6	44	54	(559)	639
2009-2010	518	-	4	45	99	(235)	431
2008-2009	286	-	1	57	(3)	(221)	120
2007-2008	97	-	-	-	(3)	(103)	(9)
2006-2007	-	-	-	-	-	-	-
2005-2006	-	-	-	30	-	-	30
2004-2005	4	-	-	-	-	-	4
2003-2004	4	-	-	-	-	(2)	2
2002-2003	3	-	-	-	-	-	3
10+ yrs prior	3	-	-	-	-	-	3
Total Local Option Taxes:	2,009	55,082	(1,367)	200	(304)	(52,687)	2,933

Tax Year	Taxes	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes
	Uncollected June 30, 2011						Uncollected June 30, 2012
2011-2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010-2011	-	-	-	-	-	-	-
2009-2010	-	-	-	-	-	-	-
2008-2009	-	-	-	-	-	-	-
2007-2008	-	-	-	-	-	-	-
2006-2007	-	-	-	-	-	-	-
2005-2006	-	-	-	-	-	-	-
2004-2005	8	-	-	-	-	(1)	7
2003-2004	7	-	-	1	-	(1)	7
2002-2003	6	-	-	-	-	-	6
10+ yrs prior	15	-	-	1	-	(2)	14
Total Bond Taxes	36	-	-	2	-	(4)	34

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund

Schedule of Property Tax Transactions (continued)
For the Year Ended June 30, 2012
(dollars in thousands)

DISTRICT LEVIES	Tax Year	Taxes Uncollected June 30, 2011	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes Uncollected June 30, 2012
Cancel/Omit								
Current Year	2011-2012	\$ -	\$ 834	\$ (21)	\$ -	\$ (7)	\$ (781)	\$ 25
Prior Years	2010-2011	9	-	-	-	-	(4)	5
	2009-2010	4	-	-	-	1	(2)	3
	2008-2009	3	-	-	1	-	(2)	2
	2007-2008	1	-	-	-	-	(1)	-
	2006-2007	-	-	-	-	-	-	-
	2005-2006	-	-	-	-	-	-	-
	2004-2005	-	-	-	-	-	-	-
	2003-2004	-	-	-	-	-	-	-
Total Cancel/Omit Taxes:		17	834	(21)	1	(6)	(790)	35
Total Multnomah County:		12,272	259,068	(6,414)	1,189	(1,252)	(249,276)	15,587
Washington County:		-	1,726	-	-	-	(1,671)	-
Clackamas County:		-	210	-	-	-	(202)	-
Total All Counties:		\$ 12,272	\$ 261,004	\$ (6,414)	\$ 1,189	\$ (1,252)	\$ (251,149)	\$ 15,587

¹ The total collections from Washington and Clackamas Counties were less than one percent of the District's total property tax collections. The taxes receivable from the two counties at June 30, 2012 were considered immaterial.

All Property Tax Transactions were recorded in the General Fund for FY 2012.

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2012

Reconciliation to Financial Statements:

Property tax collections for the year ended June 30, 2012	\$ 251,149
Non-levied tax revenue received for the year ended June 30, 2012	458
Uncollected property taxes at June 30, 2012	\$ 15,587
Uncollected property taxes susceptible to accrual at June 30, 2012	1,220
Non-levied tax revenue susceptible to accrual at June 30, 2012	53
Property taxes & non-levy rev susceptible to accrual at June 30, 2011, and collected during the year ended June 30, 2012	<u>(1,132)</u>
Total property and local option taxes - General Fund	<u>\$ 251,748</u>
Total Deferred Revenues - General Fund	<u><u>\$ 14,332</u></u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2012
(amounts expressed in thousands)

Governmental funds in capital assets:	
Land	\$ 8,274
Buildings and site improvements	349,040
Vehicles and equipment	44,052
Construction in progress	<u>13,658</u>
Total governmental funds in capital assets	<u><u>\$ 415,024</u></u>

Investments in governmental funds capital assets by source:	
General fund	\$ 152,939
Special Revenue funds	20,583
Capital Projects funds	<u>241,502</u>
Total governmental funds in capital assets	<u><u>\$ 415,024</u></u>

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2012
(amounts expressed in thousands)

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Site Improvements</u>	<u>Vehicles and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General government					
Instruction	\$ 6,266	\$ 317,671	\$ 4,756	\$ 7,122	\$ 335,815
Supporting services	2,008	31,358	37,235	6,536	77,137
Food services	-	11	2,061	-	2,072
Total governmental funds in capital assets	<u>\$ 8,274</u>	<u>\$ 349,040</u>	<u>\$ 44,052</u>	<u>\$ 13,658</u>	<u>\$ 415,024</u>

DRAFT 11-20-12

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the fiscal year ended June 30, 2012
(amounts expressed in thousands)

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2012</u>
General government				
Instruction	\$ 327,718	\$ 8,455	\$ (358)	\$ 335,815
Supporting services	74,773	2,723	(359)	77,137
Food services	1,998	74	-	2,072
Total governmental funds in capital assets	<u>\$ 404,489</u>	<u>\$ 11,252</u>	<u>\$ (717)</u>	<u>\$ 415,024</u>

DRAFT 11-20-12



Mallory House - Framing



Mallory House - Interior Finishes

Statistical Section

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	108
<i>Revenue Capacity (Schedules 5-8)</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	116
<i>Debt Capacity (Schedules 9-11)</i> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120
<i>Demographic and Economic Information (Schedules 12-13)</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	123
<i>Operating Information (Schedules 14-16)</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	125

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Schedule 1
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Condensed Statement of Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

Government-wide Activities

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assets				
Current and other assets	\$ 103,758	\$ 142,480	\$ 161,328	\$ 169,097
Prepaid pension costs	486,618	486,072	485,029	478,576
Net capital assets	228,616	224,098	210,589	203,717
Total assets	<u>818,992</u>	<u>852,650</u>	<u>856,946</u>	<u>851,390</u>
Liabilities				
Other current liabilities	116,164	75,478	75,082	78,829
Other long-term liabilities	78,866	79,987	37,907	32,876
Limited tax pension bonds payable	491,274	490,728	489,685	483,232
Other post employment benefits	-	-	-	-
Total liabilities	<u>686,304</u>	<u>646,193</u>	<u>602,674</u>	<u>594,937</u>
Net Assets				
Invested in capital assets, net of related debt	123,872	156,011	183,482	183,157
Restricted	-	-	-	-
Unrestricted	8,816	50,446	70,790	73,296
Total Net Assets	<u>\$ 132,688</u>	<u>\$ 206,457</u>	<u>\$ 254,272</u>	<u>\$ 256,453</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 167,964	\$ 175,282	\$ 175,091	\$ 174,564	\$ 177,558	180,957
471,759	463,507	455,247	445,555	436,790	425,421
195,885	187,312	185,571	194,725	200,731	199,058
<u>835,608</u>	<u>826,101</u>	<u>815,909</u>	<u>814,844</u>	<u>815,079</u>	<u>805,436</u>
95,818	88,936	96,163	75,555	77,535	83,977
24,271	22,377	10,320	34,182	62,851	57,972
476,416	468,163	459,756	450,125	440,491	430,058
-	8,852	17,762	24,741	29,667	33,595
<u>596,505</u>	<u>588,328</u>	<u>584,001</u>	<u>584,603</u>	<u>610,544</u>	<u>605,602</u>
180,034	177,198	181,442	186,783	164,033	157,209
-	-	-	8,426	25,597	21,577
59,069	60,575	50,466	35,032	14,905	21,048
<u>\$ 239,103</u>	<u>\$ 237,773</u>	<u>\$ 231,908</u>	<u>\$ 230,241</u>	<u>\$ 204,535</u>	<u>\$ 199,834</u>

Schedule 2
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

Government-wide Activities

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures				
Instruction	\$ 246,091	\$ 264,430	\$ 278,166	\$ 272,831
Support services	160,170	160,121	167,789	178,014
Enterprise and Community Services	14,736	13,735	15,425	15,386
Non-capital facilities maintenance & replacement	15,638	9,177	8,394	-
Interest and fees on long-term debt	10,607	5,382	3,919	1,816
Total expenditures	<u>447,242</u>	<u>452,845</u>	<u>473,693</u>	<u>468,047</u>
Program Revenues				
Charges for services:				
Instruction	6,319	3,561	3,672	4,447
Support services	-	2,127	1,855	1,712
Enterprise and Community Services	4,213	3,962	3,950	3,153
Operating grants and contributions:				
Instruction	48,306	40,545	43,992	44,131
Support services	16,186	18,076	23,582	23,566
Enterprise and Community Services	11,125	10,983	11,128	11,176
Total program revenues	<u>86,149</u>	<u>79,254</u>	<u>88,179</u>	<u>88,185</u>
Net Expenditures	<u>(361,093)</u>	<u>(373,591)</u>	<u>(385,514)</u>	<u>(379,862)</u>
General Revenues:				
Property taxes, levies for operations	131,056	135,183	138,699	144,543
Property taxes, levies for debt service	47,082	45,673	33,979	921
Local option taxes	16,263	17,165	31,751	466
Construction excise tax	-	-	-	-
State School Fund	150,705	183,619	148,013	157,061
State Common School Fund	3,100	1,251	3,784	4,135
County and intermediate sources	24,441	50,806	59,734	59,613
Federal Stimulus	-	-	-	-
Investment earnings	2,188	1,786	3,091	5,554
Other	5,583	11,877	14,278	9,750
Total general revenues	<u>380,418</u>	<u>447,360</u>	<u>433,329</u>	<u>382,043</u>
Extraordinary items	-	-	-	-
Change in Net Assets	<u>\$ 19,325</u>	<u>\$ 73,769</u>	<u>\$ 47,815</u>	<u>\$ 2,181</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 281,308	\$ 311,474	\$ 306,993	\$ 323,190	\$ 315,465	\$ 287,424
198,721	192,598	196,857	183,267	204,613	206,856
15,187	15,750	16,653	17,135	19,758	19,108
7,633	3,140	6,899	14,177	11,649	10,697
1,535	1,815	1,600	1,642	2,135	25,748
<u>504,384</u>	<u>524,777</u>	<u>529,002</u>	<u>539,411</u>	<u>553,620</u>	<u>549,833</u>
4,100	4,151	4,783	4,898	4,799	5,046
2,157	2,879	3,075	2,883	2,348	2,109
4,190	4,353	4,442	4,655	4,666	4,422
51,915	68,180	72,121	71,538	75,981	71,319
29,163	27,793	28,722	27,585	25,844	25,447
12,500	1,889	2,620	2,548	3,915	2,863
<u>104,025</u>	<u>109,245</u>	<u>115,763</u>	<u>114,107</u>	<u>117,553</u>	<u>111,206</u>
<u>(400,359)</u>	<u>(415,532)</u>	<u>(413,239)</u>	<u>(425,304)</u>	<u>(436,067)</u>	<u>(438,627)</u>
165,536	174,926	181,928	189,234	194,170	200,906
37	-	-	-	-	-
200	35,887	37,364	38,292	38,226	53,622
-	69	1,962	1,192	1,361	2,108
166,813	168,438	151,376	155,566	139,229	149,031
4,316	4,864	3,717	4,544	4,461	4,138
30,009	15,511	10,271	10,223	9,543	9,588
-	-	8,816	12,182	14,349	595
7,795	7,208	3,477	781	582	403
8,303	7,299	8,463	9,905	8,440	13,535
<u>383,009</u>	<u>414,202</u>	<u>407,374</u>	<u>421,919</u>	<u>410,361</u>	<u>433,926</u>
-	-	-	1,718	-	-
<u>\$ (17,350)</u>	<u>\$ (1,330)</u>	<u>\$ (5,865)</u>	<u>\$ (1,667)</u>	<u>\$ (25,706)</u>	<u>\$ (4,701)</u>

Schedule 3
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Governmental Activities	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ 1,547	\$ 1,363	\$ 1,133	\$ 949
Committed	-	-	-	-
Unassigned	(15,099)	11,828	30,704	42,286
Total general fund	<u>(13,552)</u>	<u>13,191</u>	<u>31,837</u>	<u>43,235</u>
All Other				
Governmental Funds				
Nonspendable	603	632	712	798
Restricted	34,683	24,171	15,801	8,590
Committed	1,800	11,300	20,800	18,800
Unassigned	-	-	(222)	-
Total all other governmental funds	<u>37,086</u>	<u>36,103</u>	<u>37,091</u>	<u>28,188</u>
Total Governmental Fund Balances	<u><u>\$ 23,534</u></u>	<u><u>\$ 49,294</u></u>	<u><u>\$ 68,928</u></u>	<u><u>\$ 71,423</u></u>

In June 2011, the Portland Public Schools Board of Education adopted new fund balance classifications required by GASB Statement No. 54. To allow comparison for years prior to 2011 the schedule above presents the fund balance classifications consistent with the June 2011 Board adoptions.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 823	\$ 1,949	\$ 1,881	\$ 1,587	\$ 795	\$ 452
-	2,000	2,000	2,000	1,289	1,583
<u>43,032</u>	<u>50,556</u>	<u>46,079</u>	<u>50,185</u>	<u>29,457</u>	<u>28,890</u>
<u>43,855</u>	<u>54,505</u>	<u>49,960</u>	<u>53,772</u>	<u>31,541</u>	<u>30,925</u>
591	512	635	446	522	390
8,913	7,267	11,039	21,648	25,137	27,471
16,800	16,800	16,800	16,800	26,899	20,461
-	-	(2,467)	(14,536)	-	-
<u>26,304</u>	<u>24,579</u>	<u>26,007</u>	<u>24,358</u>	<u>52,558</u>	<u>48,322</u>
<u>\$ 70,159</u>	<u>\$ 79,084</u>	<u>\$ 75,967</u>	<u>\$ 78,130</u>	<u>\$ 84,099</u>	<u>\$ 79,247</u>

DRAFT 2012

Schedule 4
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Governmental Activities

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Property and other taxes	\$ 178,203	\$ 181,356	\$ 173,147	\$ 147,352
State School Fund	150,705	183,619	148,013	157,062
Local option taxes	16,263	17,165	31,751	467
County and intermediate sources	24,441	50,806	59,734	59,613
Federal stimulus	-	-	-	-
State Common School Fund	3,100	1,251	3,784	4,135
Federal and state support	64,116	59,191	68,903	68,060
Charges for services	4,213	9,651	9,477	9,312
Extracurricular activities	7,171	7,259	6,872	7,123
Investment earnings	2,128	1,752	3,017	5,365
Other	15,533	9,885	10,996	12,352
Total revenues	<u>465,873</u>	<u>521,935</u>	<u>515,694</u>	<u>470,841</u>
Expenditures				
Current Operating:				
Instruction	254,343	261,213	269,938	264,431
Support services	160,996	158,223	167,967	172,953
Enterprise and Community Services	14,837	14,282	15,558	15,448
Non-capital facilities acquisition & construction	15,637	9,177	5,274	6,491
Debt Service:				
Principal	42,981	47,532	42,053	7,721
Interest	8,983	6,563	3,987	1,736
Total expenditures	<u>497,777</u>	<u>496,990</u>	<u>504,777</u>	<u>468,780</u>
Excess (deficiency) of revenues over expenditures	<u>(31,904)</u>	<u>24,945</u>	<u>10,917</u>	<u>2,061</u>
Other Financing Sources (Uses)				
Transfers in	8,850	16,535	17,919	10,700
Transfers out	(8,850)	(16,535)	(17,919)	(10,700)
Issuance of debt	490,933	11,900	-	-
Issuance of refunding bonds	-	-	-	-
Payments to escrow agent	(486,618)	(11,842)	-	-
Proceeds from the sale of capital assets	996	757	8,717	434
Total other financing sources (uses)	<u>5,311</u>	<u>815</u>	<u>8,717</u>	<u>434</u>
Net change in fund balances	<u>\$ (26,593)</u>	<u>\$ 25,760</u>	<u>\$ 19,634</u>	<u>\$ 2,495</u>
Debt services as a percentage of noncapital expenditures	10.8%	11.1%	9.2%	2.0%

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 166,522	\$ 174,568	\$ 181,847	\$ 190,105	\$ 196,044	\$ 200,716
164,182	168,438	151,376	155,566	139,229	149,031
200	35,373	37,042	38,470	38,603	53,099
30,009	15,511	10,271	10,224	9,544	9,588
-	-	10,206	26,972	28,991	4,591
4,316	4,864	3,717	4,544	4,461	4,138
80,134	82,435	89,014	74,055	79,034	84,704
10,446	11,383	12,300	12,436	11,814	45,953
7,178	7,963	7,524	7,423	7,563	7,355
7,531	6,907	3,310	1,037	649	579
13,674	14,068	13,450	13,131	11,991	15,127
<u>484,192</u>	<u>521,510</u>	<u>520,057</u>	<u>533,963</u>	<u>527,923</u>	<u>574,881</u>
276,929	301,171	301,457	310,846	314,597	305,238
182,918	203,620	192,384	199,983	205,869	207,691
15,077	15,467	16,386	17,106	20,001	19,782
7,633	3,141	6,899	14,166	11,546	10,613
8,039	6,966	7,291	5,901	8,082	56,963
1,412	1,546	1,499	1,740	2,043	25,608
<u>492,008</u>	<u>531,911</u>	<u>525,916</u>	<u>549,742</u>	<u>562,138</u>	<u>625,895</u>
<u>(7,816)</u>	<u>(10,401)</u>	<u>(5,859)</u>	<u>(15,779)</u>	<u>(34,215)</u>	<u>(51,014)</u>
10,704	8,748	9,913	7,550	9,939	14,090
(10,704)	(8,748)	(7,913)	(7,550)	(6,939)	(9,680)
2,125	15,220	-	15,000	36,750	27,250
-	-	-	-	-	14,400
-	-	-	-	-	-
1,796	1,616	743	2,942	434	102
<u>3,921</u>	<u>16,836</u>	<u>2,743</u>	<u>17,942</u>	<u>40,184</u>	<u>46,162</u>
<u>\$ (3,895)</u>	<u>\$ 6,435</u>	<u>\$ (3,116)</u>	<u>\$ 2,163</u>	<u>\$ 5,969</u>	<u>\$ (4,852)</u>
2.0%	1.6%	1.7%	1.4%	1.8%	13.4%

Schedule 5
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Assessed Values of Taxable Property within School District No. 1J Boundaries
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)										Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise		
2003	\$ 27,152,155	\$ 1,969,018	\$ 13,810	\$ 1,437,798	\$ 30,572,781	\$ 15,399	\$ 1,783,901	\$ 28,804,279	\$ 7.2206	\$ 207,984	\$ 7,777	\$ 200,207
2004	28,176,402	1,885,801	12,985	1,390,747	31,465,905	15,861	1,909,048	29,572,718	7.1160	210,439	7,145	203,294
2005	29,273,560	1,835,681	15,126	1,456,843	32,581,210	16,337	2,107,473	30,490,074	7.1792	218,894	7,689	211,205
2006	30,797,829	1,832,766	14,267	1,251,626	33,896,488	16,827	2,512,764	31,400,551	4.7743	149,916	475	149,441
2007	32,185,082	1,863,994	13,755	1,309,159	35,371,990	17,332	2,830,224	32,559,098	5.2781	171,850	1,963	169,887
2008	34,287,573	1,859,615	14,311	1,273,298	37,434,797	18,062	3,200,929	34,251,930	6.5281	223,600	7,940	215,660
2009	36,093,965	1,901,468	14,130	1,383,226	39,392,789	23,270	3,635,372	35,780,687	6.5281	233,580	8,151	225,429
2010	37,714,170	1,883,081	15,640	1,607,399	41,220,290	23,968	4,189,459	37,054,799	6.5281	241,897	8,996	232,901
2011	38,951,439	1,903,652	41,782	1,629,651	42,526,524	19,736	4,425,353	38,120,907	6.5281	248,857	9,390	239,467
2012	40,421,170	1,687,236	41,578	1,568,907	43,718,891	20,328	4,519,149	39,220,070	7.2681	285,055	24,051	261,004

Notes:

- Beginning July 1, 1997, property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value". For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.
- The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source:

FY 2002: Tax Supervising and Conservation Commission annual reports for the relevant fiscal year. Total assessed values do not include urban renewal excess.

FY 2003-2012: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

Schedule 6
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

District Direct Rates						
Fiscal Year	General Tax Permanent Rate ¹	Local Option	GAP Bonds	General Obligation Debt Service Bonds	Total Direct Tax Rate	
2003	\$ 4.7743	\$ 0.7500	\$ 0.4674	\$ 1.2289	\$ 7.2206	
2004	4.7743	0.7500	0.4167	1.1750	7.1160	
2005	5.2781	0.7500	-	1.1511	7.1792	
2006	4.7743	-	-	-	4.7743	
2007	5.2781	-	-	-	5.2781	
2008	5.2781	1.2500	-	-	6.5281	
2009	5.2781	1.2500	-	-	6.5281	
2010	5.2781	1.2500	-	-	6.5281	
2011	5.2781	1.2500	-	-	6.5281	
2012	5.2781	1.9900	-	-	7.2681	

Overlapping Total Property Tax Rates							
Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District	
2003	\$ 5.1742	\$ 0.0701	\$ 0.2835	\$ 6.9663	\$ 0.4944	\$ 0.4576	
2004	5.2719	0.0701	0.2900	8.1893	0.5118	0.4576	
2005	5.2785	0.0701	0.2838	7.9791	0.5099	0.4576	
2006	5.3065	0.0701	0.2841	7.9181	0.4950	0.4576	
2007	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	
2008	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	
2009	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	
2010	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	
2011	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	
2012	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576	

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

¹ The District paid off its "GAP Bonds" in May, 2004. Under the provisions of Ballot Measure 50, the District's permanent tax rate is increased from \$4.7743 to \$5.2781 to include what had previously been levied for payment of the "Gap Bonds". Legislation passed in 2003 treats the increase the same as local option levies. The increase expired on June 30, 2005 so the District's permanent rate went back to \$4.7743 for the 2005-06 fiscal year.

Legislation passed in 2006 allowed for the annual reauthorization of the GAP bonds for three years beginning in 2006-2007, allowing the District's permanent rate to increase up to \$5.2781. The Oregon legislature made this increase permanent as of July 1, 2009.

Source: The Tax Supervising and Conservation Commission annual reports for the relevant fiscal year.

Schedule 7
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Property Tax Payers for Multnomah County
Current Year and Nine Years Ago
Taxing District - 311 Portland School District
(dollars in thousands)

Taxpayer	2011			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Pacifcorp (PP&I)	\$ 282,606	1	0.74 %	\$ 218,117	2	0.78%
Portland General Electric	241,239	2	0.63	180,053	4	0.64
Weston Investment Co., LLC	219,480	3	0.58	45,828	23	0.16
Port of Portland	210,834	4	0.55	-	-	-
Comcast Corporation	194,788	5	0.51	-	-	-
US West Communications Inc./ Qwest Corporation	184,976	6	0.49	402,355	1	1.44
LC Portland LLC	173,396	7	0.45	-	-	-
Evraz Inc. NA	166,299	8	0.44	-	-	-
555 SW Oak LLC	130,945	9	0.34	-	-	-
Wacker Siltronic Corporation	-	-	-	204,816	3	0.73
Glimcher Lloyd Venture LLC	-	-	-	127,670	6	0.46
One Eleven Tower LLC	-	-	-	100,397	9	0.36
Fred Meyer Stores Inc.	126,979	10	0.33	111,520	7	0.40
Oregon Arena Corporation	-	-	-	103,468	8	0.37
Northwest Natural Gas Co.	-	-	-	95,572	10	0.34
National Biscuit Co.	-	-	-	149,337	5	0.53
Subtotal of Ten Largest Taxpayers	1,931,542		5.06	1,739,133		6.21
All Other Taxpayers	36,189,365		94.94	26,249,585		93.79
Total All Taxpayers	\$ 38,120,907		100.00 %	\$ 27,988,718		100.00%

Notes:

2012 information not available at time of distribution

Source:

Multnomah County, Division of Assessment and Taxation

Schedule 8
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 200,207	\$ 188,165	93.99%	\$ 6,516	\$ 194,681	97.24%
2004	203,294	191,750	94.32	5,461	197,211	97.01
2005	211,205	198,861	94.16	5,833	204,694	96.92
2006	149,862	141,470	94.40	3,831	145,301	96.96
2007	169,887	160,813	94.66	4,285	165,098	97.18
2008	216,645	202,448	93.45	4,854	207,302	95.69
2009	226,206	211,232	93.38	5,157	216,389	95.66
2010	233,861	219,970	94.06	7,165	227,135	97.12
2011	239,467	225,418	94.13	7,422	232,840	97.23
2012	261,004	244,408	93.64	6,741	251,149	96.22

Note:

The net taxes levied are combined for Multnomah, Washington, and Clackamas counties. Responsibility for the collection of all property taxes rests within each County's Department of Assessment and Taxation. Current taxes are assessed as of July 1, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

¹ The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5 and the Schedule of Property tax Collections (General Fund), in the Other Financial Section of the CAFR. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Source: Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation.

Schedule 9
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(dollars in thousands, except per student and per capita)

Fiscal Year	General Bonded Debt				Percentage of Actual Taxable Value of Property ¹	Per Student ²	Other Governmental Activities Debt						Per Student ²	Per Capita ⁴
	General Obligation Bonds	Less Amount Available for Repayment	Net General Obligation Bonds Outstanding				Limited Tax and G.O. Refunding Bonds	Certificates of Participation	Full Faith & Credit Obligations	Refunding Special Obligations	Small Scale Energy Loan Programs	Recovery Zone Bond		
2003	\$ 65,375	\$ 2,628	\$ 62,747	0.22%	\$ 1,185	\$ 513,474	\$ 28,015	\$ -	\$ 5,160	\$ 6,195	\$ -	\$ 615,591	\$ 11,622	\$ 908
2004	34,675	2,256	32,419	0.11	663	502,628	23,810	-	3,960	5,642	-	568,459	11,629	847
2005	-	-	-	-	-	500,485	19,435	-	2,705	4,967	-	527,592	11,071	784
2006	-	-	-	-	-	492,858	14,880	-	1,385	4,295	-	513,418	10,922	747
2007	-	-	-	-	-	484,836	10,130	-	-	3,596	2,125	500,687	10,803	716
2008	-	-	-	-	-	475,333	5,175	15,090	-	2,862	2,078	500,538	10,856	702
2009	-	-	-	-	-	465,622	-	15,090	-	2,092	2,035	484,839	10,529	667
2010	-	-	-	-	-	454,630	-	26,316	-	1,369	1,992	484,307	10,394	666
2011	-	-	-	-	-	443,571	-	48,095	-	676	11,000	503,342	10,754	N/A
2012	-	-	-	-	-	431,638	-	45,877	-	325	10,190	488,030	10,320	N/A

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

¹ See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.

² Student enrollment data can be found in Schedule 16.

³ Includes net general bonded debt and other governmental activities debt.

⁴ Per capita is calculated using the estimated District population from the US Department of - Commerce, Bureau of Economic Analysis as reported in Schedule 12.

Schedule 10
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(dollars in thousands)

<u>Overlapping Issuer</u>	<u>Net Property-tax Backed Debt¹</u>	<u>Percent Overlapping</u>	<u>Overlapping Debt²</u>
City of Portland	\$ 149,410	85.2715 %	\$ 127,404
Portland Community College	191,375	47.3425	90,602
Multnomah County	89,000	73.9964	65,857
Portland Metro	273,485	37.8868	103,615
Tri-Met	9,800	38.0128	3,725
City of Lake Oswego	35,267	5.4352	1,917
Tualatin Hills Park & Rec. District	105,790	1.2351	1,307
Tualatin Valley Fire & Rescue	47,470	1.9962	948
Washington County	14,325	0.6164	88
Clackamas County	72,910	0.1121	82
Mt. Hood Community College	22,330	0.0579	13
Clackamas Cty RFPD #1	2,655	0.2030	5
Multnomah County Drainage District 1	125	100.0000	125
Subtotal, overlapping debt			395,687
Direct District debt (PERS)			430,058
Direct District debt (other)			57,972
Total direct and overlapping debt			<u>\$ 883,717</u>

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ Net Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds, less Self-supporting Unlimited-tax (GO) and Self-supporting Limited-tax GO debt.

² Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

Source:
Oregon State Treasury, Debt Management Division

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012

Real Market Value	\$ 71,451,649
Debt Limit (7.95%) ¹	5,680,406

Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	-
Less: Amount Available in Debt Service Funds	-
Amount of Debt Applicable to Debt Limit	-
Legal Debt Margin	<u>\$ 5,680,406</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 3,603,191	\$ 3,810,833	\$ 4,039,060	\$ 4,513,275	\$ 5,036,778	\$ 5,835,393	\$ 6,267,884	\$ 6,194,374	\$ 6,028,990	\$ 5,680,406
Total net debt applicable to limit	<u>93,075</u>	<u>60,747</u>	<u>32,419</u>	<u>-</u>						
Legal debt margin	<u>\$ 3,510,116</u>	<u>\$ 3,750,086</u>	<u>\$ 4,006,641</u>	<u>\$ 4,513,275</u>	<u>\$ 5,036,778</u>	<u>\$ 5,835,393</u>	<u>\$ 6,267,884</u>	<u>\$ 6,194,374</u>	<u>\$ 6,028,990</u>	<u>\$ 5,680,406</u>

Total net debt applicable to the limit as a percentage of debt limit	2.58%	1.59%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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¹ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values within the District based on the following:

^A For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value

^B For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value

Allowable Percentage of Real Market Value:	
^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u>7.95%</u>

Source: Market value from Multnomah County, Tax Supervising and Conservation Commission

Schedule 12
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Calendar Years
Multnomah County

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2003	677,608	\$ 23,388,512	\$ 34,516	8.5%
2004	671,172	24,214,231	36,078	7.4
2005	672,947	25,436,032	37,798	6.1
2006	687,373	26,483,785	38,529	5.1 ²
2007	699,186	28,385,388	40,598	4.9 ²
2008	712,539	29,372,019	41,222	5.8 ²
2009	726,855	29,430,654	40,490	10.4 ²
2010	737,476	29,458,183	39,945	9.8 ²
2011	- ¹	-	- ¹	8.5 ²
2012	- ¹	-	- ¹	7.7 ²

¹ Data for 2011 and 2012 not available at time of printing.

² As of June, 2012.

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis as reported in April 2012.

Unemployment rate information: US Department of Labor, Bureau of Labor Statistics

Schedule 13
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Employers for the Portland Metro Area
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
State of Oregon	18,400	1	1.82%	4,475	10	0.47%
Intel Corporation	15,636	2	1.55	15,000	1	1.59
Providence Health System	14,089	3	1.40	12,800	3	1.36
US Federal Government	13,900	4	1.38	- ³	-	-
Oregon Health & Science University	12,000	5	1.19	10,100	4	1.07
Fred Meyer Stores	9,858	6	0.98	13,325	2	1.41
Legacy Health System	9,732	7	0.96	7,158	5	0.76
Kaiser Foundation Health Plan	9,039	8	0.90	7,093	6	0.75
City of Portland	8,876	9	0.88	5,000	9	0.53
Nike Inc.	7,000	10	0.69	2,850	17	-
Safeway Inc	- ³		-	6,000	7	0.64
Multnomah County	5,797	13	-	5,500	8	0.58
Subtotal of Ten Largest Employers	124,327		9.95	89,301		8.69
All Other Employers	884,873		90.05	854,799		91.31
Total Portland MSA¹ Employment	1,009,200²		100.00 %	944,100		100.00 %

¹ Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon and Clark and Skamania counties in Washington.

² As of June 2012, not seasonally adjusted.

³ Data not available for this year

Sources:

Portland Business Journal, Book of Lists published December 2002 & December 2011.

Oregon Employment Department, Workforce and Economic Research

Schedule 14
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full-time Equivalent District Employees by Assignment/Function
Last Four Fiscal Years

<u>Assignment/Function</u>	Full-time Equivalent Employees for the Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Teachers (2)	2,486.8	2,425.7	2,440.5	2,315.0
Educational Assistants	680.3	728.8	636.0	555.8
School Level Administration	150.5	141.0	140.6	142.9
District Level Administration	25.3	26.9	22.4	13.0
Other Staff (3)	<u>1,876.2</u>	<u>1,885.1</u>	<u>1,896.9</u>	<u>1,850.3</u>
Total FTE	<u><u>5,219.1</u></u>	<u><u>5,207.5</u></u>	<u><u>5,136.4</u></u>	<u><u>4,877.0</u></u>

DRAFT 11-20-12

Note:

- ¹ The coding and categorization used by the State in the collection of this data changed in fiscal 2008-09. Over time, ten years of data collected under the new methodology will be presented.
- ² In prior years, "Teachers" included Guidance Counselors- Non-SpEd and Library/Media Specialists. Beginning in 2009, ODE changed the classification of these employees to "Other Staff". The FTE data for years 2009-2011 have been revised to reflect this change.
- ³ In 2011, ODE modified its definition of FTE to include Extended Responsibility hours. "Other Staff" data of FY 2010-11 has been revised from 1,947.3 to 1,896.8 to reflect this change.

Schedule 15
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Meal and Transportation Services Provided
Last Ten Fiscal Years

	2003	2004	2005	2006	2007
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,378,222	1,216,355	1,187,985	1,347,109	1,333,234
Reduced Meals	543,040	505,683	472,370	514,748	481,156
Free Meals	4,759,912	4,695,517	4,454,440	4,250,527	4,155,965
Total meals served	<u>6,681,174</u>	<u>6,417,555</u>	<u>6,114,795</u>	<u>6,112,384</u>	<u>5,970,355</u>
Average Daily Breakfast Served	18,484	18,524	16,376	14,782	14,017
Average Daily Lunch Served	19,616	18,515	18,107	19,798	20,164
Student Participation	45.48%	45.20%	43.65%	50.17%	53.46%
Transportation					
Number of buses	263	258	245	234	241
Total miles traveled	3,462,902	3,270,179	2,985,868	2,635,510	2,848,220
Cost per mile	\$ 3.51	\$ 3.77	\$ 3.87	\$ 4.38	\$ 5.09
Area encompassed by District (sq mi)	160	160	160	160	160
2008					
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,553,008	1,439,321	1,443,806	1,421,889	1,382,329
Reduced Meals	577,275	562,630	549,157	502,171	441,829
Free Meals	3,538,655	3,485,451	3,651,647	3,560,515	3,689,643
Total meals served	<u>5,668,938</u>	<u>5,487,402</u>	<u>5,644,610</u>	<u>5,484,575</u>	<u>5,513,801</u>
Average Daily Breakfast Served	12,343	11,344	10,592	10,101	10,400
Average Daily Lunch Served	19,875	19,867	20,369	20,295	19,942
Student Participation	52.45%	47.98%	46.94%	46.96%	49.14%
Transportation					
Number of buses	240	239	252	258	257
Total miles traveled	3,006,996	2,914,877	3,317,636	3,265,683	3,019,548
Cost per mile	\$ 5.42	\$ 5.77	\$ 5.50	\$ 5.63	\$ 6.24
Area encompassed by District (sq mi)	160	160	160	160	160

¹ Number of meals served includes breakfast, lunch, snack, and supper.

² Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

		Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Elementary Schools and Programs												
Abernethy (1925)	(12)											
Gross Floor Area (sq ft): 50,358												
Elementary Enrollment			213	199	203	366	357	342	349	392	421	455
Focus/Alt Prog (Environmental School)	(13,8)		225	233	-	-	-	-	-	-	-	-
Ainsworth w/Annex (1912)												
Gross Floor Area (sq ft): 57,593												
Elementary Enrollment			557	522	499	492	509	493	520	528	551	568
Alameda (1921)												
Gross Floor Area (sq ft): 64,138												
Elementary Enrollment			648	631	630	669	678	697	717	744	774	782
Arlata (1929)	(6)											
Gross Floor Area (sq ft): 76,489												
Elementary Enrollment			339	330	332	313	370	387	420	420	428	422
Astor (1948)	(6)											
Gross Floor Area (sq ft): 47,360												
Elementary Enrollment			311	283	287	279	331	381	438	458	445	482
Atkinson (1953)												
Gross Floor Area (sq ft): 58,057												
Elementary Enrollment			536	537	553	558	549	524	535	491	484	447
Beach (1928)	(6)											
Gross Floor Area (sq ft): 70,404												
Elementary Enrollment			468	411	419	414	412	426	484	538	561	582
Beverly Cleary (1959)	(4)											
Gross Floor Area (sq ft): 90,664												
Elementary Enrollment			208	225	211	215	210	578	557	552	604	674
Boise-Eliot (1926)	(6)											
Gross Floor Area (sq ft): 61,369												
Elementary Enrollment			647	584	523	461	415	412	423	417	390	389
Bridger (1951)	(1,6)											
Gross Floor Area (sq ft): 45,142												
Elementary Enrollment			431	378	387	388	421	470	320	331	365	396
Bridlemile (1958)												
Gross Floor Area (sq ft): 59,037												
Elementary Enrollment			436	460	450	459	458	468	464	480	463	472
Buckman (1921)												
Gross Floor Area (sq ft): 82,023												
Elementary Enrollment			534	526	529	537	506	481	498	492	497	488
Capitol Hill (1917)	(12)											
Gross Floor Area (sq ft): 47,275												
Elementary Enrollment			308	282	255	335	341	354	321	357	351	371
Cesar Chavez (1928)	(4)											
Gross Floor Area (sq ft): 75,814												
Middle School Enrollment			416	338	339	325	401	587	499	484	477	453
Chapman (1923)												
Gross Floor Area (sq ft): 62,962												
Elementary Enrollment			484	449	414	453	478	476	532	544	522	562
Chief Joseph (1948)	(12)											
Gross Floor Area (sq ft): 46,204												
Elementary Enrollment			287	266	234	393	359	361	370	377	408	481
Creative Science School (1955)	(1,6)											
Gross Floor Area (sq ft): 50,595												
Elementary Enrollment			-	-	-	-	-	-	260	301	305	356

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Creston w/ Annex (1948)	(6)										
Gross Floor Area (sq ft): 80,940											
Elementary Enrollment		327	301	246	290	309	335	365	333	345	380
Duniway (1926)											
Gross Floor Area (sq ft): 67,492											
Elementary Enrollment		432	453	443	443	446	426	411	423	442	425
Faubion (1951)	(6)										
Gross Floor Area (sq ft): 57,846											
Elementary Enrollment		299	272	269	309	332	355	396	393	401	434
Forest Park (1998)											
Gross Floor Area (sq ft): 42,000											
Elementary Enrollment		377	407	456	517	508	502	512	501	507	491
Glencoe (1923)	(12)										
Gross Floor Area (sq ft): 64,378											
Elementary Enrollment		424	430	442	510	498	506	499	474	480	453
Grout (1927)	(16)										
Gross Floor Area (sq ft): 65,838											
Elementary Enrollment		248	314	320	310	333	349	339	346	361	359
Harrison Park (1948)	(18)										
Gross Floor Area (sq ft): 109,059											
Elementary Enrollment		556	515	499	500	508	507	719	732	751	751
Hayhurst (1954)	(13)										
Gross Floor Area (sq ft): 56,266											
Elementary Enrollment		259	212	353	358	345	329	351	385	396	420
Humboldt (1959)	(6)										
Gross Floor Area (sq ft): 46,865											
Elementary Enrollment		283	257	255	270	240	235	258	275	230	219
Irvington (1932)	(6)										
Gross Floor Area (sq ft): 65,285											
Elementary Enrollment		506	491	473	445	473	505	503	505	529	483
James John (1929)											
Gross Floor Area (sq ft): 63,697											
Elementary Enrollment		551	514	481	458	459	430	404	384	394	402
Kelly w/ Kelly Center (1952)											
Gross Floor Area (sq ft): 97,546											
Elementary Enrollment		491	491	478	484	439	464	468	467	509	570
King (1927)	(6)										
Gross Floor Area (sq ft): 88,957											
Elementary Enrollment		583	544	525	491	458	453	399	336	288	292
Laurelhurst (1923)	(6)										
Gross Floor Area (sq ft): 46,204											
Elementary Enrollment		561	561	558	581	561	536	606	708	704	684
Lee (1953)	(6)										
Gross Floor Area (sq ft): 73,276											
Elementary Enrollment		419	387	333	309	354	367	434	458	457	459
Lent (1948)	(6)										
Gross Floor Area (sq ft): 76,478											
Elementary Enrollment		383	335	355	366	400	475	528	549	561	577
Lewis (1952)											
Gross Floor Area (sq ft): 48,380											
Elementary Enrollment		294	289	271	301	293	310	349	374	396	393

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Llewellyn (1928)										
Gross Floor Area (sq ft): 50,651										
Elementary Enrollment	315	302	298	301	309	341	396	434	485	543
Maplewood (1948) (12)										
Gross Floor Area (sq ft): 35,022										
Elementary Enrollment	279	288	285	315	307	308	331	342	350	335
Markham (1951) (12)										
Gross Floor Area (sq ft): 82,794										
Elementary Enrollment	333	330	301	398	359	349	360	376	376	384
Marysville (1921) (6,17)										
Gross Floor Area (sq ft): 53,490										
Elementary Enrollment	394	367	349	336	368	407	437	435	404	363
Ockley Green (1925) (10)										
Gross Floor Area (sq ft): 71,937										
Elementary School Enrollment	475	427	385	318	442	389	337	299	310	269
Peninsula (1952) (6)										
Gross Floor Area (sq ft): 70,151										
Elementary Enrollment	333	293	271	254	299	326	370	375	361	358
Rieke (1961)										
Gross Floor Area (sq ft): 30,647										
Elementary Enrollment	266	276	266	267	280	322	348	371	356	416
Rigler (1931) (3,6)										
Gross Floor Area (sq ft): 59,760										
Elementary Enrollment	474	489	466	442	538	562	525	596	588	524
Rosa Parks (2006)										
Gross Floor Area (sq ft): 45,147										
Elementary Enrollment		-	-	-	435	562	503	463	434	407
Roseway Heights (1923) (4)										
Gross Floor Area (sq ft): 75,693										
Elementary Enrollment	489	446	433	429	406	660	565	578	551	589
Sabin (1928) (2,6)										
Gross Floor Area (sq ft): 71,946										
Elementary Enrollment	292	393	413	422	432	451	363	348	362	392
Scott (1949) (3)										
Gross Floor Area (sq ft): 62,681										
Elementary Enrollment	457	442	377	369	440	539	530	563	533	521
Sitton (1948)										
Gross Floor Area (sq ft): 58,762										
Elementary Enrollment	371	359	338	300	285	315	309	291	307	333
Skyline (1963) (6)										
Gross Floor Area (sq ft): 37,245										
Elementary Enrollment	201	214	197	201	233	258	266	294	281	276
Stephenson (1965)										
Gross Floor Area (sq ft): 40,539										
Elementary Enrollment	353	352	348	325	310	320	327	335	324	335
Sunnyside Environmental (1925) (13)										
Gross Floor Area (sq ft): 54,361										
Elementary Enrollment	276	203	459	443	501	542	565	585	580	608
Vernon (1931) (6)										
Gross Floor Area (sq ft): 72,323										
Elementary Enrollment	405	445	386	384	404	453	394	397	376	500

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Vestal (1929)	(6)										
Gross Floor Area (sq ft): 66,378											
Elementary Enrollment		367	344	322	294	343	389	428	433	451	420
Whitman (1954)											
Gross Floor Area (sq ft): 69,755											
Elementary Enrollment		433	431	421	404	384	370	369	372	347	361
Winterhaven (1930)											
Gross Floor Area (sq ft): 39,084											
Elementary Enrollment		167	254	296	339	344	335	345	345	352	346
Woodlawn (1926)	(12)										
Gross Floor Area (sq ft): 61,595											
Elementary Enrollment		460	443	409	531	450	424	462	449	478	443
Woodmere (1954)											
Gross Floor Area (sq ft): 59,293											
Elementary Enrollment		490	477	458	449	422	418	398	397	393	397
Woodstock (1910)											
Gross Floor Area (sq ft): 69,135											
Elementary Enrollment		364	345	343	338	384	407	443	433	466	491
Middle Schools and Programs											
Beaumont (1926)											
Gross Floor Area (sq ft): 94,431											
Middle School Enrollment		610	577	542	536	500	460	458	450	455	481
George (1950)											
Gross Floor Area (sq ft): 78,713											
Middle School Enrollment		546	467	473	403	383	328	375	388	364	360
Gray (1952)											
Gross Floor Area (sq ft): 60,624											
Middle School Enrollment		533	497	520	496	457	421	420	419	428	422
Hosford (1925)											
Gross Floor Area (sq ft): 77,050											
Middle School Enrollment		386	377	405	448	476	516	531	548	547	534
Jackson (1966)											
Gross Floor Area (sq ft): 247,779											
Middle School Enrollment		823	768	773	694	688	714	712	651	584	533
Lane (1927)											
Gross Floor Area (sq ft): 87,438											
Middle School Enrollment		652	638	592	553	527	489	419	397	398	441
Mt. Tabor (1952)											
Gross Floor Area (sq ft): 83,076											
Middle School Enrollment		707	729	696	676	633	588	555	559	579	593
Sellwood (1925)											
Gross Floor Area (sq ft): 86,823											
Middle School Enrollment		619	593	603	564	515	459	474	480	474	486
West Sylvan (1954)											
Gross Floor Area (sq ft): 104,009											
Middle School Enrollment		947	897	884	878	896	886	863	863	849	848

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
High Schools and Programs										
Benson (1916)										
Gross Floor Area (sq ft): 410,910										
High School Enrollment	1,501	1,498	1,501	1,452	1,294	1,218	1,134	1,100	986	889
Focus/Alt Prog Enroll (Night Sch.)	(8) -	10	20	15	10	-	-	-	-	-
Cleveland (1928)										
Gross Floor Area (sq ft): 253,895										
High School Enrollment	1,381	1,388	1,332	1,449	1,472	1,528	1,516	1,553	1,570	1,520
Franklin (1915)										
Gross Floor Area (sq ft): 237,027	(5)									
High School Enrollment	1,460	1,528	1,547	1,404	1,283	1,233	1,007	1,032	1,036	1,480
Grant (1923)										
Gross Floor Area (sq ft): 275,173										
High School Enrollment	1,848	1,835	1,848	1,815	1,691	1,642	1,553	1,610	1,620	1,565
Focus/Alt Prog Enroll (Night Sch.)	(9,8) 100	98	76	91	-	-	-	-	-	-
Jefferson (1909)										
Gross Floor Area (sq ft): 360,911	(5,20)									
High School Enrollment	826	702	661	647	566	707	631	617	621	584
Lincoln (1951)										
Gross Floor Area (sq ft): 236,893										
High School Enrollment	1,429	1,483	1,444	1,485	1,498	1,404	1,335	1,395	1,410	1,476
Madison (1955)										
Gross Floor Area (sq ft): 370,112	(3)									
High School Enrollment	1,261	1,194	1,063	983	936	859	900	860	910	1,161
Marshall (1960)										
Gross Floor Area (sq ft): 271,427	(8,9,11,21)									
High School Enrollment	1,102	949	906	955	860	775	774	747	707	-
Roosevelt w/ Auto Shop (1921)										
Gross Floor Area (sq ft): 274,478										
High School Enrollment	989	825	850	778	794	730	703	681	683	748
Wilson (1954)										
Gross Floor Area (sq ft): 326,062										
High School Enrollment	1,630	1,580	1,531	1,632	1,556	1,533	1,480	1,439	1,435	1,387

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Fernwood (1911)	(4,19)										
Middle School Enrollment		632	644	582	466	347	-	-	-	-	-
Foster (1962)											
Gross Floor Area (sq ft): 12,462											
Glenhaven Vocational Village (1913)											
Gross Floor Area (sq ft): 63,714											
Focus/Alt Prog Enroll (Meek HS)	(9)	188	-	-	-	-	-	-	-	-	-
Green Thumb (1974)											
Gross Floor Area (sq ft): 32,767											
Gregory Heights (1923)	(4,19)										
Gross Floor Area (sq ft): 95,438											
Middle School Enrollment		740	718	630	691	471	-	-	-	-	-
Holladay Center w/ Annex (1961)											
Gross Floor Area (sq ft): 61,457											
Kellogg (1913)	(5)										
Gross Floor Area (sq ft): 94,592											
Middle School Enrollment		671	633	591	482	269	-	-	-	-	-
Kenton (1913)	(12)										
Gross Floor Area (sq ft): 52,363											
Elementary Enrollment		252	225	166	-	-	-	-	-	-	-
King Neighborhood Facility (1974)											
Gross Floor Area (sq ft): 9,200											
Mallory Site (portables) (na)											
Gross Floor Area (sq ft): 2,048											
Masonic Temple At Jefferson (na)											
Gross Floor Area (sq ft): 16,245											
Rice (1956)											
Gross Floor Area (sq ft): 16,990											
Sacajawea (1953)											
Gross Floor Area (sq ft): 18,751											
Smith (1958)	(12)										
Gross Floor Area (sq ft): 38,472											
Elementary Enrollment		251	238	219	-	-	-	-	-	-	-
East Sylvan (1933)											
Gross Floor Area (sq ft): 24,986											
Terwilliger (1917)											
Gross Floor Area (sq ft): 24,646											
Tubman w/ Annex (1952)	(5)										
Gross Floor Area (sq ft): 96,860											
Middle School Enrollment		463	373	294	273	131	-	-	-	-	-
Whitaker/Adams - Killingsworth (1967)	(12,19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		-	-	-	-	-	-	-	-	-	-
Whitaker Lakeside Holding (1953)	(12,19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		441	357	289	-	-	-	-	-	-	-
Wilcox (1959)	(16)										
Gross Floor Area (sq ft): 19,102											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-
Youngson (1955)	(16)										
Gross Floor Area (sq ft): 32,824											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012
Enrollment Summary:										
Regular Programs										
Elementary Schools	23,925	22,733	22,307	22,142	22,671	23,817	24,625	25,145	25,397	25,992
Middle Schools	10,275	9,620	9,250	8,545	7,622	6,252	5,751	5,695	5,619	5,613
High Schools	13,427	12,982	12,683	12,600	11,950	11,629	11,033	11,034	10,978	10,810
Focus/Alternative Programs	1,597	1,470	1,232	1,317	1,430	1,432	1,587	1,642	1,663	1,689
Plus enrollment not normally within PPS facilities:										
Community Based Programs (8)	1,381	1,270	1,171	1,308	1,303	1,342	1,282	1,206	1,275	1,150
Special Education Programs (7,8,13,14,15)	2,170	462	562	525	548	539	522	500	385	502
Public Charter Programs (8)	194	346	451	571	824	1,077	1,246	374	1,486	1,532
Total Enrollment	<u>52,969</u>	<u>48,883</u>	<u>47,656</u>	<u>47,008</u>	<u>46,348</u>	<u>46,088</u>	<u>46,046</u>	<u>46,596</u>	<u>46,803</u>	<u>47,288</u>
Gross Floor Area (sq ft) Summary:										
		<u>Oldest</u>	<u>Median</u>	<u>Newest</u>						
Elementary Schools	3,534,380	100	73	6						
Middle Schools	919,943	99	62	48						
High Schools	3,016,888	103	86	53						
Focus/Alternative Schools	276,901	104	91	59						
Other Facilities	<u>1,486,782</u>	101	60	34						
Total Gross Floor Area (sq ft)	<u>9,234,894</u>	104	65	6						

Sources:

Gross Floor Area - PPS Facilities and Asset Management "Gross Floor Areas, Site Areas, and Year of Construction for Original Building on Site"; Rel. March 4, 2003. Gross area includes portables, fieldhouses, and tunnels; no unfinished attic space is included.

Enrollment - PPS Budget Office/Management Information Services, "Enrollment Summaries, October 2011". Enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes:

Program type (i.e., elementary, middle, high, etc.) reflects the most recent administrative assignment. In recent years enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated. Schools and programs that are no longer in operation are designated as 'closed'.

(1) For the 2008-09 school year, Binnsmead closed and Clark moved from the Clark site into the Binnsmead site. The Creative Science School Program (CSSP) expanded and moved from Bridger Elementary to the Clark site. Clark K-8 at Binnsmead was recently renamed Harrison Park K-8 school.

(2) The ACCESS Program is located at Sabin site but is a district-wide alternative education program drawing students district wide. Starting in 2008-09 the enrollment for ACCESS has been separated from Sabin elementary

(3) For the 2008-09 school year, Scott and Rigler remained K-7 schools, and those students that matriculated from 7th to 8th grade attended the Madison 8th grade academy. For 2009-10, Scott and Rigler became K-8 Schools. For the 2011-12 school year, Rigler neighborhood 7th and 8th graders attended Vernon.

(4) For the 2007-08 school year, Clarendon ES and Portsmouth MS merged to form a KG-8 school. Enrollment counts for years prior to 2007-08 for Clarendon consist of grades KG-5 only. Enrollment counts for Portsmouth prior to 2007-08 are contained in the MS section of this report. Enrollment counts for the two schools should have been put into Portsmouth MS instead of Clarendon ES. FY 2009-10, enrollment for both schools is captured in the Portsmouth MS line in the elementary section of the report and Clarendon ES is moved to the inactive list. On July 17, 2010, Clarendon-Portsmouth was renamed Cesar Chavez. Similarly, Hollyrood ES and Fernwood MS merged to form a KG-8 school (renamed Beverly Cleary) as did Rose City Park ES and Gregory Heights MS (renamed Roseway Heights).

(5) For the 2007-08 school year, Kellogg MS was closed. Eighth grade students that would have been enrolled at Kellogg for the 2007-08 school year were enrolled at Franklin HS. Tubman MS was also closed and a new Young Women's Academy was opened on the Tubman campus as part of Jefferson High School. Effective 2011-12, students in the Jefferson cluster have the choice to attend either the new Jefferson Middle College program or a neighborhood comprehensive high school program at Roosevelt, Madison or Grant, depending on where they live within the Jefferson cluster boundaries.

(6) Transitioning or recently transitioned to KG - 8.

(7) Day and Residential Treatment Programs (Long term care and treatment).

(8) No students enrolled for current school year.

(9) For the 2006-07 school year, Meek Professional Technical HS, Portland Night HS at Grant, Marshall Night HS, and Madison Focus (shown in Madison enrollment in prior years) merged to form Alliance High School.

(10) For the 2006-07 school year, Ockley Green converted from a Middle School to a KG-8, and Kellogg and Portsmouth no longer received sixth grade students.

(11) For the 2005-06 school year, two high schools located at the Marshall campus, Linus Pauling Academy and Portland Academy of International Studies, merged into one school renamed Pauling Academy of Integrated Sciences.

(12) Applegate, Edwards, Kenton, Richmond and Smith Elementary Schools were closed at the end of the 2004-05 school year. Whitaker Middle school was closed as well. Most elementary school-aged students residing in the Applegate neighborhood area went on to attend Woodlawn. Similarly, students residing in the Edwards neighborhood area went on to attend Abernethy, those at Kenton to Chief Joseph; those at Richmond to Abernethy, Creston or Glencoe; and those at Smith went on to Capitol Hill, Maplewood or Markham. Most middle school students residing in the Whitaker neighborhood area went on to attend Tubman. A new focus/option school was established at the Richmond ES site.

(13) For the 2004-05 school year, the Environmental Middle School combined with Sunnyside Elementary and was renamed as Sunnyside Environmental School. In addition, the Odyssey program and its students (formerly at Chapman Elementary) moved to Hayhurst Elementary. The Family Cooperative program (formerly at Sunnyside) moved to Bridger Elementary.

(14) Pioneer Schools consist of elementary, middle and high school programs. It was formerly known as ES B Program at Youngson, MS B Program at Foster and HS B Program at Columbia.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes (continued):

(15) As of the 2003-04 school year, enrollment summaries no longer include the following programs: Hospital Programs (Emanuel, Oregon Health Science University, Shriners Hospitals); M.E.S.D. Functional Living Skills; Portland Early Intervention Program (PeiP) and Columbia Regional Programs (Autism, Deaf and Hard of Hearing, Orthopedic and Vision Oregon State and Oregon State and Services). Administration of the Hospital Programs, Functional Living Skills and PeiP was transferred to Multnomah Education Service District (M.E.S.D.). Historically, enrollments reported for Columbia Regional Programs represent non-District students served by PPS staff on a part-time basis. For purposes of State reporting, membership (i.e., enrollment) the Columbia Regional Program students are reported by the resident District.

(16) Brooklyn and Meek Elementary Schools were closed at the end of the 2002-03 school year. Most students residing in the Brooklyn neighborhood area went on to attend Grout Elementary, while those residing in the Meek neighborhood area attended Vernon Elementary. Similarly, Wilcox and Youngson Elementary Schools were closed at the end of the 2001-02 school year. Most students residing in the Wilcox neighborhood area went on to attend Vestal Elementary, while those residing in the Youngson neighborhood area attended Bridger Elementary.

(17) On November 10, 2009, a portion of the Marysville K-8 school was destroyed as a result of a fire. Marysville K-8 school students and staff were moved into the Rose City Park building temporarily until the school is renovated.

(18) Clark K-8 @ Binnsmead was renamed Harrison Park K-8 school.

(19) In FY 2009-10 Gregory Heights MS, Clarendon ES and Fernwood were moved to the inactive list. The Whitaker Killingsworth site no longer has a building on it, but the District still owns the land. We have removed the square footage, but have kept the site on the inactive list. Whitaker Lakeside will be removed once there is no activity for the enrollment for the last ten years. Whitaker Lakeside will remain on the list for 0 square footage until that time.

(20) In FY 2009-10, at Jefferson High School, the Academy of Arts & Tech; Science & Tech; School of Champions; School of Pride and the Young Men's Academy programs within Jefferson High School were closed. The Young Men's Academy students returned to Jefferson.

(21) As of 7/1/2011, Marshall High School no longer operated as a high school. Students in the Harrison Park K-8 School area attend Madison High School. Students in the Kelly and Woodmere Elementary School areas, and the Bridger, Lent and Marysville K-8 areas, attend Franklin High School. Students in the Whitman Elementary School area attend Cleveland High School.

(22) For FY 2011-12, the Focus/Alt Program enrollment of 21 at Turnaround includes the Teen Parent Program (4) and Ramona Early Children (17).



Mallory House - Kitchen



Mallory House - Exterior

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

DRAFT 11/16/2012

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

DATE

Board of Education
School District No. 1J, Multnomah County
Portland, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated DATE. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed the procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation.

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

COMPLIANCE (Continued)

Budget:

- One supplemental budget was not published in accordance with the requirements of Oregon Revised Statutes.
- The second public notice of the subsequent meeting of the Budget Committee to discuss the fiscal year 2013 budget and receive public comment was published in the newspaper only four days prior to the meeting.
- The fiscal year 2012 adopted budget exceeded the approved budget by more than 10% for the School Modernization Fund.

OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our report, dated DATE, on internal control over financial reporting and compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is issued under separate cover.

* * * * *

This report is intended solely for the information and use of the Board of Education, the Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. It is the policy of the Portland Public School Board that there will be no discrimination or harassment of individuals or groups on the grounds of age, color, creed, disability, marital status, national origin, race, religion, sex or sexual orientation in any educational programs, activities or employment.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI and Title IX: Greg Wolleck

Phone: 503-916-3963

District 504: Tara Vargas

Phone: 503-916-2000 x71016

American Disabilities Act: Jeff Fish, HR Legal Counsel

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2011-12 CAFR Preparation

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Cynthia Duley, GL Accountant III

Premila Kumar, GL Accountant II

Amoy Williamson, CPA, Student Body

Fund Auditor

Grant Accounting

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Kate Massey, Grant Accountant III

Chris Roe, Grant Accountant III

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Connie Preci, Payroll Specialist

Marina Vlasenk, FPC, Sr. Payroll Specialist

Scott Vondrak, FPC, Sr. Payroll Specialist

Melinda Wilke, FPC, Sr. Payroll Specialist

Treasury / Accounts Receivable

Hank Horn, Sr. Manager

Jeanne Morgan, Sr. Financial Systems Analyst

Jill Bellone, Finance Clerk I

Kathleen Hiigel, Finance Clerk I

Elizabeth Mongue, AR Accountant II

(outside back cover)

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



Report on Requirements of the Single Audit Act and OMB Circular A-133

For the year ended June 30, 2012



Benson House Projects- Mallory House

At Portland Public Schools, this is our goal: By the end of elementary, middle, and high school, every student by name will meet or exceed academic standards and will be fully prepared to make productive life decisions. Portland Public Schools is an equal opportunity educator and employer.

About the cover

The Mallory House is located at 4225 NE Mallory Avenue, Portland, Oregon. Construction of the Mallory House was a three-year project. Designs were completed by Benson Architectural students in the spring of 2009 with groundbreaking in December of 2009. The house is an Energy Star-certified home with many desirable features such as hardwood flooring throughout, student-made hardwood cabinets, stainless steel appliances, granite countertops and Fir wood finish trim.

The Benson High School Program offers students hands-on experience in building a residential home through all phases of construction to final completion. The Benson High School Program has sold 16 homes since the late 1970's.

Teachers Tony Franciscone and Rich Weber teach the students all phases of building construction in this program from blueprint reading , foundation systems, floor and wall systems, flooring, window and door installation, roofing , siding, cabinetmaking and woodworking to construction math, building science and basic engineering. These homes are built primarily with student labor and donations of material and labor from industry and community partners. Benson House Projects usually take between two to three years to complete.

Once completed, these homes are offered on the market through a commercial broker. The Mallory House was listed on June 18, 2012 for \$305,000. The District received a purchase offer of \$320,000 on June 24, 2012 and the sale was completed in July 2012. Proceeds from the sale of this home are directed back into the program to sustain the Benson Construction Technology Program.

The next Benson Program House is planned for the adjacent corner lot at 4231 NE Mallory Avenue, cross street NE Skidmore Street. Work on the foundation for this house has begun.

Draft 11-20-12

Portland Public Schools

**Report on Requirements of the Single Audit
Act and OMB Circular A-133**

For the year ended June 30, 2012

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department

**School District No. 1J,
Multnomah County, Oregon
Portland Public Schools**

Table of Contents

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	16
Schedule of Prior Audit Findings	18

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

DATE

To the Board of Education
School District No. 1J, Multnomah County, Oregon
Portland, Oregon

We have audited the financial statements of School District No. 1J, Multnomah County, Oregon, (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated DATE. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2012-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

Page 2

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying District Corrective Action Plan for Section II – Financial Statement Findings for the year ended June 30, 2012. We did not audit the District's response and, accordingly, we express no opinion on it.

* * * * *

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

DATE

To the Board of Education
School District No. 1J, Multnomah County, Oregon
Portland, Oregon

COMPLIANCE

We have audited the compliance of School District No. 1J, Multnomah County, Oregon, (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

INTERNAL CONTROL OVER COMPLIANCE (Continued)

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the District as of and for the year ended June 30, 2012, and have issued our report thereon dated DATE. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

* * * * *

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Certified Public Accountants

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
DEPARTMENT OF AGRICULTURE								
Office of Food and Nutrition Service								
Child Nutrition Cluster								
10.553	School Breakfast Program (SBP)							
	Donated Foods	202		7/1/2011	6/30/2012		\$ 221,743 ¹	
	School Breakfast Program	202	26-555-201	7/1/2011	6/30/2012	Pass-Through	2,630,684	
							2,852,427	
10.555	National School Lunch Program (NSLP)							
	Donated Foods	202		7/1/2011	6/30/2012		636,307 ¹	
	National School Lunch Program	202	26-555-201	7/1/2011	6/30/2012	Pass-Through	7,156,178	
							7,792,485	
10.559	Summer Food Service Program for Children (SFSPC)							
	Summer Food Service Program for Children	202	USDA Food Program Assistance	7/1/2011	6/30/2012	Pass-Through	505,740	
Total Pass-Through Programs from Child Nutrition Cluster							\$ 11,150,652	
10.558	Child and Adult Care Food Program							
	Donated Foods	202		7/1/2011	6/30/2012		\$ 106,051 ¹	
	Childcare Food Program for Head Start	G0339	USDA Food Program Assistance	7/1/2011	6/30/2012		461,221	
	Child and Adult Care Food Program	202	USDA Food Program Assistance	7/1/2011	6/30/2012	Pass-Through	792,357	
							1,359,629	
10.582	Fresh Fruit and Vegetable Program (FFVP)							
	Fresh Fruit and Vegetable Grants	202	23285,23338-23359	10/1/2010	9/30/2011		63,299	
	Fresh Fruit and Vegetable Grants	202	24452,24533-24554	10/1/2011	9/30/2012	Pass-Through	420,243	
							483,542	

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total	
				Begin Date	End Date				
	Office of Forest Service								
	Forest Service Schools and Roads Cluster								
10.665	<i>Schools and Roads - Grants to States</i>								
	Schools and Roads - Grants to States		USDA Schools and Roads	7/1/2011	6/30/2012	Pass-Through	\$ 28,871		
	Total Pass-Through Programs from Forest Service Schools and Roads Cluster \$							28,871	
	Total Pass-Through Programs from Oregon Department of Education \$							12,993,823	
	Total Pass-Through Programs from Multnomah County							28,871	
								\$	13,022,694
	DEPARTMENT OF AGRICULTURE Total								
	DEPARTMENT OF DEFENSE								
	Office Of The Assistant Secretary								
	<i>The Language Flagship Grants to Institutions of Higher Education</i>								
12.550	Mandarin Chinese Flagship Grant	G1059	270481A	6/1/2009	5/31/2012		\$ 470,591		
	Mandarin Chinese Flagship Grant	G1273	CASLS	6/1/2012	5/31/2013	Pass-Through	4,664		
								475,255	
	National Security Agency								
	<i>Mathematical Sciences Grants Programs</i>								
12.901	Starbase	G1133	OMB-248000-10015-IGA-10	10/1/2010	9/30/2012	Pass-Through	289,345		
	Total Pass-Through Programs from University of Oregon \$							475,255	
	Total Pass-Through Programs from Oregon Military Department							289,345	
								\$	764,600

Draft 11-20-12

School District No. 1J, Multnomah County, Oregon
 Schedule of Expenditures of Federal Awards
 for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
19.415	Bureau of Educational and Cultural Affairs <i>Professional and Cultural Exchange Programs - Citizen Exchanges</i> Summer Institute in Yunnan	G1118	S-ECAPY-10-CA-139	3/4/2011	12/31/2011	Pass-Through	\$ 110,116	
Total Pass-Through Programs from American Councils for International Education							\$ 110,116	

\$ 110,116

DEPARTMENT OF STATE Total

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration
 Highway Planning and Construction Cluster
 Safe Routes to Schools
 Pedestrian and Bicycle Safety Education

20.205

G1178 HU-11-10-24 7/12/2011 12/31/2012 Pass-Through \$ 73,977

Total Pass-Through from Highway Planning and Construction Cluster \$ 73,977

Total Pass-Through Programs from Oregon Department of Transportation \$ 73,977

DEPARTMENT OF TRANSPORTATION Total

\$ 73,977

DEPARTMENT OF EDUCATION

84.410 *Education Jobs Fund, Recovery Act*
ARRA - Ed Jobs FY 10/11

109 20864 8/10/2010 9/30/2012 Pass-Through \$ 135,497

Office Of Vocational And Adult Education

Career and Technical Education - Basic Grants to States

84.048
 Carl Perkins 10/11
 Carl Perkins 11/12

G1132 19165 7/1/2010 9/30/2011 9,018
 G1189 22142 7/1/2011 9/30/2012 364,646
 Pass-Through 373,664

Draft 11/28/12

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.243	Tech-Prep Education Carl Perkins 10/11	G1131	19165	7/1/2010	9/30/2011	Pass-Through	\$ 8,278	
	Office Of Special Education and Rehabilitative Services							
	Special Education Cluster (IDEA)							
84.027	Special Education - Grants to States							
	Columbia Regional	G1025	Contract 8608	7/1/2009	6/30/2011		70,676	
	Portland DART Schools	G1027	Contract 8637	7/1/2009	6/30/2011		12	
	Regional Autism Training	G1028	21603	7/1/2010	6/30/2011		1,871	
	I.D.E.A.	G1135	20354	7/1/2010	9/30/2012		2,456,918	
	Special Ed - SPR&I	G1138	20039	8/1/2010	6/30/2011		125	
	IDEA Enhancement Grant 10/11	G1147	21395	10/1/2010	9/30/2011		21,218	
	IDEA Enhancement Grant 11/12	G1190	23885	10/1/2011	9/30/2012		133	
	I.D.E.A.	G1192	23673	7/1/2011	9/30/2013		5,959,064	
	Special Education - SPR&I	G1195	23161	7/1/2011	6/30/2012		5,063	
	Regional Autism Training	G1196	23522	7/1/2011	6/30/2012		8,000	
	Columbia Regional	G1203	Contract 9107	7/1/2011	6/30/2013		3,570,653	
	Portland DART Schools	G1205	Contract 9147	7/1/2011	6/30/2013		179,272	
	Extended Assessment 11/12	G1208	24070	9/1/2011	6/30/2012		12,326	
	TBI Liason 11/12	G1220	24096	7/1/2011	6/30/2012	Pass-Through	10,000	
						Pass-Through	12,295,331	
84.173	Special Education Preschool Grants IDEA - Section 619 (FY 2010)	G1168	22033	07/01/10	09/30/12	Pass-Through	76,145	
84.391	Special Education-Grants to States, Recovery Act ARRA - Columbia Regional ARRA - DART - LTCT	G1042 G1052	16022 15960	2/17/2009 2/17/2009	9/30/2011 9/30/2011		506,730 14,379	
						Pass-Through	521,109	
Total Pass-Through from Special Education Cluster (IDEA)							\$	12,892,585

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total	
				Begin Date	End Date				
Vocational Rehabilitation Cluster									
84.126	<i>Rehabilitation Services - Vocational Rehabilitation Grants to States</i>								
	Oregon Commission for the Blind	G1191	OCB101-11	7/1/2011	9/30/2012	Pass-Through	\$ 41,500		
							Total Pass-Through from Vocational Rehabilitation Cluster \$	41,500	
Institute of Education Sciences									
84.324A	<i>Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities</i>								
	My Life Project	G1159	200GEE226	6/1/2010	5/31/2013	Pass-Through	\$ 45,684		
Office Of Elementary and Secondary Education									
84.004F	<i>Civil Rights Training and Advisory Services</i>								
	Technical Assistance for Student Assignment Plans	G1060	S004F090014	9/30/2009	9/30/2012	Direct	42,137		
Title I , Part A Cluster									
84.010	<i>Title I Grants to Local Education Agencies</i>								
	Impact Aid - PI 874 Project	G0108	47-OR-95-1703	10/1/1990	6/30/2012		24,735		
	Title I - Central Budgets	G0815	9995	7/1/2007	6/30/2009		391 ²		
	Title I - Central	G0926	12853	7/1/2008	6/30/2010		133 ²		
	School Improvement - Bridger	G1094	19004	1/1/2010	9/30/2011		4,062		
	School Improvement - Jefferson	G1096	19006	1/1/2010	9/30/2011		323		
	School Improvement - Sitton	G1100	19010	1/1/2010	9/30/2011		10,029		
	School Improvement - SEIS	G1101	19011	1/1/2010	9/30/2011		318		
	Title I - School Budgets	G1120	19482	7/1/2010	9/30/2012		433,054		
	Title I - Central	G1121	19482	7/1/2010	9/30/2012		3,231,740		
	School Improvement Tier III - BizTech	G1127	21653	9/1/2010	9/30/2012		1,151		
	School Improvement Tier III - Bridger	G1129	21654	9/1/2010	9/30/2012		31,935		
	School Improvement Tier III - George	G1130	21663	9/1/2010	9/30/2012		38,800		
	School Improvement Tier III - Humboldt	G1139	21674	9/1/2010	9/30/2012		27,500		
	School Improvement Tier III - Jefferson	G1141	21676	9/1/2010	9/30/2012		54,559		
	School Improvement Tier III - Kelly	G1145	21677	9/1/2010	9/30/2012		17,059		
	School Improvement Tier III - King	G1162	21678	9/1/2010	9/30/2012		25,821		
	Title I - School Budgets	G1180	22692	7/1/2011	9/30/2012		5,396,038		
	Title I - Central	G1181	22692	7/1/2011	9/30/2012		10,474,731		

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total	
				Begin Date	End Date				
Title I Grants to Local Education Agencies - (Continued)									
	Title ID						\$		
	School Improvement Formula-Bridger	G1182	22556	7/1/2011	9/30/2012		8,169		
	School Improvement Formula-George	G1222	24345	9/1/2011	9/30/2012		15,111		
	School Improvement Formula-Hosford	G1223	24358	9/1/2011	9/30/2012		48,526		
	School Improvement Formula-Humboldt	G1224	24369	9/1/2011	9/30/2012		6,454		
	School Improvement Formula-Jefferson	G1225	24372	9/1/2011	9/30/2012		16,602		
	School Improvement Formula-Kelly	G1226	24373	9/1/2011	9/30/2012		5,885		
	School Improvement Formula-Vestal	G1227	24375	9/1/2011	9/30/2012		37,936		
		G1228	24410	9/1/2011	9/30/2012	Pass-Through	20,489		
							19,931,551		
Title I Grants to Local Educational Agencies, Recovery Act									
84.389	ARRA - Title IA	G0987	15722	2/17/2009	8/31/2011		1,046,000		
	ARRA - School Improvement - Jefferson	G1070	18001	9/1/2009	9/30/2011		22,627		
	ARRA - School Improvement - Sitton	G1073	18026	9/1/2009	9/30/2011		12,786		
	ARRA - School Improvement - Biz Tech	G1150	20482	9/1/2010	9/30/2011		3,450		
	ARRA - School Improvement - Bridger	G1151	20483	9/1/2010	9/30/2011		15,764		
	ARRA - School Improvement - Humboldt	G1153	20501	9/1/2010	9/30/2011		24,469		
	ARRA - School Improvement - Jefferson	G1154	20503	9/1/2010	9/30/2011	Pass-Through	12,447		
							1,137,543		
Total Pass-Through from Title I, Part A Cluster							\$	21,069,094	
Migrant Education - State Grant Program									
84.011	Title IC - Migrant Education	G1123	19282	7/1/2010	9/30/2011		\$	2,006	
	Title IC - Migrant Education - Preschool	G1124	19263	7/1/2010	9/30/2011		6,957		
	Title IC - Migrant Education - Summer	G1125	21626	3/1/2011	8/31/2011		10,767		
	Title IC - Migrant Education	G1183	22190	7/1/2011	9/30/2012		71,637		
	Title IC - Migrant Education - Preschool	G1184	22209	7/1/2011	9/30/2012		399		
	Title IC - Migrant Education - Summer	G1185	24756	5/1/2012	9/30/2012		6,296		
	Title1C - Migrant Education	G1233	24597	1/1/2012	6/30/2012	Pass-Through	6,046		
							104,108		

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth							
	Portland DART Schools	G1054	Contract 8637	7/1/2009	6/30/2011		\$ 4,630	
	Portland DART Schools	G1206	Contract 9147	7/1/2011	6/30/2012	Pass-Through	123,414	
							<u>128,044</u>	
84.060A	Indian Education - Grants to Local Educational Agencies							
	Indian Education Program	G1136	S060A100938	9/1/2010	8/31/2011		59,488	
	Indian Education Program	G1193	S060A110938	9/1/2011	8/1/2012	Direct	109,888	
							<u>169,376</u>	
84.215L	Fund for the Improvement of Education							
	Smaller Learning Communities	G0887	S215L070492A-10	10/1/2007	9/30/2012	Direct	508,358	
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)							
	Advanced Placement Fee Payment Program	G0972	Agreement	9/1/1998	6/30/2012	Pass-Through	9,105	
84.360A	High School Graduation Initiative							
	School Dropout Prevention Program	G1116	S360A100137	10/1/2010	9/30/2015	Direct	1,825,244	
84.365	English Language Acquisition Grants							
	Title III - Language Instruction	G1128	20202	7/1/2010	6/30/2012		413,700	
	Title III - Language Instruction	G1187	23004	7/1/2011	9/30/2012	Pass-Through	63,157	
							<u>476,857</u>	
84.367	Improving Teacher Quality State Grants							
	Title IIA - Teacher Quality	G1186	22884	7/1/2011	9/30/2012		2,505,529	
	Title IIA - Teacher Quality	G1126	19696	7/1/2010	6/30/2012	Pass-Through	692,852	
							<u>3,198,381</u>	
84.371A	Striving Readers Comprehensive Literacy Program							
	Striving Readers Project	G0718	S371A060053-07A	3/1/2006	12/31/2011	Direct	235,824	

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total	
				Begin Date	End Date				
School Improvement Grants Cluster									
<i>School Improvement Grants</i>									
84.377	School Improvement G Funds - Madison	G1210	22317	6/1/2011	9/30/2012		\$ 780,529		
	School Improvement G Funds - King	G1211	22316	6/1/2011	9/30/2012		536,571		
			Pass-Through			Pass-Through	1,317,100		
School Improvement Grants, Recovery Act									
84.388	ARRA - Roosevelt School Improvement - ACT	G1108	19758 & 22255	5/1/2010	9/30/2012		713,139		
	ARRA - Roosevelt School Improvement - SEIS	G1109	19769 & 22266	5/1/2010	9/30/2012		614,062		
	ARRA - Roosevelt School Improvement - POWER	G1110	19767 & 22264	5/1/2010	9/30/2012		1,202,649		
						Pass-Through	2,529,850		
Total Pass-Through from School Improvement Grants Cluster							\$	3,846,950	
Office of Safe and Drug-Free Schools									
<i>Safe and Drug-Free Schools and Communities - National Programs</i>									
84.184E	Readiness & Emergency Management for Schools	G1111	Q184E100088	9/1/2010	8/31/2012	Direct	\$ 391,402		
<i>Safe and Drug-Free Schools and Communities - State Grants</i>									
84.186	Title IV-A Safe and Drug Free Schools	G1175	22946	7/15/2011	9/30/2011	Pass-Through	1,940		
Office of English Language Acquisition									
<i>Foreign Language Assistance</i>									
84.293A	Pathways to Proficiency in Russian	G0988	T293A100191	7/1/2010	6/30/2015		359,578		
84.293B	Foreign Language Assistance Project	G0938	T293B090123	9/1/2009	8/31/2012		396,242		
84.293B	Foreign Language Assistance Project	G0964	T293B080058	8/1/2008	7/31/2013		288,357		
						Direct	1,044,177		
Office of Innovation and Improvement									
<i>Parental Information and Resource Centers</i>									
84.310A	Early Childhood Parent Education Mini Grant	G1199	Ltr / Award 6/30/11	7/1/2011	9/30/2011	Pass-Through	3,000		
<i>Voluntary Public School Choice</i>									
84.361A	Voluntary Public School Choice	G0882	U361A070010	10/1/2007	9/30/2012	Direct	1,333,570		

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total																		
				Begin Date	End Date																					
Office Of Education Research and Improvement																										
Twenty-First Century Community Learning Centers																										
84.287	21st Century Community Learning Centers	G1140	19340	7/1/2010	9/30/2011		\$ 178,505																			
	21st Century Community Learning Centers	G1142	19326	7/1/2010	9/30/2011		151,133																			
	21st Century Community Learning Centers	G1143	19316	7/1/2010	9/30/2011		8,823																			
	21st Century Community Learning Centers	G1197	23404	7/1/2011	9/30/2012		230,452																			
	21st Century Community Learning Centers	G1198	23420	7/1/2011	9/30/2012	Pass-Through	275,822																			
							<u>844,735</u>																			
Office of Postsecondary Education																										
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)																										
84.334A	Roosevelt Cluster GEAR UP Partnership	G0677	P334A050242	9/1/2005	8/31/2011		5,841																			
	College Ahead Program GEAR UP	G1188	P334A110243	9/26/2011	9/25/2018	Direct	319,719																			
							<u>325,560</u>																			
84.378A	College Access Challenge Grant Program	G1219	SG-2011-31	11/1/2011	8/13/2012	Pass-Through	45,674																			
	College Access Challenge Grant																									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Total Direct Programs \$</td> <td style="text-align: right;">5,875,648</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Pass-Through Programs from Oregon Department of Education</td> <td style="text-align: right;">43,089,238</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Pass-Through Programs from Portland State University</td> <td style="text-align: right;">45,684</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Pass-Through Programs from Oregon University System</td> <td style="text-align: right;">45,674</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Pass-Through Programs from Oregon Commission for the Blind</td> <td style="text-align: right;">41,500</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Pass-Through Programs from Education Northwest</td> <td style="text-align: right;">3,000</td> </tr> </table>										Total Direct Programs \$	5,875,648		Total Pass-Through Programs from Oregon Department of Education	43,089,238		Total Pass-Through Programs from Portland State University	45,684		Total Pass-Through Programs from Oregon University System	45,674		Total Pass-Through Programs from Oregon Commission for the Blind	41,500		Total Pass-Through Programs from Education Northwest	3,000
	Total Direct Programs \$	5,875,648																								
	Total Pass-Through Programs from Oregon Department of Education	43,089,238																								
	Total Pass-Through Programs from Portland State University	45,684																								
	Total Pass-Through Programs from Oregon University System	45,674																								
	Total Pass-Through Programs from Oregon Commission for the Blind	41,500																								
	Total Pass-Through Programs from Education Northwest	3,000																								

DEPARTMENT OF EDUCATION Total

\$ 49,100,744

School District No. 1J, Multnomah County, Oregon
 Schedule of Expenditures of Federal Awards
 for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Administration For Children And Families								
CCDF Cluster								
93.575	<i>Child Care and Development Block Grant</i>	G1194	Contract OED 12-034	7/1/2011	6/30/2012	Pass-Through	\$ 49,774	
				Total Pass-Through Programs CCDF Cluster			\$ 49,774	
Head Start Cluster								
93.600	Head Start	G0937	10CH0004/34	11/1/2008	10/31/2009		\$ 63 ²	
	Head Start	G1023	10CH0004/35	11/1/2009	10/31/2010		63 ²	
	Head Start	G1144	10CH0004/36	11/1/2010	10/31/2011		1,489,245	
	Head Start	G1201	10CH0004/37	11/1/2011	10/31/2012	Direct	2,815,694	
							<u>4,305,065</u>	
93.658	Foster Care - Title IV-E, Recovery Act	G1161	IGA 58209	9/1/2009	8/31/2011		1,175	
	ARRA - Foster Care Transportation	G1234	IGA 58988	9/1/2011	8/31/2013		82,945	
						Pass-Through	<u>84,120</u>	
93.676	Unaccompanied Alien Children Program	G1087	Contract R57611	11/1/2009	8/31/2011	Pass-Through	17,743	
Centers for Medicare and Medicaid Services								
Medicaid Cluster								
93.778	Medical Assistance Program	S0027	Medicaid Revenue	7/1/2011	6/30/2012		52,879	
	Regional Durable Medical Equipment	S0054	Medicaid Revenue	7/1/2011	6/30/2012		13,574	
	Third Party Medical - DART Program	S0085	Medicaid Revenue	7/1/2011	6/30/2012		13,392	
	Third Party Medical - 30% Initiative						<u>79,845</u>	
				Total Pass-Through Programs from Medicaid Cluster			\$ 79,845	

School District No. 1J, Multnomah County, Oregon
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2012



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total										
				Begin Date	End Date													
93.767	Children's Health Insurance Program Oregon Healthy Kids	G1174	OR Agreement 135489	5/15/2011	6/30/2013	Pass-Through	\$ 92,076											
93.243	Substance Abuse And Mental Health Services Administration Substance Abuse And Mental Health Services - Projects of Regional and National Significance Proactive Classroom Management	G1149	5U79SM060302-02	9/30/2010	9/29/2015	Direct	79,116											
93.501	Health Resources and Services Administration Affordable Care Act - Grants For School-Based Health Center Capital (SBHCC) Program Affordable Care Act - SBHCC Grant	G1221	4600009009	7/1/2011	6/30/2013	Pass-Through	38,373											
93.724	Centers for Disease Control and Prevention Prevention and Wellness - Communities Putting Prevention to Work, Recovery Act ARRA - Putting Communities to Work	202	4600008366	7/1/2010	3/18/2012	Pass-Through	264,153											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Total Direct Programs</td> <td style="width: 50%; text-align: right;">\$ 4,384,181</td> </tr> <tr> <td>Total Pass-Through Programs from Morrison Child and Family Services</td> <td style="text-align: right;">17,743</td> </tr> <tr> <td>Total Pass-Through Programs from Oregon DHS</td> <td style="text-align: right;">176,196</td> </tr> <tr> <td>Total Pass-Through Programs from Multnomah County</td> <td style="text-align: right;">302,526</td> </tr> <tr> <td>Total Pass-Through Programs from Oregon Department of Education</td> <td style="text-align: right;">129,619</td> </tr> </table>								Total Direct Programs	\$ 4,384,181	Total Pass-Through Programs from Morrison Child and Family Services	17,743	Total Pass-Through Programs from Oregon DHS	176,196	Total Pass-Through Programs from Multnomah County	302,526	Total Pass-Through Programs from Oregon Department of Education	129,619	
Total Direct Programs	\$ 4,384,181																	
Total Pass-Through Programs from Morrison Child and Family Services	17,743																	
Total Pass-Through Programs from Oregon DHS	176,196																	
Total Pass-Through Programs from Multnomah County	302,526																	
Total Pass-Through Programs from Oregon Department of Education	129,619																	

DEPARTMENT OF HEALTH AND HUMAN SERVICES Total

\$ 5,010,265

GRAND TOTAL

\$ 68,082,396

This schedule is prepared on the modified accrual basis of accounting.

¹ Donated food is valued at estimated fair value. Donated food was allocated between 10.553, 10.555 and 10.558.

² Minor expenditures related to final reporting issues since grant expired.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None reported

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of <i>Circular A-133</i> ?	None reported

Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER
10.582	Fresh Fruit and Vegetable Program
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391	Special Education Cluster (IDEA)
84.048	Career and Technical Education – Basic Grants to States
84.184	Safe and Drug-Free Schools and Communities
84.360	High School Graduation Initiative

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between type A and B programs:	\$ 2,041,606
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2012-01

Criteria:	The District should have a system of internal controls over purchasing card transactions such that misstatement of the accounting records would be prevented, or detected and corrected by management or employees in the normal course of their duties.
Condition:	The District has not properly designed and implemented a process for all purchasing card transactions resulting in the transactions not being subjected to a proper control environment (reviewed and approved at the appropriate level).
Context:	The volume and dollar value of purchasing card transactions being processed could be significant to the financial statements. It is possible expenses without a clear business purpose, necessary to perform job functions, are being charged to the District in error.
Effect:	It was not feasible to determine the dollar amount of purchase card transactions not subject to review and approval.
Cause:	The District lacks a system of controls over purchasing card transactions which presents a risk of misstatement of the financial statements.
Recommendation:	We recommend that the District develop appropriate internal controls including policies and procedures for reviewing and approving purchasing card transactions to ensure the appropriateness of the business expense.
View of responsible official and District corrective action plan:	We understand and concur with the finding and recommendation. To prevent a re-occurrence, the District will implement a mandatory review over all purchasing card transactions by department supervisors.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

Finding 2011-01

Condition: The District recorded property insurance for fiscal year 2012 as a claims expense for fiscal year 2011, instead of recording it as a prepaid expense.

Corrective Action: Corrective action has been completed.

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. It is the policy of the Portland Public School Board that there will be no discrimination or harassment of individuals or groups on the grounds of age, color, creed, disability, marital status, national origin, race, religion, sex or sexual orientation in any educational programs, activities or employment.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI and Title IX: Greg Wolleck

Phone: 503-916-3963

District 504: Tara Vargas

Phone: 503-916-2000 x71016

American Disabilities Act: Jeff Fish, HR Legal Counsel

Phone: 503-916-3246

2011-12 Single Audit Act and OMB Circular A-133 Preparation

Neil Sullivan, RSBO, CGFM, Chief Financial Officer

Sharie Lewis, CPA, Accounting and Payroll Director

Grant Accounting

Edward Reckford, Sr. Financial Analyst

Christie Christie, Grant Accountant III

Chris Roe, Grant Accountant III

Kate Massey, Grant Accountant III

Candidate Questionnaire

OSBA Board of Directors

Name: Bobbie Regan Date: 9-24-12

District/ESD/CC: Portland Public Schools Position: 17

I certify that if elected, I will faithfully serve as a member of the OSBA board of directors. My nomination form has been submitted to OSBA (or is attached to this document) as evidence.

Signed: _____

Be brief; please limit your responses to 50 words per question.

1. Describe in your own words the mission and goals of OSBA.

OSBA's mission is to be a leader among education leaders in Oregon, lobbying at the state and federal levels in support of public education, student achievement, local governance, and appropriate funding. OSBA provides professional development and support to board members across Oregon as we work to raise student achievement.

2. What do you want to accomplish by serving on the OSBA board of directors?

I'd like to support OSBA as the statewide voice for school board members. In particular, I hope to strengthen the relationship between K-12 school districts and community colleges; support OSBA's legislative agenda including appropriate school funding; and help bridge the "urban/rural divide".

3. What leadership skills do you believe you bring to the board of directors? Give an example of a situation in which you demonstrated these skills.

Mostly, a "can-do" attitude. Past PTA president and Site Council Co-Chair; 20 years of business experience; legislative assistant to a US Congressman; 9.5 years on the PPS school board; four years on the OSBA board. In 2003, I co-founded the grassroots movement HOPE – Help Out Public Education – getting a temporary county income tax passed for schools. On the PPS Board, I am the lead on local funding initiatives.

4. What do you see as the two most challenging issues faced by OSBA?

OSBA needs to rebuild its reputation as a vital educational leader supporting school boards in raising student achievement and graduating students ready for college or career. OSBA must partner with others to ensure the Legislature begins a serious reinvestment in our kids and schools. OSBA needs to support school boards as we implement new Achievement Compacts.

5. What do you see as the two most challenging issues faced by your region?

Raising graduation rates while decreasing the student achievement gap is the key challenge. And, like every region in Oregon, the declining state investment in K-12 education is taking an enormous toll on the ability of school boards to ensure a robust/enriched education, reasonable class sizes, strong graduation rates and a full school year.

6. What is your plan for communicating with boards in your region?

The OSBA list serve is a good start. Participating in regional OSBA meetings and other local opportunities to network and share best practices more regularly with regional school board members. Telling our stories to state, city and country electeds to ensure they prioritize education and understand the need to invest.

Deadline: September 28, 2012, 5 p.m.

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate personal/professional resume

OSBA Board of Directors

Name: Bobbie Regan Date: 9-24-12

Address: 1907 NW Mill Pond Road

City: Portland / ZIP: 97229-7553

Business phone: 503-819-5447 Term expires: May 2015 Years on

Fax (if applicable): _____ board: 9.5

Residence phone: 503-292-6841

E-mail: bobbieregan@comcast.net

District/ESD/CC: Portland Public Schools

Deadline: September 28, 2012, 5 p.m.

Please send your picture (head shot, labeled with your last name). A high-resolution digital photo is preferred but a print is acceptable; e-mail to OSBAelections@osba.org or mail to:
Oregon School Boards Association
P.O. Box 1068, Salem, OR 97308

Work or service performed for OSBA or local district (include committee name and if you were chair):

Former member of OSBA Board for 4 years. Served on Governance Committee, Legislative Policy Committee, Finance Committee, and various executive leadership roles. Traveled to DC with OSBA delegation to lobby federal delegation. Served as OSBA rep on State On-Line Learning Task Force. Served as Chair of OSBA's Ten-Year Charter School Review Committee.

Other education board positions held/dates:

PPS School Board –Elected 2003, 2007, 2011. Former Co-chair of Board for 2 years; have chaired several Board committees; primary Board Liaison to community during local funding campaigns. Have testified and lobbied in Salem on several occasions. Have spoken at local and statewide funding rallies.

Occupation (Include at least the past five years):

Employers:	Dates:
Volunteer Elected School Board Member, PPS	2003-Present
Mill Pond Communications, Marketing Consultant	1994-2003
Oregon Children's Theatre, Marketing Director	1996-1999
Centex Telemanagement, Director of Marketing Communications	1990-1993
MCI Telecommunications, Manager Business Communications, other roles	1983-1990
US Congressman Edward J. Markey, Legislative Assistant	1980-1983

(Continued)

Schools attended (Include official name of school, where and when):

High school: Fox Lane, Mt. Kisco, NY, 1972-76

College: State University College at Fredonia, NY, 1976-1980

Degrees earned: BA Political Science

Education honors and/or awards:

Other applicable training or education:

Activities, other state and local community services:

Board Member, Northwest Heights Neighborhood Association

Board Member, Compassion & Choices of Oregon

Former Vice President, Community & Parents for Public Schools

Co-Founder, HOPE (Help Out Public Education)

Former PTA President, Forest Park Elementary School; West Sylvan Middle School

Former Site Council Co-Chair, Forest Park Elementary School

Former Member of Siting and Design Team, Portland Fire Station 27

Former Design Team Member, Forest Park Elementary School

Hobbies/special interests:

Extensive international travel.

International community service: Oaxaca, Mexico; Senegal; Uganda.

Sponsor two children through international programs: A boy in Senegal; a girl in Uganda.

Hanging with my family; walking 3 miles daily with my dog; making time for good friends.

Business/professional/civic group memberships; offices held and dates:

Additional comments:

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate Questionnaire OSBA Board of Directors

Name: Annette Calcagno Date: 9/24/12
District/ESD/CC: Corbett School District Position: Board director

I certify that if elected, I will faithfully serve as a member of the OSBA board of directors. My nomination form has been submitted to OSBA (or is attached to this document) as evidence.

Signed: Annette Calcagno

Be brief; please limit your responses to 50 words per question.

1. Describe in your own words the mission and goals of OSBA.

Help improve student by being an voice, giving leadership services to school boards. Provide resources to our local school board members and to lobby for sustainable state funding for public education.

2. What do you want to accomplish by serving on the OSBA board of directors?

Reachout to local school boards in my region.
Helping the OSBA stay a viable entity.

3. What leadership skills do you believe you bring to the board of directors? Give an example of a situation in which you demonstrated these skills.

I have a great financial background, which has helped me in dealing with our local school board budgets.

(continued)

4. What do you see as the two most challenging issues faced by OSBA?

Staying a viable entity
TO make sure they are not losing the local
support they need.

5. What do you see as the two most challenging issues faced by your region?

Pers and State funding

6. What is your plan for communicating with boards in your region?

I want to make sure I am reaching out to our
local Boards in my Region. TO get the valuable
feedback on what is working or not working.

Deadline: September 28, 2012, 5 p.m.

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate personal/professional resume
OSBA Board of Directors

Name: Annette Calpugno Date: 9/20/12
Address: 1111 NE Ogden
City / ZIP: Troydale, OR 97060
Business phone: 503-310-1725
Fax (if applicable): _____
Residence phone: 503-695-2503
E-mail: Springdale14@comcast.net
District/ESD/CC: Corbett
Term expires: 2015 Years on board: 1

Work or service performed for OSBA or local district (include committee name and if you were chair):

Board direct Corbett School District

Other education board positions held/dates:

—

Occupation (Include at least the past five years):

Employers:

Dates:

Arden Olson Building
HR / Payroll / Financial manager

Oct 2010 - present

Oregon Fresh Farms

May 07 - Sept 2010

(Continued)

Schools attended (Include official name of school, where and when):

High school:

Reedsport High

College:

Degrees earned:

Diploma

Education honors and/or awards:

Other applicable training or education:

Activities, other state and local community services:

Various Sporting activity volunteer
Multnomath County Sheriff's office citizens patrol
MCSO - Citizen's participation class

Hobbies/special interests:

I have three children and my favorite hobby is to be helping with there Sporting activities. Running and working out

Business/professional/civic group memberships; offices held and dates:

Additional comments:

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate Questionnaire

OSBA Board of Directors

Name: Bruce McCain

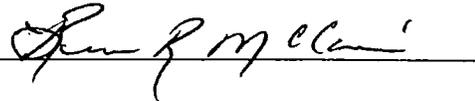
Date: September 21, 2012

District/ESD/CC: Reynolds School District No. 7

Position: Director 7

I certify that if elected, I will faithfully serve as a member of the OSBA board of directors. My nomination form has been submitted to OSBA (or is attached to this document) as evidence.

Signed: _____



Be brief; please limit your responses to 50 words per question.

1. Describe in your own words the mission and goals of OSBA.

I cannot improve on the purposes listed in the OSBA Constitution, Article 2, beginning with § 1:

"To work for the general advancement and improvement of the education of all youth of the State of Oregon."

Everything else that follows flows from that initial and primary purpose.

2. What do you want to accomplish by serving on the OSBA board of directors?

I want to assist OSBA, as well as represent the Multnomah region, as we embark on a watershed moment in public education in Oregon. With more executive and legislative changes anticipated, OSBA can play a critical role in shaping those changes, or it can become a passive recipient of changes made by others.

3. What leadership skills do you believe you bring to the board of directors? Give an example of a situation in which you demonstrated these skills.

I spent 26 years in the public sector and 21 years as an active member of the Oregon State Bar. Upon election to the RSD board, I immediately began working toward my OSBA Leadership Certificates, earning my Gold level within a year and plan to attend Leadership Oregon 2013. I was also elected by my region to serve on the OSBA LPC in 2011.

4. What do you see as the two most challenging issues faced by OSBA?

1. *Stable school funding, which does not necessarily mean ever-increasing amounts of money.*

2. *Implementation of the achievement compacts and related OEIB mandates across all local districts.*

5. What do you see as the two most challenging issues faced by your region?

1. *Same as No. 4 above.*

2. *Increasing poverty in East Multnomah County, though that cannot be an excuse for failure.*

6. What is your plan for communicating with boards in your region?

Email is the most effective mass-communication for volunteer board members. Due to the compact nature of the Multnomah region, geographical distance for face-to-face meetings is not an issue. Most of those serving in the Multnomah region routinely criss-cross multiple districts every day.

Deadline: September 28, 2012, 5 p.m.

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate personal/professional resume

OSBA Board of Directors

Name: Bruce McCain

Date: September 21, 2012

Address: 3841 NE 149th Ave,

City / ZIP: Portland OR 97230-4465

Business phone: (503) 944-9200

Fax (if applicable):

Residence phone: (503) 257-8472

E-mail: bmccain@rsd7.net

District/ESD/CC: Reynolds School District No. 7

Term expires: 2015 Years on board: 2

Deadline: September 28, 2012, 5 p.m.

Please send your picture (head shot, labeled with your last name). A high-resolution digital photo is preferred but a print is acceptable; e-mail to OSBAelections@osba.org or mail to:
Oregon School Boards Association
P.O. Box 1068, Salem, OR 97308

Work or service performed for OSBA or local district (include committee name and if you were chair):

Currently serving as member of OSBA Legislative Policy Committee, Multnomah Region, Position 18

Recently completed OSBA Leadership Institute Gold Level, applied for Leadership Oregon 2013

Worked with RSD board colleagues during a turbulent 2011-12 school year that saw RSD fire a popular high school principal, conduct a new superintendent search, all during a bitter and contentious 5-day teacher strike.

Occupation (Include at least the past five years):

2009 – Present Attorney in private practice with Bruce R. McCain LLC

1991 – Present Active member of Oregon State Bar

1983 – 2009 Multnomah County Sheriff's Office, Ret. Captain in 2009

1992 – 2008 Instructor at DPSST (basic, supervisor, management)

Schools attended (Include official name of school, where and when):

High school: Coronado (CA) High School, Class of 1972

College: Northwestern School of Law, Lewis & Clark College, J.D. 1991

Western Evangelical Seminary, M.Div. 1986

San Diego State University, B.S. Criminal Justice Administration, 1978

Grossmont College, A.A. Criminology, 1976

Other applicable training or education:

Public Safety Executive Certificate Program, Executive Leadership Institute, Mark O. Hatfield School of Government, College of Urban and Public Affairs, Portland State University, 2004

OSBA Leadership Institute, Gold Level, August 2012 (applied for Leadership Oregon 2013)

Activities, other state and local community services:

OSAA varsity athletic official (worked 6A state championship softball game in 2010)

Hobbies/special interests:

Photography, writing, genealogy, Civil War history

Business/professional/civic group memberships; offices held and dates:

Active Member of the Oregon State Bar since 1991

Member of the Multnomah County Charter Review Committee

Parkrose Heights Association for Neighbors board member

Oregon DPSST, public sector labor law instructor

Co-chair for Multnomah County SB111 Planning Authority

Member of Gateway Area Business Association (GABA)

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

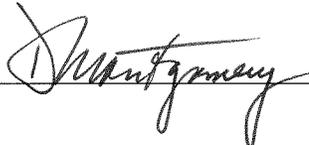
Candidate Questionnaire

OSBA Board of Directors

Name: Doug Montgomery Date: 09/24/12

District/ESD/CC: Multnomah ESD Position: 19-OSBA Board

I certify that if elected, I will faithfully serve as a member of the OSBA board of directors. My nomination form has been submitted to OSBA (or is attached to this document) as evidence.

Signed:  _____

Be brief; please limit your responses to 50 words per question.

1. Describe in your own words the mission and goals of OSBA. OSBA serves the school boards of Oregon by working with the Legislature to gain adequate funding of programs promoting first-rate learning opportunities for students to enhance learning and academic achievement. With significant changes promoted by the Governor's office, the OSBA is working closely with the Chief Education Officer, Dr. Crew, his senior management team including Ron Saxton, and the Education Investment Board and its measures of school district change including Achievement Compacts.
2. What do you want to accomplish by serving on the OSBA board of directors? Help draft OSBA legislation to seek new sources of revenue supported successfully by the Legislature. Assist in conducting policy analysis of the current set of requirements promulgated for school districts by the Education czar and re-tooling those which are not working or harmful. Working closely with the Legislature in a supportive role to empower local boards and promote local economies across the communities of Oregon.
3. What leadership skills do you believe you bring to the board of directors? Give an example of a situation in which you demonstrated these skills. My work in the design and birth of an employee based Diversity or Pluralism Council at the Bonneville Power Administration required skillful negotiation with management. Both my initiation of the Single Parents Group and the Older Workers Group led to management acceptance of a broader definition of diversity. These employee groups strengthened productivity within the agency. Additional work in mediation with local, state and federal agencies allowed disputes to be resolved.
4. What do you see as the two most challenging issues faced by OSBA? School districts need additional state revenue. Proposition 5 in 1990 changed the situs of revenue resources and shifted controls to the state legislature. Funding for the past 20-years + has produced a shrinkage of state resources to education because of competition from the growing criminal justice system. New revenues for school districts is number 1. Number 2 is a combination of empowering local boards, developing efficiencies in business and administrative processes, designing modifications to current labor contracts to stabilize PERS contributions in promoting a healthier working climate for teachers and other school employees so that students benefit from an improved learning environment and greater academic excellence is achieved.

5. What do you see as the two most challenging issues faced by your region? MESD and its eight school districts face revenue shortages and particularly with the Outdoor School program which has been so successful for generations. New revenues from the broader community and other local government/special districts are under development to date. MESD needs clarity on developing its interfaces with the sharing services business model to show accountability, business efficiencies crossing multiple ESDs, building the backbone of higher technology across all facets of record and data keeping for the multiple school districts in the state.

6. What is your plan for communicating with boards in your region? Supporting OSBA programs, educational conferences, focus groups and task forces has been part of my continuing education approach for the 5 + years of service on ESD boards. Personally, e-mails work well, but materials must be well written and the opportunity for face-to-face sessions, group phone calls or skype sessions make sense. Co-sponsoring education and training might be explored to achieve efficiencies and to expand joint partnerships with other governments and the business community in educational programs is another possibility.

Deadline: September 28, 2012, 5 p.m.

Materials submitted by the candidate on this form may be subject to a public information request under ORS Chapter 192.

Candidate personal/professional resume

OSBA Board of Directors

Name: Doug Montgomery Date: 09/24/12

Address: 2754 NE 34th Ave.

City / ZIP Portland, OR. 97212 (Multnomah County)

Business phone: 503-701-0623

Term expires: 06/15

Years on board: 1+ on MESD; 4 on NWRES

Residence phone: 503-287-0877

E-mail: Dmonty503@aol.com

District/ESD/CC: MESD

Deadline: September 28, 2012, 5 p.m.

Please send your picture (head shot, labeled with your last name). A high-resolution digital photo is preferred but a print is acceptable; e-mail to OSBAelections@osba.org or mail to:
Oregon School Boards Association
P.O. Box 1068, Salem, OR 97308

Work or service performed for OSBA or local district (include committee name and if you were chair):

Worked on the committee from the three largest ESDs in the Portland Metropolitan area to establish a sharing of services business plan; effectively established with five ESDs after several years of design and planning by the Boards and their Superintendents.

MESD Board representative participating with testimony to the Oregon Education Investment Board public hearings:

01/19/12-East Portland; 03/06/12, Center for Self-Enhancement; 03/13/2 meeting at MESD and

Oregon Task Force on Higher Education Student and Institutional Success, 09/13/12, PCC Cascade campus

MESD Board Committees currently include: Superintendent Evaluation; MESDA Bargaining; Board Budget; Finance (and audit)

Board Liaison to Technology Services Department led by the Chief Operating Officer

Other education board positions held/dates:

Served on several NWRES internal committees including the Board Budget Committee for 4 years.

Attended all state conferences of OSBA including major training opportunities, 2006-2010 and 2011 to present.

Attended all major OAESD conferences for the same time period.

Occupation (Include at least the past five years):

Retired from the Bonneville Power Administration, Internal Audit, 2002 after a 20-year career

Current part-time instructor at Tillamook Bay Community College, teaching Political Science: American Government; State and Local Government, 2006 to 2012.

Associate Professor, Portland State University, 1975-83 and part-time instructor, Intergovernmental Relations in the Urban Studies and MPA Programs for an additional decade

Schools attended (Include official name of school, where and when):

High school: Mt. Lebanon High School, Pittsburgh, PA, 1956-60.

College: Dartmouth College, Hanover, NH, 1960-64 AB

**Graduate Schools: Syracuse University, Syracuse, NY 1965-66, Masters in Public Administration (MPA);
1966-69, Ph.D. in Social Science (Economics and Political Science);**

Dissertation topic: "The Economics of Higher Education...."

**Education honors and/or awards: Resources for the Future Fellowship, 1966-68; Post-doctoral Fellow,
American Society for Public Administration 1969-70. Gerontological Society of America, International
Conference Fellow, Japan 1981.**

Other applicable training or education:

**Conducted meditation in Oregon on a part-time basis through a program under the auspice of the Portland
Federal Executive Board**

Activities, other state and local community services:

**Multnomah County Citizen Involvement Committee, Appointed/served more than fifteen years on citizen
budget advisory committees in health and human services, child and adolescent mental health advisory
committee's Partners' Project funded by \$5 million grant, school and community partnerships, central
citizen budget advisory committee, strategic planning.**

Appointed by Governor Vic Atiyeh to state licensing nursing home administrator's board, 1979-83.

Appointed to Portland Auditor's Office, Independent Police Review Board, Citizen Review Committee, 2002

Hobbies/special interests:

Mentoring students and providing advice to Tillamook County elected officials

Business/professional/civic group memberships:

**Though retired, current memberships with the American Society for Public Administration and
The Institute of Internal Auditors.**

Current member of the NE Community Center in Hollywood

Current member of the Tillamook Futures Council, serving the county commissioners

**Additional comments: 45,000 Multnomah County voters elected me to the position 6, at-large on MESD in
May 2011. With current funding cuts and freezes, I advocate for cost efficiencies and effectiveness in
improved partnerships/collaboration for savings by school districts through ESD services and other
community organizations, private, franchising, and intergovernmental partnerships.**



Board of Education

Superintendent's Recommendation to the Board

Board Meeting Date: 11/26/2012

Executive Committee Lead: J. Patterson

Department: Risk Management

Presenter/Staff Lead: J. Patterson

Agenda Action: Resolution Policy

SUBJECT: Global workers' comp settlement with employee KDM.

BRIEF SUMMARY AND RECOMMENDATION

Employee KDM was hired in 9/2011 as an Education Assistant. Employee injured her back and neck while sitting in a chair that collapsed in March of 2012. Some of the medical conditions were accepted as a workers' comp injury on 4/12. This is a very difficult claim with various medical opinions on both sides of the issues. The worst case scenario if PPS did not prevail would involve the district paying around \$150,000. A more realistic value is around \$67,000. This settlement allows PPS to reduce its substantial exposure, the defense costs, and the deposition costs. This proposed settlement of \$50,000 includes:

- An employment release which voluntarily ends his/her employment (\$100);
- A Disputed Claim Settlement (DCS) which covers the denied medical conditions including disk herniation etc., and pays outstanding medical bills (\$15,000);
- A Claim Disposition Agreement (CDA) covering the accepted medical conditions attributed to this claim (\$34,900);
- The CDA mentioned above will resolve formal closure of the claim.

This agreement resolves all the pending legal issues and this claim. The settlement was reached in settlement negotiations. The District was represented by legal counsel.

BACKGROUND

Please see above

A handwritten signature in cursive script that reads "Carrie Smith".

Reviewed and Approved by Superintendent

RELATED POLICIES / BOARD GOALS AND PRIORITIES

Board policy 8.60.022-P Workers' Compensation Self-Insurance calls for the District to administer a self-insured workers' compensation program. The District provides a safe work place and complies with the state's workers' compensation laws.

PROCESS / COMMUNITY ENGAGEMENT

N/A

ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN

N/A

BUDGET / RESOURCE IMPLICATIONS

The District negotiated a complete and final settlement for \$49,900 to be distributed between the DCS and CDA, plus a voluntary affirmation and general release of all claims and employment for \$100. Both sums will be paid through risk management funds (Fund 601).

NEXT STEPS / TIMELINE / COMMUNICATION PLAN

Payment of settlement if approved by the Board.

ATTACHMENTS

Reviewed and Approved by
Superintendent

REPORT – November 5, 2012

Expenditure Contracts Exceeding \$25,000 and through \$150,000

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200(6) (Authority to Approve District Contracts; Delegation of Authority to Superintendent) requires the Superintendent to submit to the Board of Education (“Board”) at the “Board's monthly business meeting a list of all contracts in amounts exceeding \$25,000 and through \$150,000 approved by the Superintendent or designees within the preceding 30-day period under the Superintendent's delegated authority.” Contracts meeting this criterion are listed below.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
LAB-AIDS, Inc.	10/29/12	Purchase Order PO 110686	District-wide: Purchase of consumable materials for middle school life, earth, and physical science kits.	\$49,989	M. Goff Fund 191 Dept. 5555 Project B5125

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

No New IGAs

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Lings	07/01/12 through 06/30/13 Year 2 of Contract	Material Requirements MR 58977 Amendment 1	District-wide: One-year extension of contract for diverted commodity processing (Asian food), as needed.	\$105,000 \$240,000	G. Grether-Sweeney Fund 202 Dept. 5597

N. Sullivan

REPORT – November 26, 2012

Expenditure Contracts Exceeding \$25,000 and through \$150,000

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200(6) (Authority to Approve District Contracts; Delegation of Authority to Superintendent) requires the Superintendent to submit to the Board of Education (“Board”) at the “Board’s monthly business meeting a list of all contracts in amounts exceeding \$25,000 and through \$150,000 approved by the Superintendent or designees within the preceding 30-day period under the Superintendent’s delegated authority.” Contracts meeting this criterion are listed below.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
In Line Commercial Construction, Inc.	10/01/12 through 12/31/12	Construction C 59396	BESC: Construction services for installation of science kit wash stations in warehouse.	\$43,589	T. Magliano Fund 101 Dept. 5554
In Line Commercial Construction, Inc.	10/17/12 through 12/15/12	Construction C 59470	Cleveland HS: Stadium improvements, including construction of concrete walkway and stairs; part of the Great Fields Project.	\$35,448	T. Magliano Fund 438 Dept. 5597 Project J0725
Serendipity Center, Inc.	09/01/12 through 06/30/13	Personal Services PS 59491	Special Education: Specialized therapeutic instruction services for three students for SY 2012-13.	\$87,000	M. Pearson Fund 101 Dept. 5414
Open Meadow Alternative Schools, Inc.	09/01/12 through 06/30/13	Personal Services PS 59473	Franklin HS: Step Up programming services targeting 36 at-risk, Academic Priority 8th graders transitioning into high school.	\$79,200	L. Poe Fund 205 Dept. 5431 Grant G1264

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

No New IGAs

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Trident Seafoods Corporation	07/01/12 through 06/30/13 Year 2 of Contract	Material Requirements MR 58843 Amendment 1	District-wide: One-year extension of contract for diverted commodity processing (frozen fish), as needed.	\$33,000 \$33,000	G. Grether-Sweeney Fund 202 Dept. 5570
JTM Food Group	07/01/12 through 06/30/13 Year 2 of Contract	Material Requirements MR 58856 Amendment 1	District-wide: One-year extension of contract for diverted commodity processing (reduced fat beef), as needed.	\$51,000 \$74,000	G. Grether-Sweeney Fund 202 Dept. 5570
Air Filter Sales & Service	11/01/12 through 11/30/12 Year 3 of Contract	Personal Services PS 57197 Amendment 3	District-wide: Additional funds to continue servicing, installation, and disposal of heating system air filters.	\$30,000 \$330,472	T. Magliano Fund 101 Dept. 5592
Waste Management of Oregon	10/01/12 through 06/30/13 Year 3 of Contract	Service Requirements SR 57645 Amendment 1	District-wide: Additional funds to reflect service rate increase.	\$31,500 \$2,191,500	T. Magliano Fund 101 Dept. 5596

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Graebel Oregon Movers	07/01/12 through 06/30/13 Year 3 of Contract	Service Requirements SR 57654 Amendment 2	District-wide: One-year extension of contract for moving and furniture installation services.	\$60,000 \$190,000	T. Magliano Fund 191 Dept. 5597 Project F1004
Lynch Mechanical Construction, LLC	10/05/12 through 05/31/13 Year 1 of Contract	Construction C 58901 Change Order 2	District-wide: Correction of steam trap repair and replacement numbers at 12 sites; part of 2010 Recovery Zone Energy and Water Conservation Projects.	\$40,661 \$549,161	T. Magliano Fund 421 Dept. 5597 Project E0155
Open Text, Inc.	01/01/13 through 12/31/13 Year 6 of Contract	Information Technology IT 55724 Amendment 7	District-wide: One-year extension of maintenance and support services contract for Red Dot content management system.	\$51,976 \$421,259	D. Milberg Fund 101 Dept. 5581
Vogt, LLC	11/03/12 through 06/30/13 Year 3 of Contract	Personal Services PS 57836 Amendment 3	District-wide: Eight-month extension to contract for Edupoint project management support services.	\$50,000 \$180,000	D. Milberg Fund 101 Depts. 5442 & 5587 Project A1019
Corp Inc. Construction	09/12/12 through 02/15/13	Construction C 59129 Change Order 6	Marysville K-8: Numerous minor construction services, including restroom, framing and trimming, door and window, electrical, and related work.	\$54,210 \$4,095,222	J. Owens Fund 481 Dept. 5511 Projects C0103 & C0104
PacificSource Administrators, Inc.	01/01/13 through 12/31/14 Years 2 & 3 of Contract	Personal Services PS 58010 Amendment 1	District-wide: Two-year extension to contract for employee benefits plan administration, and certain changes to contract language and fees.	\$40,000 \$160,000	M. Riddell Fund 101 Dept. 5528
Debra Pickering	07/01/12 through 06/30/13	Personal Services PS 58962 Amendment 1	Roosevelt HS: One-year extension of contract for facilitation and long-term planning services.	\$45,000 \$65,000	T. Goodall Fund 205 Dept. 3124 Grant G1271

N. Sullivan

BOARD OF EDUCATION
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

INDEX TO THE AGENDA
REGULAR MEETING

November 26, 2012

Board Action Number		Page
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Personnel

4675	Election of First-year Probationary Teachers (Part-time).....	3
4676	Election of Second-year Probationary Teachers (Full-time)	3
4677	Appointment of Temporary Teachers and Notice of Non-renewal.....	4

Purchases, Bids, Contracts

4678	Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority.....	6
4679	Expenditure Contracts that Exceed \$150,000 Limit for Delegation of Authority.....	7

Other Matters Requiring Board Action

4680	Boundary Change for Llewellyn and Duniway elementary schools.....	9
4681	Settlement Agreement	10
4682	Minutes.....	10

Personnel

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4675 through 4677

RESOLUTION No. 4675

Election of First-year Probationary Teachers (Part-time)

RECITAL

On the advice of the Chief Human Resources Officer, the Superintendent recommends that the teachers listed below be elected as First-year Probationary Teachers.

RESOLUTION

The Board of Education accepts the Superintendent's recommendation, and by this resolution hereby elects as First-year Probationary Teachers for the school year 2012-13 the following persons, subject to the employment terms and conditions set out in the standard form contract approved by legal counsel for the District and with all to be placed on the applicable Salary Guide that now exists or is hereafter amended:

Part-Time

First	Last	ID
Amparro	Barretto	021152

S. Murray

RESOLUTION No. 4676

Election of Second-year Probationary Teachers (Full-time)

RECITAL

On the advice of the Chief Human Resources Officer, the Superintendent recommends that the teachers listed below be elected as Second-year Probationary Teachers.

RESOLUTION

The Board of Education accepts the Superintendent's recommendation, and by this resolution hereby elects as Second-year Probationary Teachers for the school year 2012-13 the following persons, subject to the employment terms and conditions set out in the standard form contract approved by legal counsel for the District and with all to be placed on the applicable Salary Guide that now exists or is hereafter amended:

Full-Time

First	Last	ID
Julie	Becker	020269
Shannon	Foxley	020160

S. Murray

RESOLUTION No. 4677

Appointment of Temporary Teachers and Notice of Non-renewal

RESOLUTION

The Board of Education accepts the recommendation to designate the following persons as temporary teachers for the term listed below. These temporary contracts will not be renewed beyond their respective termination dates because the assignments are temporary and District does not require the teachers' services beyond completion of their respective temporary assignments.

First	Last	ID	Eff. Date	Term Date
Christopher	Buehler	020623	8/29/2012	12/1/2012
Grace	Butler	021366	10/25/2012	6/19/2013
Matthew	Carlson	020603	11/12/2012	5/15/2013
Leslie	Dorobek	018211	11/26/2012	6/19/2013
Paula	Dougherty	000961	1/2/2013	6/19/2013
Kala	Goodman	019066	11/5/2012	4/16/2013
Katharine	Grunseth	019932	10/22/2012	6/19/2013
Klarissa	Hightower	021359	10/24/2012	6/19/2013
Jennifer	Jangula-McNabb	016130	11/26/2012	2/12/2013
Brian	McKenzie	021395	11/13/2012	2/16/2013
Virginia	Moayyad	020794	11/8/2012	3/23/2013
Christine	Moore	018005	8/29/2012	1/2/2013
Michele	Mulvihill	017940	8/29/2012	11/25/2012
Olufunmilola	Ologuntoye	021357	10/6/2012	6/19/2013
Keenan	Wells	021382	11/5/2012	6/19/2013
Sarah	Wood	021381	11/13/2012	01/05/2013

S. Murray

Purchases, Bids, Contracts

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4678 and 4679

RESOLUTION No. 4678

Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) to enter into and approve all contracts, except as otherwise expressly authorized. Contracts exceeding \$25,000 per contractor are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

No New Contracts

NEW INTERGOVERNMENTAL AGREEMENTS / REVENUE (“IGA/Rs”)

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
Reynolds School District	07/01/12 through 06/30/12	IGA/R 59488	Columbia Regional Program will provide classroom services for regionally eligible deaf/hard of hearing RSD students.	\$202,500	H. Adair Fund 299 Dept. 9999 Grant S0031
Parkrose School District	10/01/12 through 06/30/12	IGA/R 59519	Pioneer School will provide an educational program based on a particular PSD student’s IEP.	\$40,000	M. Pearson Fund 101 Dept. 5414

AMENDMENTS TO EXISTING CONTRACTS

No Amendments to Existing Contracts

LIMITED SCOPE REAL PROPERTY AGREEMENTS and AMENDMENTS

No Limited Scope Real Property Agreements and Amendments

N. Sullivan

RESOLUTION No. 4679

Expenditure Contracts that Exceed \$150,000 for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
Playworks Education Energized	08/29/12 through 06/30/13	Personal Services PS 59417	District-wide: Recess and after-school student management and behavioral support services at 11 schools.	\$286,000	W. Campbell Various chartfields
Self Enhancement Inc.	09/01/12 through 06/30/13	Personal Services PS 59427	Jefferson HS: In-school support and advocacy services designed to raise achievement, on-time grade promotion, and graduation for 237 students.	\$830,000	L. Poe Funds 101 & 205 Dept. 5431 Grant G1248

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

No New IGAs

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Kings Delight	07/01/12 through 06/30/13 Year 2 of Contract	Material Requirements MR 58872 Amendment 1	District-wide: One-year extension of contract for commodity processing (chicken), as needed.	\$370,000 \$500,000	G. Grether-Sweeney Fund 202 Dept. 5570

N. Sullivan

Other Matters Requiring Board Action

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4680 through 4682

RESOLUTION No. 4680

Boundary Change for Llewellyn and Duniway elementary schools

RECITALS

- A. Each year, Portland Public Schools analyzes student enrollment at each of our schools and prioritizes actions for schools that are larger or smaller than target sizes in order to improve equity of access to rigorous programs. Due to district resource constraints, a limited set of changes can be completed in any given school year.
- B. Enrollment at Llewellyn Elementary School has grown by 58% in the past five years, due to a boundary change in 2007 and higher rates of neighborhood students choosing to attend the school. Numerous facility changes have been made to accommodate additional students, however, the school is currently operating at 110% of capacity.
- C. Duniway Elementary School's neighborhood has remained stable, with only minimal growth in the past five years, while the school has relied on transfers each year to maintain valuable programs.
- D. Eight meetings were held at Llewellyn, Duniway and Sellwood schools from January through November 2012. PPS stakeholder participation protocols were used to plan and carry out meetings, as well as other opportunities for input. Outreach occurred through news advisories and fact sheets (distributed to media, neighborhood associations and local pre-K providers), PPS Pulse e-newsletter, PPS web site and social media; school websites, school auto-dialers, meeting fliers and parent-to-parent efforts.
- E. The Superintendent's recommendations will provide enrollment relief to Llewellyn through boundary change to Duniway.
- F. The boundary would begin in September 2013, and follow implementation guidelines listed in policy 4.10.045-P.
- G. As a result of the proposed changes enrollment is expected to fall to sustainable levels at Alameda while increasing at Duniway, reducing dependence on transfers at that school.
- H. Boundary change factors listed in policy 4.10.045-P considered as part of this process were:
- Compact boundaries: The area proposed for boundary change is not as near to Duniway as other portions of the Llewellyn boundary. However, other areas that are close to Duniway are also very close to Llewellyn, making it difficult to achieve equal compactness for both boundaries.
 - Stable feeder patterns: Both Llewellyn and Duniway feed Sellwood Middle School and Cleveland High School, so there are no feeder pattern impacts with this change.
 - Diversity: Based on 2011-12 data, the rate of students who qualify for free and reduced-price meals is 21% at Llewellyn and 15% at Duniway. The area proposed for boundary change has a free and reduced-price lunch rate of 15%. The change will not have a significant impact on the economic diversity of either schools.
 - Optimal facility use: Without this boundary change, Llewellyn will need additional facility changes to accommodate students. Balanced enrollment of about 500 students on each campus will allow each building to operate at 85%-95% of capacity.
 - Enrollment stability:
 - ✓ The proposed changes would not impact special education classrooms at Llewellyn
 - ✓ The proposed change will move an area that was shifted from Duniway to Llewellyn in 2007 back to Duniway
 - ✓ Limited student impact: As the Llewellyn neighborhood continues to produce higher student enrollment than forecast, this boundary change moves a larger area out of Llewellyn than was moved into it in 2007. While enrollment will be monitored each

year, the objective for this boundary change is to not have to move additional areas from Llewellyn to Duniway for at least 3 years.

RESOLUTION

1. The Board accepts the recommendation forwarded by Superintendent Smith to assign the portion of the current Llewellyn Elementary School boundary located south of S.E. Tacoma Street and west of S.E. 17th Avenue to Duniway Elementary School, beginning in September 2013.
2. The Board acknowledges and appreciates the parents, teachers, students, community members and neighborhood association representatives who have provided vital information and feedback throughout this process.
3. The Board directs staff to develop implementation plans for smooth student and staff transitions.

S. Higgens

RESOLUTION No. 4681

Settlement Agreement

RESOLUTION

1. The authority to pay \$49,900 is granted in a settlement agreement for employee KDM to resolve claims brought under Workers' Compensation. An additional \$100 is awarded for a voluntary termination of employment as part of the agreement.
2. This expenditure will be charged to the District's self-insurance fund 601.

J. Patterson / B. Meyers

RESOLUTION No. 4682

Minutes

The following minutes are offered for adoption:
October 29 and November 5, 2012