

**HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS**

January 21, 1999 Hearing Room E

8:00 a.m. Tapes 7 - 8

**MEMBERS PRESENT:** Rep. Jane Lokan, Chair

Rep. Kathy Lowe, Vice-Chair

Rep. Betsy Close

Rep. Dan Gardner

Rep. Tim Knopp

Rep. Jeff Kruse

Rep. Bob Montgomery

Rep. Kitty Piercy

**MEMBER EXCUSED:**

**STAFF PRESENT:** Pat Zwick, Administrator

Susan M. Pettey, Administrative Support

**MEASURES HEARD:** HB 2024 Public Hearing and Work Session

HB 2025 Public Hearing and Work Session

HB 2027 Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
<b>TAPE 7, A</b>		
004	Chair Lokan	Opens meeting at 8:05 a.m., and opens public hearing on HB 2024.
<b><u>HB 2024 PUBLIC HEARING</u></b>		
020	Pat Zwick	Committee Administrator. Summarizes provisions of HB 2024.
050	David Douthwaite	Government Relations Manager, Oregon-Columbia Chapter of Associated General Contractors. Speaks in support of HB 2024. Submits and summarizes written testimony ( <b>EXHIBIT A</b> ). Summarizes interim work group activities on public contracting, which resulted in measures pre-session filed by Agency Streamlining Committee.
090	Douthwaite	Explains that HB 2024 subjects public contracting agencies to the Attorney General (AG) Model Rules unless they have adopted their own rules, and sets a time frame for modifying the rules after each session.
120	Rep.	Asks about affect of HB 2024 on small cities.

	Montgomery	
125	Douthwaite	Responds that this bill applies the AG model rules to all public agencies. Comments that unless smaller agencies take some affirmative action, they then have some public contracting rules in place. Explains that contractors find that smaller public agencies have no rules, or outdated rules, creating difficulties in conforming to state statutes.
144	Douthwaite	Discusses that Multnomah County has separate rules of procedure followed for appeals-and-protest decision-making. Explains this bill allows Multnomah County to maintain the rules in place for their jurisdiction, yet requires update and review after session.
155	Chair Lokan	Asks what triggers a review of rules under current statutes.
160	Marti Saathoff	Assistant Attorney General, Department of Justice (DOJ). Explains how DOJ reviews model rules for public contracting.
175	Rep. Lowe	Requests explanation of necessity of rule change.
178	Douthwaite	Clarifies public agency rules concerning public contracts.
206	Rep. Kruse	Asks about public agency rule compliance.
220	Saathoff	Responds that a public contracting agency that adopts its own rules is required to do a review at the time the AG's office updates rules.
239	Rep. Kruse	Asks about AG oversight and the timeline for rule-making.
248	Douthwaite	Explains rule-making process.
259	Bill Penhollow	Association of Oregon Counties. Speaks in support of HB 2024. Reviews participants in, and work of, interim work group. Explains history of provision and the outdated rules in existence. States that AG model rules would become the rules of local government unless they opt out. Explains process by which rules can be adopted by reference.
338	Jon Oshel	Director of Public Works, Tillamook County. Speaks in support of HB 2024. Explains benefits for small public agencies to adopt AG model rules.
364	Rep. Close	Asks for example of exemptions.
370	Oshel	Describes experience in Tillamook with bridge failure, and provisions allowing for emergency exemptions.
383	Rep. Lowe	Asks about ORS 183.310 definition of contracting agencies.
400	Penhollow	Responds that ORS Chapter 279 deals with public contracting, which HB 2024 amends. Explains competitive bidding and exemptions.
<b>TAPE 8, A</b>		
021	Lowe	Asks for clarification of building trades versus general contracting.
027	Penhollow	Explains contracting under ORS 279, public contracts with other public agencies or private contractors.
050	Hasina Squires	Special Districts Association, representing 800 special districts statewide. Speaks in support of HB 2024. Explains that smaller districts wait for model rules, and updating is a lengthy process. Indicates this bill would provide standardization for districts that have not adopted public contracting rules.
065	Chair Lokan	Closes public hearing on HB 2024, and opens work session.
<b><u>HB 2024 WORK SESSION</u></b>		

070	Rep. Montgomery	MOTION: Moves HB 2024 to the floor with a DO PASS recommendation.
079		VOTE: 8-0  AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES.  REP. MONTGOMERY will lead discussion on the floor.
092	Chair Lokan	Closes work session on HB 2024, and opens public hearing on HB 2025.
<b><u>HB 2025 PUBLIC HEARING</u></b>		
103	Zwick	Summarizes provisions of HB 2025.
120	Douthwaite	Government Relations Manager, Oregon-Columbia Chapter of Associated General Contractors. Speaks in support of HB 2025. Submits written testimony ( <b>EXHIBIT B</b> ) and summarizes. Explains results of work group coordination with the Newspaper Publishers Association, which discussed the cost of compliance with Oregon statute requiring certain information to be published in the newspaper for an invitation to bid on a public project. Indicates that HB 2025 would allow information relative to bids to be available to contractors in a more cost-effective way.
140	Hasina Squires	Special Districts Association, representing 800 districts statewide. Speaks in support of HB 2025. Explains involvement in work group that brought this legislation forward. Describes deletions from required advertising document, explaining all deletions will be contained in the bid document. Details clarification language.
198	Rep. Montgomery	Asks if out-of-state contractors must register to work in Oregon.
203	Douthwaite	Responds affirmatively, and explains that anyone bidding on a public contract in Oregon must be registered with the Construction Contractors Board.
195	Penhollow	Speaks in support of HB 2025.
216	Jon Oshel	Public Works Director, Tillamook County. Speaks in support of HB 2025. Explains the cost-savings in the process of public contracting advertising, and describes associated costs.
240	Linda Ludwig	League of Oregon Cities (LOC). Speaks in support of HB 2025. Submits and summarizes written testimony ( <b>EXHIBIT C</b> ). Describes LOC involvement in the work group.
253	Chair Lokan	Invites Mary Botkin to testify.
266	Mary Botkin	American Federation of State and County Municipal Employees. Speaks in Support of HB 2025. Requests an assurance that public agencies and local governments can participate in the bidding process.
296	Chair Lokan	Closes public hearing on HB 2025, and opens work session.
<b><u>HB 2025 WORK SESSION</u></b>		
299	Rep. Kruse	MOTION: Moves HB 2025 to the floor with a DO PASS  recommendation.

305	Rep. Montgomery	Comments that the record should reflect there may be some housekeeping to do on the Senate side.
328	Chair Lokan	Restates motion.
334		<b>VOTE: 8-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Lokan	<b>The motion CARRIES.</b>  <b>REP. KNOPP will lead discussion on the floor.</b>
341	Chair Lokan	Closes work session on HB 2025, and opens public hearing on HB 2027.
<b><u>HB 2027 PUBLIC HEARING</u></b>		
		Written testimony from David Southwaite in support of HB 2027 is submitted for the record ( <b>EXHIBIT D</b> ).
362	Pat Zwick	Summarizes provisions of HB 2027.
<b>TAPE 7, B</b>		
006	Jack Roberts	Commissioner, Oregon Bureau of Labor & Industries (BOLI). Speaks in support of HB 2027. Explains fiscal impact, source of funding, and staffing. Describes the source of funding as the assessment collected on all public works contracts subject to the prevailing wage law, included as part of the bid. Comments that agency goal is to ensure information is made available to agencies and contractors to avoid problems, and to achieve compliance through better information.
062	Rep. Montgomery	Comments that fiscal impact shows two full-time employees will be hired to accomplish tasks under HB 2027. Asks for clarification of language regarding the need for investigations and more surveys.
071	Roberts	Responds that the language simply reinforces what is being done presently. Discusses position authority and existing resources.
087	Rep. Montgomery	Suggests this bill be referred to Ways & Means because of fiscal impact.
088	Roberts	Agrees because it has budget impact, it would be referred to Ways & Means. Clarifies it is not currently in agency budget, but has been identified as something that may be added by the Legislature.
094	Chair Lokan	Clarifies change, Section 1(c), providing educational programs, since agency is effecting surveys and investigations.
097	Roberts	Comments about expansion of the permissive uses of the money to include education on other public contracting beyond prevailing wage rate.
113	Bill Penhollow	Association of Oregon Counties (AOC). Speaks in support of HB 2027. Discusses legislative changes in public contracting and purchasing law. States that key provision in this bill is in lines 12 and 13, providing educational programs on public contracting and purchasing law.
138	Rep. Piercy	Comments that savings have not been addressed in terms of education to eliminate costly mistakes.
143	Rep. Lowe	Asks about educational format, operating under rules of AGis office. Inquires how educational programs will be set up, available to anyone entering a bid, whether public or private.
147	Penhollow	Responds that was the content of the discussion in various groups working to advance this idea. States BOLI, Department of Administrative Services (DAS), and DOJ should be involved in process of pulling together expertise for making public presentations

		and workshops.
183	Oshel	Speaks in support of HB 2027. Explains contractor competitive bidding concept difficulties.
203	Chair Lokan	Requests clarification of technical assistance provided by BOLI.
208	Roberts	Explains availability of technical assistance: Publications that explain information, seminars, and phone service.
218	Rep. Close	Asks who decided what constitutes education in the budget. Observes a budget item for furniture purchases, and inquires if a horror story may develop, spending the entire 1.35 million for furniture.
224	Roberts	Responds "not as long as I'm Commissioner." Explains costs and controls. Discusses Secretary of State audit authority. Describes how agency is broadening scope of enforcement with current personnel.
250	Rep. Lowe	Asks if this creates a new baby agency and bureaucracy.
254	Roberts	Responds that BOLI envisions using its technical assistance unit. Explains agency track record in the last four years has been to simply expand the scope of current technical assistance. States that the agency would manage the resource to ensure requirements of the fund are met. Comments that no additional personnel will be added if the fund can be managed with existing resources.
274	Rep. Knopp	Asks if BOLI has hired additional staff, decreased staff, or remained the same in the previous four years.
279	Roberts	Responds that the work force has been reduced by elimination or consolidation.
283	Rep. Knopp	Inquires if budget has increased during that four-year period.
286	Roberts	Explains budget has slightly decreased and expenditures have slightly declined.
290	Chair Lokan	Closes hearing on HB 2027, opens work session.
<b><u>HB 2027 WORK SESSION</u></b>		
326	Rep. Kruse	<b>MOTION: Moves HB 2027 to the floor with a DO PASS recommendation.</b>
333	Chair Lokan	Restates motion: Rep. Kruse moves HB 2027 to the floor with a do-pass recommendation. Suggests HB 2027 be referred by the Senate to Ways & Means.
350		<b>VOTE: 8-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair	<b>The motion CARRIES.</b>  <b>REP. GARDNER will lead discussion on the floor.</b>
377	Chair Lokan	Closes work session on HB 2027. Adjourns meeting at 9:26 a.m.

Susan M. Pettey, Pat Zwick,  
Administrative Support Administrator

**EXHIBIT SUMMARY**

**A ñ HB 2024, written testimony, David Douthwaite, 1 p**

**B - HB 2025, written testimony, David Douthwaite, 1 p**

**C - HB 2025, written testimony, Linda Ludwig, 1 p**

**D - HB 2027, written testimony, David Douthwaite, 1 p**