
COUNCIL ORDINANCE NO. 20669

**AN ORDINANCE CONCERNING PUBLIC CONTRACTS AND AMENDING
SECTIONS 2.1400, 2.1405, 2.1415, 2.1420, 2.1425, 2.1430, AND 2.1451
OF THE EUGENE CODE, 1971.**

ADOPTED: June 27, 2022

SIGNED: June 29, 2022

PASSED: 8:0

REJECTED:

OPPOSED:

ABSENT:

EFFECTIVE: July 30, 2022



ORDINANCE NO. 20669

AN ORDINANCE CONCERNING PUBLIC CONTRACTS AND AMENDING SECTIONS 2.1400, 2.1405, 2.1415, 2.1420, 2.1425, 2.1430, AND 2.1451 OF THE EUGENE CODE, 1971.

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Subsection (3) of Section 2.1400 of the Eugene Code, 1971, is amended and a new subsection (4) is added, to provide as follows:

2.1400 Public Contracts – City Policy.

(3) *Interpretation.* In furtherance of the purpose of the objectives set forth in subsection (2), it is the city's intent that City of Eugene Public Contracting Regulations be interpreted to authorize the city to possess the full contracting powers of an Oregon local contracting agency and to act to the full extent permitted by state law.

(4) *Administrative Rules.* The Oregon Attorney General's Model Public Contracting Rules, OAR Chapter 137, Divisions 46, 47, 48, and 49 (the Oregon Model Rules) do not apply to the city's public contracting activities. Instead, the city's purchasing agent is authorized and directed to adopt administrative rules and procedures relating to public contracts and the public contract process, which may include portions of the Oregon Model Rules.

Section 2. Section 2.1405 of the Eugene Code, 1971, is amended to provide as follows:

2.1405 Public Contracts – Exemption from Public Contracting Regulations.

The City of Eugene Public Contracting Regulations apply to all public contracts of the city except for the classes of contracts that are declared exempt as set forth herein and as specifically described in the administrative rules adopted by the purchasing agent.

Section 3. Subsection (1) of Section 2.1415 of the Eugene Code, 1971, is amended to provide as follows:

2.1415 Public Contracts – Authority of Purchasing Agent.

(1) *General Authority.* The city manager or designee shall be the purchasing agent for the city and is hereby authorized to award all city contracts for which there is an appropriation. Subject to the provisions of sections 2.1400 to 2.1451 of this code, the purchasing agent may adopt and amend all rules, regulations, procedures and forms required or permitted to be adopted by contracting agencies or otherwise convenient for the city's contracting needs. Without limiting the generality of the foregoing, the purchasing agent shall adopt public contracting rules for the

award of personal services contracts and concession agreements and shall hear all solicitation and award protests.

Section 4. The lead in sentence of Section 2.1420 of the Eugene Code, 1971, and the definition of "Personal services contract" are amended; the definition of "Emergency" is deleted; and the definition of "Social service provider" is added to provide as follows:

2.1420 Public Contracts – Definitions.

The following terms used in sections 2.1400 to 2.1451 shall have the meanings set forth below.

Personal services contract. A contract with an individual or group predominantly for services that require special training or certification, skill, technical, creative, professional or communication skills or talents, unique and specialized knowledge, or the exercise of judgment skills, and for which the quality of the service depends on attributes that are unique to the service provider. Such services include, but are not limited to the services of architects, engineers, land surveyors, attorneys, auditors and other licensed professionals, artists, designers, computer programmers, performers, consultants and property managers. The purchasing agent shall have discretion to determine whether additional types of services not specifically mentioned in this paragraph fit within the definition of personal services.

Social service provider. Public or private providers of services intended to aid disadvantaged, distressed, or vulnerable persons or groups.

Section 5. Section 2.1425 of the Eugene Code, 1971, is amended to provide as follows:

2.1425 Public Contracts – Process for Approval of Special Solicitation Methods and Exemptions.

(1) *Special Procurements.* Special procurement requests, approvals, and protests shall be made in accordance with rules adopted by the purchasing agent.

(2) *Public Improvement Contract Exemptions.* Public improvement contract exemption shall be adopted in accordance with rules adopted by the purchasing agent.

(3) *Commencement of Public Improvement Solicitation Prior to Approval.* A solicitation may be issued prior to the approval of a public improvement contract exemption if the purchasing agent must act promptly because of circumstances beyond the purchasing agent's control that do not constitute an emergency, notification of the public hearing may 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 hearing and approval of the findings.

Section 6. Subsections (3)(c), (4), and (5) of Section 2.1430 of the Eugene Code, 1971,

are amended to provide as follows:

2.1430 Public Contracts – Solicitation Methods for Classes of Contracts.

The following solicitation methods and exempt classes of contracts are hereby established by the city council.

(3) *Hybrid Contracts.* The following classes of contracts include elements of construction of public improvements as well as personal services and may be awarded as described below and subject to rules adopted by the purchasing agent.

(c) *Construction Manager/General Contractor (CM/GC) contracts.* Contracts for the construction of public improvements using a Construction Manager/General Contractor Construction Method shall be awarded pursuant to City of Eugene Public Contracting Regulations.

(4) *Special Procurement Class Exemptions.* Subject to regulation described herein and under rules adopted by the purchasing agent, the following classes of contracts may be awarded in any manner which the solicitation agent deems appropriate to the city's needs, including by direct appointment or purchase.

(a) *Advertising.* Contracts for the placing of notice or advertisements in any medium.

(b) *Amendments.* Contract amendments shall not be considered to be separate contracts if made in accordance with rules adopted by the purchasing agent.

(c) *Animals.* Contracts for the purchase of animals.

(d) *Copyrighted, library, and other materials of the creative process.* Contracts for the acquisition of materials, whether in hardcopy or electronic form, entitled to copyright, including, but not limited to, works of art and design, books, periodicals, reference materials, audio and visual media, and library lending materials.

(e) *Equipment maintenance and repair.* Contracts for equipment maintenance, repair or overhauling, provided either: (i) the service or parts required are unknown and the cost cannot be determined without extensive preliminary dismantling or testing; (ii) immediate repairs are necessary to maintain City services; or (iii) the service or parts requires specialized training or are available from only one source.

(f) *Fuel and oil.* Contracts for gasoline, diesel fuel, heating oil, lubricants and asphalt, subject to an intermediate procurement process.

(g) *Goods for resale.* Contracts for goods purchased for resale to consumers.

- (h) *Government regulated items.* Contracts for the purchase of items for which prices or selection of suppliers are regulated by a governmental authority.
- (i) *Information Technology.* The procurement of, and contracts for the maintenance, support, or upgrade of, computer software, software as a service, and all information technology equipment, including without limitation computer hardware, telecommunications devices, network equipment, and other information technology systems, shall be made in accordance with rules adopted by the purchasing agent.
- (j) *Insurance.* Liability insurance contracts.
- (k) *Manufacturer direct supplies.* Contracts for goods purchased directly from the manufacturer.
- (l) *Memberships.* Procurement of membership in professional associations and organizations.
- (m) *Non-owned property.* Contracts or arrangements for the sale or other disposal of used abandoned property or other personal property not owned by the city.
- (n) *Personal Services.* The procurement of, and contracts for Personal Services, shall be made in accordance with rules adopted by the purchasing agent.
- (o) *Printing Services.* Procurement of printing services.
- (p) *Renewals.* Contracts that are being renewed in accordance with their terms are not considered to be newly issued contracts and are not subject to competitive procurement procedures.
- (q) *Social Service Providers.* For procurements equal to or less than \$150,000 the purchasing agent may award a contract to social service providers without a competitive solicitation. For procurements greater than \$150,000, the purchasing agent shall adopt rules for awarding contracts to social service providers.
- (r) *Sole source contracts.* Contracts for goods or services which are available from a single source. The purchasing agent shall adopt rules under which a determination of sole source availability may be made.
- (s) *Sponsorship agreements.* Sponsorship agreements, under which the city receives a gift or donation in exchange for recognition of the donor.
- (t) *Structures.* Contracts for the disposal of structures located on city-owned property, other than structures suitable for residential use.
- (u) *Temporary extensions or reinstatement of contracts.* Except for public improvement contracts, non-renewable contracts may be temporarily extended or recently expired contracts may be reinstated.
- (v) *Temporary use of city-owned property.* The city may negotiate and enter into a license, permit or other contract for the temporary use of city-owned property without using a competitive selection process if:

1. The contract results from an unsolicited proposal to the city based on the unique attributes of the property or the unique needs of the proposer;
2. The proposed use of the property is consistent with the city's use of the property and the public interest; and
3. The city reserves the right to terminate the contract without penalty, in the event that the city determines that the contract is no longer consistent with the city's present or planned use of the property or the public interest.

(w) *Used property.* A solicitation agent, for procurements up to \$20,000, and the purchasing agent, for procurements in excess of \$20,000 may contract for the purchase of used property by negotiation if such property is suitable for the city's needs and can be purchased for a lower cost than substantially similar new property. For this purpose the cost of used property shall be based upon the life-cycle cost of the property over the period for which the property will be used by the city. A record shall be made of the findings that support any purchase over \$10,000.

(x) *Utilities.* Contracts for the purchase of steam, power, heat, water, telecommunications services, and other utilities, including in-kind telecommunications services pursuant to EC 3.415(6).

(5) *Contracts Required by Emergency Circumstances.* The purchasing agent may declare that an emergency exists. The purchasing agent shall document the nature of the emergency and describe the method used for the selection of the particular contractor. The purchasing agent shall notify the city council of the declaration of emergency for contract awards over the applicable intermediate procurement threshold.

Section 7. Section 2.1451 of the Eugene Code, 1971, is amended to provide as follows:

2.1451 Model Cost Accounting Guidelines.

The model cost accounting guidelines developed by the Oregon Department of Administrative Services for Public Improvements by Contracting Agencies are hereby adopted as the city's cost accounting system to apply to public improvement projects exceeding \$5,000 and constructed with city's own equipment or personnel.

Section 8. The Findings set forth in Exhibit A attached to this Ordinance are adopted as findings in support of this Ordinance.

Section 9. The cost accounting guidelines for public improvement projects referred to in Section 7. of this Ordinance are set forth in Exhibit B attached to this Ordinance and are adopted in support of this Ordinance.

Section 10. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Passed by the City Council this

27th day of June, 2022



City Recorder

Approved by the Mayor this

29 day of June, 2022



Mayor

Exhibit A

FINDINGS IN SUPPORT OF ORDINANCE NO. 20669 AMENDING PUBLIC CONTRACTING CODE PROVISIONS

State public contracting law, ORS 279B.085 and 279C.335, authorize the City Council, upon adoption of appropriate findings, to establish special selection, evaluation, and award procedures for, or exempt from competition, the award of a specific contract or classes of contracts, including public improvement contracts.

Pursuant to that authority, in 2014, the City Council, after a public hearing thereon, previously adopted Ordinance 20542, which established classes of contracts and the solicitation methods for their award, as set forth in Section 2.1430 of the Eugene Code, 1971.

Pursuant to that same authority, the City Council has, after a public hearing thereon, adopted Ordinance No. 20669, which modifies several previously established classes and solicitation methods, and also establishes several additional classes of contracts and the solicitation methods for their award, as set forth in Section 2.1430 of the Eugene Code, 1971, together with the following specific findings in support thereof. (No findings are required for the previously established classes that were not modified or changed by Ordinance No. 20669.)

For Public Improvement Exemptions

Specifically, the Council finds that no new findings are needed for the following previously established classes:

EC 2.1430(1) – Request for Proposals for Public Improvement Contracts. No change to class or its solicitation method; no findings required.

EC 2.1430(2) – City funded privately-constructed public improvements. No change to class or its solicitation method; no findings required.

EC 2.1430(3)(a) Hybrid Contracts – Design/build contracts. No change to class or its solicitation method; no findings required.

EC 2.1430(3)(b) – Hybrid Contracts – Energy savings performance contracts. No change to class or its solicitation method; no findings required.

EC 2.1430(3)(c) – Hybrid Contracts - Construction Manager/General Contractor (CM/GC) contracts. No change to class or its solicitation method (provision amended only to update reference to City Regulations); no findings required.

Specific Findings for Special Classes and Methods of Award for Contracts Other Than Public Improvements.

The City Council approves the specific findings for the establishment of special solicitation methods for the classes of public contracts described below and finds that the establishment of each class of contracts and methods approved for their award:

Exhibit A

1. Is unlikely to encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts because such exemptions still require alternative contracting procedures, ensuring: (A) reasonable competition; (B) the best contract price for the public; and (C) a cost-effective process for both contractors and the city;
2. The awarding of public contracts under the exemption will result in substantial cost savings to the city because the city will avoid costs associated with unnecessary documentation and procedures, where it is unmerited by the type and/or relatively low cost of the project; and
3. The awarding of public contracts pursuant to any of the requested exemptions also substantially promotes the public interest in a manner that could not practicably be realized by formal competitive solicitation procedures, given the fact that such exemptions facilitate smooth operation of city's administration and operations, include procedures and mechanisms to ensure the best product, service or outcome is obtained at the least cost to the public and city, and identified classes address areas of public contracting left unresolved by state statute which are essential for city operations, such as the purchase of used personal property, and the disposition of surplus personal property.

Specifically, the Council finds the following Special Class of Contracts are subject to award at the Purchasing Agent's Discretion:

2.1430(4)(a). Advertising. No change to class or solicitation method; no findings required.

2.1430(4)(b). Amendments. No change to class or solicitation method; no findings required.

2.1430(4)(c). Animals. No change to class or solicitation method; no findings required.

2.1430(4)(d). Copyrighted, library, and other materials of the creative process.

Alternate Award Process. Solicitation agent's discretion.

Cost Savings and Other Benefits. Necessary to allow city to acquire products that are from a single source, copyrighted, and/or cannot be reasonably obtained using a solicitation process.

Effect on Competition. None. The materials covered by are generally acquired from a sole-source copyright holder; therefore, competition does not generally exist for such products.

No Favoritism. This special procurement is not expected to encourage favoritism or substantially diminish competition because copyrighted and proprietary products may not be duplicated by others without permission.

Other Factors. This exemption was in the city's prior contracting code and has been expanded to meet today's market needs and respond to trends, including the prevalence of electronic media formats. The exemption title has changed to clarify the scope of the class, and additional examples have been included in the description.

2.1430(4)(e). Equipment Maintenance and Repair

Alternate Award Process. Solicitation agent's discretion.

Exhibit A

Cost Savings and Other Benefits. Pre-contract pricing is usually impossible because of the unique nature of each instance that necessitates equipment repair or maintenance. Delay required for solicitation would impair city's ability to respond to equipment breakdown and be injurious to the public interest. Experience with contractor is crucial because reliability over the course of several projects is important.

Effect on Competition. Allows contractor to be selected based on ability to provide accurate, reliable, and fast service. In addition, there is often limited competition because the manufacturer requires repair and maintenance to be performed in accordance with associated warranties.

Effect on Favoritism. Favoritism will not be greater than if statutory request for proposals process is used.

Other Factors. This exemption was in the city's prior contracting code, with the exception of adding "maintenance." The title has changed and definition now includes maintenance and conditions of use.

2.1430(4)(f). Fuel and Oil. No change to class or solicitation method; no findings required.

2.1430(4)(g). Goods for Resale. No change to class or solicitation method; no findings required.

2.1430(4)(h). Government Regulated Items. No change to class or solicitation method; no findings required.

2.1430(4)(i). Information Technology

Alternative Contracting Procedure. Subject to Purchasing Agent rules.

Cost Savings and Other Benefits. Ensures appropriate evaluation of organizational risk and cost that cannot be otherwise obtained using prescribed RFP method. Avoids unnecessary solicitation costs, including supplier and staff time.

Effect on Competition. It is unlikely that awarding contracts under this process will encourage favoritism or substantially diminish competition. Once a software or hardware product is selected there is virtually no competition available for maintenance services.

No Favoritism. Low impact. Responds to unique opportunities.

Other Factors. An alternative contracting process allows the city to take risk and cost into consideration prior to major staff or supplier commitments, thereby reducing costs and increasing trust and confidence with suppliers. It is in the public interest to secure contracts for support and maintenance services in a timely manner and for the best value available in the marketplace.

All software under license to the City is proprietary and subject to intellectual property restrictions. This means the software owner controls the distribution of the software and support or maintenance agreement rights. The City purchases a license agreement in which the software creator owns the software and gives the City the right to use it under specific conditions.

Certain computer hardware is also proprietary. This means that the availability of support or maintenance may be controlled exclusively by the manufacturer.

Exhibit A

Software and hardware maintenance agreements provide support, version updates and software fixes necessary to maintain the City's software systems and hardware infrastructure which directly affects the City's ability to deliver services. In most cases, the software or hardware manufacturer or authorized reseller is the only vendor authorized or qualified to provide maintenance.

In addition, it is difficult to determine if a prospective vendor is qualified to provide maintenance. There is a benefit to have continuity of service by the same provider who has a proven track record with the city.

2.1430(4)(j). Insurance.

Alternate Award Process. Purchasing Agent's discretion.

Cost Savings and Other Benefits. Ensures appropriate evaluation of organizational risk and cost that cannot be otherwise obtained using prescribed RFP method. Avoids unnecessary solicitation costs, including supplier and staff time.

Effect on Competition. Provider market is limited and specialized. Little, if no effect on competition.

No Favoritism. Low or no impact. Responds to unique organizational need.

Other Factors. An alternative contracting process allows the city to take unique factors such as coverage, premium cost, and services into consideration prior to major staff or provider commitments, thereby reducing costs.

2.1430(4)(k). Manufacturer direct supplies. Removed duplicative language. No substantive changes to class or solicitation method; no findings required.

2.1430(4)(l). Memberships.

Alternate Award Process. Subject to Solicitation Agent discretion.

Cost Savings and Other Benefits. Memberships and professional associations are unique services that cannot reasonably be expected to be procured using a solicitation method.

Effect on Competition. None.

No Favoritism. No impact. Responds to unique circumstances.

Other Factors. City of Eugene employees may join professional associations and organizations when such membership will enhance professionalism, encourage networking with other professionals, or otherwise provide access to valuable and necessary information to accomplish their jobs or maintain their professional standing.

2.1430(4)(m). Non-owned property. No change to class or solicitation method; no findings required.

2.1430(4)(n). Personal Services

Alternate Award Process. Subject to Purchasing Agent rules.

Cost Savings and Other Benefits. Personal Services are unique services that cannot reasonably be expected to be procured using a single method the same as Division 47 Goods or Services, and selection of the best or most suitable contractor is highly dependent upon the specific circumstances and needs

Exhibit A

for the particular situation . Oftentimes the expense of a solicitation process outweighs the contract cost and can inflate total project cost.

Effect on Competition. Little to no effect on competition as many short-term contracts are awarded through qualified pools.

No Favoritism. Low or no impact. Responds to varied and unique contracting opportunities.

2.1430(4)(o). Printing Services

Alternate Award Process. Subject to Purchasing Agent rules.

Cost Savings and Other Benefits. This exemption allows the city to determine the required method of solicitation for printing services based on the expected cost of a particular purchase and scope of project, not the total cost of all printing services procured in a single year. Because the city typically pays more than \$10,000 a year for all printing services, the absence of this provision could lead to a requirement that even the smallest outside printing purchase be awarded only after following a full formal competitive solicitation process or procuring services from a single provider.

Effect on Competition. Little or none.

No Favoritism. Low impact. Responds to unique purchase of goods and services for the particular situation.

Other Factors. Variations in the type, quantity, and quality of printing required to meet immediate needs are too large to have this class of contracts governed by a single solicitation method or to require the use of contract with a single supplier. The City's cumulative procurement of printing services generally exceeds \$10,000 per annum, but the cumulative amount is comprised of multiple individual contracts for printing services, few of which exceeds \$10,000 and most of which are only a few dollars in value.

2.1430(4)(p). Renewals. No change to class or solicitation method; no findings required.

2.1430(4)(q). Social Services Provider

Alternate Award Process. Purchasing Agent's discretion (for procurements equal to or less than \$150,000, may award without a competitive solicitation; for procurements greater than \$150,000, shall adopt rules for award).

Cost Savings and Other Benefits.

1. Avoids unnecessary solicitation expense for both the Provider and City by allowing Purchasing Agent to determine whether cost of solicitation is justified.
2. Allows Purchasing Agent to meet immediate community and organizational needs by facilitating rapid contracting opportunities.

Effect on Competition. Local provider market is small, specialized, and overburdened. Little, if no effect on competition.

No Favoritism. Low or no impact. Responds to unique opportunities.

Exhibit A

Other Factors. Variations in the type, quantity, quality, and opportunities for services to meet immediate needs are too large to have this class of contracts governed by a single solicitation method.

2.1430(4)(r). Sole Source Contracts. No change to class or solicitation method; no findings required (provision amended only to remove reference to state statute).

2.1430(4)(s). Sponsorship Agreements. No Change to class or solicitation method; no findings required.

2.1430(4)(t). Structures. No change to class or solicitation method; no findings required.

2.1430(4)(u). Temporary Extensions or Reinstatement of contracts.

Alternate Award Process. Extension or reinstatement of contract. No selection process required.

Cost Savings and Other Benefits. Gives staff time to prepare for competitive solicitation when existing contracts expire without notice by staff. Deals with administrative errors. Protects the public interest against employee error.

Effect on Competition. Delays competition by not more than one year.

Effect on Favoritism. No impact. At expiration of temporary period, standard competitive procedure will apply.

Other Factors. This exemption was in the city's prior contracting code. Changes made provide clarity of applicability and define timeframe in which exemption may be used.

2.1430(4)(v). Temporary Use of City-Owned Property. No change to class or solicitation method; no findings required.

2.1430(4)(w). Used Property. No change to class or solicitation method; no findings required.

2.1430(4)(x). Utilities. No change to class or solicitation method; no findings required.

2.1430(5). Contracts Required by Emergency Circumstances. No changes to class or solicitation method; no findings required (provision amended only to remove reference to state statute and to add requirement to document nature of emergency).

2.1430(6). Surplus Property. No changes to class or solicitation method; no findings required.

2.1430(7). Concession Agreements. No changes to class or solicitation method; no findings required.

**COST ACCOUNTING GUIDELINES FOR
PUBLIC IMPROVEMENTS BY CONTRACTING AGENCIES**

ORS 279C.310 prohibits a contracting agency constructing a public improvement with the contracting agency's own equipment or personnel if the cost exceeds \$5,000, unless the contracting agency adopts and applies a cost accounting system that substantially complies with the model cost accounting guidelines developed by the Oregon Department of Administrative Services pursuant to section 3, chapter 869, Oregon Laws 1979, as determined by an accountant qualified to perform audits required by ORS 297.210 and 297.405 to 297.555 (Municipal Audit Law).

One objective of the law is to provide more accurate financial information for projects constructed by public agencies' own personnel and equipment. In addition to the advantages of obtaining more accurate information for managerial purposes, the agencies' ability to comply with minimal financial reporting standards requires cost accounting procedures.

The National Committee on Governmental Accounting in its publication "Governmental Accounting, Auditing and Financial Reporting," commonly known by its acronym GAAFR, requires that when a governmental unit's own personnel perform construction "...a complete accounting of costs of labor, materials, equipment usage, and overhead must form the basis for entries in the General Fixed Assets Group of Accounts."

Reporting in financial statements of "public domain" fixed assets - roads, bridges, drainage systems, and similar assets dedicated directly to public service other than used in providing public services - is optional. The agency's accounting policy in this respect should be disclosed in the Summary of Significant Accounting Policies, and consistently applied.

DAS cost accounting guidelines are not intended to serve as an accounting manual, but as a listing of general procedures necessary to comply with Oregon Statutes and Generally Accepted Accounting Principles.

COST ACCOUNTING GUIDELINES

I. NUMERIC CODING SYSTEM

A numeric coding system for accounting purposes should be developed. Each project will be assigned an account number.

Entities with automated accounting systems are encouraged to establish cost centers for accumulating project costs. Many related costs may be incurred long before construction actually begins. Projects accounting codes are, therefore, essential to ensure that all chargeable costs are recorded.

II. PERSONAL SERVICES COSTS

A. The use of detailed time records is a fundamental requirement for accurately accumulating labor costs. Employee time records should provide information at an hourly level for type of activity and by project.

B. The costs of employee vacation, sick leave, employer paid insurance and/or retirement benefits, and all other employer paid benefits should be reflected in hourly charge rates. Workers' Compensation costs used in this calculation shall be based on actual rates paid.

C. Travel time to and from the job site should be charged to the project.

III. MATERIALS

A. Materials issuance from inventory or stores for use on a particular project should be documented by requisition forms.

- B. Direct material purchases for use on a specific project should be documented by purchase orders and invoices.
- C. Costs of other supplies not directly chargeable to a specific project should be considered in overhead calculation. See Section V.

IV. EQUIPMENT USAGE RATES

- A. Agencies may develop internal usage rates based on depreciation schedules, investment cost (ORS 279.023(3) (now ORS 279C.305(3)), and operating costs such as fuel, oil, and repairs.
- B. Agencies may use widely accepted rate schedules such as those used by the Oregon State Highway Division for "external" work such as force account or price agreement.

V. OVERHEAD AND RELATED COSTS

- A. All general administrative and other "overhead" expenses directly or indirectly applicable to construction activities should be identified and charged. The use of formula or percentage charge rates is acceptable if those rates are supported by documentation. Documentation would consist of work papers showing the rationale and computations for allocating general administrative expenses.
- B. Accounting principles require the capitalization of a wide range of ancillary costs. Examples are engineering, legal and other professional fees, acquisition costs, freight and transportation, and site preparation.

VI. FINANCIAL REPORTING

The final project costs will be closed to the appropriate ledger account. Public agencies are encouraged to prepare cost reports on completion of each project.

Reference:

1979 Oregon Laws, Chapter 869
1981 Oregon Laws, Chapter 281, Section 2
1993 Oregon Laws, Chapter 500, Sections 2b(1) and 54(2)
ORS 279C.305(3) and 279C.310

Find these Cost Accounting Guidelines on the DAS Procurement website at:
<http://www.oregon.gov/das/Procurement/Pages/Guideline.aspx>

Send questions to: egs.pscustomer@oregon.gov