

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

February 6, 1997 Hearing Room H-170

1 P.M. Tapes 12 - 13

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Tom Brian

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

STAFF PRESENT:

Brian Griffin, Administrator

Valerie Luhr, Administrative Support

Jennifer Peck, Committee Clerk

MEASURE/ISSUES HEARD:

Invited Testimony on Department of Environmental Quality (DEQ) Vehicle Emission Testing Program Costs

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 12, A		
004	Chair Lokan	Calls the meeting to order at 1:06 p.m. Comments that a few bills have been referred to the committee and plans to hear them at the next meeting (February 18). Comments on the day's agenda.
<u>INVITED TESTIMONY ON DEQ VEHICLE</u>		

<u>EMISSION TESTING PROGRAM COSTS</u>		
028	Langdon Marsh	Director, DEQ. Introduces Greg Green, Ed Woods, and Helen Lottridge. States that their purpose is to respond to the committee's questions. Makes brief opening remarks. Comments on the issue of privatization.
085	Greg Green	Air Quality Division Administrator. Introduces himself.
091	Ed Woods	Manager, Vehicle Inspection Program. Submits and reviews written material, and responds to previous questions from the committee [EXHIBIT A].
131	Chair Lokan	Asks about the number of vehicles.
134	Woods	Arizona, Colorado, and Washington have about twice as many vehicles as Oregon. Continues testimony.
151	Rep. Johnson	Asks if the employees get eight dollars per hour.
153	Woods	States that about \$8.75 is middle of the range.
165	Rep. Johnson	Requests a copy of a breakdown of the salary levels.
170	Rep. Lehman	Requests information on the number of employees at each pay level.
174	Rep. Johnson	Asks for additional written details.
175	Woods	States he will supply all of this information.
177	Brian Griffin	Committee Administrator. Asks about the contributions which the state makes to the paid benefits.
185	Woods	Answers with details.
190	Vice-Chair Devlin	Details the coverage of benefits.
192	Woods	Explains the exact benefits.
198	Chair Lokan	* Questions and discussion on part-time employees under the current program and the enhanced programs..
229	Chair Lokan	Refers to the costs under the "state-run" type of program, and asks how much the test fees will be?
235	Woods	Explains the details of the fees.
246	Rep. Johnson	Asks if Washington currently operates with an enhanced program.

249	Woods	Explains that Washington is currently using both programs.
253	Rep. Johnson	Asks if the tests use the same standards.
257	Woods	Responds.
263	Rep. Johnson	Asks how close it comes to the proposal, percentage-wise.
266	Woods	Estimates about 75%.
282	Rep. Johnson	Asks if the boundaries are being expanded. * Discussion of expanded boundaries and what the effects would be.
285		Rep. Lehman left at 1:26 p.m.
305	Woods	States that Oregon could not use the test that Washington uses.
307	Rep. Johnson	States this is an area that needs further information.
306	Green	Explains boundary expansion.
312		Rep. Brian arrives at 1:28 p.m.
322	Rep. Johnson	Asks if Oregon would be getting anything for the additional cost of an enhanced inspection.
333	Green	States that Washington picks up the additional costs of the tests done in Vancouver.
344	Woods	Continues responses to questions and reviews [EXHIBIT A].
TAPE 13, A		
002	Chair Lokan	Asks what services Envirotest would provide in Oregon versus Washington.
009	Woods	Explains that Oregon is an exception as it considers privatization of an existing program, whereas other states started with a private operation.
023	Rep. Johnson	Asks how many sites does DEQ own and how many do they lease.
025	Woods	DEQ owns one and leases the rest.
030	Rep. Johnson	Recommends not signing any leases until the matter is considered.
033	Woods	Explains the current process for the enhancement program starting in the Fall includes leases.
038	Vice-Chair Devlin	Asks if the enhanced tests will only be in the Portland area.
040	Woods	Answers.

043	Vice-Chair Devlin	Asks how much could be saved if the first-time tests of new vehicles started at four years, instead of two.
053	Rep. Johnson	Asks who makes the determination for the adjustment of air quality with these changes.
057	Woods	States that the Environmental Protection Agency's (EPA) methodology for emission reductions is used as the standard.
065	Rep. Johnson	Asks for estimates of the difference in reductions between a three and four year time gap.
073	Woods	Will attempt to get estimates.
090	Rep. Brian	Asks who would prepare a request for proposal (RFP) if DEQ decides to contract out and how long would it take.
095	Woods	DEQ would start the process with assistance from the Department of Administrative Services.
100	Rep. Brian	Seems the time to prepare an RFP is too long.
107	Woods	States it could be faster in Oregon because we would have examples from other states.
113	Rep. Harper	Believes a couple of months would be an excessive time.
117	Green	Comments on litigation involved with RFPs in other states.
124	Rep. Johnson	Comments on the complexity of RFPs.
126	Chair Lokan	Envirotest said less than 14 months to get a system set up.
135	Woods	Explains that time frame estimates of Envirotest were based on post-contract set up. Comments on DEQ's experiences with long procedures.
148	Rep. Brian	States that if the committee decides to recommend contracting out, then the time to start the process is now before enhanced systems get set into place.
163	Rep. Johnson	Comments on moving through the budget as much as possible.
171	Vice-Chair Devlin	Asks about the current plan with EPA.
176	Woods	Explains that enhanced testing will be operating this fall.
179	Rep. Brian	States that EPA may well extend the time without penalty if we explain Oregon is setting up an enhanced system.

191	Green	Explains it is a ten-year plan ending in 2006 so any current changes would alter the ten-year plan.
203	Rep. Brian	Explains there will not be a new system by April.
206	Green	States these first steps are critical in the overall timing. Comments on violating standards if we delay meeting deadlines now.
215	Rep. Brian	Comments on the impact on our air plan.
220	Woods	Addresses the question of where the positions will be assigned and what they will be doing.[EXHIBIT A]
241	Rep. Brian	Asks for the definition of the tech center.
243	Woods	Explains the use of the tech centers.
249	Rep. Brian	Asks for clarification of staffing of the tech center.
255	Woods	Explains staffing and their duties.
278	Chair Lokan	Requests an explanation of the DEQ administration staffing duties.
299	Woods	Explains the staffing duties.
299	Rep. Johnson	Asks how many test lanes are running currently and how many will be added.
302	Woods	Gives estimates of test lane numbers.
316	Rep. Johnson	Asks for more clarification.
322	Woods	Continues.
326	Chair Lokan	Asks when the 99 new employees would be added.
328	Woods	Explains the new employees would be hired and trained a couple months before mandatory enhanced testing would be started.
335	Chair Lokan	Asks if Woods expects the public to react better to the pilot project than in other states.
345	Woods	Intends to begin voluntary enhanced testing before the program is mandatory.
363		Rep. Lehman returns at 1:58 p.m.
373	Chair Lokan	Asks if enough dynamometers have been purchased.
380	Woods	Explains equipment that has been purchased.
385	Chair Lokan	Asks about the cost of the equipment.
	Woods	

		States that items were bought at an auction in Texas for about \$600,000 for about 18-20 lanes. If the items were new it would have cost about \$140,000 per lane.
393	Chair Lokan	Asks why other states started with contractors instead of state-run programs.
402	Woods	Explains that Oregon started before the other states.
TAPE 12, B		
002	Woods	Continues his response to Chair Lokan's question.
006	Marsh	Describes the example of New York and reasons why their state-run program didn't work.
027	Chair Lokan	Comments that people seem satisfied with Envirotest in Washington. Asks about the 1997-1999 budget total.
037	Woods	Explains Bar 31 and IM 240 are two different traces on video screen and both are enhanced testing.
045	Chair Lokan	Clarifies budget numbers.
047	Woods	Explains the figures.
052	Rep. Brian	Asks if there is a valid number for cost per inspection.
059	Chair Lokan	Explains statistics of \$18 estimated per inspection for two million cars from the Radian report. Oregon's would cost a little less than \$21 per car.
077	Woods	Explains that about 450,000 vehicles are tested per year.
076	Rep. Brian	Comments on the estimates. Asks if the estimates are reasonable.
086	Griffin	Explains the estimates were based on prevailing wage rates in Portland.
097	Rep. Brian	Asks about Washington's specific numbers.
100	Chair Lokan	Supplies information from Washington's system.
101	Griffin	Explains Envirotest keeps eight dollars and returns four dollars to the state.
104	Marsh	Explains four dollars reimburses the state oversight.
128	Ralph Groener	Representing American Federation of State, County, and Municipal Employees (AFSCME). Submits and presents written information [EXHIBIT B] comparing state-run and contractor-run vehicle inspection programs.
190	Groener	

		Discusses tension caused by boundary decisions. Comments on Oregon setting up its own program. Opposes the privatization and states that costs are lower with our system and that we have a quality current program.
245	Rep. Lehman	Asks if we should at least get the enhanced program going first.
264	Groener	States that he wants a quality program.
260	Rep. Brian	Comments on the bidding process and employee retention if we had a new system.
280	Chair Lokan	States that committee is to look for efficiencies and the best way to do what Oregon needs. Sees the merit in should be competitive bidding.
306	Jim Houser	Owner and operator of Hawthorne Auto Clinic, Inc., Portland, Oregon. Submits and reads written testimony [EXHIBIT C] in opposition to the privatization of vehicle emission testing.
360	Houser	Continues prepared testimony. Explains the quality of the current program with flexibility and consumer satisfaction in the long and short term.
TAPE 13, B		
007	Chair Lokan	Comments that the private sector could be flexible and able to meet the standards.
015	Houser	Gives an example from the state of Washington which required an entire renegotiation of the contract and thus cost more money.
035	Vice-Chair Devlin	Comments on the RFP processes.
051	Chair Lokan	Declares the meeting adjourned at 2:30 p.m.

Submitted by, Reviewed by,

Valerie H. Luhr Brian Griffin

Administrative Support Specialist Administrator

Transcribed by:

Jennifer Peck

Committee Clerk

EXHIBIT SUMMARY

A - DEQ Vehicle Emissions Testing, charted testimony, Langdon Marsh, 7 pp

B - DEQ Vehicle Emissions Testing, written testimony, Ralph Groener, 2 pp

C - DEQ Vehicle Emissions Testing, written testimony, Jim Houser, 2 pp