The Klamath County School District Board of Directors held a regular school board meeting on Thursday, April 19, 2018, at the Klamath County School District Office, 2845 Greensprings Drive, Klamath Falls, Oregon.

**QUORUM**

Board members in attendance were Denise Kandra, Steve Lowell, Robert Moore, Jill O’Donnell, and John Rademacher. Also in attendance were Superintendent, Greg Thede; Secondary Curriculum Director, Jeff Bullock; Director of Special Services, Laura Blair; Director of Equity, Assessment and School Improvement, Sara Johnson; Director of Business Services, Renée Ferguson; Executive Assistant, Stephanie LeRoy; and others.

**CALL TO ORDER**

John Rademacher called the meeting to order at 5:00 PM and led the Pledge of Allegiance.

**LOST RIVER BOOSTER CLUB**

Darla Duncan, Lost River Booster Club president, along with two Lost River students came to share information about an exciting project in the works at Lost River. The Lost River Community Center (LRCC) will benefit all communities surrounding the school. They presented the background, anticipated funding, mission statement, and anticipated uses of the LRCC. They invited everyone to attend an upcoming informational dinner and presentation on April 25. Steve Lowell asked them to keep the Board informed as this progresses.

The KCSD maintenance crew has been committed to work on this project, by way of a $100,000 plus in-kind donation.

A copy of their informational flyer is attached to these minutes.

**KLAMATH COUNTY TRANSITION PROGRAM**

Randy Denson and Katey Limb brought the Board up to speed on everything happening with KCTP right now. A copy of their power point presentation is attached to these minutes.

Laura Blair was very complimentary to Randy, Katey, and Nancy Denson for all of their efforts.

Katey told the Board about a fishing opportunity she has planned in August and invited the Board members to volunteer at the event. They also brought samples of their ground coffee for everyone to try; marketing and selling their own brand of coffee is one of their latest business ventures.
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PERS REPORT

Renée Ferguson gave everyone a copy of the recent NY Times article featuring Klamath Falls and reporting on the PERS impact in Oregon. She also provided a detailed historical account of PERS and the future implications associated with PERS.

A copy of the information Renée provided is attached to these minutes.

CONSENT AGENDA

Steve Lowell moved, seconded by Robert Moore to approve the consent agenda. The Consent Agenda consisted of the following:

Minutes of the March 8, 2018 Regular School Board Meeting; Minutes from the March 13, 2018 Special Board Meeting; Minutes from the March 14, 2018 Special Board Meeting; Minutes of the March 15, 2018 Special Board Meeting; Minutes of the April 4, 2018 Special School Board Meeting; Minutes of the April 12, 2018 Special School Board Meeting;

Resignation of Sandra Barkley, District Office; Terry Ingram, Shasta Elementary School; Sara Johnson, District Office; John Woodward, Henley High School;

Contracts for Andy Bracco, Mazama High School; Leon Carl, Chiloquin Jr/Sr High School; Alycia Goss, Shasta Elementary School; Alyssa Jones, Ferguson Elementary School; Jessica Lockrem-Plascencia, Chiloquin Elementary School; Brian Palmer, Henley Middle School; Adam Randall, Henley High School; Kendall Simpson, Merrill/Malin; Katherine Tripp-Carl, Chiloquin Jr/Sr High School; Jessica West, Henley High School;

Surplus (attached);

Policy updates IGDJ – Interscholastic Activities; DLD-AR(2) – Klamath County School District In-District Mileage Reimbursement Request; DLD-AR(3) – Klamath County School District Travel Approval and Reimbursement Request;


The motion passed by a 5-0-0 vote with Kandra, Lowell, Moore, O’Donnell, and Rademacher voting in favor.
PUBLIC INPUT

There was no public input.

RECESS OF MEETING

John Rademacher recessed the special board meeting, for a meeting of the Local Contract Review Board at 6:11 PM.

Renée Ferguson presented Resolution 18-09: Proposed findings supporting an exemption from competitive bidding requirements and use of the construction manager/general contractor method of procurement for Merrill Elementary School Seismic Rehabilitation Project.

There was no public input.

Jill O'Donnell made a motion to approve Resolution 18-09, Steve Lowell seconded. The motion passed 5-0-0 with Kandra, Lowell, Moore, O'Donnell, and Rademacher voting in favor.

A copy of Resolution 18-09 is attached to these minutes.

RECONVENE OF MEETING

John Rademacher reconvened the regular board meeting at 6:15 PM.

FOOD SERVICES/CAFETERIA PRICES

Renée Ferguson and Chris Dalla spoke positively about the current cafeteria program. Food Service continues to make progress toward operating within its annual budget.

Chris said the Peterson Elementary kitchen upgrade has had a tremendously positive impact on the food service for that school.

A copy of the Food Services/Cafeteria Pricing report is attached to these minutes.

Renée reported that they are continuing to implement recommendations made by consultant Janet Beers. Janet recommended increasing breakfast and lunch prices by $.10 each year until they meet the federal reimbursement rate. Based on that, the proposed new prices for the 2018-2019 school year are:
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<table>
<thead>
<tr>
<th></th>
<th>Breakfast 17-18</th>
<th>Breakfast 18-19</th>
<th>Lunch 17-18</th>
<th>Lunch 18-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-6</td>
<td>$1.65</td>
<td>$1.75</td>
<td>$2.45</td>
<td>$2.55</td>
</tr>
<tr>
<td>7-8</td>
<td>$1.90</td>
<td>$2.00</td>
<td>$3.05</td>
<td>$3.15</td>
</tr>
<tr>
<td>9-12</td>
<td>$1.90</td>
<td>$2.00</td>
<td>$3.05</td>
<td>$3.15</td>
</tr>
<tr>
<td>Adult Meals</td>
<td>$2.40</td>
<td>$2.50</td>
<td>$3.75</td>
<td>$3.85</td>
</tr>
</tbody>
</table>

Bob Moore moved, seconded by Jill O’Donnell, to increase the cost of student and adult breakfasts and lunches, as represented above.

The motion passed by a 5-0-0 vote with Kandra, Lowell, Moore, O’Donnell and Rademacher voting in favor.

**HEALTH INSTRUCTIONAL MATERIALS ADOPTION**

Jeff Bullock and Mazama health teacher Kristi Sturgeon presented the proposed health curriculum; it will be used consistently across the District. Jeff had previously provided full samples of the 7-12 Goodheart-Willcox health instructional materials for the Board to view.

A copy of the health curriculum financial proposal is attached to these minutes.

Steve Lowell moved, seconded by Jill O’Donnell, to approve the purchase of Goodheart-Willcox health instructional materials as presented. The motion passed by a 5-0-0 vote with Kandra, Lowell, Moore, O’Donnell, and Rademacher voting in favor.

**GRADUATION ASSIGNMENTS**

A list of Klamath County School District’s 2018 graduation dates/times was presented to the Board. Jeff Bullock requested that members confirm the graduation(s) they wished to attend. The following assignments were made.

**Friday, June 8, 2018**
- GED Program – 10 AM – Denise Kandra
- KCTP – 11:30 AM – Denise Kandra
- Falcon Heights Academy – 1 PM – Denise Kandra

**Friday, June 8, 2018**
- Mazama – 7 PM – Steve Lowell
Saturday, June 9, 2018
  • Bonanza – 10 AM – Jill O'Donnell
  • Gilchrist – 11 AM – John Rademacher
  • Lost River – 11 AM – Denise Kandra

Sunday, June 10, 2018
  • Chiloquin – 2 PM – John Rademacher
  • Henley – 2 PM – Jill O'Donnell

GRANT AWARDS

Renée Ferguson presented a list of grants for approval. It included Merrill Lions Club for Lost River softball scoreboard in the amount of $2,500.00; Student Support and Academic Enrichment Title IV-A student support and academic enrichment in the amount of $32,939.00; Treuver for Stearns track project in the amount of $41.00; Collins Products for Transition House in the amount of $275.00; Post School Outcomes/Interviews for Student Interviews in the amount of $240.00; Grammy Museum Foundation, Inc. for Chiloquin High Music Dept. in the amount of $2,000.00; Adkins Engineering for Structural Engineering design plans for LRHS Baseball dugouts in the amount of $838.31; Henry Bowen for Stearns Track Project in the amount of $50.00; Ed Staub Petroleum for Henley High Golf Fund in the amount of $500.00; OR Statewide Transition Conference for Conference Activities in the amount of $1,767.00; and California Casualty Athletic Grant for Henley Middle School basketball in the amount of $1,000.00, for a total of grants received this month in the amount of $42,150.31.

Steve Lowell moved, seconded by Bob Moore, to approve the grants received in the amount of $42,150.31. The motion passed by a 5-0-0 vote with Kandra, Lowell, Moore, O’Donnell and Rademacher voting in favor.

RESOLUTION 18-10


A copy of the resolution is attached to these minutes.

Bob Moore made a motion, seconded by Jill O’Donnell, to adopt Resolution 18-10: Adopting a Supplemental Budget for Fiscal Year 2017-2018 as described. The motion passed by a 5-0-0 vote with Kandra, Lowell, Moore, O’Donnell, and Rademacher voting in favor.
KCEA/SCHOOL BOARD MEET AND GREET

John Rademacher would like to schedule the final meeting between KCEA and the Board for this school year. He expressed an interest in attending this meeting and asked for another member to join him. Steve Lowell will join him, with Jill O’Donnell acting as back-up. John will firm up the date/time with Mark Nevala and report back to everyone.

REQUEST FOR CONSTRUCTION EXCISE TAX WAIVER

This item did not appear on the agenda; it was a last minute addition.

Renée explained that she recently received a request for construction excise tax waiver from Daryl Malvern. She recommends denying this request, as it does not meet any of the criteria necessary for approval.

Steve Lowell moved, seconded by Jill O’Donnell, to deny the request for construction excise tax waiver from Daryl Malvern on the basis that it does not meet necessary criteria. The motion passed 5-0-0 with Kandra, Lowell, Moore, O’Donnell, and Rademacher voting in favor.

RECESS OF MEETING

John Rademacher announced that the Board needed to go into Executive Session under Personnel [ORS 192.660 (2) (a)]. Mr. Rademacher recessed the Open Session at 6:52 PM.

ADJOURNMENT

The Board came back into Open Session at 7:27 PM and John Rademacher adjourned the meeting at 7:27 PM.

Sl

Board Chair

Renee M. Ferguson

Deputy Clerk
OUR COMMUNITY

Lost River Jr./Sr. High School sits between two towns, each with fewer than 900 people. Merrill and Malin are both primarily agricultural towns, with extremely successful schools, sports programs, and community service organizations.

- 60% Hispanic
- 37% Caucasian
- 1% Native American
- Qualify for free breakfast and lunch for all students through the Community Eligibility Program

THE PROPERTY

10’ x 140’
2 stories
Room for basketball, volleyball, tennis, and pickleball courts, soccer goals, classrooms, wrestling, meeting rooms, kitchen, fitness center, locker rooms, batting cage, climbing wall, yoga studio, and more.

For more information, please call
Amie McAuliffe, LRCC director
41-891-4503
lostrivercommunitycenter@gmail.com
On FB: Lost River Community Center

POTENTIAL USERS

LRHS, FFA, 4H, FBLA, Robotics, AAU, Little League, Lions Club, Leos Club, Malin Community Service Club, Merrill and Malin Elementaries, Head Start, Pop Warner, YMCA, Blue Zones, KCC, KBREC, alumni, community members...the possibilities are endless.

LOST RIVER COMMUNITY CENTER
KCTP
KLAMATH COUNTY TRANSITION PROGRAM

PROGRAM OVERVIEW

The Klamath County Transition Program serves students with moderate to severe disabilities ages 18-21 who graduated high school with a modified diploma. We help them focus on work, independent living, post-secondary education and community inclusion. In addition to community-based activities, students get valuable pre-employment experience through internships in student-led businesses such as caution: Clean, Sweeps: JO2GO coffee, and Lunchbox Catering.

We currently serve 35 students at KCTP, 26 of which come to transitions full-time.

POST SECONDARY EDUCATION

- Some of our students at KCTP are given the opportunity to attend Klamath Community College (KCC) classes and degree programs through our program. We pay for their classes and deal with the expectations that they stick-in with KCC courses and come to us with any questions of concern. All students who are interested in taking KCC classes are all required to start off with a meal class load which could include College Survival 101.

DAILY SCHEDULE

Our daily schedule allows students the opportunity to rotate through all of our different activities and classes:

- Pre-Secondary Education
- Recreation & Leisure
- Life Skills
- Community Service
- Pre-Employment Skills
- Life Skills Cafe
- Dental Hygiene Classes

JO2GO OUT IN THE COMMUNITY

- We have two student-led coffee carts in the community located at these:
  - Downtown Library
  - Klamath County School District Office

District Office
Library
Starstruck is our annual spring dance. It is free and open to anyone with a disability over the age of 16. This is an event we are able to fund through the generous donations we have received throughout the year from local businesses.

GONE FISHING
WITH STUDENTS WITH DISABILITIES

- August 4, 2018 at the Moore Pavilion from 9am-6pm
- Hosted by the Hanover County Transition Program and Food Makers Coalition
- For students with disabilities in the Hanover School District
- Students enrolled in the Hanover County Special Education Program
- Hands-on activities include: fishing, boating, cooking, and more!
- All participants receive a T-shirt and PackBack with reserved seating
- Volunteers needed
- Great day for family, fun, and fishing!

Community Volunteers Include:
- Hanover Police Department
- United Way
- others!
LIKE & FOLLOW US ON FACEBOOK

JO2GO
https://www.facebook.com/JO2GORDO/

KCTP
https://www.facebook.com/KCTP16/
Oregon’s Public Employees Retirement System (PERS)
A Historical Recap along with Future Implications
Prepared by Renée M. Ferguson, Director of Business Services
April 15, 2018

Background:
Klamath County School District, as a political subdivision of the State of Oregon, is a member of the Oregon Public Employees Retirement System also known as PERS (ORS 238.015). There were approximately 925 PERS employers as of December 31, 2015. This membership provides the District’s employees with retirement benefits that are calculated using a variety of factors including employment start date, average salary, number of years employed, hours worked, sick leave, etc. There are currently three classifications or plans under PERS that are based upon the date the employee begins working for the public entity. These plans are as follows:

Tier 1 - Began working on or before December 31, 1995
Tier 2 - Began working on or after January 1, 1996 but before August 29, 2003
OPRSRP - Began working after August 28, 2003

PERS assigns rates biennially to public entities based upon the results of actuarial studies. These studies take into consideration life expectancy, salary trends, payouts, payroll dollar amounts, COLA’s, etc. These rates are in addition to the 6% contribution that is to be made by employees but is primarily paid by the public employers. Klamath County School District is one of the employers that pays the 6% on behalf of the employee. Since 2003 this 6% goes into an Individual Account Program (IAP) which is similar to a 401(k). Earnings and the value of these accounts is dependent upon market conditions.

To highlight the significance of PERS rates and their subsequent impacts on our payroll, I’ve summarized the District’s contributions to PERS since FY 2010-11 (base year for this presentation) for the General Fund:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>6% Pick Up</th>
<th>T1/T2</th>
<th>OPRSRP</th>
<th>Total</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$1,432,796.16</td>
<td>$3,431,787.32</td>
<td>**</td>
<td>$4,864,583.49</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$1,450,040.19</td>
<td>$4,547,565.45</td>
<td>**</td>
<td>$5,997,605.64</td>
<td>$1,133,022.15</td>
</tr>
<tr>
<td>2012-13</td>
<td>$1,494,282.8</td>
<td>$4,687,838.45</td>
<td>**</td>
<td>$6,182,121.25</td>
<td>$184,515.61</td>
</tr>
<tr>
<td>2013-14</td>
<td>$1,512,908.37</td>
<td>$3,747,376.32</td>
<td>$1,705,655.50</td>
<td>$8,965,940.19</td>
<td>$783,818.94</td>
</tr>
<tr>
<td>2014-15</td>
<td>$1,589,167.57</td>
<td>$3,525,303.19</td>
<td>$2,162,036.01</td>
<td>$7,276,506.77</td>
<td>$310,566.58</td>
</tr>
<tr>
<td>2015-16</td>
<td>$1,745,225.58</td>
<td>$3,512,147.06</td>
<td>$2,357,774.79</td>
<td>$7,615,147.43</td>
<td>$338,640.66</td>
</tr>
<tr>
<td>2016-17</td>
<td>$1,855,935.34</td>
<td>$3,354,343.37</td>
<td>$2,805,974.60</td>
<td>$8,016,253.31</td>
<td>$401,105.88</td>
</tr>
<tr>
<td>2017-18***</td>
<td>$1,976,358.54</td>
<td>$3,953,552.95</td>
<td>$4,054,102.37</td>
<td>$9,984,013.86</td>
<td>$1,967,760.55</td>
</tr>
</tbody>
</table>

** Not broken out

*** Current estimate for FY 2017-18 based on % of payroll and PERS expense as compared to prior FY using February percentages
The respective PERS rates for the time frames above are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>6% Pick Up</th>
<th>T1/T2</th>
<th>OPRSP</th>
<th>T1/T2 Difference *</th>
<th>OPRSP Difference *</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>6%</td>
<td>14.22%</td>
<td>14.74%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>6%</td>
<td>19.48%</td>
<td>17.97%</td>
<td>526 BP's</td>
<td>323 BP's</td>
</tr>
<tr>
<td>2012-13</td>
<td>6%</td>
<td>19.48%</td>
<td>17.97%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>6%</td>
<td>22.29%</td>
<td>20.29%</td>
<td>281 BP's</td>
<td>232 BP's</td>
</tr>
<tr>
<td>2014-15</td>
<td>6%</td>
<td>22.29%</td>
<td>20.29%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>6%</td>
<td>22.33%</td>
<td>17.64%</td>
<td>4 BP's</td>
<td>(265) BP's</td>
</tr>
<tr>
<td>2016-17</td>
<td>6%</td>
<td>22.33%</td>
<td>17.64%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017-18***</td>
<td>6%</td>
<td>27.20%</td>
<td>21.87%</td>
<td>487 BP's</td>
<td>423 BP's</td>
</tr>
</tbody>
</table>

* (BP's is short for Basis Points. There are 100 Basis Points in 1.00%. Basis Points are used to measure changes in or differences between yields or rates.)

Advisory Rates for the 2019-21 Biennium were adopted at the December 1, 2017 PERS Board Meeting. If these rates were adopted they would go into effect July 1, 2019. The Advisory Rates are as follows:

T1/T2: 33.59% (an increase of 639 BP’s)  OPRSP: 27.97% (an increase of 610 BP’s)

If these rates were adopted effective July 1, 2019 and salaries were to remain flat based on estimated FY 2017-18 subject salaries (see note above for estimate assumptions) with no staffing changes, the increase in PERS costs for the General Fund would total approximately $2,060,000 for FY 2019-20 bringing the total cost for PERS up to $12,044,000 for FY 2019-20 for the General Fund. This does not include the PERS expense incurred within the Special Revenue Fund (Fund #200) for the federal grants, food services, and other special programs or Capital Projects Fund.

Keep in mind these rates are only Advisory at this time. Actual Rates for the 2015-17 biennium came in lower than the Advisory Rates while the 17-19 biennium’s actual rates came in higher than the Advisory Rates. Final rates for the 19-21 biennium will be based off the 2017 valuation which will be released in the third or fourth quarter of 2018.

In order to mitigate the rising costs of PERS, Governor Brown convened a Task Force. Several ideas were brought forth and vetted. One such idea was to encourage public entities to contribute funds to establish a Side Account at PERS. This concept was formalized and subsequently drafted into SB 1566, which was approved by the Oregon Legislature. The Governor signed SB 1566 on April 10, 2018.

SB 1566 establishes an Employer Incentive Fund that encourages public entities to make additional one-time lump sum payments to pay down their Unfunded Actuarial Liability (UAL) by matching a maximum of 25% of a qualifying lump-sum payment. (Previous language indicated a cap of $300,000.) PERS has also reduced the fees associated with establishing side accounts. The last valuation conducted indicates that Klamath County School District’s UAL as of December 31, 2016 was estimated to be $101,528,226.

Employers must submit the application for the matching funds no later than December 31, 2019, make the qualifying lump-sum payment no later than July 1, 2023, participate in the UAL Resolution Program, and provide matching funds that are not attributable to a borrowing or bond sale. Prioritization for these matching funds is given to employers who UAL is more than 200% of the employer’s payroll. Please see the attached EIF Prioritization Schedule provided by Piper Jaffray at the Zone 3 meeting held
in Bend, Oregon on April 13, 2018. Klamath County School District ranks 21st on this list as Employers Eligible for a Prioritized Employer Match.

Side accounts are funds held by PERS and invested on behalf of the public entity under the oversight and direction of the Oregon Investment Council with staff support from the Investment Division of Oregon State Treasury. Investment returns are assumed to equate to the 7.2% guaranteed rate versus the Local Government Investment Pool rate, which are then used to buy down the Employer’s PERS rates over 20 years. “PERS’ historic track record is very strong for investment returns. But PERS has also lost money on Investments, or made less than what was available through other Investments.” (Piper Jaffray presentation on PERS Side Accounts Update, August 24, 2017). According to Carol Samuels of Piper Jaffray who spoke at the January 17, 2018 PERS Side Account Workshop, 96 school districts have side accounts currently (approximately ½ of all school districts).

PERS has created an “Employer Rate Projection Tool”, which is an interactive Excel spreadsheet, in order to estimate the impact of creating a Side Account on employer rates. I randomly selected three different contribution amounts to get an idea of the impact of various Side Account Deposits. For example:

<table>
<thead>
<tr>
<th>Deposit Amount</th>
<th>Estimated Rate Impact</th>
<th>Estimated Reduction in 1st Biennium</th>
<th>Estimated Reduction In PERS Costs - 20 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000 (minimum deposit)</td>
<td>-0.05%</td>
<td>$37,828.91</td>
<td>$455,428.43</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>-0.20%</td>
<td>$151,315.68</td>
<td>$1,821,713.70</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>-0.40%</td>
<td>$302,631.35</td>
<td>$3,643,427.40</td>
</tr>
</tbody>
</table>

Contributions to a Side Account are intended to buy down the Employer Rate for 20 years depending upon investment returns. THERE IS NO GUARANTEE THAT INVESTMENT RETURNS WILL PERMIT THIS TO OCCUR. This liability is not like a mortgage where you owe $100,000, pay $100,000, and then are debt free. Instead the amount of the UAL is dependent upon market conditions and the ability of PERS to earn the assumed rate of 7.20%. Please see attached webpage from PERS regarding Side Accounts for more information.

Klamath County School District established a PERS Reserve Fund on June 25, 2015 effective for the FY 2015-16 budget. The purpose of this fund was to accumulate resources in a “savings account” to make payments towards the District’s PERS UAL. It is also used to reconcile differences when PERS completes a “look back” on employees and their respective benefits earned while in the District’s employment. As of March 31, 2018 this fund totaled $213,458.94. At the time this Reserve Fund was established the minimum contribution towards a Side Account was $1 million or 25% of the UAL. The minimum has now been reduced to $250,000.

In conclusion, PERS rates will continue to be a significant liability that the District will need to address in its annual budget process. The Board will need to decide if it is interested in establishing a Side Account at PERS to buy down its UAL and subsequently its Employer Rate. If so, this contribution could be facilitated through the District’s PERS Reserve Fund supplemented by additional contributions from the General Fund in order to be eligible for matching funds from the State of Oregon according to SB 1566.

If the District is interested in establishing a Side Account and applying for matching funds, an application should be submitted as soon as the window for applications opens. Otherwise other districts will
receive the matching funds. As a side note, Pension Obligation Bonds do not qualify for matching funds from the State of Oregon at this time.

**Recommendation/Action:**

None. For Board Information and discussion at this time.

**Attachments:**

"SB 1566 ELF Prioritization – Top 21 Employers by UAL"

"Side Accounts by the Numbers" – PERS webpage regarding Side Accounts
Impact of SA: PERS Employer Rate Projection Tool

- PERS has new interactive tool that can estimate rate offset for SA deposits.
- It is based on latest valuation, and assumes returns of 7.20% and payroll growth of 3.50% into the future.
- For new SAs only; will not accurately estimate impact for deposits to existing SAs.
- Individual ER experience will differ, particularly for employers with existing SAs, which increase rate volatility over time.
- PERS does not provide technical support.
Public Employees Retirement System

Side Accounts by the Numbers

What Are Side Accounts?

When an employer makes a lump-sum payment to prepay part or all of its pension unfunded actuarial liability (UAL), the money is placed in a special account called a "side account." This account is attributed solely to the employer making the payment and is held separate from other employer reserves.

As of December 31, 2014, 144 employers have established side accounts.

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Number with Side Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent locals (not a member of a pool)</td>
<td>5</td>
</tr>
<tr>
<td>State agencies (all, including OUS)</td>
<td>1</td>
</tr>
<tr>
<td>Pooled counties</td>
<td>8</td>
</tr>
<tr>
<td>Pooled cities</td>
<td>9</td>
</tr>
<tr>
<td>Pooled special districts</td>
<td>8</td>
</tr>
<tr>
<td>Community colleges</td>
<td>17</td>
</tr>
<tr>
<td>School districts</td>
<td>96</td>
</tr>
</tbody>
</table>

As of December 31, 2014, 34 employers have multiple side accounts: one city, one special district, two community colleges, and 30 school districts.

As of December 31, 2014, side account assets totaled $5,924 million.

<table>
<thead>
<tr>
<th>Side Accounts by Employer Type as of December 31, 2013</th>
<th>Balance (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Type</td>
<td></td>
</tr>
<tr>
<td>Independent</td>
<td>$96.4</td>
</tr>
</tbody>
</table>
State agencies | $2,057.9
Pooled counties | $66.7
Pooled cities | $52.7
Pooled special districts | $88.9
Community colleges | $430.7
School districts | $3,083.2

How Do Side Accounts Work?
Side accounts are generally amortized over the same time period as the employer's associated UAL, providing the employer with a reduction of its employer rate. The goal is for the side account to provide rate relief to the employer until the associated UAL is paid off. Side accounts are re-amortized every two years, taking into consideration how much of the side account has been used and what earnings have been credited. The rate offset from the side accounts is then adjusted based on the re-amortization.

<table>
<thead>
<tr>
<th>Average Side Account Rate Offset</th>
<th>2005 - 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Period</td>
<td>Average Rate Offset (Percentage of Payroll)</td>
</tr>
<tr>
<td>2005 - 2007</td>
<td>-4.54%</td>
</tr>
<tr>
<td>2007 - 2009</td>
<td>-6.71%</td>
</tr>
<tr>
<td>2009 - 2011</td>
<td>-7.20%</td>
</tr>
<tr>
<td>2011 - 2013</td>
<td>-5.11%</td>
</tr>
<tr>
<td>2013 - 2015</td>
<td>-5.26%</td>
</tr>
<tr>
<td>2015 - 2017</td>
<td>-6.38%</td>
</tr>
</tbody>
</table>

How Are Side Accounts Funded?
Most employers with side accounts issued pension obligation bonds (POBs) and provided the bond proceeds to PERS as a UAL lump-sum payment. A few employers funded their UAL lump-sum payments from other sources, such as savings from internal operations.

The State of Oregon issued $2.1 billion in POBs in 2003 to fund a side account. As of December 31, 2014, the state's side account balance was $2.1 billion, and the principal balance on the state's POBs was $1,835 million.
# Historical Side Account and POB Balances 2004 - 2014

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Side Accounts (millions)</th>
<th>Outstanding POBs (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$5,556</td>
<td>$5,516</td>
</tr>
<tr>
<td>2005</td>
<td>$6,667</td>
<td>$6,202</td>
</tr>
<tr>
<td>2006</td>
<td>$7,248</td>
<td>$6,164</td>
</tr>
<tr>
<td>2007</td>
<td>$7,658</td>
<td>$6,249</td>
</tr>
<tr>
<td>2008</td>
<td>$5,135</td>
<td>$6,187</td>
</tr>
<tr>
<td>2009</td>
<td>$5,490</td>
<td>$6,109</td>
</tr>
<tr>
<td>2010</td>
<td>$5,579</td>
<td>$5,999</td>
</tr>
<tr>
<td>2011</td>
<td>$5,225</td>
<td>$5,896</td>
</tr>
<tr>
<td>2012</td>
<td>$5,518</td>
<td>$5,814</td>
</tr>
<tr>
<td>2013</td>
<td>$5,924</td>
<td>$5,520</td>
</tr>
<tr>
<td>2014</td>
<td>$5,876</td>
<td>$5,519</td>
</tr>
</tbody>
</table>

# What Earnings Do Side Accounts Receive?

Side accounts are invested in the PERS Fund and receive the Fund's actual earnings or losses. These earnings or losses are posted to side accounts at the end of each year.

# Average Side Account Earnings 2004 - 2014

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Average Earnings/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>13.68%</td>
</tr>
<tr>
<td>2005</td>
<td>12.80%</td>
</tr>
<tr>
<td>2006</td>
<td>14.98%</td>
</tr>
<tr>
<td>2007</td>
<td>9.46%</td>
</tr>
<tr>
<td>2008</td>
<td>-26.75%</td>
</tr>
<tr>
<td>2009</td>
<td>18.47%</td>
</tr>
<tr>
<td>2010</td>
<td>12.13%</td>
</tr>
<tr>
<td>2011</td>
<td>2.15%</td>
</tr>
<tr>
<td>2012</td>
<td>14.09%</td>
</tr>
<tr>
<td>2013</td>
<td>15.59%</td>
</tr>
<tr>
<td>2014</td>
<td>7.39%</td>
</tr>
</tbody>
</table>

# Why Pre-Pay UAL Contributions?
Pre-payment of UAL contributions is an alternative to the traditional funding option of paying off UAL obligations over time as a part of the employer's contribution rate. There are potential advantages to this, but there are also potential risks. The primary advantage is that the employer can borrow at a low interest rate and offset a UAL obligation that is accruing at a higher rate. This strategy can benefit the employer when the rate relief from the employer's side account exceeds the POB debt-service cost. However, if side account earnings are less than the interest rate being paid on the POBs, the employer may end up paying more in POB service costs than it receives in rate relief from its side account.
Subject: Re: Surplus STEM Chromebooks
Cc: Steve R. Morris <mrmorris@kcsd.k12.or.us>
To: Laura L. Nickerson <nickerson@kcsd.k12.or.us>
Sent: Thursday, March 08, 2018 11:15 AM
From: Jeff S. Bullock

Thank you.

Attached is the make and model of these Chromebooks.

Please place 18 Chromebooks (out of the 23 issued to this class) as surpluses. Students graduating will forfeit their deposit to keep their STEM8GCH Chromebooks.

Subject: Re: Surplus STEM Chromebooks
To: Jeff S. Bullock <bullock@kcsd.k12.or.us>
Sent: Monday, April 2, 2018 8:35 AM
From: Laura L. Nickerson

Hi Steph,

Will you please put the 18 Chromebooks on the list for surplus?

Stephanie A. Leyo

Jeff S. Bullock

Subject: Re: Surplus STEM Chromebooks
To: Laura L. Nickerson: Stephanie A. Leyo
Sent: Monday, April 2, 2018 8:48 AM
From: Jeff S. Bullock
Thanks,

Stephanie, can we include this in April’s board meeting?

Please send Stephanie a picture of the number of STEM/STEM+ books that will be surplus this year with the graduates.

Hi Laura,

Subject: Surplus STEM+ Chromebooks
Cc: R. Dorey, R. Morse, M. Wilson
To: Dorey, M. Wilson
Sent: Thursday, March 8, 2018 11:08 AM
From: Laura, Wilson

Laura

We just accepted 29 students into STEM/STEM+. We will have just a few seniors not complete and I am happy to collect it back from them. I don’t think I will really have their number all their grades are more solid later in the semester. We will have just a few seniors not complete and I am happy to collect it back from them. I don’t think I will really have their number all their grades are more solid later in the semester. We will have just a few seniors not complete and I am happy to collect it back from them. I don’t think I will really have their number all their grades are more solid later in the semester.

Subject: Re: Surplus STEM+ Chromebooks
Cc: R. Dorey, R. Morse, M. Wilson
To: Jeff, Laura
Sent: Thursday, March 8, 2018 11:08 AM
From: Laura, Wilson

Jeff,

Make sense?

When going on the board at the meeting, my intent is to let STEM keep the deposits to support other aspects of the program. They do so and send that number to Steph and I along with a picture of what that year’s Chromebook looks like. I’ll explain what it is the deposit is for. If so, what needs to happen is identify how many seniors want to keep their Chromebooks (realizing their deposit is forfeit if you end up, what needs to happen is identify how many seniors want to keep their Chromebooks (realizing their deposit is forfeit if you end up).
Stephanie,

We are selling three 6000 gallon fuel oil tanks at the April auction at the fairgrounds. We used these at Chiloquin El, Merrill and Bonanza when we ran those boilers on fuel oil. We have since switched them all to natural gas or propane. Can the board please declare them surplus.

Thanks

Darin Martins
Custodial/Assit. Maint. Supervisor
Klamath County School District

541-274-1948
Resolution #18-09 Proposed Findings Supporting an Exemption from Competitive Bidding Requirements and Use of the Construction Manager/General Contractor Method of Procurement for Merrill Elementary School Seismic Rehabilitation Project

Prepared by Renée M. Ferguson, Director of Business Services

March 26, 2018

Background:

On January 8, 2015 the Board of Directors adopted the modified Board Policy DJC “Bidding Requirements” which reiterates that the Board will serve as the Local Contract Review Board (LCRB) for the District. This policy also includes language that the Board, acting as its own LCRB, adopts the Oregon Attorney General’s Model Public Contract Rules, Oregon Administrative Rule (OAR) Chapter 137, Divisions 046 through 049. This Board Policy further states that “All public contracts for goods or services shall be based upon applicable competitive procurement provisions of Oregon Revised Statutes and adopted public contracting rules except:

“6. Public improvement contracts exempted by the LCRB upon findings that the award would not encourage favoritism or substantially diminish competition and would result in substantial cost savings and other substantial benefits to the contracting agency;”

The Board also adopted the modified DJC-AR “Special Procurements and Exemptions from Competitive Bidding” on April 21, 2016. DJC-AR (“Projects with Complex Systems or Components” listed on pages 27 – 28) and Oregon Revised Statute (ORS) 279C.335 provides the LCRB with the opportunity to exempt from competitive bidding certain public improvement contracts. ORS 279C.355 and OAR 137-049-0600 address the use of an alternate contracting method instead of the traditional Invitation to Bid process. The alternate contracting method proposed for the Merrill Elementary School Seismic Rehabilitation Project would be the Construction Manager/General Contractor (CM/GC) method for procuring construction services.

The use of this alternate contracting method provides the District with the opportunity to utilize a Request for Proposal (RFP) process, where a variety of criteria/factors are evaluated and scored in order to select the general contractor, including an interview process. This is different than the standard Invitation to Bid process, whereby the contract is awarded to the responsible bidder submitting the lowest responsive bid.

In order to utilize ORS 279C.355, the District must prepare findings that support the use of this alternative contracting method and obtain approval from its Local Contract Review Board. A public hearing is also necessary. Findings to support the utilization of this contracting method are attached to this Board Resolution. These findings, categorized according to Competition or Cost Savings, address the following topics:

1. Operational, budget & financial data
2. Public Benefits
3. Value Engineering
4. Specialized expertise required
5. Public safety
6. Market conditions
7. Technical complexity
8. Funding source

The required posting in the Daily Journal of Commerce and the local Herald & News will occur on April 4, 2018. Any requests for the findings will be covered at the Board Meeting/Hearing.

Administration recommends that the District’s Local Contract Review Board find it is in the public’s best interest to use an alternate contracting method as authorized by ORS 279C and approve the CM/GC process for the Merrill Elementary School Seismic Rehabilitation Project.

Recommendation/Action:

That the Local Contract Review Board adopt Resolution # 18-09 which states:

RESOLUTION # 18-09 PROPOSED FINDINGS SUPPORTING AN EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS AND USE OF THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR METHOD OF PROCUREMENT FOR MERRILL ELEMENTARY SCHOOL SEISMIC REHABILITATION PROJECT;

WHEREAS, the Board of Directors of the Klamath County School District is the local contract review board for the District and in that capacity has authority to exempt certain contracts from competitive bidding requirements of ORS 279C, and

WHEREAS, the Board has determined that the Merrill Elementary School Seismic Rehabilitation Project should be constructed by a CM/GC.

The Board finds as follows:

1. The Board adopts the specific “Findings of Fact” set forth above.
2. The “Findings” show that an exemption of competitive bidding for the project complies with the requirements of ORS 279C.335 (2).

NOW, THEREFORE, the Board of Directors resolves as follows:

The use of the CM/GC method of contracting for the Klamath County School District is an appropriate use of the alternative contracting method under OAR 137-049-0620. Additionally, an exemption from competitive bidding requirements is justified under the criteria outlined in ORS 279C.330, findings have been developed in compliance with ORS 279C.335(2), and the Klamath County School District will perform the post project evaluation required by ORS 279C.355. Based upon previously listed findings, the Klamath County School District specifically concludes that:

1) It is unlikely the exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts; and
2) The exemption will result in substantial cost savings to the affected Klamath County School District for the services provided.

Attachments:  
1) Findings of Fact for the Use of the Construction Manager/General Contractor and Proposed Resolution
2) Public Notice
3) Board Policy DJC
4) Board Policy DJC-AR – pages 27 and 28 (6.)

______________________________  ______________________________
John Rademacher, Board Chair    Date

______________________________  ______________________________
Greg Thede, Superintendent      Date
PROPOSED FINDINGS SUPPORTING AN EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS AND USE OF THE CONSTRUCTION MANAGER/GENERAL CONTRACTOR METHOD OF PROCUREMENT

Before the Local Contract Review Board,

In the Matter of Exemption ) FINDINGS OF FACT
Request of )
Klamath County School District )
Merrill Elementary School Seismic Rehabilitation)

ORS 279C.335 (1) requires, with certain exceptions, that all Public Improvement contracts be based on competitive bids and, under ORS 279C.375, awarded to the lowest responsive and responsible bidder. ORS 279C.335(2) permits the Local Contract Review Board, which in this case is the Klamath County School District’s Board of Directors, to grant, under certain conditions, specific exemptions from the requirement for competitive bidding upon the approval of specified findings.

OAR 137-049-0620(1), allows the Local Contract Review Board to exempt a Public Improvement contract from the requirements to be competitively bid, provided written findings supporting the use of non-competitive bid process show compliance with OAR 137-049-0600 to 137-049-0690 and applicable statute.

The hearing for review of these findings will be held
at 5:00 PM on April 19, 2018 at the Klamath County School District Office – 2845 Greensprings Drive, Klamath Falls, OR 97601, as published in the public notice section in the Daily Journal of Commerce on April 4, 2018 and the Herald & News on April 4, 2018.

Article I. BACKGROUND

Klamath County School District received a grant through Oregon’s Seismic Rehabilitation Grant program for a total value of $1,493,405.00. The purpose of the grant is to seismically retrofit the Merrill Elementary School buildings to meet or exceed the code requirements outlined in ASCE41-13. It was determined during the initial grant application that the building would be renovated during the rehabilitation work as permitted by budget. All renovated areas will increase Life and Safety elements.

This Project is limited to the funding outlined in the grant package as, additional funding is not available. The current budget does not reflect a contingency typically allotted for a project of this size and scope. It is the recommendation of the Klamath County School District to procure the Project using the CM/GC contracting methodology. ORS 279C.332(3) identifies the CM/GC methodology as an alternative contracting method under ORS 279C.335, which allows a contracting agency to procure construction related services that include, among other things listed in ORS 279C.332(3), a construction manager/general contractor (a) functioning as a member of a project team that includes the Klamath County School District, the Project Architect or Engineer and other consultants; (b) reviewing and analyzing the project design in
order to suggest changes to minimize potential errors, delays, unexpected costs and other
problems during construction; (c) devising a schedule for constructing the Project; (d)
estimating construction, materials, labor and other costs for the Project; (e) establishing a fixed
price, a guaranteed price or other maximum price for the Project; (f) constructing portions of
the Project and subcontracting portions to other contractors; and (g) coordinating and
overseeing the construction process. In this Project, the CM/GC contract allows the Klamath
County School District to bring the General Contractor on board during the initial design phase
providing value engineering services and a Guaranteed Maximum Price during the design
phase in lieu of during the bid phase after full design documents have been established.

The Klamath County School District proposes utilizing the Construction Manager/General
Contractor contract delivery methodology to obtain proposals for the Merrill Elementary
School Seismic Rehabilitation Project.

The exempted procurement process for this Project includes the following:
1) A Request for Proposals (RFP) process pursuant to OAR 137-049-0640 to procure a
   CM/GC contract with a general contractor.

Article II. FINDINGS REGARDING PROCUREMENT OF CM/GC SERVICES

ORS 279C.335(2) requires that an agency make certain findings as part of exempting
public improvement contracts or classes of public improvement contracts from competitive
bidding, as is the case with the procurement of CM/GC services. Pursuant to ORS
279C.330(2), the term “findings” as used in ORS 279C.335(2) means “the justification for
a conclusion that a contracting agency, in seeking an exemption from the competitive
bidding requirement of ORS 279C.335(1), reaches based on the considerations set forth in
ORS 279C.335(2). Those required findings, generally defined as “findings regarding
competition” and “findings regarding significant cost savings”, are addressed below.

A. Findings Regarding Competition

ORS 279C.335(2) (a) requires an agency to find that: “It is unlikely that the exemption will
encourage favoritism in the awarding of public improvement contracts or substantially
diminish competition for public improvement contracts.”

The Klamath County School District finds that selecting the contractor through an
exempted competitive proposal selection process in accordance with OAR 137-049-0620
and 137-049-0650 will not inhibit competition or encourage favoritism. This finding is
supported by the following facts:

1) The proposed CM/GC alternative contract delivery methodology is a competitive
   proposal process that allows the Klamath County School District to select a firm to
   Seismically Rehabilitate Merrill Elementary School at the best possible value.
   Simple price competition is not feasible due to technical complexity associated with
   a seismic rehabilitation Project of this nature. The technical complexity of the
installation of certain structural systems within the rehabilitation plan lends it to specialized contractors with knowledge of these systems.

2) The CM/GC contractor will be selected through an open and competitive proposal process as prescribed by ORS 279C.400 to 410 and related administrative rules, including but not limited to formal public advertising of the solicitation, an award made based upon identified selection criteria described in the RFP, and an opportunity to protest any such award.

B. Findings Regarding Significant Cost Savings

ORS 279C.335(2)(b) requires an agency to find that “Awarding a public improvement contract under the exemption will likely result in substantial cost savings and other substantial benefits to the contracting agency.” This finding is supported by the following facts:

1) How many persons are available to bid: There are limited qualified specialized contractors to perform the scope of work associated with this Project.

2) The construction budget and the projected operating costs for the completed public improvement: Limited or no additional funding is available for the Merrill Elementary School Seismic Rehabilitation Project above and beyond the awarded grant funding source. Utilization of the CM/GC contract delivery process will ensure that the project scope as outlined in the grant is completed within the amount awarded by the grant.

3) Public benefits that may result from granting the exemption: Utilization of the CM/GC contract delivery process will allow the Klamath County School District to deliver the most comprehensive project for the allotted funding. Early selection of the CM/GC allows for a more informed contractor.

4) Value engineering techniques may decrease the cost of the public improvement: The CM/GC will become a part of the total project team with the responsibility of leading the “Value Engineering” process. The selected CM/GC should have considerable experience in the seismic renovation of an elementary school and the requirement for September occupancy requirement; therefore, that experience will be of great importance in determining the best use of the dollars available. When the contractor participates during design, the team can render the most comprehensive evaluation of all factors that affect the cost, quality, and schedule of the project.

5) The cost of specialized expertise that is necessary for the public improvement: An exemption from competitive bidding will allow the Klamath County School District to take advantages of specialized general contractors knowledgeable in the rehabilitation of existing structures and value engineering the Project during the design phase. This will allow the Klamath County School District to be
provided the best value and potentially eliminate costly change orders resulting from unknowns in the field.

6) Any likely increases in public safety: There are currently concerns with public safety during the scheduled work as Merrill Elementary will remain functional during the proposed work. The CM/GC will assist with the development of a safety plan that will incorporate construction work around required school activities.

7) Whether granting the exemption may reduce risks to the contracting agency, the state agency or the public that are related to the public improvement: Risks associated with contract overruns, schedule increases and unqualified contracts are greatly reduced with the granting of the exemption to competitive bidding.

8) Whether granting the exemption will affect the sources of funding for the public improvement: Granting the exemption will not affect funding sources for the Merrill Elementary School Seismic Rehabilitation Project.

9) Whether granting the exemption will better enable the contracting agency to control the impact that market conditions may have on the cost of and time necessary to compete the public improvement: The specialty products, services and supplies needed under this contract are not particularly impacted by market conditions.

10) Whether granting the exemption will better enable the contracting agency to address the size and technical complexity of the public improvement: Implementation of this Project involves a number of issues of technical complexity. Special skills and expertise are needed for optimizing the related foundation strengthening and the seismic strengthening and element installation.

11) Whether the public improvement involves new construction or renovates or remodels an existing structure: The public improvements of Merrill Elementary School will renovate and seismically rehabilitate the building.

12) Whether the public improvement will be occupied or unoccupied during construction: The project improvements will occur while the building is occupied by summer staff. Parts of the Project may occur during normal school hours while students are in classes.

13) Whether the public improvement will require a single phase of construction work or multiple phases of construction work to address specific project conditions: It is the intent of Klamath County School District to construct the Project under a single phase of the Project.

14) Whether the contracting agency or state agency has, or has retained under contract, and will use contracting agency or state agency personnel, consultants and legal counsel that have necessary expertise and substantial experience in
alternative contracting methods to assist in developing the alternative contracting method that the contracting agency or state agency will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract. Klamath County School District will enlist the assistance of ZCS Engineering and Architecture as the Project Manager to assist with the enforcement of the terms of the scope of work associated with public improvement contract. Klamath County School District’s Project Manager and Director of Business Services have substantial experience in alternative contracting methods that will be used throughout this project from selection of the CM/GC to the close out of the project, including the final report.

Article III. SUMMARY

Use of the CM/GC method of contracting for the Merrill Elementary School Seismic Rehabilitation Project is an appropriate use of that alternative contracting method under OAR 137-049-0620. Additionally, an exemption from competitive bidding requirements is justified under the criteria outlined in ORS 279C.330, findings have been developed in compliance with ORS 279C.335(2), and the Klamath County School District will perform the post project evaluation required by ORS 279C.355. Based upon previously listed findings, the Klamath County School District specifically concludes that:

1) It is unlikely the exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts; and
2) The exemption will result in substantial cost savings to the affected Klamath County School District for the services provided.

The Klamath County School District submits that this Request meets all of the criteria above and requests approval of this Exemption. If you have any questions, please call Renée M. Ferguson at (541) 851-8730.

\[Signature\]
Renée M. Ferguson
Klamath County School District
Director of Business Services

\[Date\]
March 26, 2018
Notice of Public Hearing

The Klamath County School District Board of Directors will conduct a public hearing before the Local Contract Review Board at their next regularly scheduled Board meeting. The intent of this hearing is to review the findings and receive public comment.

In the Matter of Exemption ) FINDINGS OF FACT
Request of )
Klamath County School District )
Merrill Elementary School Seismic Rehabilitation )

ORS 279C.335(1) requires, with certain exceptions, that all Public Improvement contracts be based on competitive bids and, under ORS 279C.375, awarded to the lowest responsive and responsible bidder. ORS 279C.335(2) permits the Local Contract Review Board, as the Klamath County School District contract review authority, to grant, under certain conditions, specific exemptions from the requirement for competitive bidding upon the approval of specified findings.

OAR 137-049-0620, division 249 allows the Local Contract Review Board to exempt a Public Improvement contract from the requirements to be competitively bid, provided written findings supporting the use of a non-competitive bid process show compliance with OAR 137-049-0600 to 137-049-0690 and applicable statutes. The written findings report is available for review at the School District prior to the public hearing. Please contact Renée M. Ferguson at 541-851-8730 for a copy of the findings.

The hearing for review of these findings will be held at 5:00PM on April 19, 2018 at the Klamath County District Office, 2845 Greensprings Drive, Klamath Falls, OR 97601, as published in the Herald and News and the Daily Journal of Commerce on April 4, 2018.
Bidding Requirements

The Board will serve as the Local Contract Review Board (LCRB) for the district. All district purchasing will be conducted in accordance with the Board’s adopted rules.¹

The Board, acting as its own LCRB, adopts² the Oregon Attorney General’s Model Public Contract Rules, OAR Chapter 137, Divisions 046 through 049 in effect at the time this policy is adopted. Provided, that the Board may adopt its own rules by written policy; and, where that has occurred, the adopted policy of the Board shall govern over the Oregon Attorney General’s Model Public Contract Rules.

The Board declares its intention to purchase competitively without prejudice and to seek maximum educational value for every dollar expended. All public contracts for goods or services shall be based upon applicable competitive procurement provisions of Oregon Revised Statutes and adopted public contracting rules except:

1. Contracts between contracting agencies or between contracting agencies and the federal government;

2. Insurance and services contracts as provided for under state law;

3. Contracts for the procurement or distribution of textbooks;

4. Energy savings performance contracts;

5. Contracts made with qualified nonprofit agencies providing employment opportunities for disabled individuals;

6. Public improvement contracts exempted by the LCRB upon findings that the award would not encourage favoritism or substantially diminish competition and would result in substantial cost savings and other substantial benefits to the contracting agency;

7. Special procurement exempted by the LCRB upon findings that the award would not encourage favoritism or substantially diminish competition and would result in substantial cost savings to the contracting agency;

¹The Board may contract with another public agency to serve as its LCRB.

²Public Contracts shall be governed by ORS Chapter 279, 279A, 279B and 279C. Additionally, the Board may, as provided by ORS 279A.065, adopt the Oregon Attorney General’s Model Public Contract Rules, OAR Chapter 137 governing purchasing/bid procedures. The Board may also adopt the Oregon Department of Administrative Services rules governing Public Contract Exemptions, OAR Chapter 125. The Board may adopt portions of those rules or adopt its own rules. A Board that has not established its own rules of procedure for public contracts is subject to the model rules (OAR Chapter 137) adopted by the Attorney General.
8. Emergency contracts;

9. Any other public contract specifically exempted from the code by another provision or law.

Additionally, the Board includes as part of its rules the Oregon Department of Administrative Services rules governing Public Contract Exemptions, OAR Chapter 125, Divisions 246-249 in effect at the time this policy is adopted.

Where necessary, the Board has made the written findings required by law for exemptions from competitive bidding. Such findings shall be maintained by the district and made available on request.

The district shall review its rules each time the Attorney General adopts a modification of the model rules, as required by ORS 279A.065 (5)(b), to determine whether any modifications need to be made to district rules to ensure compliance with statutory changes. New rules, as necessary, will be adopted by the Board. In the event it is unnecessary to adopt new rules, Board minutes will reflect that the review process was completed as required. The Board recognizes that a public contracting agency that has not established its own rules of procedure as required by ORS 279A.065(5) is subject to the model rules adopted by the Attorney General, including all modifications to the model rules that the Attorney General may adopt.

Opportunity will be provided to all responsible suppliers to do business with the district. The business manager will develop and maintain lists of potential vendors for various types of materials, equipment and supplies. Such lists may be used to develop a mailing list for distribution of specifications and solicitations for bids or proposals. Any supplier may be included in the list upon request.

Records of bids, proposals and specifications will be kept in the district administration office and will conform with Oregon Revised Statutes and applicable records retention provisions of the Oregon Attorney General's Model Contract Rules.

END OF POLICY

Legal Reference(s):

ORS Chapters 279A, 279B and 279C OAR Chapter 125, Divisions 246-249

OR. DEP'T OF JUSTICE, OR. ATT’Y GENERAL'S MODEL PUBLIC CONTRACT RULES MANUAL.

Cross Reference(s):

DJ - District Purchasing
DJCA - Personal Services Contracts
EH - Electronic Data Management
FEF/FEFB - Construction Contracts
The awarding of district requirements contracts will likely result in a substantial cost savings and other substantial benefits to the district as required by ORS 279C.335 (2)(b). It would be costly and inefficient to make routine, repetitive purchases of goods and services through individual transactions. Also, the guaranteed volume of a requirements contract allows the district to get better prices from bidders.

4. **Waiver of Bid Security Requirements (Public Improvement Contracts under $50,000)**

The LCRB may, at its discretion, waive the bid security requirements of ORS 279C.390, if the amount of the contract for the public improvement is less than $50,000. Although the bid security requirements of ORS 279C.390 are waived for public improvement contracts under $50,000, the district may impose a bid or quote security requirements for projects under $50,000, when deemed to be in the best interest of the district.

**Findings of Fact/Conclusion of Compliance with Law**

This rule allows the LCRB to waive bid security requirements for certain public improvement contracts. Waiver of the bid security is provided for by statute without a requirement for findings.

5. **Waiver of Performance and Payment Security Requirements (Public Improvement Contracts under $50,000)**

The LCRB may, at its discretion, waive the performance/payment security requirements of ORS 279C.390 if the amount of the contract for the public improvement is less than $50,000. Although the performance/payment security requirements of ORS 279C.390 are waived for public improvement contracts less than $50,000, the district may impose a performance/payment security requirement for projects less than $50,000, when deemed to be in the best interest of the district.

**Findings of Fact/Conclusion of Compliance with Law**

This rule allows the LCRB to waive performance/payment security requirements for certain public improvement contracts. Waiver of the performance/payment security is provided for by statute without a requirement for findings.

6. **Projects with Complex Systems or Components**

For contracts for public improvements with significant components that are inherently complex and are also complex to procure through competitive bid, the district may, at its discretion, use RFP competitive procurement methods subject to the condition described in ORS 279C.400 and conditions enumerated in this exemption.

Definitions. For purposes of this exemption only: "Complex Systems" are defined as those systems which incorporate the procurement of materials or other components which are difficult, if not possible, to create in an "equal" specifications basis for competitive bid. Examples of such systems include but are not limited to, contracts for supplying and installing computerized controls for building heating, venting, air conditioning systems; and contracts for artificial surface outdoor multipurpose athletic fields. "Significant" is intended to mean something more than de minimus, but not necessarily the majority of the project as determined by cost.
Finding of Fact/Conclusion of Compliance with the Law

It is unlikely that this exemption will encourage favoritism in the awarding of the public contracts or substantially diminish competition for such contracts, as required by ORS 279C.335 (2)(a). Contracts for public improvements occasionally incorporate the procurement of systems, materials, or other components (complex systems) for which it is extremely difficult to design bid specifications. In these situations, utilization of an RFP process where each of the systems can be evaluated utilizing a number of factors, in addition to price, will likely result in substantial cost savings and other substantial benefits to the district as required by ORS 279C.335 (2)(b).

ORS 279C.400 enumerates how RFP's are to be used if authorized by the LCRB. This criteria, ensures that competitive means will be used and selection will be fair and impartial. As a result, it is unlikely that this process will encourage favoritism in the awarding of public contracts or substantially diminish competition for such contracts as required by ORS 279C.335 (2)(a). The awarding of contracts pursuant to this process will result in optimal value to the district based on selection by the district of the best competitive proposal that meets the stated evaluative criteria.

This class exemption is intended to be used for the types of Procurements described in the findings, where the specific system, materials or components represent a significant portion of the project. This class exemption is not intended to be used for CM/GC projects or other methods of alternative procurement unless these projects meet the requirements of this class exemption. The CM/GC and others, not meeting the requirements of this class exemption, may still be procured by RFP, provided that a project or contract specific exemption is promulgated by the LCRB.
Food Services/Cafeteria Pricing

Prepared by Renée M. Ferguson, Director of Business Services

April 12, 2018

Background:

The Food Services operation continues to operate efficiently, bringing the costs of the program under control and increasing participation. Increased participation is interrelated to bringing on the CEP program, which provides free meals to specific eligible schools. Eatership or meals served are now increasing as compared to declining meal trends that started in Fiscal Year 2011-12. Subsequently, this assists with reduced subsidies from KCSD’s General Fund to the Food Service Fund. Annual funds transferred to the Food Services Fund to make up the revenue shortfalls are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Dollar Amount Transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$183,110</td>
</tr>
<tr>
<td>2010-11</td>
<td>$177,180</td>
</tr>
<tr>
<td>2011-12</td>
<td>$267,709</td>
</tr>
<tr>
<td>2012-13</td>
<td>$476,118</td>
</tr>
<tr>
<td>2013-14</td>
<td>$253,887</td>
</tr>
<tr>
<td>2014-15</td>
<td>$ 50,226</td>
</tr>
<tr>
<td>2015-16</td>
<td>$219,931</td>
</tr>
<tr>
<td>2016-17</td>
<td>$ 21,198</td>
</tr>
</tbody>
</table>

As your review General Fund transfers to the Food Service Program, you will notice the increase for Fiscal Year 2015-16. This increase includes the purchase of a new freezer/cooler that was required as part of the move to the new DO. The cost for the freezer/cooler was $105,255 including the walk-in door and weatherization. With the change to a full-day kindergarten, the cost of snacks are now absorbed by the District. This additional cost is estimated at $45,000 annually. Both of these items impacted the amount of funding required to operate the Food Service Program, which increased the transfer from the General Fund for FY 2015-16.

During FY 2016-17 the transfer to Food Services came in at an all-time low of $21,197.53. Revenue was up $158,500 while expenditures were down $40,220. The revenue increase is primarily attributable to increased revenues from the School Lunch claim totaling almost $129,000. Additionally, produce prices and menu adjustments provided positive benefits to the budget.

Meals served this fiscal year as compared to last fiscal year still are continuing to improve. History for the number of meals served for the last four fiscal years (YTD) is as follows:

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Breakfast</th>
<th>Lunch</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2013</td>
<td>29,867</td>
<td>69,037</td>
</tr>
<tr>
<td>September 2014</td>
<td>34,880</td>
<td>79,418</td>
</tr>
<tr>
<td>September 2015</td>
<td>41,499</td>
<td>85,619</td>
</tr>
<tr>
<td>September 2016</td>
<td>41,558</td>
<td>78,927</td>
</tr>
<tr>
<td>Month</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>--------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>September</td>
<td>41,756</td>
<td>78,552</td>
</tr>
<tr>
<td>October 2013</td>
<td>33,805</td>
<td></td>
</tr>
<tr>
<td>October 2014</td>
<td>34,547</td>
<td></td>
</tr>
<tr>
<td>October 2015</td>
<td>39,500</td>
<td></td>
</tr>
<tr>
<td>October 2016</td>
<td>40,769</td>
<td></td>
</tr>
<tr>
<td>October 2017</td>
<td>44,516</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>3,747</td>
<td>5,725</td>
</tr>
<tr>
<td>November 2013</td>
<td>23,468</td>
<td></td>
</tr>
<tr>
<td>November 2014</td>
<td>22,792</td>
<td></td>
</tr>
<tr>
<td>November 2015</td>
<td>28,327</td>
<td></td>
</tr>
<tr>
<td>November 2016</td>
<td>35,359</td>
<td></td>
</tr>
<tr>
<td>November 2017</td>
<td>36,821</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>1,462</td>
<td>560</td>
</tr>
<tr>
<td>December 2013</td>
<td>23,605</td>
<td></td>
</tr>
<tr>
<td>December 2014</td>
<td>27,679</td>
<td></td>
</tr>
<tr>
<td>December 2015</td>
<td>27,657</td>
<td></td>
</tr>
<tr>
<td>December 2016</td>
<td>25,546</td>
<td></td>
</tr>
<tr>
<td>December 2017</td>
<td>25,044</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>-502</td>
<td>-3,004</td>
</tr>
<tr>
<td>January 2014</td>
<td>26,776</td>
<td></td>
</tr>
<tr>
<td>January 2015</td>
<td>35,065</td>
<td></td>
</tr>
<tr>
<td>January 2016</td>
<td>36,428</td>
<td></td>
</tr>
<tr>
<td>January 2017</td>
<td>37,630</td>
<td></td>
</tr>
<tr>
<td>January 2018</td>
<td>44,702</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>7,072</td>
<td>11,165</td>
</tr>
<tr>
<td>Month</td>
<td>Breakfasts</td>
<td>Lunches</td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
<td>---------</td>
</tr>
<tr>
<td>February 2014</td>
<td>31,756</td>
<td>69,494</td>
</tr>
<tr>
<td>February 2015</td>
<td>35,685</td>
<td>75,191</td>
</tr>
<tr>
<td>February 2016</td>
<td>41,134</td>
<td>79,995</td>
</tr>
<tr>
<td>February 2017</td>
<td>42,046</td>
<td>80,977</td>
</tr>
<tr>
<td>February 2018</td>
<td>43,357</td>
<td>80,505</td>
</tr>
</tbody>
</table>

**Difference 2/17 to 2/18**

<table>
<thead>
<tr>
<th></th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,311</td>
<td>-472</td>
</tr>
</tbody>
</table>

(0 less service day)

<table>
<thead>
<tr>
<th>Month</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2014</td>
<td>20,569</td>
<td>49,105</td>
</tr>
<tr>
<td>March 2015</td>
<td>26,268</td>
<td>55,997</td>
</tr>
<tr>
<td>March 2016</td>
<td>30,823</td>
<td>61,078</td>
</tr>
<tr>
<td>March 2017</td>
<td>33,789</td>
<td>63,813</td>
</tr>
<tr>
<td>March 2018</td>
<td>31,108</td>
<td>58,756</td>
</tr>
</tbody>
</table>

**Difference 3/17 to 3/18**

<table>
<thead>
<tr>
<th></th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2,681</td>
<td>-5,057</td>
</tr>
</tbody>
</table>

(1 less service day)

**Year-to-Date Difference**

<table>
<thead>
<tr>
<th>FY 13-14 vs FY 12-13</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4,521)</td>
<td>(9,010)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 14-15 vs FY 13-14</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>27,068</td>
<td>38,871</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 15-16 vs FY 14-15</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>28,452</td>
<td>23,348</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 16-17 vs FY 15-16</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,329</td>
<td>4,366</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 17-18 vs FY 16-17</th>
<th>Breakfasts</th>
<th>Lunches</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,607</td>
<td>8,542</td>
<td></td>
</tr>
</tbody>
</table>

The year-to-date increase in breakfasts at the end of March 2018 as compared to the prior fiscal year is 4.13% higher, while the year-to-date increase in lunches is 1.72%. A portion of this increase is attributable to the fact that last fiscal year there was one snow day for all schools on January 4, 2017; 6.5 additional snow days for Gilchrist schools; and 1 additional closure day for Gearhart due to a power outage. In comparison, enrollment overall has increased approximately 0.54% when excluding the ADP enrollment and looking at monthly headcounts. Per Chris Dalla, each snow day costs the District approximately $14,000 in meal reimbursement from the State.

The District continues to participate in CEP program, which provides free meals to all students at 18 schools including Sage Community School. The previous reimbursement rate was 79.5%. Before that it was 96% before three elementary schools were added to the mix. The current reimbursement rate is 74.93%. The CEP program is a four-year program. We are in year one of year four. Food Services is working to make sure that we have identified all Foster children and reported these numbers to the State. Increased accurate counts of Foster children can positively increase our CEP reimbursement rate via a new application process.

Chris Dalla, the Food Services Manager, annually reviews the pricing of the meals following ODE guidelines. Meals must be sold to paying students at the level of the free reimbursement or be increased
each year following a federal formula until they reach that level. Prior to May 2014, elementary lunch prices had not been increased since 2011, while junior high and high school lunches had remained at the same price since 2009. In order to be in compliance, meal prices were subsequently increased annually $0.10 each year, which is the maximum amount of increase allowed by the U.S. Department of Agriculture.

The Paid Lunch Equity (PLE) Tool was created to help School Food Authorities to calculate their paid lunch price increase requirement and/or non-Federal source contributions to meet the requirements in Section 205 of the Healthy, Hunger-Free Kids Act of 2010. If the pricing requirements calculated by the PLE Tool are not met or are exceeded, the PLE Tool will also calculate any amounts, including credits or deficits, carried over into the next year. Our current “free” reimbursement rates are $2.04 for breakfast and $3.24 for lunch. Adult meal prices are required to be sold at the direct cost of providing the meal. The $0.10 rule does not apply to adult meals.

USDA has not updated the PLE Tool for School Districts to conduct their annual pricing review. As of April 12th, there is no target date for the Tool to be received. Therefore we are moving forward with our own analysis and recommendations. Administration is recommending a $0.10 increase to all meals to help offset the continued contribution by the General Fund for Food Service operation’s shortfall. This shortfall includes funds for kindergarten snacks, replacing outdated kitchen equipment, and the reimbursement percentage differences for CEP and Free & Reduced meals. Unfortunately, this increase is estimated to only provide $5,000 as the majority of the meals sold are through the CEP or Free and Reduced programs. Please remember the Food Service Program is intended to be a self-sufficient/self-supporting program per the Federal Government.

I would like to recognize Chris Dalla and Samantha Tipler for putting together two successful grant applications to ODE to replace gas ranges at Brixner and Bonanza totaling over $13,500. Food Services was also successful in receiving a two-year “Farm to School” grant that provides funding for purchase of Oregon products.

Chris will be at the Board Meeting to provide an update on changes to the menu, food items, recent legislative changes, and to answer questions.

**Recommendation/Action:**

Administration recommends that the Board increase meal prices by $0.10 therefore adopting the following meal rates as presented for Fiscal Year 2018-19:

<table>
<thead>
<tr>
<th></th>
<th>Breakfast</th>
<th>Lunch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>$1.75</td>
<td>$2.55</td>
</tr>
<tr>
<td>Middle School</td>
<td>$2.00</td>
<td>$3.15</td>
</tr>
<tr>
<td>High School</td>
<td>$2.00</td>
<td>$3.15</td>
</tr>
<tr>
<td>Adult Meals</td>
<td>$2.50</td>
<td>$3.85</td>
</tr>
<tr>
<td>Reduced-price meal*</td>
<td>$0.30</td>
<td>$0.40 (unchanged for both)</td>
</tr>
</tbody>
</table>
DURING 2017-18 SCHOOL YEAR
TEACHERS REVIEWED CURRICULUM

- Representatives attended the state textbook caravan last fall and heard from approved publishers.

- Bobbie Sue Britton organized department PLCs to review state approved textbooks.

- All district secondary health teachers participated and rated the approved state offerings using a rubric.

- The department also reviewed the updated “My Future, My Choice” curriculum which is a state provided free supplement to our regular curriculum.
THE DISTRICT TEACHERS AGREED:
GOODHEART-WILLCOX (GW) WAS THE BEST CHOICE

- Current and relevant topics for today's students. Copyright 2018 (as compared to 2014 for the competitors.)
- Comprehensive, includes Oregon standards on human sexuality in the textbook rather than in a supplement to purchase separately (HB 2509 Sexual Education)
- More strategies on violence and sexual abuse prevention. (Senate Bill 856)
- Up-to-date national and global health statistics.
- The book has more of a collegiate look to it with updated graphics (less juvenile) and is organized well to meet the needs of the high, middle and low students.
- Activities are focused on student engagement with warm ups in every section.
- Companion websites, editable power points and resources, online test bank.
- Online e-flashcards for vocabulary review including English-Spanish e-flashcards.

PURCHASING COSTS:

- 550 Jr High Textbooks
- 775 High School Textbooks
- This is a textbook for every student (health is a semester long class, so only half the books are needed in most cases).
- Total with shipping is $127,197 or $96/book
- With this purchase we also receive:
  - 14 teacher resource packs
  - 640 student online resource licenses
- With approval, this purchase will be made with funds set aside in this year's budget. Books to arrive before teachers break for summer.
The KCSD Health PLC requests the Board approve the adoption of Goodheart-Willcox publishers as the Jr. High and High School health curriculum.

Any questions? Kristi Sturgeon, Mazama Health Teacher, is here representing the PLC.
Resolution No. 18-10

Resolution adopting a Supplemental Budget for Fiscal Year 2017-18

Prepared by Renée M. Ferguson, Director of Business Services

March 4, 2018

Background:

Annually the Board of Directors adopts the budget and sets appropriations for the upcoming fiscal year. During the year, conditions may arise that were not known at the time the budget was prepared. If a proposed supplemental budget will change any fund’s expenditures by less than 10 percent a simplified process is used to adopt the supplemental budget. Changes to Contingency are excluded from the 10% requirement. Additionally, no hearing is required. A notice in the local newspaper, published not less than 5 days before the meeting, includes a “statement that a supplemental budget will be considered at the meeting”. The budget committee is not required to be involved. This publication will occur on Tuesday, April 10, 2018. A copy of the document provided to the Herald and News is attached for your reference.

The appropriation by a resolution must state the need for, the purpose, and the amount of the appropriation.

Changes are being made to the General Fund #100 and Special Revenue Fund #200. The changes are as follows:

Summary of Supplemental Budget

Fund: General Fund

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Existing Amount</th>
<th>Changes</th>
<th>Adjusted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$40,787,979</td>
<td>$0</td>
<td>$40,787,979</td>
</tr>
<tr>
<td>Support Services</td>
<td>$28,910,370</td>
<td>$5,000</td>
<td>$28,915,370</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,242,074</td>
<td>-0-</td>
<td>$1,242,074</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$781,411</td>
<td>$153,000</td>
<td>$934,411</td>
</tr>
<tr>
<td>Contingency</td>
<td>$1,435,473</td>
<td>(153,000)</td>
<td>$1,282,473</td>
</tr>
<tr>
<td>Revised Total Requirements</td>
<td>$73,157,307</td>
<td>$5,000</td>
<td>$73,162,307</td>
</tr>
</tbody>
</table>

Comments: Recognizes 1) $5,000 PACE award for Safety Program and subsequent increase in Risk Management expenditures; 2) increased Transfers Out to Food Service Program in the amount of $153,000 to compensate for anticipated reductions in School Lunch Claim receipts; 3) reduction in Contingency of $153,000 for increased Food Service Transfer; and 4) adjustments to various revenues to accurately reflect estimated totals.
**Fund: Special Revenue Fund**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Existing Amount</th>
<th>Changes</th>
<th>Adjusted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$ 7,089,228</td>
<td>$102,728</td>
<td>$ 7,191,956</td>
</tr>
<tr>
<td>Support Services</td>
<td>$ 2,477,921</td>
<td>$105,592</td>
<td>$ 2,583,513</td>
</tr>
<tr>
<td>Enterprise, Community and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Service</td>
<td>$ 3,744,497</td>
<td>$ -0-</td>
<td>$ 3,744,497</td>
</tr>
<tr>
<td>Facilities Acq &amp; Construction</td>
<td>$ 4,012,200</td>
<td>$ -0-</td>
<td>$ 4,012,200</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$  640,600</td>
<td>$ -0-</td>
<td>$  640,600</td>
</tr>
<tr>
<td>Revised Total Requirements</td>
<td>$17,964,446</td>
<td>$208,320</td>
<td>$18,172,766</td>
</tr>
</tbody>
</table>

Comments: Recognizes grants received since budget adoption, including adjustments to grant projections, for Early Learning Hub, State Dyslexia Training, Title IA, Youth Transition Program, and the KCC/KFCS Adult Education (carry forward). This resolution also accepts the increased Transfers In from the General Fund in the amount of $153,000 for the Food Service Program.

**Recommendation:**

Administration recommends that the Board of Directors adopt Resolution 18-10 as follows:

**BE IT RESOLVED** that for the Fiscal Year beginning July 1, 2017, the Board of Directors approves the Supplemental Budget as presented. This revised budget and appropriations shown below are hereby adopted and appropriated by the Klamath County School District Board of Directors:

**Fund: General Fund**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$40,787,979</td>
</tr>
<tr>
<td>Support Services</td>
<td>$28,915,370</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,242,074</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$ 934,411</td>
</tr>
<tr>
<td>Contingency</td>
<td>$1,282,473</td>
</tr>
<tr>
<td>Total Appropriation</td>
<td>$73,162,307</td>
</tr>
</tbody>
</table>

Comments: Recognizes 1) $5,000 PACE award for Safety Program and subsequent increase in Risk Management expenditures; 2) Increased Transfers Out to Food Service Program in the amount of $153,000 to compensate for anticipated reductions in School Lunch Claim receipts; 3) reduction in Contingency of $153,000 for increased Food Service Transfer; and 4) adjustments to various revenues to accurately reflect estimated totals.
**Fund: Special Revenue Fund**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$7,191,956</td>
</tr>
<tr>
<td>Support Services</td>
<td>$2,583,513</td>
</tr>
<tr>
<td>Enterprise, Community and Food Service</td>
<td>$3,744,497</td>
</tr>
<tr>
<td>Facilities Acquisition &amp; Construction</td>
<td>$4,012,200</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$640,600</td>
</tr>
<tr>
<td>Total Appropriation</td>
<td>$18,172,766</td>
</tr>
</tbody>
</table>

Comments: Recognizes 1) $5,000 PACE award for Safety Program and subsequent increase in Risk Management expenditures; 2) Increased Transfers Out to Food Service Program in the amount of $153,000 to compensate for anticipated reductions in School Lunch Claim receipts; 3) reduction in Contingency of $153,000 for increased Food Service Transfer; and 4) adjustments to various revenues to accurately reflect estimated totals.

Attachment: “Notice of Board Meeting for Klamath County School District” provided to the Herald and News.
Notice of Board Meeting for Klamath County School District

The Klamath County School District’s Board of Directors will hold the next regularly scheduled monthly Board Meeting on April 19, 2018 at 5:00 p.m. The agenda includes the consideration of a supplemental budget for Fiscal Year 2017-18. The meeting will be held at the Klamath County School District, 2845 Greensprings Drive, Klamath Falls, OR 97601. A copy of the supplemental budget may be inspected or obtained on or after April 10, 2018.