

MINUTES

MILWAUKIE CITY COUNCIL WORK SESSION FEBRUARY 1, 2005

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Council Present: Councilors Barnes, Collette, Loomis, and Stone.

Staff Present: City Manager Mike Swanson and Finance Director Stewart Taylor.

Information Sharing

Mayor Bernard received calls about installing a sign for 22nd Avenue off McLoughlin Boulevard. There was a business located on that street that was difficult to find.

Mr. Swanson provided a list of proposed goals for Council consideration.

Scheduling

- Goal Setting and Review of Communications Agreement – February 19, 8:30 a.m. in the City Hall Conference Room.
- Council Retreat – April 2 & 3, location to be determined.
- Council photos – February 15.

Public Contracting Rules

Mr. Firestone provided information on the 2003 Legislature's major revisions to the public contracting statutes effective March 1, 2005. The Cities of Milwaukie, West Linn, and Tigard partnered in the preparation of the proposed Rules to be considered for Council adoption. He reviewed the main sections and discussed the process and application of the rules.

- Section 10 listed exemptions to the requirements for a competitive process, and Mr. Firestone reviewed some of those. He discussed the rules for public improvement contracts that had design and/or construction management aspects. There was a provision that allowed the City Council to create individual exemptions in specific cases.
- Chapter 15 provided details of price agreements.
- Chapter 20 governed brand names or marks. He explained that one could not identify a brand name under state law when preparing specifications. This ensured that the government entity was not unfairly favoring a vendor by specifying a particular manufacturer.
- Chapter 25 addressed emerging small businesses and the requirement that the City consider those.
- Chapter 30 outlined the formal competitive process that was either an invitation to bid or request for proposals. In that process, the Council made

the ultimate decision acting as the Local Contract Review Board. The Council may from time to time hear a procedural question.

- Section 40 spoke to public improvement contracts and competitive bidding requirements.
- Section 50 discussed security for bids and performance bonds.
- Section 60 related to the disposition of personal property and allowed transfers to other government agencies, non-profits, and sales that were designed to achieve maximum dollars at a minimum transaction cost.
- Section 70 discussed personal services contracts, which, if it were a large contract, would be subject to the RFP process. There was an obvious exemption for emergency situations.
- Section 90 had provisions that required recycled or recyclable goods.

Mr. Firestone said the proposed Rules would be before the City Council acting as the Local Contract Review Board in a public hearing on February 15.

Councilor Collette understood contracts over \$25,000 would still come to the City Council after a process other than a formal competitive process.

Mr. Firestone replied that was defined in the Rules. If the contract was between \$25,000 and \$50,000 and did not come under one of the other exemptions, then the intermediate process of soliciting at least three bids would be used. Under the current rules, the exemption for contracts under \$25,000 was the same as the city manager's signature authority. He noted these rules did not raise the authority of the city manager or any other staff member to spend money. There may be contracts coming before the City Council simply because they were greater than \$25,000 but less than \$50,000 that did not go through the formal competitive process. The Council could review the process and could say it did not like it.

Councilor Stone asked for some examples of exemptions that were eliminated because they were not being used.

Mr. Firestone said one had to do with library exemptions as well as several others.

Councilor Stone asked what was being changed in regards to protests.

Mr. Firestone replied the time for some protests was shortened and provided for clearer requirements regarding the City's notice of intent to award a contract.

Councilor Stone asked what compelled the legislature to revise this.

Mr. Firestone thought the most important reason was that the chapter with the public contracting statutes grew over time and had become very disorganized. This change organized the chapter into three sections: the general rules, rules applicable to goods and services, and rules applicable to public improvements. The intent of revising the rules was not to make too many substantive changes, but he did take advantage of streamlining a few things. One substantive change was the exemption for contracts under a certain dollar amount. The state went from a relatively low number to \$150,000 for some contracts. The local group

working on the re-write of the rules decided to keep a more active role for the respective Local Contract Review Boards and identified \$50,000 as the point at which a formal process was required. In the old statute, it was not totally clear that a request for proposal process was considered equivalent to an invitation to bid process for goods and services contracts. The City's rules treated those the same over the past several years, and that was one of the changes the legislature made.

Councilor Loomis would like red-line version of amendments when possible.

Mr. Firestone said there were a couple of new exemptions, but the others were hardly changed. There were few substantive changes other than going from \$25,000 to \$50,000 on the exemption for contracts under a specified amount.

Councilor Stone understood if these rules were not adopted, then the City would be subject to state statutes.

Mr. Firestone said statutes controlled regardless, but he believed these Rules implemented the statutes. If these were not adopted, they Attorney General Model Rules, which were generally more bureaucratic, wordier, and harder to deal with for both the City and contractors, would apply.

Companion Measure for Clackamas County Fire District #1 Annexation

Mr. Swanson discussed the companion measure to the CFD1 annexation. The City Council requested that the District Board allow Milwaukie to submit at a future election the question of whether or not to annex the whole of the City into the District. Technically, Milwaukie had its own Fire Department by having a contract with CFD1, and Chief Whiteley was technically its Fire Chief. Currently, the annual budget for that contract was approximately equal to the amount the District would levy as its permanent rate of \$2.4012 per thousand valuation. The District Board approved the Milwaukie City Council's request and scheduled the election for May 17.

When Milwaukie went to the voters in September 2003, the Council committed without any formal action that the net tax effect would be zero. He got a lot of calls before and after that election about how taxpayers could be assured that was the case. If the annexation were approved, the immediate effect would be that the District could levy up to its permanent rate of \$2.4012. Without any other action, that did mean an increase in taxes.

Mr. Swanson proposed that when the City Council certified the measure to the County Clerk that it also takes action to ensure it was clear that Milwaukie's intention was to reduce the levy of the permanent rate by \$2.4012. He believed there had to be some indication that there would not be a tax increase either in a separate ballot question or within the annexation question itself. By doing this, he was in no way indicating that the City did not need the money. The question before the group was the annexation. Loading the annexation measure with any additional tax questions was probably tantamount to defeating it. The annexation was important because the contract relationship was at the sufferance of the District Board. The City had a history of good relationships with the Board, but

some time in the future a new Board may adopt a policy that said it would no longer provide services by contract. Mr. Swanson saw this as an issue of providing fire suppression, education, and emergency medical services to people in the City. The current contract with CFD1 expired in 2008, and he had every reason to believe the current Board would execute a subsequent contract.

Councilor Stone asked for an example of why the Board might not wish to renew a contract.

Mr. Swanson said 15 years ago civil words were not spoken between the fire districts and the cities. Milwaukie was, in terms of annexation, potentially a competitor. The effect of a city annexation was to remove the fire district from serving that area. Right now, the effect would be that the contract would have to be renegotiated, and the City would have to pay more to cover the annexed area. A future Board could say a city was too much of a threat because if it did aggressively annex. There would be nothing to prevent the city from reconstituting its own fire department, which created a certain amount of competition into the process. Also, people were sometimes elected who had personal agendas to shake things up.

Mr. Firestone commented that if Milwaukie were to annex its urban services area, it could be quite a hit to the District. That was one situation in which relationships might sour, and Milwaukie was considering at least some annexations in the future. In the future, the District might want to negotiate a contract the City could not afford.

Mr. Swanson added it was not long ago that cities and fire districts regarded each other as threats, and annexation would remove that. He wanted to ensure that services were uninterrupted and not subject to political or personal disputes. He proposed a net zero. He referred to the staff memo that laid out options for adding back funding for some services and what it would cost to fund a planner, police officers, and current library services. The general fund was the only discretionary money the City had. If the City Council decided it wished to capture a portion of that \$2.40, then he recommended that Measure not designate where the funds would go. He urged keeping the general fund as discretionary as possible.

Mr. Swanson served on the LNIB Board, and he suspected that the City had not seen the last of the County funding cuts. Milwaukie was looking at about a \$120,000 gap next fiscal. There was no assurance that the \$6.535 million dedicated to library funding would survive in subsequent years. If the City Council decided on the net zero option, there could be a companion measure that directed the City to levy \$2.4012 less than the permanent rate for an identified number of years. That would mean at the end of that time period, the City could levy its full permanent rate. The other option would be to direct the Council to decrease the levy of the permanent rate by \$2.40. The City would have that room to move but not without asking for voter approval. The permanent rate did not go away – it was the City's taxing authority – but the Council would have to ask for voter approval.

Mr. Swanson believed annexing to the District was a positive move and resolved an issue. He also believed that any increase in taxes that resulted from this would make the annexation a very hard sell. The City would be reducing its levy of the permanent rate by \$2.4012 per thousand valuation.

Councilor Collette understood from the staff report that it would only cost about \$.23 to have library services, a planner, and a police officer. Theoretically, if the City reduced its levy of the permanent rate by \$2.15, it could fund those two positions and meet the library deficit. She understood, it would be a harder sell, but it would be much-needed money back into the general fund.

Mr. Swanson recommended saying the levy of the permanent rate would be reduced by \$2.4012. He recommend leaving that \$2.4012 on the table. If the City wanted to recapture \$.25, then it would have to ask the voters at a future election.

Councilor Collette discussed the feasibility of two measures on the ballot.

Mr. Swanson said the first question could be, shall the district annex all the territory in the City. The second question could be, if the first question were successful, shall the City Council be directed to reduce its levy of the permanent rate by \$2.4012, which was the District's permanent rate. According to the input he got the last time this was on the ballot, voters thought the measure was complicated and confusing.

Councilor Stone asked how the long permanent rate has been \$6.5379.

Mr. Swanson replied the permanent rate had been in effect since the adoption of Measures 47 and 50 in 1998.

Mr. Firestone added permanent rates were frozen at a moment in time, and the counties were required to establish the permanent rates for all jurisdictions. Permanent rates have been in place since 1998 and would be there forever. Each jurisdiction's ability to tax was dependent upon what they spent in the couple of years prior to 1998.

Councilor Stone understood from the staff memo that Mr. Swanson recommended putting this on the ballot with the City's permanent rate less \$2.40 for a period of three years. She wanted to clarify that he was dropping the three years.

Mr. Swanson said that was correct. This was about the annexation. If the City contracted into the future, one would have to hope the annual contract amount would be at the District's permanent rate. Milwaukie was not actually going to lose any spending authority. It would open up the potential for additional tax, but not without the vote of the people. If the District wanted to levy beyond its permanent rate of \$2.40, then it would have to submit a local option tax for a maximum of 5 years to the voters.

Mr. Firestone added if the District asked for a local option tax, Milwaukie residents would be able to vote on it if the annexation were approved.

Councilor Barnes understood Mr. Swanson's concerns. Her long-term concern was the library, the police department, and the planner position. Mr. Swanson could only take on additional responsibilities for so long. The police needed more officers. The Budget Committee has had to use contingency to sustain the library services. How did the City provide basic, essential services if it did not have the money? The door was at least open a smidge to fund a part of the two most essential City services. Before going into the budget session, she wanted to know what the Budget Committee could tell the public who was clambering to maintain library and public safety services. What did the City Council say to those people when there was a chance for a little bit of money?

Mr. Swanson did not believe the City Council would lose the option but rather could exercise it at a time when it would not have an adverse impact on the annexation question. The City could still go back and ask the voters to approve \$.25 at another time. This would be Milwaukie's second attempt at the annexation. In 2002 people said, almost to a person, that if it was revenue the City wanted, then it should ask for a local option tax. If the City wanted an annexation, then ask for an annexation, but do not cloud one issue with the other. Mr. Swanson was not comfortable asking the firefighters' union to step forward and support a measure he made more difficult to pass. They were the ones who would be carrying the financial burden of making the annexation work, and he felt he had the responsibility to give them every advantage. Oregon City was struggling with this issue right now and would probably do something to both annex and capture some money. He lived in fear that Oregon City would pass the annexation and additional money, but Milwaukie's annexation attempt would fail. He felt, however, this was the best direction. If the annexation passed, then the City would have to make the best argument possible for additional funds in that forum. He believed tax neutral was the measure's best chance.

The group discussed recent levy attempts including the countywide library levy.

Councilor Barnes supported Mr. Swanson's proposal, but she went on record to say that the library, police, and planner were extremely important as well. Milwaukie needed a long-range plan to find the money to take care of essential services.

Councilor Collette agreed with Councilor Barnes. It was with a heavy heart that she supported Mr. Swanson's recommendation. She did not believe people voted against it because of any revenue issues. She believed people voted against the last annexation measure because they thought they were voting on whether or not Milwaukie should keep its own fire department.

Councilor Stone heard it failed because people thought their taxes would go up. When she initially read Mr. Swanson's staff report, she supported the annexation but was apprehensive about voters facing some increases in taxes at the end of a 3-year period. She came in willing to look at some sunset provision that would recoup the money. She agreed with Mr. Swanson about separating the issues. The City could hold its breath and look for the revenue in the budget cycle.

Councilor Loomis agreed that people just did not trust it. If the money was there, the City would take it. That was what the voters said. He did not support the three years either. He could have supported tagging something on, but he thought Mr. Swanson's comments were accurate. The District could increase the contract amount in the future, and the City would have no power. The hard part was giving up the fire department and never going back because of the expense.

Councilor Stone asked how our fire department felt about the annexation.

Mr. Swanson said the former Milwaukie firefighters that he spoke to were in favor of the annexation. When the City had its own department, first response was out of two stations. Now Milwaukie had first response from four stations, and the response capability increased. These firefighters were also working for a department that was fully accredited, and that would enhance their careers whether they stayed with CFD1 or went elsewhere. He discussed the cost of apparatus and the expense of providing fire services.

Mayor Bernard adjourned the work session at 6:53 p.m.

Pat DuVal

Pat DuVal, Recorder

AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION FEBRUARY 1, 2005

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

WORK SESSION – 5:30 p.m.

A light dinner will be served.

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m.	Public Contracting Rules	Firestone/DuVal
2.	6:00 p.m.	Companion Measure for CCFD1 Annexation	Swanson
3.	6:45 p.m.	Adjourn	

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the preceding items.
- Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.



To: Milwaukie Local Contract Review Board (City Council)

Through: Mike Swanson, City Manager

**From: Gary Firestone, City Attorney
Pat DuVal, City Recorder**

Subject: Public Contracting Rules

Date: January 13, 2005

Action Requested

Adopt the attached resolution adopting new public contracting rules and findings in support of exemptions from formal bidding or proposal processes and rejecting the Attorney General model rules.

Background

The last legislature adopted major changes to Oregon's public contracting statutes. Most of the changes take effect March 1, 2005, when the existing ORS Chapter 279 will be replaced by three new chapters, ORS 279A, 279B, and 279C.

The City's existing public contracting regulations, both procedural regulations and exemptions from the competitive bidding/proposal requirements will become ineffective on March 1 unless the City adopts new regulations expressly rejecting the Attorney General model rules.

The Attorney General rules are procedural only, so at a minimum, new regulations are needed to keep exemptions beyond the exemptions provided in the statutes. Furthermore, the Attorney General rules tend to be bureaucratic, lengthy and cumbersome.

The regulations contain most of the same provisions as the City's existing public contracting rules. Changes include:

- (1) Increasing the dollar amount for the exemption for contracts under a specified amount from \$25,000 to \$50,000. Contracts over \$25,000 must still be approved by the Local Contract Review Board (the Council), but can come to the Council after a process other than a formal competitive process.
- (2) Clearer provisions regarding protests.
- (3) Elimination of some exemptions that have not been used or that are unnecessary given the higher dollar threshold for the competitive process requirement.
- (4) Various technical modifications to comply with the revised statutes, including changes to the first tier contractor disclosure requirements.

Key Issues

Should the City adopt new public contracting rules?

What should the threshold be for a formal competitive process? (The draft rules set the threshold at \$50,000, but the amount can be increased or decreased.)

Concurrence

The City Attorney, City Manager, Finance Director, and Director of Engineering concur with the proposed regulations.

Fiscal Impact

The regulations are intended to provide regulations that result in the most efficient contracting policy and procedures. Failure to adopt the regulations, in particular the exemptions, could result in increased transaction costs for the City without any cost savings from reduced contract costs. Adoption of the new rules is not likely to have a fiscal impact compared to current practice, but failure to adopt could have a negative fiscal impact.

Work Load Impacts

The amendment is not likely to affect workloads of City staff. Failure to adopt could result in an increase in workload.

Alternatives

The Council has the following decision-making alternatives:

1. Do not adopt the regulations, which would result in the Attorney General model public contracting rules being applicable. In that situation, the state statutes would apply directly, which exempt goods and services contracts under \$150,000 and public improvements other than transportation under \$100,000. The exemptions the City currently provides but are not contained in state law would not be applicable.
2. Adopt a revised set of regulations.

Attachment: Proposed Resolution, Including proposed Public Contracting Rules and Findings in Support of Exemptions.

FINDINGS IN SUPPORT OF EXEMPTIONS TO COMPETITIVE BIDDING OR PROPOSALS

The Local Contract Review Board of the City of Milwaukie adopts the following findings in support of exemptions to competitive bidding/proposal requirements.

Contracts Under Certain Dollar Amounts

1. The City incurs costs in awarding contracts under a formal competitive bidding or formal competitive proposal process.
2. While competitive bidding or competitive proposals can result in cost savings for large projects, the cost of the process can exceed the cost savings for smaller contracts.
3. State law creates exemptions for contracts under specified dollar amounts, and the City's exemption implements state law rather than creating a new or special exemption.
4. The rules require an informal competitive process (solicitation of quotes) in most situations, assuring competition. Even when a direct appointment is possible, the City cannot use a higher priced source if a lower priced source is known to be available. The rule against fragmentation of contracts prevents misuse of this exemption.
5. The requirement to obtain at least three quotes for intermediate contracts discourages favoritism by requiring the City to check with several sources.
6. It is unlikely that this exemption will encourage favoritism or diminish competition because it still provides for competition in most circumstances and requires the City to consider alternate sources.
7. The exemption will lead to cost savings by avoiding the cost of a formal process when that cost would outweigh any likely cost savings.
8. The exemption is in the public interest because it allows the City to reduce internal costs while controlling contract expenditures. This could not be achieved otherwise.

Price Regulated Items

9. If prices are regulated, a competitive process would not result in a lower-cost contract and the costs of the process would increase the City's overall costs.
10. Price-regulated items are typically available only from a single or limited number of sources, so exempting price-regulated items is unlikely to encourage

favoritism.

11. The exemption is in the public interest because it results in cost savings for the City that could not be achieved without the exemption.

Library Periodicals

12. The purchase of most library periodicals is within the small contract dollar amount.
13. A substantial amount of market competition exists for periodicals, which results in competitive prices in the market.
14. The costs of a formal competitive process are greater than the amount of any likely savings from a competitive process.
15. The prohibition on use of higher priced sources when lower priced sources are known to be available discourages favoritism.

Advertising Contracts

16. Most entities that provide a forum for advertisers have set prices that cannot be negotiated.
17. The City has legal requirements for advertising public notices that can only be met by a small number of sources and all possible sources can be contacted without the need for an invitation to bid or request for proposals.
18. The correct advertising medium is important for the success of any advertising, so the specific medium needs to be selected based on considerations that are difficult to quantify. Therefore, selecting advertising media by bid is inappropriate and selecting by proposals may also result in a proliferation of proposals that do not meet the City's needs.
19. Advertising often must be placed on a short time schedule that does not permit the use of a formal competitive process.
20. The costs of a formal competitive process would likely be greater than the savings resulting from using that type of process to place advertising.
21. This exemption will not encourage favoritism because the City is still able to use informal processes to compare media and choose the best outcome for the City.
22. The exemption is in the public interest because it will result in cost savings to the City without encouraging favoritism and those purposes could not be met with existing rules.

Equipment Maintenance Repair and Overhaul

23. It is often impossible to determine the cost of equipment repair or overhaul without testing the equipment. It is not cost effective to have one contractor test the equipment and another perform the repairs.
24. Equipment repair often is needed to be performed without delay and in less time than a competitive process would take.
25. The only way to have a competitive process for equipment repair or overhaul, other than by creating price agreements, would be to have a separate entity test the equipment to determine what is wrong with the equipment.
26. Without knowing the extent of repairs needed, competition is not possible because different entities could quote only their hourly rates, with no prediction as to the amount of time the repairs would take.
27. The exemption is unlikely to encourage favoritism because it is to be used only in rare occasions where the City does not have established price agreements, reached by a competitive process without favoritism.
28. This exemption serves the public interest by providing a simple process for obtaining equipment repair when needed.
29. The exemption for maintenance does not apply to routine or scheduled maintenance, unless there is only one entity capable of providing the service.

Purchases Under Established Price Agreements

30. Purchases under existing price agreements are unlikely to encourage favoritism or diminish competition because they are based on price agreements entered into after an open competitive process.
31. This exemption furthers the public interest by ensuring that price agreements will function properly and the same results would not be achievable if this exemption were not granted.

Gasoline, Diesel Fuel, Heating Oil, Lubricants and Asphalt

32. The exemption encourages competition and discourages favoritism by requiring an informal competitive process and requiring the City to use the least expensive source of those providing quotes.
33. The purchases under this exemption are likely to be at levels that qualify as small or intermediate contracts and the process is similar to the process required for intermediate contracts. The exemption is provided because over a period of time

the total dollar amount of goods purchased from a single source may exceed the dollar maximum for intermediate contracts. The exemption is justified because each individual contract will be entered into on a competitive basis.

34. This exception is in the public interest because it allows the City to reduce costs while maintaining competition. The same result could not be achieved within existing rules because a costly formal process might otherwise be required.

Investment Contracts

35. Investment of City funds is closely regulated by state statutes.
36. Protecting the City's financial resources is in the public interest and awarding investment contracts to low bidders creates a risk of the security of the City's funds. The City needs to have a relationship of trust with those
37. The exemption for investment contracts or contracts to borrow funds is not likely to restrict competition or encourage favoritism because the City will investigate a range of potential contractors to assure the security of the City's funds.
38. The exception is in the public interest because it protects the City's financial resources in a way that could not be achieved without the exception.

Insurance Contracts

39. This exception provides for a competitive process for appointing agents of record or obtaining specific insurance, although the process does not necessarily conform to the standard RFP or ITB process. The competitive nature of the process promotes competition and does not encourage favoritism. The public interest would not be served by reliance on other regulations because of the specific nature of insurance contracts.

Employee Benefit Insurance

40. The Public Contracting Code creates an exemption for employee benefits contracts and the City's regulations implement that exemption.

Office Copier Purchases

41. This exemption requires a comparison of products and prices and so is a competitive process.
42. The exception is not likely to discourage competition or encourage favoritism because it does require the City to compare and choose the best combination of goods and price. It also results in a cost savings by being a less costly process than a formal competitive bidding or proposal process.

43. The exemption is in the public interest because it allows the City to reduce procedural costs while maintaining competition, and other regulations do not provide the same combination of cost savings and competitive process.

Single Seller of Product or Service

44. In some cases, there is only one possible supplier of the goods or services needed by the City. If there is only one supplied, a competitive process would be both unnecessary and costly.
45. This exception does not discourage competition, it simply recognizes that in some situations competition does not exist and that having a competitive process would not result in competition. It also does not encourage favoritism because no one would be disfavored by choosing the only possible source. The regulation contains sufficient safeguards to assure that it will be used only when other sources are not available.
46. The exception is in the public interest because it results in cost savings that would not be possible if the exception did not exist.

Contract Amendments

47. At times the City's needs change during the course of a contract and more goods, services, or work is needed to meet the City's needs. It would not be cost-effective to require a new contracting process for additional work closely related to an existing contract.
48. This exemption contains limitations to prevent abuse and to limit the extent of contract amendments. These limitations discourage favoritism by requiring a new competitive process for major amendments.
49. The exemption does not discourage competition because it applies only when the existing contract was awarded by a competitive process.
50. The exemption is in the public interest because it saves the cost of a competitive process to make minor amendments to an existing contract.

Affirmative Action Contracts

51. This exemption implements an exemption created by the Public Contracting Code.

Purchases of Contract by Other Public Agencies

52. Contracts by public agencies often allow other public agencies to make purchases on the same terms.

53. This exemption promotes competition and does not encourage favoritism because it may be used only if the original contract was awarded after a competitive process.
54. The exemption is in the public interest because it allows the City to take advantage of other competitive processes and avoid duplication of costly processes.
55. The exemption is in the public interest because it results in cost savings while maintaining competition. The same results could not be achieved without this exemption.

Oil or Hazardous Material Removal

56. This exemption is limited to situations in which the City must comply with a DEQ order. The exemption is needed to ensure compliance with environmental laws and protection of the environment in a timely manner and applies only if a competitive process cannot be completed in time to comply with the DEQ order.
57. The exception promotes competition by requiring the City to use an informal competitive process by obtaining informal solicitations or quotes from potential suppliers.
58. This exemption is in the public interest and the public interest in environmental cleanup would not be served if this exemption were not adopted.

Contracts With Qualified Non-Profit Agencies

59. This exemption implements an exemption required by state law.

Ammunition

60. The City uses specialized ammunition, including special training ammunition. The ammunition meeting the City's requirements is often available only for short time periods, insufficient to allow a competitive process.
61. The general requirement to attempt to find the lowest price goods or services will ensure that the City does not add to the City's costs. Providing this exemption will give the City the flexibility to purchase ammunition when available and needed. Not providing this exemption could endanger public safety.
62. The public interest is served by this exemption because it allows the City to ensure that its police officers are adequately armed and trained.

Public Improvement Contracts Involving Design or Construction Management

63. This exemption allows a competitive proposal process to be used rather than a competitive bid process for public improvements under some circumstances.
64. The exemption promotes competition and discourages favoritism by requiring a competitive process.
65. The exemption recognizes that under some circumstances, the public interest is served by considering quality as well as cost in contracting for public improvements.
66. The use of the design/build and construction manager/general contractor types of contracts should result in cost savings to the City by allowing various means of controlling costs and coordinating design and construction to reduce costs.
67. The public interest is served by this exemption. The public interest would not be served by requiring competitive bidding on all public improvement contracts because doing so would limit the City's ability to use cost-saving techniques and would prevent the City from considering differences in quality among potential contractors when quality is a legitimate issue. Under the competitive bidding process, the City is required to award the contract to the lowest bidder, even if there is only a one-cent difference in cost and a substantial difference in quality, providing that the low bidder meets minimum specifications.

Emergencies

68. In emergencies, the City is often required to take action in less time than it would take to complete a formal competitive process.
69. The exemption promotes competition and discourages favoritism by requiring the City to use an informal competitive process and by limiting the exemption to those contracts needed to avoid a substantial risk of loss, damage or interruption of services.
70. The exemption promotes the public interest by allowing the City to respond quickly to emergencies that threaten loss, damage or interruption of services. The public interest would not be served by requiring a formal competitive process to respond to an emergency.

CONCLUSION

As to each of the exemptions provided in the City's public contracting rules:

71. It is unlikely that any of the exemptions will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts. It is unlikely that the rules as a whole, including all exemptions, will encourage

favoritism in the awarding of public contracting or substantially diminish competition for public contracts.

72. The awarding of public contracts pursuant to any of the exemptions will result in substantial cost savings to the City. The exemptions have been prepared to allow less expensive selection processes to be used when a more expensive process would not result in sufficient contract cost reduction to justify a more expensive process.
73. For those provisions allowing public improvement contracts to be awarded by a means other than formal competitive sealed bids, the exemptions will result in cost savings by allowing the use of cost control measures throughout the development process.
74. Each exemption supports the public interest and each exemption is needed to provide a comprehensive approach to public contracting that would not be achieved if any of the exemptions were not provided.

EXHIBIT A

CITY OF MILWAUKIE

LOCAL CONTRACT REVIEW BOARD RULES

The following Public Contracting Rules (PCR) have been adopted by the City Council acting as the Local Contract Review Board pursuant to the authority granted to the Board by Municipal Code Section 3.05. The rules apply to all contracting, purchasing, and disposing of personal property by the City of Milwaukee but do not apply to acquisition, sale or other transfer of real property.

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CITY OF MILWAUKIE LOCAL CONTRACT REVIEW BOARD

PUBLIC CONTRACTING RULES

PCR 10.000 COMPETITIVE PROCESS REQUIRED, EXEMPTIONS

10.010 Competitive Process, Exemptions and Definitions

A. All public improvement contracts shall be based upon competitive bidding and all other public contracts shall be based upon competitive bidding or competitive proposals (collectively “formal competitive process”), except the following:

1. Contracts made with other public agencies. Contracts made with other public agencies are not subject to these rules, except to the extent that the rules explicitly allow certain transactions with other public agencies.
2. Contracts which are exclusively for personal services as determined by application of PCR 70.010. Such contracts may include incidental materials such as written reports, architectural or engineering renderings, and similar supplemental materials.
3. Grants and contracts evidencing acceptance of donations by the City.
4. Contracts for professional or expert witnesses or consultants relating to existing or potential litigation or other legal matters.
5. Transfers of real property or any interest in real property.
6. Energy savings performance contracts.
7. Contracts relating to bonds, certificates of participation, and similar debt repayment obligations, or to program loans, or to public investments.
8. Employee benefit plans.
9. Contracts specifically exempt under the following rules:

- 10.015 Exemption of Contracts under Certain Dollar Amounts
- 10.020 Contracts for Price Regulated Items
- 10.025 Library Periodicals
- 10.030 Advertising Contracts
- 10.035 Equipment Maintenance Repair and Overhaul
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B. As used in this Section:

1. "Board" means the City of Milwaukie Local Contract Review Board.
2. "City" or "The City" means Milwaukie, Oregon.
3. "Competitive bidding" means a competitive sealed bid procedure for awarding contracts following the rules set forth in PCR 30.000.
4. "Competitive quotes" means the solicitation and receipt of offers by the City from competing vendors, The solicitation may be by advertisement or by the City initiating a request to vendors to make an offer. The solicitation and the offer may be written or oral.
5. "Invitation to bid" means the solicitation of competitive bids in which price among those bidders meeting specifications will be the predominant award criterion.
6. "Personal property" means everything subject to ownership which is not real property and has exchangeable value.
7. "Price Agreement" means an agreement in which the vendor agrees to supply all goods or services of a particular type ordered by the City within a specified time period at a specified price and on terms specified in the price agreement.
8. "Public agency" means any federal, state or local government, or any department of any federal, state or local government, including any local school or education City or any special district.

9. "Request for Proposal" means the formal solicitation of competitive written proposals to be used as a basis for making an acquisition or entering into contract when price will not be the predominant award criterion, following the rules set forth in Section 30.010 to 30.205.
 10. "Service" means work performed to meet a demand, especially work that is not connected with manufacturing a product.
 11. "Service contract" means a contract that calls primarily for a contractor*s time and effort rather than an end product.
 12. "Telecommunications Services" means the lease or rental of the use of voice and data transmission facilities or services, or of central office services, but does not include acquisition of switch or station equipment or acquisition or installation of wire and cable.
- C. When a contract is exempt from a formal competitive process, the City shall use reasonable efforts to ensure it is obtaining goods or services on the best terms (price, quality and other terms). Those efforts shall normally include seeking out potential contractors and determining price and availability by use of informal quotes or other similar methods. The City shall not knowingly purchase goods or services if it knows that comparable goods or services are available at lower cost on otherwise similar terms.

10.015 Exemption of Contracts under Certain Dollar Amounts

A. Public Contracts Other Than Public Improvements Contracts

The City may, in its discretion, enter into public contracts other than public improvements contracts without a formal competitive process if the value of the contract does not exceed \$50,000. If this exemption is applied, the City must use either the small contract or intermediate contract procedures set forth in Subsections C and D of this section. This exemption does not authorize City employees or officials to enter into an agreement in excess of their dollar authority to bind the City.

B. Public Improvements Contracts

The City may, in its discretion, enter into public improvement contracts without competitive bidding if the value of the contract does not exceed \$50,000. If this exemption is applied, the City must use either the small contract or intermediate contract procedures set forth in Subsections C and D of this section. This exemption does not authorize City employees or officials to enter into an agreement in excess of their dollar authority to bind the City.

C. Small Contract Procedures

When the amount of the contract does not exceed \$5,000, the City may award the contract from any source known to the City to provide goods or services of acceptable quality at competitive prices. The City may not knowingly use a more expensive source if the goods or services of equivalent quality are readily available from alternate sources on the same terms at lower prices.

D. Intermediate Contract Procedures

When the amount of the contract does not exceed \$150,000, or \$100,000 for a public improvement contract or \$50,000 for a transportation public improvement contract, the City may award the contract after seeking at least three competitive quotes or proposals. The City shall keep a written record of the source and amount of the quotes or proposals received. If three suppliers are not available, a lesser number of actual quotes or proposals will suffice provided that a written record is made of the effort to obtain the quotes or proposals.

E. No Division or Fragmentation of Contracts

A procurement of goods and/or services may not be artificially divided or fragmented to allow use of the small or intermediate contract procedures. However, each order of library materials for the City library shall be considered a separate contract and may be made by using the small contract or intermediate contract procedures if within the dollar amounts for those procedures.

F. Amendment of Small and Intermediate Contracts

A contract awarded under the small or intermediate contract procedures may not be amended if the amendment would result in a total contract price that exceeds the maximum amount for the procedure used to award the original contract.

10.020 Contracts for Price Regulated Items

The City may, without formal competitive process, contract for the purchase of the goods or services where the rate or price for the goods or services being purchased is established by federal, state, or local regulatory authority.

10.025 Library Periodicals

Purchases for the library of subscriptions for periodicals including journals, magazines, and similar publications may be made without formal competitive process. However, this provision does not authorize the use of a higher priced source if a lower price source of acceptable quality is known to be available.

10.030 Advertising Contracts

The City may purchase advertising without formal competitive process.

10.035 Equipment Maintenance, Repair, and Overhaul

Contracts for equipment maintenance, repair, or overhaul may be let without a formal competitive process, subject to the following conditions:

- A. The services and/or parts required are unknown and the cost cannot be determined without extensive preliminary dismantling or testing; or
- B. The services and/or parts required are for sophisticated equipment for which specially trained personnel are required and such personnel are available from only one source.

The City should, where possible, use a price agreement rather than relying on this exception.

10.040 Purchases Under Established Price Agreements

When the price of goods and services has been established by a price agreement entered into by a competitive process, the City may purchase goods and services from the supplier without a subsequent competitive process.

10.045 Gasoline, Diesel Fuel, Heating Oil, Lubricants and Asphalt

The City may, without a competitive process, purchase gasoline, heating oil, lubricants, and asphalt subject to the following:

- A. Prior to selection of the contractor, the City gets quotes from at least three vendors in the area;
- B. The City makes its purchase from the least expensive source of those providing quotes; and
- C. The City retains written justification for the purchase made.

10.050 Investment Contracts

The City may, without a formal competitive process, contract for the purpose of the investment of public funds or the borrowing of funds by the City when such investment or borrowing is contracted pursuant to duly enacted statute, ordinance, charter, or constitution.

10.055 Insurance Contracts

Contracts for insurance where either the annual or aggregate premium exceeds \$5,000 must be let by a formal competitive process or by one of the following procedures:

A. Agent of Record.

The City may appoint a licensed insurance agent (“agent of record”) to perform insurance services in connection with more than one insurance contract. Among the services to be provided is the securing of competitive proposals from insurance carriers for all coverages for which the agent of record is given responsibility. Proposals for coverage are presented to the City Manager or designee for approval:

1. Prior to the selection of an agent of record, the City shall make reasonable efforts to inform known insurance agents in the competitive market area that it is considering such selection. These efforts shall include a public advertisement in at least one newspaper of general circulation in the area. The advertisement shall generally describe the nature of the insurance that the City will require. If the amount of the annual premium for insurance other than employee benefits insurance is likely to exceed \$10,000 per year, such notice shall also include a public advertisement in at least one insurance trade publication of general circulation in the state.
2. An agent’s appointment shall not exceed a period of 5 years, but the same agent(s) may be selected in a subsequent period. Agents must qualify the appointments prior to each period as if each appointment period were the first.
3. In selecting an agent of record, the City shall select the agent(s) most likely to perform the most cost effective services at a level of competence acceptable to the City.

B. Specific Proposals for Insurance Contracts.

The City may solicit proposals from licensed insurance agents for the purpose of acquiring specific insurance contracts subject to the following conditions:

1. The City shall make reasonable efforts to inform known insurance agents in the competitive market area of the subject matter of the contract and to solicit proposals for providing the services required in connection with that contract. Such efforts shall include public advertisements in at least one newspaper of general circulation in the area. If the amount of annual premium for insurance other than employee benefits insurance is likely to exceed \$10,000 per year, such notice shall also include a public investment in at least one insurance trade publication of general

circulation in the state.

2. The City shall select an agent on the basis of the most competitive offer considering coverage, premium cost, and service to be provided.

10.060 Employee Benefit Insurance

The City may purchase employee benefit insurance without formal competitive process.

10.065 Office Copier Purchases

- A. The City may enter into contracts for the purchase or lease of photocopiers without formal competitive process.
- B. In exercising this exemption, the City shall consider the operating capabilities, limitations, and cost of each brand or model as well as cost and select the brand and vendor that will produce the best combination of performance and cost per copy for each application.

10.070 Single Seller of Product or Service

- A. General

The City may purchase without a formal competitive process if there is only one seller of a product or service of the quality required, or if the efficient utilization of existing equipment or supplies requires specification of a compatible product for which there is only one seller, The determination of a sole source must be based on written findings as required by ORS 279B.075. A sole source contract may be awarded only after approval of the findings by the City Manager or acting, interim or temporary City Manager. To the extent reasonably practical, the City shall negotiate with single sellers to obtain the best possible contract terms for the City.

- B. Telecommunications Services

The City may award a contract for telecommunications services without a formal competitive process if it determines that no competition exists among services suppliers. In determining whether competition exists, the City may consider the following factors:

1. The extent to which alternative providers exist in the relevant geographic and service market. The relevant market will vary from service category to service category and cannot be predetermined in advance.
2. The extent to which alternative services offered are comparable or substitutable in technology, service provided, and performance. For

example, if the City's requirement is for digital services, analog services are not comparable or substitutable.

3. The extent to which alternative providers can respond to the City's interests in consistency and continuity of services throughout its service area, volume discounts, and centralized management. The City must document for the record its findings on these factors or any other factors used in determining whether competition exists. In developing its findings, the City may solicit information by any means, including informal discussions or correspondence or through a formal Request for Information.

C. Developer Provision of Public Improvements

At times, private developers provide public improvements for the City as required by a condition of land use approval or as required by a development agreement with the City. The developer in those circumstances is conclusively deemed to be a sole source for the provision of the public improvements, without the need for findings. No competitive process is required to enter into a development agreement that includes the provision of public services by a developer or for a developer to provide and the City to accept public improvements as required by a condition of approval.

10.075 Contract Amendments (Including Change Orders and Extra Work)

A contract amendment for additional work including change orders, extra work, field orders, or other change in the original specifications which increases the original contract price, may be made with the contractor without a formal competitive process subject to the following conditions:

- A. The original contract was let by formal competitive process, and the contract documents included unit prices or bid alternates were provided that provide a basis for determining the cost for additional work, and a binding obligation exists on the parties covering the terms and conditions of the additional work; or
- B. The amount of the aggregate cost increase resulting from all amendments does not exceed 25% of the initial contract. Amendments made pursuant to Section A of this rule are not included in computing the aggregate amount under this section.

10.080 Affirmative Action Contracts

- A. Public contracts may be awarded without a formal competitive process pursuant to a specific Affirmative Action plan. Affirmative Action is a program designed to insure equal opportunity in employment and business for persons otherwise disadvantaged by reason of race, color, religion, sex, national origin, age, or physical or mental handicap, including but not limited to, personnel practices of

contractors, “set-aside” programs, and minority business enterprises. These rules shall not be construed to prohibit engaging in practices designed to promote affirmative action goals and policies.

- B. In carrying out the affirmative action policy, by appropriate ordinance, resolution or administrative rule, the City may limit competitive bidding on a public contract for procurement of goods and services or on any public contract estimated to cost \$50,000 or less to contracting entities owned or controlled by persons described in Subsection A of this section.

10.085 Purchase Off Contract by Other Public Agencies

- A. The City may purchase any good or service without a formal competitive process if the good or service is purchased from a bidder that has been awarded a contract for the same good or service, whether by a requirements contract or by individual contract by another public agency through its public contract purchasing procedures if:
 - 1. The original contract was awarded by a competitive bid or proposal process or pursuant to an exemption equivalent to an exemption provided by these rules.
 - 2. The contract allows other public agency usage of the contract. A contract that does not prohibit other public agency usage of the contract shall be deemed to allow other public agency use, unless the agency that awarded the contract objects to the use.
 - 3. The purchase is on the same terms, or terms which are no less favorable to the City in all material respects, as the contract awarded by the public agency.
- B. A purchase under the Oregon Cooperative Purchasing Program or any similar federal or regional program, including the Electronic Government Act of 2002 (10 USC 381) shall be considered an exempt purchase under this exemption.

10.090 Oil or Hazardous Material Removal

- A. The City may enter into public contracts without a formal competitive process when ordered to clean up oil or hazardous waste pursuant to the authority granted the Department of Environmental Quality (DEQ) under ORS Chapter 466, especially ORS 466.605 through 466.680, and this order necessitates the prompt establishment and performance of the contract in order to comply with the statutes regarding spill or release of oil or hazardous material that has created an emergency condition. in exercising its authority under this exemption, the City shall:

1. To the extent reasonable under the circumstances, encourage competition by attempting to make informal solicitations or to obtain informal quotes from potential suppliers of goods or services.
 2. Make written findings describing the circumstances requiring cleanup or a copy of the DEQ order ordering such cleanup.
 3. Record the measures taken under Subsection 1 of this section to encourage competition, the amount of the quotes or proposals obtained, if any, and the reason for selection the contractor selected.
- B. The City shall not contract pursuant to this exemption in the absence of an order from DEQ to clean up a site with a time limitation that would not permit hiring a contractor under the usual formal competitive process procedures.

10.095 Contracts With Qualified Non-Profit Agencies

The City may enter into contracts with qualified non-profit agencies providing employment for disabled individuals under ORS 279.835 to 279.855 without a competitive process. The City shall contract with such agencies when required by law. To the extent competition exists among qualified non-profit agencies, the City shall select the qualified non-profit agency offering the lowest price for an acceptable level of service.

10.100 Ammunition

The City may enter into contracts for the purchase of lethal and non-lethal ammunition, both for service and for training, without a formal competitive process.

10.105 Public Improvement Contracts Involving Design or Construction Management

The City may enter into public improvement contracts without competitive bidding if the contracts involve design or construction management or require expertise beyond normal construction work. Unless exempt under some other exemption, a competitive proposal process must be used. One of the following specific processes shall be followed:

A. Construction Manager/General Contractor

The City may select a person or firm to act as a Construction Manager/General Contractor (CM/GC) to construct public improvements by means of a competitive proposal process.

1. A CM/GC performs specified Construction Manager services in addition to

traditional General Contractor services. A CM/GC contract shall require full performance within a negotiated Guaranteed Maximum Price (GMP). The basis for payment shall be reimbursable direct costs plus a fee constituting full payment for work and services rendered, which together shall not exceed the GMP.

2. The solicitation documents shall include:
 - a. A description of the evaluation process and criteria. The criteria may include cost, quality, experience, availability, commitment to timely completion, and other factors.
 - b. The process to be followed for establishing the guaranteed maximum price.
 - c. A description of the circumstances under which any of the following activities may be authorized and undertaken for compensation prior to establishing the GMP, but only after unit prices are established:
 - i. Early procurement of materials and supplies;
 - ii. Early release of bid packages for such things as site development; and
 - iii. Other advance work related to critical components of the project.
3. The contract documents shall include:
 - a. A description of the method by which the CM/GC shall competitively select contractors and subcontractors.
 - b. Either the maximum guaranteed price or a process for establishing a guaranteed maximum price.
 - c. A description of the situations in which the CM/GC may perform the work of the improvement without subcontracting, including any requirement that the CM/GC compete with others to do the work and the work that the CM/GC may perform directly without a competitive process.
 - d. The standards or factors under which changes or additional work that warrants an increase in the GMP, as well as criteria for decreasing the GMP. The GMP shall not be increased without a concomitant increase to the scope of the GMP.

- e. The disposition of any cost savings resulting from completion of the work below the GMP, including the CM/GC share, if any, in those cost savings. Normally, the cost savings should accrue to the City.
- f. The items or categories of items are eligible for cost reimbursement within the GMP.
- g. A provision for a final audit adjustment and process.
- h. 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, shall be identified during and become an element of the selection process. It shall subsequently be expressed as a fixed amount when the GMP is established.
- i. Any economic incentives, the specific criteria that apply and their relationship to other financial elements of the Contract (including the GMP).

B. Design-build Contracts

1. A design-build contract is one in which a single entity designs and constructs a public improvement. Design-build contracts shall only be used if City staff has the expertise and experience to administer a design-build contract. The design-build process may be used to:
 - a. Obtain 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. Integrate 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. Reduce 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. Shorten 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. Obtain 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.
2. If a design-build contractor is not an Oregon licensed design professional, the design-build contractor shall disclose in its proposal that it is not an Oregon licensed design professional and identify the Oregon licensed design professional(s) who will provide design services.
3. A design-build contractor awarded a contract shall provide additional security as required by ORS 279C.380(1)(a). The obligation is not intended to be a substitute for professional liability insurance, and does not include errors and omissions or latent defects coverage.
4. The level or type of design services required must be clearly defined within the solicitation documents and contract, along with a description of the level or type of any design services previously performed for the project. The services to be performed shall be clearly delineated as either design specifications or performance standards.
5. The contract shall clearly identify the liability of design professionals, shall include requirements for professional liability insurance, and shall clearly identify the extent of any indemnity or warranty.

C. Other Public Improvement Contracts Where Quality Is An Issue

In many situations, including those projects that require a higher than normal level of expertise or skill, quality of the final product may be important beyond meeting minimum specifications. In those situations, the City may use a request for proposal process, provided that the cost factor constitutes at least 75% percent of the total evaluation score. In scoring the cost factor, the proposer submitting the lowest cost amount shall receive the maximum possible score for the cost factor, and the scores of the other proposers shall be reduced by the percentage by which their cost exceeded the lowest cost. For example, if the maximum score for the cost factor is 80, the lowest cost proposer would get a score of 80. A proposer with a cost that is 10 percent higher would have the score reduced by 10 percent (8 points), to 72.

10.110 Individual Exemptions

- A. The City may exempt a particular contract or contracts from formal competitive process requirements which are not otherwise exempted under these rules. The

City shall prepare an application for an individual exemption containing the following information:

1. The nature of the project:
 2. Estimated cost of the project;
 3. A narrative description of the cost savings anticipated by the exemption from the formal competitive process and the reasons the formal competitive process would be inappropriate;
 4. Proposed alternative contracting and purchasing practices to be employed; and
 5. The estimated date by which it would be necessary to let the contract.
- B. The Board may require such additional information as it deems necessary to determine whether a specific contract is to be exempt from the formal competitive process.
- C. The Board shall hold a public hearing and adopt findings justifying the individual exemption. The findings shall at a minimum address include the findings required by ORS 279B.085(3) for contracts other than public improvements or ORS 279C.335 for public improvement contracts.
- D. Notification of the public hearing shall be published in a newspaper of general circulation in the City a minimum of 14 days prior to the hearing. Notification shall be published in a trade newspaper of general circulation in the state if required by the Public Contracting Code.
- E. The notice shall state that the public hearing is for the purpose of taking comments on the City's draft findings for an exemption from the formal competitive process requirement. At the time of the notice, copies of the draft findings shall be made available to the public. At the option of the City, the notice may describe the process by which the findings are finally adopted and may indicate the opportunity for any further public comment.
- F. At the public hearing, the City shall offer an opportunity for any interested party to appear and present comment.
- G. If the City 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 City'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 meeting and approval of the findings.

10.115 Class Exemptions

- A. The Board may exempt certain public contracts or classes of public contracts from the formal competitive process requirements by amending these rules upon approval of the following findings:
1. It is unlikely that such exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts;
 2. The awarding of public contracts pursuant to the exemption will result in substantial cost savings to the City. In making such findings, the Board may consider the type, cost, amount of the contract, number of persons available to bid, and such other factors as may be deemed appropriate; and
 3. The exemption otherwise substantially supports the public interest in a way that could not be achieved under existing rules.
- B. The Board shall adopt a class exemption only after a duly noticed public hearing. ruling. The notice of the hearing shall be posted in full public view in the City Hall and published in a newspaper of general circulation at least 14 days prior to the hearing. If the exemption involves a public improvement, the notice shall also be published in a trade publication of statewide circulation.

10.120 Justification of Public Improvement Contracts Awarded Other Than By Competitive Bidding

Upon completion of and final payment for any public improvement contract in excess of \$100,000 for which the City did not use the competitive bidding process, the City shall prepare and deliver to the Local Contract Review Board an evaluation of the public improvement project. The evaluation shall include but not be limited to:

- A. The actual project cost as compared with original project estimates.
- B. The amount of any guaranteed maximum price.
- C. The number of project change orders issued.
- D. A narrative description of successes and failures during the design, engineering and construction of the project.
- E. An objective assessment of the use of the alternative contracting process as compared to the findings required by ORS 279C.335.

Evaluations required by this section shall be made available for public inspection and shall be completed within 30 days of acceptance of the project.

15.000 PRICE AGREEMENTS

15.010 Price Agreements

The City may enter into price agreements providing the following conditions are met:

- A. The contract is awarded by a formal competitive process.
- B. The term of the contract including renewals does not exceed 5 years.

15.015 Multiple Price Agreements Permitted

The City may enter into price agreements with more than one supplier for the same goods or services.

PCR 20.000 BRAND NAMES OR MARKS

20.010 Specification of Particular Brand Names or Products

- A. Specifications for public contracts shall not expressly or implicitly require any product of any particular manufacturer or seller except pursuant to an exemption under PCR 20.015 (Copyrighted Materials), 20.020 (Single Manufacturer or Compatible Products), 20.025 (Product Pre-qualification), or 20.030 (Brand Name or Mark Exemption Applications).
- B. If there is no other practical method of specification, the City may designate a particular brand name, make or product “or equal”, but this practice should be avoided whenever possible.

20.015 Copyrighted Materials

The City may specify a specific copyrighted product. This exemption does not include patented or trade mark goods.

20.020 Single Manufacturer or Compatible Products

- A. If there is only one manufacturer or seller of a product of the quality required, or if the required product is data processing equipment which will be used for research where there are requirements for exchange of software and data with other research establishments, or if the efficient utilization of the existing equipment or supplies requires a compatible product of a particular manufacturer or seller, the City may specify such particular product subject to the following conditions:

1. The product is selected on the basis of the most competitive offer considering quality and cost. The term “cost” includes not only the product price, but also other items of expense such as costs related to quality of conversion.
 2. Prior to awarding the contract, the City has made reasonable effort to notify known vendors of competing or comparable products of the intended specifications and invited such vendors to submit competing proposals.
 3. If the purchase does not exceed \$25,000, such notice and invitation may be informal.
 4. If the amount of the purchase exceeds \$25,000, such notice shall include advertisement in at least one newspaper of general circulation in the area where the contract is to be performed and shall be timely to allow competing vendors a reasonable opportunity to make proposals.
- B. If the amount of the purchase exceeds \$25,000, the City shall document its actions in the bid file. Such documentation shall include:
1. A brief description of the proposed contract or contracts.
 2. A detailed description of the reasons why the product and/or seller was selected and any competing products and/or sellers that were rejected. The description shall also include the efforts taken by the City to notify and invite proposals from competing vendors.
- C. If the City intends to make several purchases of the product of a particular manufacturer or seller for a period not to exceed 2 years, it may so state in the documentation required by subsection (1)(b) and (2) of this rule, and such documentation shall be sufficient notice as to subsequent purchases.

20.025 Product Pre-qualification

- A. When it is impractical to create specific design or performance specification for a type of product to be purchased, the City may specify a list of approved products by reference to particular manufacturers or sellers according to the following product pre-qualification procedure:
1. The City has made reasonable efforts to notify known manufacturers or vendors of competitive products of its intention to accept applications for inclusion in its list of pre-qualified products. Notification shall include advertisement in a trade journal of statewide distribution when possible. In lieu of advertising, the City may notify vendors and manufacturers

appearing on the appropriate list maintained by the Department of General Services of the State of Oregon.

2. The City permits application for pre-qualification of similar products up to 15 days prior to advertisement for bids on the product.
- B. If an application for inclusion in a list of pre-qualified products is denied, or an existing pre-qualification revoked, the City shall notify the applicant in writing. The applicant may appeal to the Board for a review of the denial or revocation in the same manner as an appeal of disqualification or denial provided in PCR 30.150.

20.030 Brand Name or Mark Exemption

- A. The City may apply for and receive a brand name or mark exemption ruling from the Board for current and contemplated future purchases. Applications shall contain the following information:
1. A brief description of the contract or contracts to be covered. The description should include contemplated future purchases.
 2. The brand name, mark or product to be specified.
 3. The reasons the City is seeking the exemption.
- B. The Board may grant brand name or mark exemptions only if either of the following conditions are met:
1. The exemption is not likely to encourage favoritism in public contracts or substantially diminish competition and will result in cost savings.
 2. There is only one manufacturer or seller of the product of the quality required, or efficient utilization of existing equipment or supplies requires acquisition of compatible equipment or supplies.

PCR 25.000 EMERGING SMALL BUSINESSES

25.010 Emerging Small Businesses

The City shall pursue a policy of providing opportunities for available contracts to emerging small business and shall cooperate with the Advocate for Minority, Women and Emerging Small Business to determine the best means by which to make such opportunities available.

25.015 Authority to Require Subcontracting with Emerging Small Businesses

The City may, in solicitation documents, require that some portion of the work to be performed or some portion of the materials to be provided be provided by a certified emerging small business and establish other requirements authorized by ORS 279A.105.

PCR 30.000 FORMAL COMPETITIVE PROCESSES

30.010 Definitions

For purposes of this chapter, the following definitions apply:

- A. "Addenda to the Bid Documents" means additions or changes to the bid documents defined as addenda shall be labeled as such and distributed according to these rules.
- B. "Bid" means an offer submitted in response to an invitation to bid.
- C. "Bid Closing" means the date and time announced as the deadline for the receipt of bids.
- D. "Bid Opening" means the date, time and place set for opening of bids.
- E. "Bid Sample" means a representative specimen of the item that will be available in response to the bid.
- F. "Bidder" is a person who submits a bid in response to the City's invitation to bid.
- G. "Bidding Period" means the span of time between the date of the invitation to bid and the time and date set for receipt of bids. A minimum of 14 calendar days shall be provided, unless a shorter time is deemed necessary in the public interest for a particular procurement.
- H. "Contract" means the written agreement, including the City's solicitation document and the accepted portions of a bid or proposal, between the City and the contractor describing the work to be done and the obligations of the parties. Depending upon the goods and services being procured, the City may use "contract" as meaning a purchase order, price agreement, or other contract document in addition to the City's solicitation document and the accepted portions of a bid or proposal. If the contract is for a public improvement, the "contract" may consist of the City's solicitation document, including any addenda, the general and special conditions governing the work, the accepted portions of the bid or proposal, the performance and payment bond (if required), plans, technical specifications, approved show drawings, and any contract amendments, including approved change orders.

- I. "Contract Price" means the total of the awarded bid or proposal amount, including any approved alternates and any fully executed change orders or amendments.
- J. "Contract Release Order" means the document authorizing an additional purchase on an existing requirement contract.
- K. "Contractor" means the individual, firm, or corporation awarded the public contract to furnish the City the goods, services, or work procured in the City's solicitation.
- L. "Descriptive Literature" means materials submitted by prospective vendors to provide information concerning the products available in response to the bid.
- M. "Facsimile" or "fax" means the electronic equipment that communicates and reproduces both printed and handwritten material. If used in conjunction with a reference to a document; i.e., facsimile bid, the term refers to a document (in the example given, a bid) that has been transmitted to and received by the City via facsimile.
- N. "Lowest Responsible Bidder" means the lowest bidder who has substantially complied with all prescribed public bidding procedures and requirements and who has not been disqualified by the public contracting agency under ORS 279.037(ORS 279.029(1)).
- O. "Proposer" is a person who submits a proposal in response to the City's Request for Proposals.
- P. "Solicitation Document" means an Invitation to Bid or Request for Proposals which included all documents, whether attached or incorporated by reference, utilized for soliciting bids or proposals.
- Q. "Specifications" means any description of the physical or functional characteristics or of the nature of a supply, service, or construction item. Specifications may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery and the quantities or qualities of materials to be furnished under the contract. Specifications generally will state the result to be obtained and may, on occasion, describe the method and manner of doing the work to be performed. Specifications may be incorporated by reference and/or through attachment to the contract.

30.010 Competition

- A. Contracts issued by the City shall be awarded by formal competitive process except as otherwise exempted under the Oregon Public Contracting Code or

these rules.

- B. It is the policy of the City to encourage public contracting competition that supports openness and impartiality in the maximum extent possible.
- C. The City finds that:
 - 1. Competition exists not only in prices, but in the technical competence of suppliers, in their ability to make timely deliveries, and in the quality and performance of their products and services and that a balance must exist between performance competition and price competition.
 - 2. The nature of effective competition varies with the product or service being procured and, that while competitive sealed bids are a common method of procurement, it is not always the most advantageous, practical or cost-effective method of source selection. The cost of the selection process must be considered – a costly selection process is not appropriate for contracts with a low dollar value.
 - 3. Meaningful competition can be achieved through a variety of methods when procuring products or services. The methods include but are not limited to:
 - a. Price competition as represented by the initial or acquisition price;
 - b. Competition as represented by price and performance evaluations of the competing items and suppliers;
 - c. Competition as represented by the evaluation of the capabilities of bidders or proposers to perform needed services;
 - d. Competition as represented by evaluation of the capabilities of the bidders and proposers to perform the services followed by a negotiation on price;
 - e. Competition as represented by another method of procurement that is reasonably calculated to satisfy the City's needs.
- D. All public contracts shall be made under conditions that foster or reflect competition among a sufficient number of potential suppliers that offer a wide spectrum of products and services and that represent a broad marketplace. Fostering competition shall be reflected in:
 - 1. Writing specifications and procurement documents in a simple and easy to

read format;

2. Searching for new sources of supply;
 3. Attempting to make solicitation documents simple and inviting;
 4. Everyday courtesy shown to prospective suppliers and contractors; and
 5. The way information on contracting opportunities is provided to suppliers including but not limited to advertisement in publications of general circulation or in trade publications and any other reasonable methods that encourage competition.
- E. The City may evaluate every aspect of competition in its efforts to purchase products or services, choose the appropriate solicitation process, or award contracts according to the criteria described herein and arrive at offers that represent optimal value to the City.

30.020 Eligibility to Bid on Construction Contracts

A person shall not submit a bid or proposal to work as a construction contractor unless that person is first registered with the Construction Contractors Board or licensed by the State Landscape Contractor's Board as required by ORS 671.530. Bids from persons who fail to comply with this requirement shall be deemed non-responsive and be rejected.

30.025 Solicitation Documents

Solicitation documents shall include the following:

- A. Instructions and information to bidders or proposers concerning the submission requirements, including the time and date set for opening, the name, address and title of the person designated to receive bids and a contact person, if different, a statement the bid or proposal must be physically received by the City by the deadline and any other special information relating to bid submission. The bid deadline shall be at least seven days after the first publication of notice and 5 days after the last publication of notice.
- B. The date that pre-qualification applications must be filed if pre-qualification is a requirement.
- C. The character of the work to be done or the items to be purchased, including, as applicable: specifications, delivery or performance schedule, inspection and acceptance requirements, and special evaluation factors;
- D. The office where any additional information, including additional specifications,

may be reviewed or obtained;

- E. For bids – the contract terms and conditions, including warranty and bonding or other security requirements, as applicable. For proposals, a list of contract terms required by the City, a list of additional issues to be included in the contract, and a list of issues for which the proposer is expected to propose contract terms.
- F. That the solicitation may be cancelled or that any or all bids may be rejected for not complying with all prescribed procedures and requirements;
- G. That any and all bids may be rejected for good cause on a finding that it is in the public interest to do so;
- H. In invitations to bid, a statement whether the bidders is a resident bidder;
- I. That a contractor must be licensed for asbestos abatement under ORS 468A.710, if applicable;
- J. That no bid or proposal for construction shall be received or considered by the City unless the bidder or proposer is registered with the Construction Contractors Board, as required by ORS Chapter 701 or licensed by the State Landscape Contractors Board, as required by ORS 671.530;
- K. If bid or proposal security is required, a description of the security required;
- L. A description of any performance and payment bonding requirements;
- M. For proposals, a description of the manner in which proposals will be evaluated and the relevant value of each evaluation factor, including price. If a multi-tiered process is used, that process will be described, including the process for protesting the decision at any stage of the process;
- N. If applicable, a statement that no bid will be considered unless the bid contains a statement that the bidder will comply with ORS 279C.840 or 40 USC 276a; and
- O. All addenda issued by the City.

30.030 Bids and Proposals Are Offers

- A. Bids and proposals constitute an offer to enter into a contract which, if accepted by the City, shall bind the bidder or proposer to a contract unless the bid or proposal is withdrawn prior to opening.
- B. The bid or proposal shall constitute a “firm offer” unless bidders or proposers are specifically authorized to take exceptions or to leave terms open to negotiation by the invitation to bid or request for proposals. However, nothing in this provision

prohibits the City from negotiating with a bidder or proposer to the full extent allowed by state law. Unless expressly authorized by the solicitation documents or these rules, bidders or proposers shall not make their bids or proposals contingent upon the City's acceptance of specifications or contractual terms that conflict with or are in addition to those advertised in the solicitation documents.

30.035 Public Notice

A. Distribution

Solicitation documents or notices of the availability of bid documents shall be mailed to likely bidders and proposers, placed on the Oregon Department of Administrative Service's electronic procurement system known as the "Vendor Information Program," or otherwise furnished to a sufficient number of bidders or proposers for the purpose of securing competitive bids or proposals. Notice of availability shall indicate where, when, and for how long the bid/proposal documents may be obtained. The City may charge a fee for the bid documents.

B. Advertising

1. Every formal solicitation of bids or proposals shall be advertised. An advertisement for bids or proposals shall be published at least once in at least one newspaper of general circulation in the City and in as many additional issues and publications as the City may determine to be necessary or desirable to ensure competition. If for a construction contract in excess of \$125,000, notice shall be published in at least one trade newspaper of general statewide circulation. The City shall endeavor to provide information concerning bids and proposals on its website and may post information on other databases.
2. All advertisements for bids or proposals shall state:
 - a. The date and time after which bids will not be received, which date shall not be less than five (5) days after the date of the last publication of the advertisement;
 - b. The date that pre-qualification applications must be filed if pre-qualification is a requirement;
 - c. The work to be done or the items to be purchased;
 - d. The office where additional documentation, including specifications, specifications may be reviewed or obtained;
 - e. The name, title, and address of the person designated to receive bids;
 - f. The date, time, and place that bids or proposals will be opened;

- g. If for a public improvement, whether the prevailing wage provisions of ORS 279C.800 to 279C.870 or the Davis-Bacon Act (40 USC 276a) apply.

C. Posting of bid or proposal advertisement.

A copy of each bid or proposal advertisement shall be posted at the business office of the City. Bidders or proposers may obtain a copy upon request.

30.040 Bid or Proposal Preparation

Bid and Proposal Preparation Instructions:

- A. Except as otherwise allowed, as applicable, bids and proposals shall be typed or prepared in ink and shall be signed in ink by the submitter or an authorized representative. The City will not accept facsimile bids or signatures.
- B. Bids and proposals shall be made on the bid forms provided unless otherwise instructed in the solicitation document.
- C. Alterations or erasures, if any, shall be initialed in ink by the person signing the bid.
- D. Bids and proposals shall include all required documents and descriptive literature.

30.045 Bidder Pre-qualification

The City may require mandatory pre-qualification of bidders on forms prescribed in the bid document. When pre-qualification is required by the bid documents as a condition for bidding, the City shall not consider the bid(s) of any prospective bidder who is not pre-qualified. The City shall determine qualifications within 30 days of receipt of an application for prequalification. In determining responsibility of the applicant, the City shall consider only the criteria listed in ORS 279B.110(2). City may have a separate pre-qualification process.

If a bidder is currently pre-qualified by either the State Department of Transportation or the State Department of Administrative Services to perform contracts, the bidder shall be presumed qualified to perform similar work for the City.

30.050 Bidder Submissions

- A. Samples and Descriptive Literature.

Samples or descriptive literature may be required when it is necessary to evaluate required characteristics of an item. Samples may be returned in accordance with provisions contained in the bid documents.

B. Identification of Bids and Proposals.

Bids and proposals shall be submitted in a sealed envelope appropriately marked to ensure proper identification and special handling. The City shall not be responsible for the proper identification and handling of any bid not submitted in the designated manner or format to the required delivery point. The City may refuse to accept or may reject any bid or proposal not properly sealed or marked.

C. Receipt of Bid or Proposal.

It is the submitter's responsibility to ensure that bids or proposals are received by the City at the required delivery point prior to the stated bid or proposal closing time regardless of the method used to submit or transmit them.

30.055 Bid Security

A. Public Improvement Contracts.

Bid security not to exceed 10 percent of the base bid(s) shall be required for public improvement contracts where the amount of the contract exceeds \$10,000. The bid security shall be forfeited if the bidder fails to execute the contract promptly and properly if awarded.

B. Other Public Contracts.

Bid security not to exceed 10 percent of the bid may be required by the City for other contracts in order to guarantee acceptance of the award. This requirement shall be stated in the bid documents.

C. Contracts Under \$10,000.

Bid security for contracts of less than \$10,000 shall be required only in critical circumstances so as not to discourage competition.

D. Form of Bid Security.

The following forms of bid security will be accepted by the City:

1. Surety bond from surety company authorized to do business in the State of Oregon;
2. Cashier's check, certified check, or savings and loan secured check; or
3. Annual surety bond filed with the City (except for public improvement contracts).

E. Return of Bid Security

The bid security of all unsuccessful bidders shall be returned after a contract has been executed or all bids have been rejected. The City may return the bid security of unsuccessful bidders after bid opening but prior to award if the return does not prejudice bid award and provided that the security of at least the three lowest bidders is retained pending the execution of a contract.

F. Security for Proposals

If contracts are to be awarded based on competitive proposals, the City may, in its discretion, require proposal security on the same terms as the bid security described in this section. Proposal security shall normally be required for any public improvement contract to be awarded by a proposal process.

30.060 Pre-Bid or Pre-Proposal Conferences

Pre-bid or pre-proposal conferences may be held by the City to explain the City's requirements, conduct site inspections, or otherwise supplement or clarify information. The City may require attendance at the conference as a condition for bidding or submitting a proposal. The conferences shall be announced in the solicitation documents. The conference shall be held within a reasonable time after the solicitation documents have been issued but sufficiently before bid closing to allow consideration of the conference results in preparing submittals. Statements at the conference shall not change the solicitation documents unless confirmed to all prospective bidders or proposers by means of a written addendum to the solicitation documents.

30.065 Addenda to Solicitation Documents

A. Form.

Changes to solicitation documents shall be accomplished by addenda. The bidder or proposer shall acknowledge receipt of all addenda issued, either with the bid or proposal or separately prior to opening. A solicitation may be delayed or suspended by addendum if in the best interest of the City.

B. Distribution.

Addenda shall be sent to all prospective bidders or proposers known to have obtained the solicitation documents or attended any mandatory conferences.

C. Timeliness.

1. Addenda shall be issued within a reasonable time prior to bid closing to allow consideration prior to submittal of the bid or proposal, but in no case

less than 72 hours before the submittal deadline. If necessary, the City may notify prospective bidders or proposers by telegram, telephonic facsimile (fax), e-mail, or telephone. If telephone is used, the City shall confirm the oral notice with a written addendum.

2. In its discretion, the City may extend the closing date and time to allow prospective bidders or proposers to analyze and adjust to changes made by Addenda. The City shall notify prospective bidders or proposers of new closing date and time either in the Addendum or in writing accompanying the Addendum.

D. Addenda to Multi-Tier RFPs

If a multi-tier process is used to evaluate proposals, the City may issue addenda applicable to any tier of the process at least 5 days before starting that tier of the process. If the City does issue such addenda, amended or supplemental proposals may be submitted before the next tier of the process is started.

30.070 Pre-Opening Modification or Withdrawal of Bids or Proposals

A. Modifications.

Bids or proposals once submitted may be modified in writing prior to the time and date set for bid closing. Any modifications shall be prepared on the company letterhead, signed by an authorized officer, and state that the new document supersedes or modifies the prior bid or proposal. To ensure the integrity of the process, the envelope containing any modifications to a bid or proposal shall be marked as follows:

Bid (or Proposal) Modification
Bid Number or Other Identification

B. Withdrawals.

1. Bids or proposals may be withdrawn by written notification on company letterhead signed by an authorized person and received prior to the time and date set for closing. Bids or proposals also may be withdrawn in person prior to the scheduled closing upon presentation of appropriate identification.
2. Unopened bids or proposals withdrawn under subsection (a) above may be released to the bidder after voiding any date and time stamp used.
3. Requests to withdraw mailed bids or proposals shall be marked as follows:

Bid (or Proposal) Withdrawal
Bid (or Proposal) Number or Other Identification

C. Documentation.

All documents relating to the modification or withdrawal of bids or proposals shall be made a part of the appropriate bid file.

30.075 Receipt, Opening, and Recording of Bids and Proposals

A. Receipt.

Upon receipt, each bid, proposal, and modification shall be time-stamped or marked by hand but not opened and shall be stored in a secure place until opening. If bids, proposals, or modifications are opened inadvertently or are opened prior to the time and date set for opening because they were improperly identified, the bids, proposals, or authorized modification documents shall be resealed and stored for opening at the correct time. When this occurs, documentation of the procedure shall be placed in the file.

B. Opening and Recording.

Bids and modifications shall be opened publicly, at the time, date, and place designated in the bid documents. If witnesses are present at the bid opening, and to the extent practicable, the name of each bidder, the bid price(s), and such other information as considered appropriate, shall be read aloud. On voluminous bids the City may advise bidders as part of the bid documents that the bid items and prices will not be read aloud.

Proposals may be opened at any time after the deadline for submittal of proposals. A summary sheet providing basic information about each proposal shall be prepared.

C. Availability.

Opened bids shall be available for public inspection prior to award except to the extent the bidder designates trade secrets or other proprietary data to be confidential (ORS 192.501(2)). Proposals shall not be available for public inspection until after a contract is awarded and entered into. The City shall verify and determine that the confidential information claimed to be exempt is in fact exempt from disclosure under the Oregon Public Records Law. Material so designated shall accompany the bid and shall be readily separable from the bid or proposal in order to facilitate public inspection of the non-confidential portion of the bid or proposal. Prices, makes, model, or catalog number of items offered, scheduled delivery dates, and terms of payment shall be publicly available regardless of any designation to the contrary.

D. Notice of Intent to Award

The City shall provide notice of intent to award to each person that has submitted a bid or proposal. The notice shall state the date, time and location of the bid award decision. The notice shall include the name of the person or entity that staff recommends the

contract be awarded to. The notice shall include any bid comparisons sheets or proposal comparison sheets.

30.080 Late Bids, Proposals, Withdrawals, and Modifications

Any bid, proposal, withdrawal, or modification received after the deadline for submission set in the solicitation documents is late and shall not be considered. The City may use any watch or clock to determine the time and the determination of the City employee or officer receiving the bids as to whether a bid, proposal, withdrawal, or modification is late shall be final and not subject to challenge.

30.085 Mistakes

A. General.

Under extraordinary circumstances, a bid or proposal may be withdrawn after the deadline for submittal because of an inadvertent nonjudgmental mistake. If the mistake is attributable to an error in judgment, the bid or proposal may not be withdrawn or corrected. Correction or withdrawal by reason of nonjudgmental mistake is permissible but only to the extent it is not contrary to the interest of the City or the fair treatment of other bidders or proposers.

B. Mistakes Discovered after Bid Closing but before Award.

This section applies to situations where mistakes in bids are discovered after the submission deadline but before award.

1. Minor Informalities.

Minor informalities are matters of form rather than substance that are evident from the bid documents, or insignificant mistakes that can be waived or corrected promptly without prejudice to other bidders or the City; that is, the informality does not affect price, quantity, quality, delivery, or contractual conditions except in the case of informalities involving unit prices. Examples include, but are not limited to, the failure of a bidder to:

- a. Return the number of signed bids or number of other documents required by the bid documents
- b. Sign the bid form in the designated block so long the bid documents evidence an intent to be bound; or
- c. Acknowledge receipt of an addendum to the bid documents, but only if:
 - i. It is clear from the bid that the bidder received the

addendum and intended to be bound by its terms; or

ii. The addendum involved did not affect price, quantity, quality, or delivery.

C. Mistakes Where Intended Correct Bid is Evident.

If the mistake and the intended correct bid are clearly on the face of the bid form, or can be substantiated from accompanying documents, the City may accept the bid. Examples of mistakes that may be clearly evident on the face of the bid form are typographical errors, errors in extending unit prices, transposition errors, and arithmetical errors. Mistakes that are clearly evident on the face of the bid form or proposal document also may include instances in which the intended correct bid or proposal item is made clearly evident by simple arithmetic calculations. For example, a missing unit price may be established by dividing the total bid or proposal item by the quantity of units for that item, and a missing or incorrect total bid or proposal price for an item may be established by multiplying the unit price by the quantity when those figures are available on the bid or proposal. For discrepancies between unit prices and extended prices, unit prices shall normally prevail.

D. Mistakes Where Intended Correct Bid is Not Evident.

The City may not accept a bid in which a mistake is clearly evident on the face of the bid form but the intended correct bid is not clearly evident or cannot be substantiated from accompanying documents.

30.090 Time for Acceptance

Bids shall be valid and binding offers for 30 days from the deadline to submit bids unless otherwise specified in the bid documents. Proposals shall be binding and valid offers for 60 days from the date of the submittal deadline.

30.095 Extension of Time for Acceptance of Bid or Proposals

The City may request orally or in writing that bidders or proposers extend the time in which the City may accept their offers.

30.100 Evaluation and Award

A. General.

The contract, if awarded, is to be awarded to the lowest responsive and responsible bidder or the best responsive and responsible proposer. Consistent with the provisions of the solicitation documents and in the public interest as determined by the City, awards may be made by item, groups of items, or entire bid or proposal. The City reserves the right to reject any bid or proposal not in compliance with the solicitation

documents or with state law, City Code, or these rules. The City reserves the right to reject any or all bids or proposals upon a finding by the City that it is in the public interest to do so.

B. Special Requirements.

1. Solicitation documents shall set forth any special requirements and criteria that will be used to determine the lowest responsible bidder. No bid shall be evaluated for any requirement or criterion that is not disclosed in the bid documents or City regulation.
2. In determining the lowest responsible bidder, the City shall, for the purpose of awarding the contract, add a percent increase on the bid of a non-resident bidder equal to the percent, if any, or of the preference give to that bidder in the state in which the bidder resides.
3. The City may rely on a list provided for by the Oregon Department of Administrative Services pursuant to ORS 279.029(3) for preference provided for by this section.

C. Product Acceptability.

1. The solicitation documents shall set forth the evaluation criteria to be used in determining product acceptability. The City may require the submission of samples, descriptive literature, technical data, or other material, and may also provide for accomplishing any of the following prior to award.
 - a. Demonstration, inspection, or testing of a product prior to award for such characteristics as quality or workmanship;
 - b. Examination of such elements as appearance, finish, taste, or feel; or
 - c. Other examinations to determine whether the product conforms to specifications.
2. The acceptability evaluation is conducted only to determine that a bidder's offering is acceptable as provided in the bid documents. Any bidder's product, which does not meet the minimum requirements shall be rejected.

D. Determination of Lowest Responsive and Responsible Bidder.

Following determination of product acceptability as set forth in subsection C, if applicable, bids will be evaluated to determine which bidder offers the lowest cost to the City in accordance with the evaluation criteria set forth in the bid documents. Only

objectively measurable criteria, which are set forth in the bid documents, shall be applied in determining the lowest responsible bidder. Examples of such criteria include, but are not limited to, transportation cost, volume weighing, trade-in allowances, depreciation allowances, cartage penalties, and ownership or life cycle cost formulas. Evaluation factors need not be precise predictors of actual future costs, but to the extent possible, such evaluation factors:

1. Are reasonable estimates based upon information the City has available concerning future use;
2. Treat all bids equitably; and
3. Recognize that public policy requires acquisitions and public improvements to be accomplished at the least cost.

The City shall take into account any preferences provided by these rules in determining the lowest bid.

F. Determination of Best, Responsive, and Responsible Proposer.

Proposals will be evaluated to determine which proposer offers the best solution to the City in accordance with the evaluation criteria set forth in the solicitation documents. Only the criteria set forth in the solicitation documents shall be applied. The criteria shall be as objective as possible. Examples of evaluation criteria may include, but are not limited to, cost, quality, service, compatibility, product reliability, operating efficiency, expansion potential, performance history on other private and public contracts, experience of key personnel, adequacy of equipment and/or physical plan, financial wherewithal, sources of supply, references and warranty provisions. Evaluation factors need not be precise predictors of actual future costs and performance, but to the extent possible, such evaluation factors shall:

1. Be reasonable estimates based on information available to the City;
2. Treat all proposals equitably;
3. To the extent that the proposal involves a public improvement, recognize that public policy requires public improvements to be accomplished at the least cost.

G. In evaluating proposals, the City may use any of the following methods:

1. An award based solely on an evaluation of the written proposals;
2. Discussions with a number of proposers leading to a best and final offer from each proposer and an evaluation of the best and final offers;

3. An award based on the written proposals and interview performance;
4. Serial negotiations, starting with the highest ranked proposer;
5. Competitive simultaneous negotiations;
6. A multi-tiered process, with some number of proposer being eliminated at each stage of the process;
7. A multi-stage process, with a qualifications determination at the first stage of the process, followed by cost considerations
8. Any other method or combination of methods designed to best serve the needs of the City and its taxpayers.

The solicitation document shall describe the process to be followed.

H. No Assignment or Transfer of Contract Rights

Unless an express provision of the public contract otherwise provides, the contractor shall not assign, sell or transfer rights, nor delegate responsibilities, under public contract, either in whole or in part, without first obtaining the City's prior written consent. Unless otherwise agreed by the City in writing, such consent shall not relieve the contractor of any obligations under a public contract, and any assignee or transferee shall be considered the agent of the contract and bound to abide by all provisions of the public contract. Except in the event of a novation, if the City consents in writing to an assignment, sale, or transfer of the contractor's rights and responsibilities, the contractor and its surety, if any, shall remain ultimately liable to the City for complete performance of the public contract as if no such assignment, sale, or transfer had occurred.

30.105 Life Cycle Cost Analysis

- A. In determining the lowest responsible bidder, in the award of a contract, the City may use the cycle costing. As used in this rule, life cycle costing means determining the cost of a product for its useful life.
- B. The City shall follow these procedures:
 1. At the time of writing specifications for the product, the City shall identify those factors which will have cost implications over the life of the product and which, for evaluation purposes, will be used to adjust the bid or proposal price of the product.
 2. The solicitation documents shall set out clearly the factors and methodology to be used in life cycle cost adjustments.

3. The results of life cycle costing adjustments shall be applied to the bid or proposal price of the product(s) offered. The bid or proposal that results in the lowest overall ownership cost, taking into account the life cycle costing adjustments, shall be considered the lowest bid or best proposal for purposes of bid or proposal price evaluation.

30.110 Responsibility

A. A responsible bidder or proposer is one who has:

1. Adequate financial resources to perform the contract, or the ability to obtain such resources. The City shall require acceptable evidence of the bidder's or proposer's ability to provide or obtain the required financial resources. Acceptable evidence normally consists of, but is not limited to, current and recent balance sheets; income statements; cash flow statements; and/or a performance bond from an acceptable surety in an amount equal to the bid or proposal price. Such evidence may also include a commitment of specific arrangement that will be in existence at the time of contract award to rent, purchase, or otherwise acquire the needed facilities, equipment, or other resources;
2. The ability to comply with the required or proposed delivery or performing schedule, taking into consideration all existing commercial and public business commitments;
3. A satisfactory performance record. A bidder or proposer who is, or recently has been, seriously deficient in contract performance shall be presumed to be non-responsible, unless the City determines that the circumstances were properly beyond the contractor's control or that the contractor has taken appropriate corrective action. Record of failure to perform acceptably is strong evidence of non-responsibility. The City shall consider the number of contracts involved and the extent of the deficiency of each in making this evaluation. In addition, the City may consider whether the bidder's performance history demonstrates responsibility as defined in ORS 200.005(11) and 200.045(3);
4. Key personnel available of sufficient experience, as determined by the City, to perform the contracts;
5. The necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain these skills and abilities as required to satisfactorily perform the contract. These may include, as appropriate, such elements as production control procedures, property control systems, and quality assurance measures applicable to materials to be produced or services to be performed by the bidder and its proposed subcontractor(s);

6. The necessary production, construction, and technical equipment and facilities, or the ability to obtain them;
 7. A satisfactory record of integrity; and
 8. Is otherwise qualified and eligible to receive award under applicable laws and regulations.
- B. The City has the right, prior to awarding any public contract, to make such investigation as is necessary to determine whether a bidder or proposer is responsible. This investigation may include, but is not limited to:
1. An inquiry into the responsibility of proposed subcontractors and suppliers
 2. Requiring a bidder or proposer to demonstrate its financial ability to perform the contract as provided in subsection A.1 of this rule. In exercising this right, the City shall notify the apparent successful bidder or proposer in writing to submit such documentation as the City deems necessary to complete a thorough evaluation of financial ability.
 3. By submitting a bid or proposal, a bidder or proposer authorizes the City to request any credit report information the City deems necessary to investigate and evaluate financial responsibility to perform the contract(s).
- C. Failure of a bidder or proposer to promptly supply information requested by the City during its responsibility investigation shall be grounds for a finding of non-responsibility.
- D. Only bids and proposals from responsible bidders or proposers, as defined in this rule, shall be eligible for contract award. Bid or proposals from non-responsible bidders or proposers shall be rejected as provided in PCR 30.115.

30.115 Responsive and Non-responsive Bids or Proposals; Acceptance and Rejection

- A. A “responsive bid or proposal” is one that complies in all material aspects with the solicitation documents and with all prescribed public bidding procedures and requirements.
- B. A “non-responsive bid or proposal” is one which:
1. Omits, or is unclear as to the price and the price cannot be determined in the bid or proposal documents;
 2. Offers goods or services of a quality or quantity inferior to that requested

in the solicitation documents;

3. Does not meet the delivery date requirements specified in the solicitation documents;
 4. Takes exception to the terms and conditions of the solicitation documents other than as allowed by these rules or the solicitation documents;
 5. Is conditional upon the City's acceptance of terms and conditions difference from those contained in solicitation documents, except as allowed by these rules or the solicitation documents; or
 6. Contains a deviation which, if the bid or proposal were accepted, would give the bidder or proposer a substantial advantage or benefit not shared by other bidders or proposers to the solicitation documents.
- C. The City shall accept, and consider for award, only those bids or proposals, which are responsive as defined in this rule. Non-responsive bids or proposals shall be rejected, as provided in PCR 30.115.

30.120 Low Tie Bids

A. Definition.

Low tie bids are low responsive bids from responsible bidders that are identical in price, fitness, availability and quality and which meet all the requirements and criteria set forth in the bid documents.

B. Award.

1. If low tie bids are received, a preference shall be given to goods and services that have been manufactured or produced in Oregon.
2. If the bids remain tied after application of the Subsection 1, preference shall be given to the bidder whose principal offices or headquarters are located in Oregon.
3. If the bids remain tied after application of Subsections 1 and 2, the award shall be made by drawing lots among any tied Oregon bidders. Such bidders shall be given notice and an opportunity to be present when the lots are drawn.
4. If there are no Oregon bidders after application of subsections 1 and 2, award of the contract shall be made by drawing lots.

30.125 Rejection of Individual Bids or Proposals

A. General.

This section applies to rejections, in whole or in part, of individual bids or proposals. The City may reject in whole or in part, any bid not in compliance with all prescribed bidding procedures and requirements, and may reject for good cause any bid or proposal upon a written finding of the City that it is in the public interest to do so. No bid shall be considered unless the bid security, properly executed, has been submitted with the bid as required by the bid documents.

B. Reasons for Rejection.

Reasons for rejecting a bid or proposal include but are not limited to:

1. The submitter has not pre-qualified when pre-qualification is required or has been disqualified;
2. The submitter has been declared ineligible by the Commissioner of the Bureau of Labor and Industries under ORS 279.361;
3. The bid or proposal is non-responsive, that it does not conform in all material respects to bid documents or requirements, including all prescribed public procurement procedures and requirements;
4. The supply, service, or construction item offered in the bid or proposal is unacceptable by reason of its failure to meet the requirements of the solicitation documents or permissible alternates or other acceptability criteria set forth in the solicitation documents;
5. The submitter is not capable of satisfying the terms and conditions of the public contract in a timely manner due to financial incapacity; inability to obtain bonding, loss of license, or other objective cause;
6. The submitter within the last 5 years has been found, in a civil, criminal, or administrative proceeding, to have committed fraud, misrepresentation, price-rigging, unlawful anti-competitive conduct, or similar behavior;
7. The submitter has been determined responsible (i.e., adjudicated by a court, or as determined in writing by the City agency in the case of a public contract) for more than one breach of a public or private contract or contracts in the last 3 calendar years before the scheduled date of the bid opening;
8. The security has not been submitted or properly executed as required by the solicitation documents;

9. When applicable, the bidder has not met the emerging small business, disadvantaged business, minority business, and women business enterprise requirements, if any, established by the City, and has not made a good faith effort to comply with the requirements prior to the time bids are opened;
10. The submitter failed to certify in accordance with Section D of this rule; or
11. Other circumstances of the particular bid, proposal, or submitter (including submitter's subcontractors) indicate that acceptance of the bid or proposal would impair the integrity of the selection process or result in an imprudent contract by the City.
12. The contractor has discriminated against subcontractors because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055.

C. Form of Business Entity.

The corporate or business form of bidders or proposers shall be subject to scrutiny, so that previously disqualified bidders or proposers, or their officers and directors, may not by subterfuge, change of apparent ownership, or other adjustments in formal appearance, avoid application of this rule.

D. Non-discrimination Certification

The bidder or proposer shall certify as part of the bid that the contractor has not discriminated against subcontractors because the subcontractor is certified as a minority, women, or emerging small business enterprise.

30.130 Rejection of All Bids or Proposals

A. Bid Rejection.

All bids or proposals may be rejected for good cause upon a written finding by the City that it is in the public interest to do so. Notification of rejection of all bids or proposals, along with the good cause justification and finding of public interest shall be sent to all that submitted a bid or proposal.

B. Rejection Criteria.

Reasons for rejecting all bids or proposals include but are not limited to:

1. An error in the solicitation documents, including its terms, conditions, or specifications that unnecessarily restricted competition for the public contract;

2. The price, quality, or performance presented by the lowest or best responsible bidder or proposer is, in the City's opinion, too costly or of insufficient quality to justify acceptance of the bid or proposal. This criterion may be satisfied evidence that the same goods or services can be obtained otherwise for less cost;
3. Misconduct, error, or ambiguous or misleading provisions in the bid documents or process threaten the fairness and integrity of the competitive process; or
4. 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 bid documents.

30.135 Protests of Award

A. Purpose.

Adversely affected or aggrieved bidders or proposers must exhaust all avenues of administrative review and relief before seeking judicial review of and decision by the City under the Public Contracting Code or these rules.

B. Notice of Award.

The written notice of award of the contract shall constitute a final decision by the City to award the contract if no written protest of the notice of award is filed with the City within seven calendar days of the notice of award or such other period as provided in the City's solicitation. If a protest is timely filed, the notice of award is a final decision of the City upon issuance of a written decision denying the protest and affirming the award. The notice of award and any written decision on a protest shall be sent to every bidder or proposer who provided an address.

C. Right to Protest.

Any actual bidder or proposer who is adversely affected or aggrieved by the City's notice of award of the contract to another bidder or proposer on the same solicitation shall have seven calendar days after notice of award to submit to the City a written protest of the notice of award or such other time as provided in the solicitation documents. The written protest shall specify the grounds upon which the protest is based. In order to be adversely affected or aggrieved, a bidder or proposer must itself claim to be eligible for award of the contract as the lowest responsible bidder or best proposer and must be next in line for award; i.e., the protester must claim that all lower bidders or better proposers are ineligible for award because they are non-responsive or non-responsible. The City shall not entertain a protest submitted after the time period established in this rule or such different period as may be provided in the City's solicitation.

D. Authority to Resolve Protests.

The City Manager, or designee, shall have the authority to settle or resolve a written protest submitted under section E of this rule.

E. Decision.

If the protest is not settled or resolved by mutual agreement, the City Manager, or designee, shall promptly issue a written opinion on the protest. If the opinion denies the protest, judicial review of this decision will be available if provided for by statute. If the City Manager or designee determines that there is good cause for the protest, the matter shall be submitted to the Board for further action. The decision of the Board on a protest shall be final. Both the protestor and the person to whom the contract was awarded shall have a right to present arguments to the Board.

30.140 Protests Other Than Notice of Award

A. A protest may be filed to contest the adoption or amendment of these rules, adoption of a class or contract specific exemption, solicitation documents (including specifications and contract terms), or the process used in the solicitation. The protest must be filed with the City Milwaukie within 7 days of the adoption or amendment of rules or exemptions, the publication of solicitation documents, or other action being protested. Grounds for protest are limited to:

1. That the City acted contrary to law;
2. That the City's actions unnecessarily restrict competition; or
3. That the City has improperly specified a brand name.

B. The protest must include:

1. Sufficient information to identify the solicitation;

2. The grounds for the protest;
 3. Evidence or supporting information; and
 4. The relief sought.
- C. The City Manager shall, if possible, issue a written decision on the protest under this section at least three days before any bid or proposal opening that could be affected by the protest.
- D. A bidder or proposer who does not protest a proposed contract term included in the solicitation documents must accept the contract term as included in the solicitation documents.
- E. If protest of a solicitation is timely received, the opening date may be extended if necessary to allow consideration for the protest and issuance of any addenda to the solicitation documents.
- F. Envelopes containing protests of solicitation specifications shall be marked as follows:

Specification Protest
Bid or Proposal Number or Other Identification

30.145 Negotiation

A. Negotiation with Bidders

If a project is competitively bid and all responsive bids from responsible bidders exceed the City's cost estimate, the City may negotiate with the lowest responsive, responsible bidder, prior to awarding the contract, in order to solicit value engineering and other options to attempt to bring the project with the agency's cost estimate.

1. A negotiation with the lowest responsive, responsible bidder pursuant to this paragraph shall not result in the award of the contract to that bidder if the scope of the project is significantly changed from the original bid proposal.
2. Notwithstanding any other provision of law, the records of a bidder used in contract negotiation pursuant to this paragraph are not subject to public inspection until after the negotiated contract has been awarded or the negotiation process has been terminated.

B. Negotiation with Proposers

The City may negotiate with proposers after proposal opening in order to try to reach the best possible contract for the City. Proposals may be revised in the course of negotiations for the best offer, provided that any revision is not so extensive as to be unfair to other proposers who do not have the opportunity to negotiate.

30.150 Bidder Disqualification

A. Definitions. As used in this rule:

1. “Disqualification” means the debarment, exclusion or suspension of a person from right to submit bids or proposals in response to the City’s solicitations for a reasonable, specified period of time named in the order of disqualification. A contractor or vendor so debarred, excluded or suspended, is disqualified.
2. “Person” means an individual, partnership, or corporation. Disqualification attaches to and follows the individual, so that an individual who is a partner in a partnership or an officer or principal in a corporation which is disqualified may not re-form the business entity as a way of avoiding the disqualification.

B. Grounds for bid-specific disqualification include:

1. The person does not have sufficient financial ability to perform the contract. If a bond is required to ensure performance of a contract, evidence that the person can acquire a surety bond in the amount and type required shall be sufficient to establish financial ability;
2. The person does not have equipment available to perform the contract;
3. The person does not have key personnel available of sufficient experience to perform the contract; or
4. The person has repeatedly breached contractual obligations to public and private contracting agencies.
5. The person has discriminated against a subcontractor because the subcontractor is a minority, women, or emerging small business enterprise certified under ORS 200.055.
6. The person has engaged in conduct prohibited by ORS 200.075, including:
 - a. If the person has entered into any agreement representing that a disadvantaged, minority, women or emerging small business enterprise, certified pursuant to ORS 200.055, will be performing or

supplying materials under a public improvement contract without the knowledge and consent of the certified enterprise;

b. If the person exercises management and decision making control over the internal operations, as defined by ORS 200.075(1)(b), of any certified disadvantaged, minority, women or emerging small business enterprise;

c. If the person uses a disadvantaged, minority, women or emerging small business enterprise to perform contracting services or provide supplies under a public improvement contract to meet an established DBE/MBE/WBE/ESB goal, when the enterprise does not perform a commercially useful function, as define by ORS 200.075(3), in performing its obligations under the contract

C. Debarment

A prospective bidder or proposer may be debarred from consideration for an award for a period of up to three years if convicted of a criminal offense relating to a public contract; convicted of a crime involving dishonesty (as provided in ORS 279B.130(2)(b), convicted under antitrust statutes, has violated a contract and debarment for violation was listed in the contract terms, or failure to carry workers compensation or unemployment insurance.

Debarment shall be by written decision explaining the reasons for the debarment and explaining appeal rights. Appeals shall be provides under ORS 279B.425. Any appeal must be filed with the City Milwaukie within three days after receipt of the notice of debarment.

D. Investigation.

The City may make such investigation as is necessary to determine whether a person is qualified. If a bidder or prospective bidder fails to supply information promptly as requested by the City, such failure is grounds for disqualification.

E. Notice of Disqualification.

The bidder or prospective bidder will be notified in writing by personal service or certified mail of the City's decision to disqualify the person from bidding with the City. The notice shall contain:

1. The effective date of the disqualification and the effective period of disqualification;
2. The grounds for disqualification from bidding; and

3. A statement of the contractor's appeal rights and applicable appeal deadlines.

F. Appeal of Disqualification.

If a contractor wishes to appeal the City's decision to disqualify, the contractor must notify the City in writing within three business days after receipt of the notification. The City shall mail its notice to the contractor by Certified Mail Return Receipt Requested, if not personally served. Appeals shall be conducted under the procedures and standards of ORS 279C.445 and 279C.450. A protest of a denial, revocation, or revision of a prequalification shall be filed within three business days after receipt of notice of the decision. On receipt of the protest, a hearing shall be set before the Board and the hearing shall be held and the decision issued within 30 days of receipt of the protest. The Board will consider the action *de novo*, based on applicable standards. If the denial is upheld, the person filing the protest shall reimburse the City for costs of processing the protest.

30.155 Cancellation of Invitations to Bid or Requests for Proposals

A. Cancellation in the Public Interest

An invitation to bid or request for proposal may be canceled, in whole or in part, and all bids received may be rejected when it is in the public interest as determined by the City. The reasons therefore shall be made part of the file.

B. Notice of Cancellation.

When an invitation to bid or request for proposal is canceled prior to the submission deadline, notice of cancellation shall be sent to all known holders of the documents. When an invitation to bid or request for proposals is canceled after deadline for submission, notice shall be sent to those who submitted a bid or proposal. The notice of cancellation shall:

1. Identify the specification documents;
2. Briefly explain the reason for cancellation; and
3. Where appropriate, explain that an opportunity will be given to compete on any re-solicitation.

30.160 Disposition of Bids or Proposals in Event of Cancellation

A. Prior to Bid Opening.

When an invitation for bids or request for proposals is canceled prior to opening of the bids or proposals, all submissions will be returned unopened, if submitted with a clearly

visible return address. If there is no return address on the envelope, the submissions will be opened to determine the source and then returned to sender.

B. After Opening.

When all bids or proposals are rejected, those received shall be retained and become part of the City's permanent file.

30.165 Documentation of Award

A. Basis of Award

Following award, a record showing the basis for determining the successful bidder shall be made a part of the file.

B. Contents of Award Record.

The record shall consist of:

1. Completed bid tabulation sheet; or
2. Completed proposal evaluations; and
3. Written justification of any rejection of lower bids; or
4. Written explanation for any rejection of proposals for failing to meet mandatory requirements of the Request for Proposals.

30.170 Foreign Contractor

If the amount of the contract exceeds \$10,000 and the contract was awarded to a "nonresident bidder", the contractor shall promptly report to the Oregon Department of Revenue on forms to be provided by the Department of Revenue the total contract price, terms of payment, length of contract and such other information as the Department of Revenue may require before final payment can be received on the contract. A copy of the report shall be forwarded to the City. The City shall satisfy itself that the above requirements have been complied with before it issues final payment on the contract. For the purposes of this rule, a foreign contractor is one who is not domiciled in or registered to do business in the State of Oregon.

30.175 Contract Terms and Conditions

A. Required Terms and Conditions

The City shall establish standard terms and conditions for contracts. Contracts shall include provisions relating to the following, if applicable. For those provisions referring to

statutes, the contract language shall comply with and implement the statutes.

1. Payment of laborers and material suppliers; contributions to Industrial Accident Fund; liens and withholding taxes, and drug testing (ORS 279B.220, 279C.505);
 2. Payment of claims by public officers, payments to first tier subcontractors and claims by labor and materials suppliers (ORS 279C.515),
 3. Hours of labor (ORS 279B.020, 279B.235, 279C.520, 279C.540);
 4. Environmental and natural resources regulations (279B.525);
 5. Payment for medical care, compliance with or exemption from workers compensation laws (ORS 279B.230, 279C.530);
 6. Prevailing wage rates (ORS 279C.830);
 7. Salvaging, recycling, composting or mulching yard waste material, and salvage and recycling of construction and demolition debris (ORS 279B.225, 270C.510);
 8. Certification by contractor of compliance with the Oregon tax laws according to ORS 305.385.
 9. Certification by contractor of nondiscrimination as to relations with subcontractors (ORS 279A.110).
 10. Inclusion of provisions in contracts with subcontractors, as required by ORS 279C.580;
 11. Progress payments and retainage;
 12. Bonding requirements (performance and payment bonds);
 11. Any other requirement imposed by federal or state law, regulation, rule or ordinance, which is applicable to the contract.
- B. The City may develop and require contract provisions relating to the following:
1. Termination of the contract;
 2. Suspension of the work;
 3. Labor and materials liens;
 4. Liability in absence of bond;

5. Use of recovered resources and recycled and recyclable materials, including paper, oils, and tires;
6. Any other term to further the City's and the public interest.

C. Terms and Conditions Applicable to Construction Contracts

In cases where the contract calls for work as described in ORS 701.005(2) (i.e.; construction work), the contracts shall contain:

1. Certification by the "contractor" that the contractor is registered with the Construction Contractors Board according to ORS 701.035 to 701.055, unless prohibited by federal regulations.
2. Certification by the contractor that all subcontractors performing work as described in ORS 701.005(2) will be registered with the Construction Contractors Board according to ORS 701.035 to 701.055 before the subcontractors commence work under this contractor.

D. Special Terms and Conditions.

The City may also establish special terms and conditions applicable to specified categories of contracts. Any special terms and conditions shall be included in the bid documents and become an integral part of those contracts.

E. Compliance and Exceptions to Terms and Conditions.

1. Bidders and proposers shall be responsible for noting the terms and conditions included applicable to each set of solicitation documents.
2. By submitting a bid or proposal, the bidder or proposer acknowledges acceptance of and the intent to abide by the terms and conditions specified in the invitation to bid or request for proposals and agrees to enter into a contract consistent with state public contracting law requirements. Submission of a bid or proposal without objection to provisions listed in the form contract included in the solicitation documents constitutes an offer to enter into a contract on those terms and no negotiation of those terms is permitted after the contract award.
3. The City has the right to reject any bid or proposal that takes exception to specifications or to contract terms unless the right to take exception is expressly granted in the Invitation to Bid or Request for Proposals. Bids or proposals which take exception to the specifications or contract terms, or which are made contingent upon the City's acceptance of different or additional specifications or terms, may be rejected because they are not responsible to the Invitation to Bid or the Request for Proposals.

4. Any exceptions to any proposed terms and conditions must be clearly stated in writing by the bidder or proposer in the signed bid or proposal. The City reserves the right to reject or accept any bid or proposal that takes exception to the terms and conditions, but must take into account any objections in comparing the bid or proposal to other bids or proposals. Exceptions to the terms and conditions become contractual obligations only upon written acceptance by the City.

Commentary

The following is a list of federal, state, and local agencies of which the City has knowledge that have enacted ordinances or regulations dealing with the prevention of environmental pollution and the preservation of natural resources that may affect the performance of contracts:

Federal Agencies:

Agriculture, Department of Forest Service
Soil Conservation Service

Defense, Department of Army Corps of Engineers

Energy, Department of Federal Energy Regulatory Commission
Environmental Protection Agency

Department of Health and Human Services

Housing and Urban Development, Department of Solar Energy Conservation Bank

Interior, Department of
Bureau of Sports Fisheries and Wildlife
Bureau of Outdoor Recreation
Bureau of Land Management
Bureau of Mines
Bureau of Indian Affairs
Bureau of Reclamation
Geological Survey
Minerals Management Service

Labor, Department of
Mine Safety and Health Administration
Occupational Safety and Health Administration

Transportation, Department of
Coast Guard

Federal Highway Administration

Water Resources Council

State Agencies:

Administrative Services, Department of
Agriculture, Department of
Columbia River Gorge Commission
Consumer & Business Services, Department of Oregon Occupational Safety & Health
Division
Energy, Department of
Environmental Quality, Department of
Fish and Wildlife, Department of
Forestry, Department of
Geology and Mineral Industries, Department of
Human Resources, Department of
Land Conservation and Development Commission
Parks and Recreation, Department of
Soil and Water Conservation Commission
State Engineer
State Land Board
Water Resources Board

Local Agencies:

City Council
County Court
County Commissioners, Board of
Port Districts
Metropolitan Services Districts
County Service Districts
Sanitary Districts
Water Districts
Fire Protection Districts

30.180 Availability of Award Decisions – Contract Retention

A. Contract Documents.

A signed purchase order, agreement, or contract, as applicable, shall be executed with the person to whom the contract is awarded.

B. Notification to Unsuccessful Bidders.

Unsuccessful bidders and proposers will be provided with the notice of award. Tabulations of awarded bids may be obtained for a nominal charge in person or by submitting to the City a written request stating the bid number and a self-addressed, stamped envelope.

C. Availability of Files.

Completed files, other than confidential materials, shall be available for public review at the City.

D. Copies from Files.

Copies of material from files, other than previously described tabulation sheets, may be obtained upon payment of a reasonable copying charge.

E. Contract Retention.

The following requirements on retention of contract documents after award shall apply:

1. For all service contracts the original must be kept for six (6) years after the contract has been completely executed;
2. Capital improvement contracts must be kept a minimum of 10 years after substantial completion;
3. Goods contracts must be kept for six (6) years after maturity;
4. Intergovernmental and interagency agreements must be kept a minimum of 10 years after substantial completion; and
5. Other purchasing related documents should be retained according to City retention schedules;

Any copies of the originals must be kept for two (2) years after maturity in all of the categories listed above.

30.185 Requests for Proposals

- A. The City may use the request for proposal process for any contract for which price is not the sole factor for awarding the contract. When the City uses a request for proposal, the solicitation document shall state:
1. The necessary contract terms;
 2. The evaluation criteria to be applied in awarding the contract and the role of an evaluation committee, if any;

3. The criteria for awarding the contract, which may include but are not limited to cost, quality, service, experience, expertise, compatibility, product reliability, operating efficiency, and expansion potential.
 4. Complaint processes and remedies available.
 5. The provisions made for vendors to comment on any specifications that they believe limit competition.
 6. The location where sealed written proposals are to be submitted and the date and deadline for submittal.
- B. All requests for proposals shall be published at least once in a newspaper, journal, trade publication or similar periodical. In deciding where to advertise, the City shall consider what publication is most likely to be read by qualified proposers.
- C. The City may establish an ad hoc proposal review committee to evaluate any proposal and may provide for an interview of selected proposers as part of the evaluation process. Any use of a proposal review committee or interview process shall be detailed in the request for proposals.

30.190 Performance and Payment Security

A. Public Improvements Contract.

Except in emergencies, when the requirement may be waived, or unless the requirement is exempted under these rules, all persons entering into public improvements contracts with the City will be required to provide:

1. A performance bond in a sum equal to the contract price, and
2. A payment bond in a sum equal to the contract price.

Public improvement contracts of \$10,000 or less are exempt from the bond requirements.

B. Other Public Contracts.

The City may require performance security for other public contracts. Such requirements shall be stated in the solicitation documents.

C. Contracts Under \$10,000.

Performance bonds for a contract under \$10,000 shall be utilized only in critical

circumstances, so as not to discourage competition.

D. Requirement for Surety Bond.

A surety bond furnished by a surety company authorized to do business in Oregon is the only acceptable form of performance security unless otherwise specified in the solicitation documents.

E. Time for Submission.

Upon request by the City, the apparent successful bidder or proposer must furnish the required performance bond within ten days of contract award. Prompt submittal of the performance bond is required to ensure timely project initiation. Failure to furnish the bond prior to the deadline shall result in rejection of the bid or proposal, forfeiture of bid security, and award to the next lowest responsible bidder or next highest-scoring proposer.

F. Claims on Payments Bonds

Claims on payment bonds shall comply with ORS 279C.600 to 279C.625 and Section 40.060.

30.195 Right to Audit Records

A. Records Maintenance; Access.

Contractors and subcontractors shall maintain all fiscal records relating to public contracts in accordance with generally accepted accounting principles. In addition, contractors and subcontractors shall maintain any 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 shall make all records pertaining to their performance and any claims under a public contract accessible to the City at reasonable times and places, regardless whether litigation has been filed as to such claims.

B. Audit of Cost or Pricing Data.

The City may, at reasonable times and places, audit the books and records of any person who has submitted cost or pricing data according to the terms of a contract to the extent that such books and records relate to such cost or pricing data. Any person who receives a contract, for which cost or pricing data are required, shall maintain such books and records that relate to such cost or pricing data for three (3) years from the date of final payment under the contract, unless a shorter period is otherwise authorized in writing.

C. Contract Audit

The City shall be entitled to inspect, examine, copy, and audit the books and records of a contractor or any subcontractor under any contract or subcontract to the extent that such books and records relate to the performance of such contract or subcontract. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract, 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.

30.200 Right to Inspect Plant

A. Time for Inspection.

The City may, at reasonable times, inspect the part of the plant or place of business of a contractor or any subcontractor that is related to the performance of any contract awarded.

B. Access to Plant or Place of Business.

As a condition of bidding, bidders agree that the City may enter a contractor's or subcontractor's plant or place of business during normal business hours for the following purposes:

1. Inspect and/or test supplies or services for acceptance by the City pursuant to the terms of the bid; or
2. Investigate in connection with a bidder's application, a minority business certification, or bidder disqualification.

C. Contractual Provisions.

Contracts may provide that the City may inspect supplies and services at the contractor's or subcontractor's facility and perform tests to determine whether they conform to the bid documents, or, after award, to contract requirements, and are therefore acceptable. Such inspections and tests shall be conducted in accordance with the terms of the contract.

E. Procedures for Trial Use and Testing.

The City may establish operational procedures governing the testing and trial use of equipment, materials, and the application of resulting information and data to specifications or procurements.

F. Conduct of Inspections.

1. Inspectors.

Inspections or tests shall be performed so as not to unduly delay the work of the contractor or subcontractor. No change of any provision of the specifications or the contract may be required by the inspector without written authorization of the City, unless otherwise specified in the solicitation documents. The presence or absence of an inspector shall not relieve the contractor or subcontractor from any requirement of the contract.

2. Location.

When an inspection is made in the plant or place of business of a contractor or subcontractor, such contractor or subcontractor shall provide without charge all reasonable facilities and assistance for the safety and convenience of the person performing the inspection or testing.

3. Time of Testing or Inspection.

Inspection or testing of supplies and services performed at the plant or place of business of any contractor or subcontractor shall be performed at reasonable times during normal business hours.

G. Inspection of Construction Projects.

On-site inspection of construction shall be performed in accordance with the terms of the contract.

30.205 Contract Cancellation and Termination Procedures

- A. A contract may be canceled by the City for any violation of the provisions of the contract or for violation of the certification of non-discrimination against minority, women, and emerging small business enterprises.
- B. The City may terminate any contract if insufficient funds are appropriated to complete the contract.
- C. No cancellation of a public contract shall, unless limited by the terms of the particular contract, restrict or abrogate any other remedy available to the City that is provided either by law or under the particular contract.
- D. The City shall provide the contractor written notice of the grounds for cancellation or termination and of its intention to cancel the contract or terminate the contractor's performance. If the contractor provided a performance and payment bond, the surety shall also be provided with a copy of the notice of contract cancellation or contractor termination. The notice shall include the effective date of the intended cancellation or termination, the grounds for cancellation or

termination and notice of the amount of time (if any) in which the City will permit the contractor to correct the failure to perform. The public contract may provide contract cancellation or contractor termination procedures that are different from or in addition to, those provided in this rule.

- E. If the contractor has provided a performance and payment bond, the City may afford the contractor's surety the opportunity, upon the surety's receipt of a contractor termination notice, to provide a substitute contractor to complete performance of the contract. Performance by the substitute contractor shall be rendered pursuant to all material provisions of the original contract, including the provisions of the performance and payment bond. Such substitute performance does not involve the award of a new public contract and shall not be subject to competitive procurement requirements.

PCR 40.000 PUBLIC IMPROVEMENT CONTRACTS

40.010 Application

In addition to the requirements set forth in Section 30 of these rules, the following rules apply to public improvement contracts. The requirements in Section 40 are intended to be complementary to those in Section 30, with the rules in Section 40 supplementing the Section 30 requirements, where necessary, to meet the City's needs when administering contracts for public improvements.

40.015 Competitive Bidding

Except as otherwise specifically permitted by these rules, public improvement contracts shall be awarded by competitive bidding. If the public improvement contract includes design aspects, the City may award the contract by a competitive proposal process.

40.020 First Tier Subcontractor Notice

If the public improvement contract may be for more than \$100,000, the solicitation documents must provide notice that the contractors must disclose first-tier subcontractors who will furnish labor or materials greater than five percent of the total bid or \$15,000, whichever is greater, or \$350,000 regardless of the percentage of the total bid within four working hours after the deadline for bid submission. The disclosure must state the name of each subcontractor and the category of work the subcontractor will perform.

40.025 First Tier Subcontractor Disclosure

- A. Bidders for public contracts with a value of more than \$100,000 must submit a first-tier contractor disclosure sheet within 2 hours of the deadline for submitting a bid. The disclosure sheet must list all first-tier subcontractors who will furnish labor or materials greater than five percent of the total bid or \$15,000, whichever is greater, or \$350,000 regardless of the percentage of the total bid. The disclosure must state the name of each subcontractor, the category of work the subcontractor will perform and the dollar value of each subcontract. If no first-tier subcontractor meets the threshold level for disclosure and the bid price is more than \$100,000, the disclosure sheet must still be submitted with the information that no subcontractors meet the threshold level for disclosure.
- B. Bid and proposals for public improvement contracts with a value of greater than \$100,000 for which a first-tier subcontractor disclosure is not submitted within four hours of the submittal deadline shall be considered non-responsive.
- C. The closing for submission of bids subject to first-tier subcontractor disclosure shall be on Tuesday, Wednesday or Thursday between 2 and 5 pm.
- D. First tier subcontractors may be substituted if only in compliance with ORS 279C.585.
- E. The City may require first-tier subcontractor disclosure in any invitation to bid, even if disclosure is not otherwise required by statute or these rules.

40.030 Bid Evaluation and Award

A. General.

Unless exempted by these rules, a public improvement contract, if awarded, is to be awarded to the lowest, responsive and responsible bidder.

B. Special Requirements.

The solicitation documents shall set forth any special requirements and criteria, which will be used to determine the lowest, responsive and responsible bidder. No bid shall be evaluated for any requirement or criterion that is not disclosed in the solicitation documents or City regulation.

C. Bid Evaluation and Award.

The evaluation format for competitive bid pricing can be lump sum, unit price, or a combination of the two.

- 1. Lump sum. If the bid form includes a lump sum base bid, plus additive or deductive alternates, the total bid price, for the purpose of comparing bids, shall be the total sum computed from adding or deducting alternates, as selected by the City, to the base bid. If the alternates, or if the City has

selected no additive or deductive alternates for award, bids shall be compared on the basis of lump sum prices, or lump sum base bid prices, as applicable.

2. Unit Price. If the bid includes unit prices and extensions for estimated quantities, the total bid price, for the purpose of comparing bids, will be the total sum computed from multiplying the bidder, with due adjustments being made for additive or deductive alternates, if any, selected for award. Note: In case of a conflict between a unit price and the corresponding extended amount, the unit price shall govern.
3. Combination lump sum and unit price. The City shall select a combination of factors for purposes of bid evaluation and contract award and use the methods described in (a) and (b) to compute and compare bids.

D. Proposal Evaluation and Award.

If a selection method other than competitive bids is authorized by these rules for a public improvement, proposals will be evaluated to determine which proposer offers the best solution to the City in accordance with the evaluation criteria set forth in the solicitation documents and in the City's rules. The solicitation evaluation criteria may include, but are not limited to, cost, quality, relevant experience, service, performance history on other private and public contracts, experience and availability of key personnel, adequacy of equipment and physical plant, financial wherewithal, sources of supply, and references. Evaluation factors need not be precise predictors of actual future costs and performance, but, to the extent possible, such evaluation factors shall:

1. Be reasonable estimates based on information available to the City;
2. Treat all proposals equitably;
3. Recognize that public policy requires acquisitions and public improvements to be accomplished at the least cost.

F. No assignment or transfer of contract rights.

A contractor shall not assign, sell, or transfer rights, nor delegate responsibilities under a public contract either in whole or in part, without first obtaining the City's prior written consent. Such written consent shall not relieve a contractor of any obligations under a public contract, and any transferee shall be considered the agent of the contractor and bound to abide by all provisions of the public contract. Except in the event of a novation, if the City consents in writing to an assignment, sale, or transfer of the contractor's rights and responsibilities, the contractor shall remain ultimately liable to the City for complete performance of the public contract as if on such assignment, sale, or transfer had occurred.

40.035 Contract Cancellation Procedures

A. Termination Due to Circumstances Beyond the Control of the Contractor

1. Reasons for Termination.

The City may, in its sole discretion, by written order or upon written request from the contractor, terminate the contract or a portion thereof if any of the following occur:

- a. The contractor is prevented from completing the work for reasons beyond the control of the City;
- b. Completion of the project is beyond the control of the contractor;
- c. Or for any reason considered by the City to be in the public interest (other than a labor dispute or reason of any third party judicial proceeding relating to the work other than a suit or action filed in regards to a labor dispute). These reasons may include, but are not necessarily limited to, non-availability of materials, phenomenon of nature of catastrophic proportions or intensity, executive orders of the President related to national defense, congressional or state acts related to funding;
- d. Any third party judicial proceeding relating to the work other than a suit or action filed in regards to a labor dispute; and
- f. If the circumstances or conditions are such that it is impracticable within a reasonable time to proceed with a substantial portion of the public works.
- g. The City does not have funds budgeted or available to complete the contract.
- h. Any other reason allowed as a basis for termination under the contract.

2. Payment When Contract is Terminated.

When the contract, or any portion thereof, is terminated before completion of all items of work in the contract, payment will be made for the actual items of work completed under the contract, or by mutual agreement, for items of work partially completed. No claim for loss of anticipated profits will be allowed.

3. Responsibility for Completed Work if Contract Terminated.

Termination of the contract or a portion thereof shall not relieve the contractor of responsibility for the work completed, nor shall it relieve the surety of its obligation for any claims arising from the work performed.

B. Termination of Contract for Default

1. Declaration of Default.

The City may, after giving the contractor or the surety seven (7) days' written notice and an opportunity to cure deficient performance, terminate the contractor's performance for any reasonable cause, including but not limited to those set forth in subsection 2(a)(1) to (6) of this rule. Upon such termination, the City may immediately take possession of the premises and of all materials, tools and appliances thereon as well as all other materials, whether on the premises or not, on which the contractor has received partial payment. The agency may finish the work by whatever method it may deem expedient.

a. If the contractor should persistently or repeatedly refuse to or fail to supply an adequate number of properly skilled workers or proper materials for the efficient execution of the project; or

b. If the contractor should fail to make prompt payment to subcontractors for material or labor, or persistently disregard laws, ordinances, or the instruction of the City, or otherwise be guilty of a substantial violation of any provision of the contract; or

c. If the Contractor should voluntarily or involuntarily seek protection under the U.S. Bankruptcy Code and its Debtor in Possession or Trustee for the estate fails to assume the contract within a reasonable time; or

d. If the contractor should make a general assignment for the benefit of the contractor's creditors; or

e. If a receiver should be appointed on account of the contractor's insolvency; or

f. If the contractor is otherwise in material breach of any part of the contract.

2. Required Response to Declaration of Default.

If the above action is taken, the contractor or the surety shall provide the City with immediate and peaceful possession of all of the materials, tools, and appliances located on the premises, as well as all other materials whether on the premises or

not, on which contractor has received any progress payment. Further, the contractor shall not be entitled to receive any further payment until the work is completed. On the completion of the work, determination shall be made by the City of the total amount under the terms of the contract, had the contractor completed the work. If the difference between said total amount and the sum of all amounts previously paid to the contractor, which difference will hereinafter be called the "unpaid balance," exceeds the expense incurred by the City in completing the work, including expense for additional managerial and administrative services, such excess will be paid to the contractor, with the consent of the surety. If, instead, the expense incurred by the City exceeds the unpaid balance, the amount of the excess shall be paid to the City by the contractor or the surety.

3. Expense of Completion.

The expense incurred by the City shall be as determined and certified by the City.

4. Substitution of Contractor.

As provided in PCR 30.205, termination of the contractor and substitution of another contractor to complete the work does not constitute the award of a new public contract and shall not be subject to the provisions of ORS 279.005 to 279.111.

5. Refusal to Perform.

In addition to and apart from the above-mentioned right of the City to terminate the employment of the contractor, the contract may be canceled by the City for any willful failure or refusal on the part of the contractor to perform faithfully the contract according to all of its terms and conditions; however, in such event neither the contractor nor the surety shall be relieved from damages or losses suffered by the City on account of the contractor's breach of contract.

6. Remedies are Cumulative.

The City may, at its discretion, avail itself of any or all of the above rights or remedies without prejudice or preclude the City from subsequently invoking any other right or remedy set forth above or elsewhere in the contract.

40.040 Retainage

A. Retainage of Five Percent.

The City will retain amounts from progress payments so that the total value of all amounts retained will not exceed 5 percent of the value of completed work. If the contract work is 50 percent completed and the work is progressing satisfactorily, the

retainage may be reduced on the remaining progress payments. Any reduction or elimination of retainage shall be allowed only upon written application of the contractor, which application shall include written approval of the contractor's surety; except that when the contract work is 97-1/2 percent completed, the City may without application by the contractor, reduce the retained amount to 100 percent of the value of the contract work remaining to be done. If retainage has been reduced or eliminated, the City reserves the right in protecting its interests to reinstate at any time retainage from further progress payments.

B. Alternatives to Cash Retainage.

In lieu of cash retainage to be held by the City, the contractor may select one of the following options:

1. Deposit of Securities.

The contractor may deposit bonds or securities with the City or in any bank or trust company to be held for the benefit of the City. In such event, the City shall reduce the retainage in an amount equal to the value of the bonds and securities. This reduction in retainage will be made in the progress payments made subsequent to the time the contractor deposits the bonds and securities.

The value of the bonds and securities will be determined periodically by the City and the amount retained on progress payments will be adjusted accordingly. The bonds and securities deposited by the contractor shall be fully assigned to the City or be payable to the City on demand and shall be of a character approved by the Finance Director, including but not limited to the following:

- a. Bills, certificates, notes or bonds of the United States.
- b. Other obligations of the United States or its agencies.
- c. Obligations of any corporation wholly owned by the Federal Government.
- d. Indebtedness of the Federal National Mortgage Association.
- f. Time certificates of deposit or savings account passbooks issued by a commercial bank, savings and loan association, or mutual savings bank, duly authorized to do business in Oregon.
- g. Corporation bonds rated A or better by a recognized rating service.
- h. General obligation bonds of the State of Oregon or any political subdivision thereof.

- i. General obligation improvement warrants issued pursuant to ORS 287.502.
- j. Irrevocable letters of credit from a bank doing business in Oregon.

At the time the City determines that all requirements for the protection of the City's interest has been fulfilled, all bonds and securities deposited as above provided will be released to the contractor.

2. Deposit in Interest-Bearing Accounts.

Upon written request of the contractor, the City shall deposit any amounts withheld as retainage in an interest-bearing account in a bank, savings bank, trust company, or savings association for the benefit of the City. Interest earned on such account shall accrue to the contractor.

- 3. The City may, at its discretion, allow the contractor to deposit a surety bond in a form acceptable to the City in lieu of all or a portion of funds retained to be retained. The contractor shall accept like bonds from subcontractors and suppliers when the City allows surety bonds for retainage.

C. Recovery of Costs.

If the City incurs additional costs as a result of the exercise of any of the options for retainage described herein, the City may recover such costs from the contractor by reduction of the final payment. As work on the contract progresses, the City shall, upon request, inform the contractor of all accrued costs.

40.045 Progress Payments

A. Request for Progress Payments.

At a regular time each month, the contractor shall, if required by the contract documents, submit to the City a request for payment based upon an estimate of the amount of work completed and of the value of acceptable material to be incorporated in the completed work which has been delivered and acceptably stored. Upon verification and approval of the City, the sum of these values will be referred to the "value of completed work." With these estimates as a base, a progress payment will be made to the contractor, which shall be equal to the value of completed work, less such amounts as may have been previously paid, less such other amounts as may be deductible or as may be owing and due to the City for any cause, and less an amount to be retained in protection of the City's interests.

B. Progress Payments Do Not Constitute Acceptance of Work.

Progress payments shall not be construed as an acceptance or approval of any part of the work covered thereby, and they shall in no manner relieve the contractor of responsibility for defective workmanship or material.

C. Estimates for Progress Payments.

The estimates upon which progress payments are based are not represented to be accurate estimates, and all quantities shown therein are subject to correction in the final estimate. If the contractor uses such estimates as a basis for making payments to subcontractors, this is at the contractor's own risk, and the contractor shall bear all loss that may result.

40.050 Final Inspection

A. Notification of Completion.

When the contractor determines that all construction work on the project has been completed, the contractor shall so notify the City in writing. The City shall make an inspection of the project and project records within fifteen (15) days of receiving said notice. If, at such inspection, all construction provided for and ordered under the contract is complete and satisfactory to the City, and all certifications, bills, forms, and documents have been submitted properly, such inspection shall constitute the final inspection.

B. Instructions to Complete the Work.

If, however, at any inspection, any work in whole or in part is found unsatisfactory, or it is found that all certifications, bills, forms, and documents have not been submitted properly, the City shall within fifteen (15) days provide instructions to the contractor on outstanding requirements to complete the project. At such time as the contractor determines full compliance with, and the execution of such instructions, the contractor shall notify the City in writing. The City shall make another inspection within fifteen (15) days after such notice, and this inspection shall constitute the final inspection provided construction work has been completed satisfactorily.

C. Acknowledgment of Acceptance.

Upon satisfactory completion of all work required under the contract, the City shall acknowledge acceptance of the work in writing.

40.055 Final Estimate and Final Payment

A. Submission of Final Estimate.

As soon as practicable after final inspection of the work under the contract, if unit prices

were applicable, the City shall prepare a final estimate of the quantities of the various classes of work performed. Following a determination of the total amount due the contractor, and following final acceptance of the work by the City, final payment shall be made to the contractor.

B. Set-off of Prior Payments.

All prior partial estimates and payments shall be subject to correction in the final estimate and payment.

C. Interest.

Beginning 30 days after the date of final acceptance of the project by the City, the City shall pay to the contractor interest at the rate established by State statute on any money due and payable to the contractor. Interest shall also be payable on any interim payments that are more than 30 days overdue. No interest shall be assessed against retainage or other amount lawfully withheld by the City.

40.060 Claims for Unpaid Labor or Supplies

A. Right of Action.

A person claiming to have supplied labor or materials for work on a public improvement contract led by the City for which the person has not been paid by the prime contractor or any subcontractor, has a right of action on the contractor's payment bond. This right arises if the person has not been paid in full and has given written notice of a claim within 120 days of last providing labor or furnishing materials, or within 150 days of providing labor or furnishing materials if the claim is for a required contribution to a fund of any employee benefit plan.

B. Notice of Claim.

1. To initiate a claim against the contractor's bond, a person should file a Notice of Claim in the form and manner attached as Exhibit A. Such notice must be given to the contractor and the City .
2. Any notice of claim should include the following information:
 - a. Name and address of the claimant;
 - b. Name of prime contractor;
 - c. Title of project and contract date;
 - d. Name of the City;

- e. Name of bonding company (may be obtained from City); and
- f. Name of contractor or subcontractor to whom labor or material supplied.

C. Response to Notice of Claim.

Upon receipt of such Notice of Claim, the City shall:

1. Send an acknowledgment to claimant;
2. Send a copy of the notice to the prime contractor; and
3. File a copy of the Notice with the bonding (surety) company.

D. Referral to Surety Company.

If the contract has been completed and all funds disbursed to the prime contractor, all claims shall be referred to the surety company for resolution. The City shall not arrange for second payments directly to subcontractors or suppliers for work already paid for by the City.

E. Discretionary Payment of Claim.

If the contract is still in force, the City may pay a valid claim to the person furnishing the labor or services and charge the amount of the payment against funds due or to become due to the contractor under the contract.

F. Liability of Claim

If the City chooses to make a payment as provided in Subsection E, the contractor or the contractor's surety shall not be relieved from obligation with respect to any unpaid claims.

40.045 EXHIBIT A

To: (insert name of the public body)

NOTICE IS HEREBY GIVEN that the undersigned, (insert name of subcontractor or supplier), a (corporation, partnership, sole proprietorship, etc.), as claimant, has a claim for (labor performed by the claimant, materials supplied by the claimant, etc.), generally consisting of (brief description) in the sum of \$_____ against the payment bond taken from (name of prime contractor), as principal, and (name of bonding company if known), as surety, for the construction of the (title or description of project). The material or labor was supplied to (name of contractor).

(Insert a brief description of the work concerning which the bond was taken.)

DATED this _____ day of _____, 20__.

By _____
(claimant's name)

40.065 Planning for Public Improvements

The City will prepare a file with the Commissioner of the Bureau of Labor and Industries a list of planned public improvements at least 30 days before adoption of the City's budget and otherwise comply with ORS 279C.305.

40.070 Prevailing Wage Laws

Contractors shall comply with prevailing wage laws (ORS 279C.800 to 279C.870 or the Davis-Bacon Act, 40 US 276a) if applicable.

PCR 50.000 WAIVER OF SECURITY (BID, PERFORMANCE AND PAYMENT BONDS) (Also see PCR 30.055)

50.010 Bid Security Requirements

The City shall require bid security unless an exception under the Public Contracting Code or these rules apply. The City may, in its discretion, waive bid security requirements for contracts other than those for public improvements. In its discretion, the City may accept blanket bid bonds. The City may require proposal security bonds.

50.015 Contracts Under \$10,000

The City may, in its discretion, waive the bid security and performance bond requirements if the amount of the contract is less than \$10,000.

50.020 Emerging Small Business Contracts Under \$100,000

- A. The City may, in its discretion, waive bid security requirements and performance bond requirements when the public improvement project:
 - 1. Has estimated direct construction costs not exceeding \$100,000;
 - 2. Is being undertaken through a program where the bidders are drawn exclusively from a list of certified Emerging Small Businesses maintained by the Advocate of Minority, Women and Emerging Small Business; and
 - 3. The City has been provided funds by the legislature for the purpose of assisting Emerging Small Businesses.

- B. The City may waive bid security requirements and/or performance bond requirements under the following conditions:
 - 1. There exists an emerging small business account or like source of funds containing an unexpended and unobligated balance;
 - 2. The City has authority to encumber and make payments from the account; and
 - 3. The City encumbers an amount in the account to cover the total cost of each project wherein the bid security and/or the performance bond is waived.

PCR 60.000 PROPERTY DISPOSITION

60.010 Surplus Personal Property

- A. Personal property owned by the City and under the dollar value of \$500 may be disposed of with the approval of any department head or the City Manager. Personal property that exceeds that dollar value may be disposed of only after being declared surplus by the City Manager. The method of disposal will be determined based on condition, value, demand, and/or use.

- B. Personal property may be declared surplus by the City Manager or designee if it is scheduled for replacement in an adopted budget or it is no longer necessary to provide City services.

60.015 Auction Sales of Personal Property

Personal property may be sold at auction if the City determines that an auction will probably result in the best net return for the City. Auctions that are widely publicized, including internet auctions, do not require notice by the City.

60.020 Sales of Personal Property

- A. When the current market value per item is estimated to be more than \$25,000, the personal property must be offered for competitive bid and be advertised in a newspaper of general circulation in the City. The City at its discretion may choose between sealed written bids or a public auction. If no bids are received or if a determination is made that the market value of the property exceeds the offer of the highest responsible bidder, all bids may be rejected, and the City may negotiate a sale subject to the following conditions:
1. An appraisal of the market value of the property is obtained and documented, and the negotiated sale price exceeds the market value; or
 2. The sale amount exceeds the highest bid received through the bidding or auction process.
- B. The City may sell personal property by a negotiated sale if the value of the property is estimated to be less than \$25,000 and the City has determined that a sale without competitive bidding will result in at least as much net revenue as would a competitive bidding process. The City shall endeavor to get as many quotes as is reasonable under the circumstances (normally at least three) and shall negotiate to maximize the proceeds for the City.

60.025 Liquidation Sales of Personal Property

The City may sell personal property through a commercially recognized third party liquidator if the City has determined that a liquidation sale will result in increased net revenue and the selection of the liquidator was conducted by the competitive request for proposal process under these rules.

60.030 Donations of Personal Property

- A. The City may transfer personal property, including recyclable or reclaimed materials, without remuneration or only nominal remuneration without competitive bids to the following entities:
1. Another public agency;
 2. Any sheltered workshop, work activity center or group care home which operates under contract or agreement with, or grant from, any state agency and which is certified to receive federal surplus property; or

3. Any recognized non-profit activity, which is certified to receive federal surplus property.
- B. The City may donate or sell, without competitive bids, surplus personal property to recognized private, non-profit social or health service activities, subject to the following conditions:
1. A determination has been made that the property is not needed for other public purposes; and
 2. If the property has a current market value of \$500 or more, the donation or sale shall:
 - a. Be approved by the City Manager or designee; and
 - b. Be documented by the City to be clearly in the public interest.
- C. The City shall maintain a record of all transfers, donations, or sales authorized by sections A and B of this rule.

60.035 Trade of Personal Property

The City may trade personal property owned by the City to other government agencies or to other entities provided the following conditions apply:

- A. Trades to other government agencies are exempt from public bidding by PCR 10.010A.1; however, such trades must be approved by the City Manager.
- B. Trades of personal property with parties other than government agencies must proceed as follows:
 1. The market value of both the item to be traded and the item requested must be documented.
 2. The proposal to trade an item for another item must be made available to an adequate number of potential vendors to encourage competition.
 3. Such trades must be approved by the City Manager.

PCR 70.000 PERSONAL SERVICES CONTRACTS

70.010 Personal Services Contracts

- A. Personal service contracts are not “public contracts” subject to formal competitive process under the Oregon Public Contracting Code. This rule describes a method for distinguishing between personal service contracts and public contracts, particularly service contracts, and provides examples of contracts or classes of

contracts which are or are not personal service contracts.

B. The determination whether a contract is a public contracts or a personal service contract shall be based on the following:

1. Whether the City has developed or is reasonably able to develop reasonably adequate design and/or performance specifications and whether selecting a contractor on the basis of lowest price and meeting minimum specifications would likely meet the City's needs. If the tasks to be performed can reasonably performed based solely on compliance with minimum specifications, then the tasks should be performed pursuant to a public contract awarded by a competitive bidding process. Conversely, if the City is reasonably unable to develop adequate design and/or performance specifications but must instead have the assistance of the contractor's training, knowledge, and expertise to develop a scope of work statement and selecting the contractor on the basis of lowest price would be unlikely to meet the City's needs, then the tasks would most appropriately be performed under a personal service contract.
2. Whether selecting the contractor on the basis of qualifications rather than lowest price will result in the City obtaining the best value for its money.
3. A personal service contract is appropriate where the contract is awarded primarily on the basis of the contractor's qualifications, including but not limited to, such criteria as experience, training, knowledge, and expertise, technical skill, creativity, artistic ability, performance history, and demonstrated ability to exercise sound professional judgment. Price will be a secondary criterion for awarding a personal service contract.
4. A personal service contract is not appropriate where price is or should be the primary or a major selection criterion.

C. Personal service contracts may include, but are not limited to, the following:

1. Contracts for services performed as an independent contractor in the professional capacity, including but not limited to the services of an accountant; attorney; architectural or land use planning consultant; physician or dentist; registered professional engineer; appraiser or surveyor; aerial photographer; timber cruiser; broadcaster; or data processing consultant.
2. Contracts for such services as an artist in the performing of fine arts, including but not limited to photographer, filmmaker; painter; weaver; or sculptor.
3. Contracts for services of a specialized creative and research oriented,

noncommercial nature.

4. Contracts for services of a specialized creative and research oriented, noncommercial nature.
5. Contracts for educational and human custodial care services.

D. The following are NOT personal service contracts:

1. Contracts, even though in a professional capacity, if predominately for a product, e.g., a contract with a landscape architect to design a garden is for personal services, but a contract to design a garden and supply all the shrubs and trees is predominately a tangible product.
2. A service contract, including a contract with a temporary service or personnel agency, to supply labor which is of a type that can generally be done by any competent worker, e.g., data entry, key punch, janitorial, security guard, crowd management, crop spraying, laundry, and landscape maintenance service contracts
3. Contracts for trade related activities considered to be labor and material contracts.
4. Contracts for services of a trade-related activity, to accomplish routine, continuing, and necessary functions, even though a specific license is required to engage in the activity. Examples are repair and/or maintenance of all types of equipment or structures.

70.015 Screening and Selection Policy for Personal Services Contracts

It is the City's policy to select as expeditiously as possible the best qualified consultant available, consistent with financial considerations. The selection procedures in this section shall be used to select the personal services contractors, except where ORS 279C.110(2) requires a different procedure. The selections procedures do not apply to the appointment or hiring of City officials and employees, to employment or services contracts with City officials and employees (except if providing services outside the scope of employment or official duties), or to collective bargaining agreements.

A. Formal Selection Procedure.

This procedure shall be used for personal service contracts when the total cost of the contract exceeds \$50,000. The City may elect to use the Formal Selection Procedure for any personal service contract, regardless of price.

1. Announcement.

The City will make at least one public announcement of its need for personal services in an appropriate trade periodical or newspaper of general circulation. The announcement shall include a description of the proposed project, the scope of the services required, project completion dates, and a description of any special requirements, if present. The announcement shall invite qualified prospective contractors to indicate to the requesting department their interest in performing the services required. The announcement will specify a closing date by which the statement must be received by the appropriate department.

2. Application.

Prospective contractors must submit a statement which describes their capabilities, credentials, and performance data sufficient to establish their qualification for the project.

3. Initial Screening.

The Department Head or designee shall evaluate the qualifications of all applicants responding to the announcement by the closing date and select from among the respondents a minimum of three prospective contractors whose statements evidence the highest level of qualification. Should fewer than three (3) statements be received, then each prospective contractor submitting statements that meet the minimum qualifications will be interviewed.

4. Final Selection Procedure.

a. Interviews.

The Department Head or designee will hold discussions with the finalists selected for initial screening. Applicant capability, experience, and compensation requirements shall determine the department's final selection. The interviews may be in person or by phone.

b. Award of Contracts.

The Department Head or designee shall make a recommendation to the Board for award of the contract based on the written materials and the interview evaluation. The designee may be a committee.

B. Informal Selection Procedure.

1. This procedure may be used when the estimated fee to the contractor does not exceed \$50,000.
2. The department will contact a minimum of three (3) prospective contractors with which it has had previous successful experience or which are known

by the department to be qualified to offer the sought-after services. A projected fee will be requested and a selection made by the Department Head or designee based upon the consultant's capability, experience, project approach, and compensation requirements.

C. Direct Appointment Procedure.

1. A qualified consultant may be appointed directly from the City's current list of consultants, another public contracting agency's current list of consultants pursuant to an interagency or intergovernmental agreement entered into in accordance with ORS Chapter 190; or from consultants offering the necessary services that the City reasonably can locate. Direct appointment procedure may be used when:
 - a. The consultant's estimated fee does not exceed \$10,000; or
 - b. When the project consists of work that has been substantially described, planned, or otherwise previously studied or rendered in an earlier departmental contract, provided that the original selection procedure used for the project was a formal procedure and the consultant's estimated fee does not exceed \$50,000.
2. A direct appointment shall be competitive to the extent practicable and may be based on the consultant's availability, capabilities, staffing experience, compensation requirements and the project's location.

D. Emergency Appointment Procedure.

Nothing in the rule shall be inferred to prohibit or otherwise impede the Department Head's or designee's right to make direct consultant appointments when conditions require a prompt action to protect life or property. In such instances, the recommended appointment and a written description of the conditions requiring the use of this appointment procedure shall be submitted by the Department Head or designee to the City Manager or designee for action. The City Manager or designee will determine if an emergency exists, declare the emergency, and when appropriate, approve the appointment.

E. Responsible Parties' Actions.

1. Professional Consultants.

Submit qualifications, credentials, and performance data relating to their capabilities to the appropriate division in response to project announcement.

2. Division/Department.

- a. Determine that the work on a project requires the services of a consultant.
- b. Announce project as required by this section.
- c. Request the City Manager's approval of the required actions.
- d. Determine appropriate selection/appointment procedure.
- e. Select consultant/candidates as specified under this rule.
- f. Interview the top candidates and make the final selection.
- g. Execute contracts and awards to consultants, with the City Manager's prior approval.
- h. Maintain a file on the selection process, including:
 - i. The method and copy of the announcement.
 - ii. The names of firms/individuals and cost estimates considered.
 - iii. A justification of need for the contract.
 - iv. The basis for selection.
 - v. The means by which rates were established.
 - vi. How reasonableness of price was determined.
 - vii. A copy of the resulting contract.

3. City Manager

- a. Approves each project's scope and budget as necessary.
- b. Makes direct and emergency appointments as required.
- c. Approves/disapproves Personal Services Contract and all subsequent amendments unless the amount of the contract requires the Board's approval.

70.020 AMENDMENTS

Amendments for additional work on personal service contracts shall be permitted only if

the City requests additional work of the same type. Any such amendment may not exceed 25% of the original contract value. If an additional personal services contract is to be awarded for work related to an existing personal service contract, the total value of the new and old contracts is to be considered in determining the type of selection procedure required. If a contract was originally awarded by the informal selection procedure, amendments that would result in a total contract price of more than \$50,000 are not permitted. If a contract was originally awarded by the direct appointment procedure under Section 70.015C.1.a, amendments that would result in a total contract price of more than \$10,000 are not permitted.

PCR 80.000 EMERGENCY CONTRACTS; SPECIFIC EXEMPTION REQUIREMENTS; BOARD EXCEPTION; PROCEDURES; TEMPORARY EXEMPTIONS

80.010 Emergency Contracts

- A. The City Manager or designee may, at the City Manager's or designee's discretion, authorize or let public contracts without a formal competitive process if an emergency exists and the emergency consists of circumstances creating a substantial risk of loss, damage, interruption of service, or threat to public health or safety that could not have been reasonably foreseen and requires prompt execution of a contract to remedy the condition.
- B. The City Manager or designee must declare the existence of an emergency, which shall authorize the City to enter into an emergency contract with a price under \$50,000 and make detailed written findings describing the emergency conditions necessitating prompt execution of the contract. A copy of the findings together with the amount of the contract and the name of the contractor shall be immediately forwarded by the City Manager to the Board.
- C. Any contract awarded under this exemption shall be awarded within sixty (60) days following declaration of the emergency unless an extension is granted.
- D. The City may enter into a public contract without a formal competitive process when circumstances that could not reasonably be anticipated, require prompt establishment and performance of the contract in order to preserve public funds, property, or the uninterrupted provision of government services. In exercising its authority under this exemption, the City shall:
 - 1. To the extent reasonable under the circumstances, encourage competition by attempting to make informal solicitations or to obtain informal quotes from potential suppliers of goods or services;
 - 2. Make written findings describing the circumstances that require the prompt performance of the contract and of the harm anticipated to result from failing to establish the contract on an expedited basis; and

3. Record the measures taken under subsection (a) of this section to encourage competition, the amounts of the quotes or proposals obtained, if any, and the reason for selecting the contractor.
- E. The City shall not contract pursuant to the exemption in the absence of a substantial risk of loss, damage, or interruption of services that would occur if contract performance awaited the time necessary, given the complexity of the project, to solicit, receive and analyze bids or proposals.

PCR 90.000 RECYCLABLE/RECYCLED PURCHASING GUIDELINES

90.010 Recycled Materials and Products Guidelines

The City shall make every effort to prefer, specify, and purchase recyclable items and materials with recycled content in accordance with ORS 279A.125.

Incentives for recycled materials shall be applied whenever economically feasible.

A preference of 5% shall be applied for materials and supplies manufactured from recycled materials, as provided in PCR 90.015 with the exception of recycled paper and paper products, which receive a higher preference percentage as stated in PCR 90.020.

The bidder or proposer shall indicate in its bid or proposal, the materials it considers subject to the 5% preference. The 5% preference will only apply to the value of that portion of a bid or proposal that offers products containing verifiable recycled contents. The "5% preference" shall be applied by dividing the bid amount for the recycled goods by 1.05 and using the resulting number in calculating the total bid amount.

90.015 Recycled Materials Preference

- A. In order to qualify for a recycled materials preference, bidders and proposers, in their bids and proposals, shall certify the minimum or the exact percentage of recycled product in all materials and supplies offered and both the post-consumer and secondary waste content thereof.
- B. Bids that contain false information about the percentage of recycled product, post-consumer and secondary waste content, and verifiable recycled content shall be rejected as non-responsive.
- C. Contracts awarded as a result of a preference under this rule are subject to investigation, including but not limited to, audits, plant visitations, examination of invoices and other documents, etc., as the City deems necessary to confirm that the products supplied contain the percentages of recycled product, post-consumer and secondary waste stated in the bid or proposal.
- D. Failure to provide products containing the percentages of recycled product, post-

consumer and secondary waste stated in the bid may result in:

1. The contractor being required to reimburse the City for the portion of the contract price that is attributable to the preference; and
2. Contract termination; or
3. Both 1 and 2, or such other remedies the City deems appropriate.

90.020 Recycled Materials and Products Purchasing Guidelines

A. Purchase of Paper Products.

The City promotes the use of recycled paper and paper products. Purchase of recycled paper and paper products is preferred even when the cost of the such recycled paper or paper products is up to seven percent (7%) higher than the cost of the same quality paper or paper products containing little or no recycled paper. "Recycled paper" shall be defined as a paper product with not less than fifty percent (50%) of its total weight consisting of secondary waste materials or twenty five percent (25%) of its total weight consisting of post-consumer waste.

1. In the specification and purchase of City high speed copier and small offset press application paper and fine printing paper including book, bond, cover, gum, index, bostols, boards, ledger, and duplicator papers:
 - a. The City shall use recycled paper wherever possible if available and compatible with existing printing and copying equipment;
 - b. The City shall try to eliminate excessive or unnecessary paper use, including but not limited to over-purchase of paper, over-printing of materials, purchases of too high a grade of paper, purchase of paper which is not recyclable; and purchase of virgin paper when recycled paper is available in the same grade;
 - c. Procurement specifications for the purchase of new printing and copying equipment shall require the acceptance and operational use of recycled paper and shall be capable of two-sided copying;
 - d. The procurement of unbleached, recycled paper is encouraged and the use of bright, hard to bleach colored or otherwise non-recyclable papers shall be discouraged; and
 - e. In the specification and purchase of other paper items including corrugated and fiberboard boxes, folding box board and cartons, stationery, envelopes, legal and scratch pads, manifold

business forms (including computer paper), toilet tissue, paper towels, facial tissue, paper napkins and industrial wipes, and brown and coarse papers, the City shall actively solicit information from vendors with regard to the availability of other paper products (as listed above) with recycled paper content and promote its use.

B. Purchase of Composted Waste Materials.

In the specification and purchase of landscape cover, soil amendment, and fill materials:

1. The City shall eliminate from procurement specifications any exclusions or barriers to the purchase of recycled compost materials except for exclusions based upon plant or human health or safety; and
2. The City shall make every effort to utilize and specify functionally equivalent composted waste products in the place of products manufactured from virgin materials.

C. Purchase of Retread Tires.

In the specification and purchase of tires for vehicles and equipment in the City fleet:

1. The City shall make every reasonable effort to utilize retread tires in the place of tires manufactured from virgin materials where technical requirements will allow; and
2. The City shall give preference to the purchase of retread tires to the maximum extent possible within the intended use of the product taking the following into consideration:
 - a. The product is unable to meet the City's specifications (e.g., emergency response vehicles and heavy equipment);
 - b. The product is not available within specified delivery schedules; and
 - c. The product is not price competitive.

D. Purchase of Re-refined Petroleum Products.

In the purchase of lubricating oils for vehicles and equipment in the City fleet:

1. The City shall make every reasonable effort to utilize lubricating oils with re-refined oil content unless:
 - a. The product does not meet performance specifications

recommended by the original equipment manufacturer and related warranties would be voided; and

b. The product is found to not be economically or technically feasible.

2. The City shall review current procurement specifications in order to eliminate (wherever economically and technically feasible) an exclusion of lubricants refined from recycled waste materials.

E. Purchase of Building Insulation Products.

In the specification and purchase of building insulation products:

1. The City shall make every effort to prefer, specify and purchase insulation products manufactured from recovered or recycled materials for maintenance and repair operations, building construction projects and work or projects which are let to private contractors; and
2. A decision not to purchase insulation products with the highest percentage of recovered material content shall be based upon a determination that such products:
 - a. Are not available within a reasonable period of time;
 - b. Are not available at a reasonable price; and/or
 - c. Fail to meet reasonable performance standards set forth in applicable specifications.

F. Purchase of Recyclable Plastic Products.

In the specifications and purchase of disposable food service products and bags:

1. The City shall specify and utilize products, which are exclusively recyclable where available and locally marketed. Preference shall be given to products manufactured from materials which are readily recyclable with developed recycling markets and processes; and
2. City employees in all departments shall use washable beverage cups and other food services ware in the place of disposable items wherever possible. Disposable cups and utensils shall be utilized primarily for meetings and department guests.

G. Recycling/Reuse

The City shall also recycle or reuse materials and supplies of purchases as much as possible. Following is a listing of some basic items which shall be recycled or reused: paper, cardboard, scrap metal, tires, lubricants, and solvents, lead acid batteries, roadside brush and chipped wood waste, plastic materials, and surplus property.



TO: Mayor and City Council
FROM: Mike Swanson, City Manager
DATE: January 21, 2005 for February 1, 2005 Work Session
RE: Certification of Ballot Measure for May 17, 2005 Election

ACTION REQUESTED

The action requested is Council direction on the content of a ballot measure submitted at the May 17, 2005 election as a companion to the fire district annexation measure.¹

BACKGROUND

The City submitted the question of annexation to Clackamas County Fire District No. 1 ("District") at the September 21, 2004 election. No other question was on the ballot. The annexation measure failed by a vote of 1,565 (47.12%) "yes" votes and 1,756 (52.88%) "no" votes.

When placing the annexation question on the ballot, the Council made a commitment to reduce the levy of the City's permanent rate to achieve no net increase in taxes. Many respondents felt that the commitment did not provide sufficient clarity, and, therefore, I propose that the Council certify an additional ballot question ("companion measure") that would speak to the City's tax levy should the annexation measure pass.²

I am recommending that the companion measure direct the City Council to reduce its levy of the City's permanent rate (6.5379/\$1,000 of valuation) by the amount of the District's permanent rate (2.4012/\$1,000 of valuation) for a period of three years conditioned on passage of the annexation measure.³

¹ This staff memo assumes an election date of May 17, 2005. That decision is in the hands of the District Board, and official action has not been taken as of this writing.

² The District Board will consider the City's request to annex at its January 24, 2005 Board meeting. An annexation measure and any accompanying measure(s) must be certified to the County Elections Officer by no later than March 17, 2005.

³ I would also recommend that the reduction begin during FY 2006-07. If the voters approve the annexation measure, it would be effective on July 1, 2006, and the City's General Fund commitment to the District would end. The first year of a City reduction should be timed to coincide with the reduction in its contractual

My recommendation of a net zero tax impact is not meant to imply comfort with the City's financial affairs. Each of the past four years we have constructed a budget with great difficulty. The defeat of the countywide library levy in November 2004 sets the stage for an even more difficult process this year. The City will need additional revenues in order to provide services that are demanded by its residents.

However, the issue that is before you is annexation to the District. An affirmative vote is among the City's priorities. There are many compelling arguments in favor of annexation. One is the fact that City residents will become eligible for full political participation in District affairs with annexation. Another argument in favor of annexation is the fact that it affords the District the opportunity to plan for the long term. Finally, annexation to the District ensures that Milwaukie residents will receive uninterrupted, guaranteed fire suppression, education, and emergency medical services into the future.

The contractual relationship with the District has served both parties well. I assume that it will continue to do so. However, there is nothing to prevent a future District Board from adopting a policy that it will no longer provide service by contract. Placing these services on a permanent basis and guaranteeing that they will be provided is the right move.

My recommendation is made with the intent of affording the annexation measure every advantage of passing. Describing the annexation and its impacts is a difficult task—especially within the word constraints placed on the Ballot Question and Explanatory Statement by Oregon Election Law. Adding a tax increase would, I believe, burden it with enough additional complexity to endanger it.

However, the net zero option is not the only option available. The Council could certify a companion measure that directs a lesser reduction and provides that the funds reserved be used for specific purposes.⁴

A number of purposes have been mentioned, including the addition of a Police Officer, the addition of a Planner, and/or filling the anticipated Library funding shortfall.⁵ The addition of a new Police Officer would require a levy of

commitment. In order to provide for unforeseen contingencies, I would also recommend that the measure permit the voters to increase the amount available to the City during the three years.

⁴ I am given to understand that the City could propose two companion measures, one of which directs the net zero scenario and one that provides for some tax increase tied to services. The measure receiving the highest number of votes prevails. However, the addition of two measures does complicate the whole package.

⁵ The cost of each option has been calculated using the City's 2004-2005 taxable value for property as listed in the Clackamas County Assessor's "Statement of Taxes Levied in Clackamas County, Oregon for Year Ending June 30, 2005." That value is \$1,266,921,744. An initial year cost has been assigned to each of the options, and that amount has been increased by a factor of 3% for each of the next two years. The annual amount required is arrived at by dividing by three, and that annualized amount has then been converted into

approximately .0761/\$1,000 of valuation. The addition of a new Planner would require a levy of approximately .0617/\$1,000 of valuation. Funding the anticipated gap in Library funding would require a levy of approximately .1019/\$1,000 of valuation.⁶

a levy amount after including a factor for uncollected taxes. The levy amount is applicable only to the taxable value stated above. For those wishing to use a short form calculation, remember that a levy of .10/\$1,000 of valuation will yield approximately \$118,000 after deducting uncollected taxes.

⁶ This levy amount is the most speculative as the funding gap is a moving target. I have assumed a first-year gap of \$120,000. Given what we are hearing from the County, the following years might see a bigger number.