

SENATE COMMITTEE ON BUSINESS & CONSUMER AFFAIRS

February 22, 1999 Hearing Room C

1:00 p.m. Tapes 46 - 47

MEMBERS PRESENT: Sen. David Nelson, Chair

Sen. Lee Beyer, Vice-Chair

Sen. Rick Metsger

Sen. Randy Miller

Sen. Charles Starr

MEMBER EXCUSED:

STAFF PRESENT: Y. Sherry Sheng, Administrator

Nancy Masee, Administrative Support

MEASURE/ISSUES HEARD:

Introduction of Committee Bill

SB 219 Public Hearing

SB 517 Public Hearing

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
TAPE 46, A		

004	Chair Nelson	Opens meeting at 1:04 p.m. Opens work session to introduce LC draft.
<u>INTRODUCTION OF COMMITTEE BILL</u>		
007	Sen. Nelson	MOTION: Moves LC 2504 BE INTRODUCED as a committee bill.
008		VOTE: 5-0
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
		LC 2504 becomes SB 783.
009	Chair Nelson	Closes work session. Opens public hearing on SB 219.
<u>SB 219 and SB 517 PUBLIC HEARING</u>		
022	Joe Brewer	Administrator, Building Codes Division (BCD). Explains the division has met with bill proponents. States there was difficulty in implementing SB 315 (1995). SB 315 enabled third party providers to provide inspections and plan review services for this segment of the industry. Says there are two modular manufacturers in the state. In 1995 BCD supported the bill but problems developed. SB 219 makes inspections and plan reviews for the modular industry which would be another class of activity, assumed by local jurisdiction. Local jurisdiction could contract for those services with an approved third party provider, the division, or another jurisdiction. SB 517 allows private entities to provide permitting and inspection services, with no accountability to a local jurisdiction or the state. Does not allow cities or counties to inspect unless they are a third party. Says the division has proposed alternatives to the bill to the proponents. The division recommended a firm licensing program. Presents (EXHIBIT A) .
080	Brewer	Describes the licensing program. Says the division also suggests additional training on third party providers. Proposes language which restricts the division's authority to regulate. Describes portable buildings for public use. Says this segment of the industry should be regulated similar to site construction.
125	Chair Nelson	Asks for questions.
136	Brewer	Refers to SB 315 (1995) and says it was not implemented.
160	Guy Combs	Modern Building Systems. Opposes SB 219. Supports SB 517. Says they have implemented the third party inspection service which is running smoothly. Says the third party should be allowed to have the building official powers to make those calls. Against SB 219 because it does not allow that. Says SB 517 does

		allow third party inspections. Presents (EXHIBIT B) .
175	Chair Nelson	Asks for questions.
177	Combs	Says he works for a modular company and in the past there have been problems getting inspections on time, getting plan approval, and this would be quicker. Explains that traveling inspections would be decreased.
197	Sen. Beyer	Asks if SB 219 gives three options, as it seems to: <ul style="list-style-type: none"> • using state building codes agency • using a local building authority • using a third party that is certified
205	Combs	Sees local jurisdictions as exclusive.
203	Ken Rasmussen	Vice President, Modern Building Systems. Opposes SB 219 because it does not clearly explain the authority of the inspection agency. Supports SB 517 because it would assure an inspector is on the site when needed. Presents (EXHIBIT C) .
252	Rasmussen	Discusses the problems of state control over local control.
304	Chair Nelson	Says the policy seems to instill assuring a high degree of compliance, regardless of who is doing the inspection.
305	Rasmussen	Says, originally, the construction was monitored every three months.
318	Sen. Beyer	Asks what the bill is changing in existing law. Presently, authority is to hire a third person certified to do the inspections on site.
325	Rasmussen	Describes the change for the third party building official to be certified. See page 1, line 13, page 3, line 1 and page 2, line 42, item 6.
345	Sen. Beyer	Asks if that is a distinction from what exists.
347	Rasmussen	Responds that they did not have a building official status in SB 307.
349	Sen. Beyer	Asks if they are suggesting less scrutiny than cities and counties.
352	Rasmussen	Answers it would be closer scrutiny than local jurisdictions. SB 35 requires oversight every four years and the building officials in the pre-fabrication industry need to implement an oversight program. The rules have to be established if the bill is passed.

395	Chair Nelson	Asks for questions.
400	Sen. Miller	Refers to Brewer's testimony. Says the public policy concerns were the pre-fabricated industry would be inspected by private entities, with no oversight or accountability to comply with the code.
TAPE 47, A		
011	Rasmussen	Answers that the inspector must be approved and certified by the Department of Consumer and Business Services (DCBS) and certification means they have the proper credentials to inspect.
015	Sen. Miller	Asks about another concern that the bill does not allow cities and counties to inspect pre-fabricated structures, unless they are a recognized third party.
018	Rasmussen	Responds that it is true that they would need to apply to a third party. Says they still have the authority to certify and approve people on the job.
030	Sen. Miller	Asks who is the final authority for code and safety questions, and who retains building official authority, as required by statute in the building code.
034	Rasmussen	Says the third party provider would need to get building official status that was regulated by DCBS.
049	Sen. Beyer	Says local parties still have options, as the bill is written.
060	Richard Rogers	Laser Industries. Opposes SB 219 as it is cumbersome to go to every local jurisdiction to get a plan of rules. Opposes SB 517 because of DCBS action. States third party needs to be more concisely defined in the bill. Suggests that if all concerned parties get together, reasonable oversight could be agreed upon.
115	Sen. Beyer	Asks where Rogers' factory is.
116	Rogers	Responds it is in Aumsville.
117	Sen. Beyer	States that other states are working with independent inspectors in the factory.
120	Douglas Dick	Independent businessman, On the Level Inspection Concepts. Opposes SB 219. Supports SB 517. States that he works as a third party. Says the mechanism is already in place for SB 219. Says it is appropriate that a third party provide it. SB 517 has the rules in place already. Explains the contracts need to be approved and, if the companies do not comply, the contract is null and void.
233	Chair Nelson	Asks if building inspection is privatized, if it should be limited to pre-fabricated

		structures.
236	Dick	Answers that the building industry is moving that direction. Comments that, in his view, private business performs that service better than government.
250	Sen. Beyer	Asks how often the BCD supervises his business.
260	Dick	Describes how often he is inspected and says it is more in the paperwork than in the field. Explains they look at his work product about 50 percent of the time during the first 60 days.
265	Chair Nelson	Thanks witnesses.
267	Tom Lindberg	Operating Engineers Local 701, Gladstone, and Chairman, Oregon State Board of Boiler Rules. Comments on concerns about SB 517. Says uniformity has been lost when jurisdictions take on inspections. States he thinks specific oversight and building codes are needed to ensure uniform standards.
307	Sen. Beyer	Asks if the purpose of the building code is safety. Asks if it is concerned with uniformity or with unsafe procedures.
310	Lindberg	Responds that is a real concern.
338	Sen. Beyer	Asks if a mix of public and private inspection services operating under the same code and supervised by the BCD would work.
342	Lindberg	Answers he thinks that could be done.
399	Gary Wright	Plumbers and Pipefitters Local 290. Opposes both bills. Comments that what is done through legislative bills will most likely migrate through the industry and therefore should be done right.
362	Sen. Beyer	Describes other states' reciprocity agreements. Asks if there are more problems in the pre-fabrication industry than in conventional construction.
380	Wright	Says the difference is that the construction being discussed is more in portable classrooms and public use buildings. There are some reciprocity agreements that are inspected on both sides.
TAPE 46, B		
008	Robert Hall	Portland General Electric (PGE). PGE's concerns are with substations and electrical switch gear structures. PGE is going to pre-fabricated structures to house that equipment. Explains that these structures are not habitable, but are

		build to hold the electrical equipment. Presents (EXHIBIT D) .
057	Hall	Expresses concern with SB 219, as there is the potential for different interpretations. Proposes amendments to SB 219 which allow local jurisdictions to exempt electrical and telephone use in these structures.
094	Sen. Beyer	Asks about the standardized structures that PGE uses.
096	Hall	Says the modules are similar, but different. Equipment going into these modules varies.
112	Sen. Beyer	Asks if PGE has talked with BCD to get approval as a building system.
115	Hall	Answers they are working on that.
119	Jim Rasmussen	Modern Building Systems. Supports SB 517 and SB 307 (1995). Opposes SB 219. Says it opens up local jurisdictions and plan approvals in multiple locations, which is excessive. Explains how counties, industries, and third parties met to arrive at SB 517.
180	Rasmussen	Continues discussing how building codes inspections are performed. States they are asking for third party approval and certification. Describes the reciprocity program performed by Washington State examiners. Asks for a timeline on SB 517 so that rules can be made more timely.
238	Chair Nelson	Asks for questions.
268	Ralph Groener	American Federation of State, County & Municipal Employees (AFSCME). Says he has an oversight question. Describes the only overview now is once every four years by BCD. Explains SB 517 takes oversight out. Questions how violations will be discovered. Asks if oversight by government is passed on to the third party, who will be responsible for the third party. Describes how passing the overview from the state to the inspector, will affect the way the Fire Marshal inspects the pre-fabricated structures. Suggests there will be problems with public safety, if government oversight is removed. Wants objective overview to remain in the statutes.
370	Sen. Beyer	Asks how he defines "adequate objective oversight."
389	Groener	Responds he does not think the inspector should be reviewing their own work. Says plan review and inspection could be done by the same person, but somebody else should overview them.
388	Chair Nelson	Suggests a work group with representatives from the industry and DCBS. States Sen. Beyer may want to work out a practical solution with them. Closes public hearing. Adjourns meeting at 2:28 p.m.

Submitted By, Reviewed By,

Nancy Masee, Y. Sherry Sheng,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 219 and SB 517, Written testimony, Joe Brewer, 1 p

B ñ SB 219 and SB 517, Letter from Modern Building Systems, Guy Combs, 1 p

C ñ SB 219, Letter, Ken Rasmussen, 1 p

D ñ SB 219, Written testimony, Robert Hall, 2 pp

E ñ SB 517, Written testimony, Joe Brewer, 2 pp