

**HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY**

April 1, 1997 Hearing Room H-170

1:00 P.M. Tapes 31 - 32

**MEMBERS PRESENT:**

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

**MEMBER EXCUSED:**

Rep. Tom Brian

Rep. Ryan Deckert

**STAFF PRESENT:**

Judy Edstrom, Administrator

Valerie Luhr, Administrative Support

**MEASURE/ISSUES HEARD:**

HB 2010 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
<b>Tape 31, A</b>		
004	Chair Lokan	Calls meeting to order at 1:10. Mentions the bills referred to the committee and updates the committee on the posting of Thursday, April 3, 1997, agenda. Announces the changes in today's agenda. Opens public hearing on HB 2010.
<b><u>HB 2010 - PUBLIC HEARING</u></b>		

023	Judy Edstrom	Committee Administrator, reviews the provisions of HB 2010.
042	Rep. Lynn Lundquist	District 59, comments in support of HB 2010. * Requirements for small scale public improvements. * Effects of inflation limit number of improvements. * Local agencies need opportunity to work on projects greater than the \$50,000 limit.
090	Rep. Lundquist	Continues testimony. * Discusses Crook County road project.
124	Norm Thompson	Crook County Roadmaster, discusses small jobs that fall through the cracks. * A passing lane project cost over the limit which limited the project.
172	Thompson	Continues testimony.
177	Chair Lokan	Comments on interagency agreements around the state.
185	Rep. Lehman	As the law now exists, what is the difference now to put in the passing lane?
190	Thompson	There is a bidding process that must take place if the project is over \$50,000.
200	Rep. Lehman	Asks for clarification.
210	Chair Lokan	There will be testimony later to clarify this.
213	Rep. Lundquist	All we are doing is changing the dollar limit. No rules or regulations are being changed.
228	Rep. Lehman	Why is the law in there in the first place?
234	Chair Lokan	Invites others to expand on previous testimony.
244	Bill Penhollow	Association of Oregon Counties, comments in support of HB 2010. * Important legislation for spending efficiently. * On the books since 1975; a rewrite of Oregon Revised Statutes (ORS), Chapter 279. * Cost amount of project has not changed since 1975.
292	Penhollow	Continues testimony.

		<p>* Agencies must prepare documents on what projects they will do throughout the year. If over \$50,000, a cost comparison must be done. Will leave some with committee.</p> <p>* Need to be in compliance with ORS 279.023. Do not necessarily have to go through bidding process, but that will usually happen.</p>
339	Penhollow	Continues testimony.
366	Chair Lokan	Asks for example of an \$150,000 project.
372	Penhollow	An overlay project. Defers to Oshel.
382	Jon Oshel	<p>Tillamook County Director of Public Works.</p> <p>* One mile of road, two lanes, three inches thick is about \$120,000.</p> <p>* Putting in drainage, ditches, and shoulders ahead of time will put project in violation of the law.</p>
TAPE 32,A		
001	Oshel	<p>Begins prepared testimony.</p> <p>* Compare prices of agency doing project and bidding project out. Whichever is cheaper is the way it is done.</p>
008	Rep. Lehman	Is it possible someone can come in and tell the agency that it is cheaper to bid the project out?
011	Oshel	Does not know where someone would legally stand if they did that.
015	Penhollow	Concept would be that the public would have opportunity for that in the budget hearing process.
020	Rep. Lehman	Is it a difference of having to go through the analysis of the project and not having to do it?
023	Penhollow	Clarifies Rep. Lehman's question.
025	Rep. Lehman	If you do the project yourself, you will go through more hoops.
027	Penhollow	Yes.
028	Oshel	<p>Continues prepared testimony.</p> <p>* 1975's cost was good for that time, but not now.</p> <p>* Time and effort in doing estimates, especially for smaller projects.</p> <p>* Do not do away with contracting, even on smaller projects.</p>

071	Rep. Harper	Index the inflation in the bill.
076	Penhollow	Has been unsuccessfully proposed in previous sessions.
079	Chair Lokan	Would it be an amendment that does not sunset?
080	Rep. Harper	Should put a clause in there that would indicate inflation, so changes would not have to be made every 20 years.
082	Rep. Lehman	Lots of things in state government could be indexed.
086	Chair Lokan	Look at indexing and setting the Consumer Price Index (CPI). Are there suggestions?
093	Penhollow	There are two indexing factors: CPI and the construction price index.
116	Penhollow	Following up on earlier questions on projects (EXHIBIT A).
132	Rep. Lehman	Asks if putting out a number without indexing would satisfy needs?
135	Penhollow	Yes.
138	Vice-Chair Devlin	How broad is the term "public improvements" in the ORS?
141	Penhollow	It is basically construction or reconstruction of public facilities.
146	Vice-Chair Devlin	A new roof on a building?
147	Penhollow	No.
150	Vice-Chair Devlin	It is broader than roads?
151	Penhollow	Yes. It also includes a certain depth of asphalt.
161	Chair Lokan	The only change in this statute is the dollar amount.
179	David Douthwaite	Government Relations Manager, Oregon/Columbia Chapter of Associated General Contractors (AGC), submits and presents testimony (EXHIBIT B) in support of HB 2010.  * Supports moderate increase in dollar figures.
205	Douthwaite	Responds to Rep. Lehman's earlier question on how the statute is enforced.
226	Rep. Lehman	Where does Little Davis-Bacon Act come into play here?
230	Douthwaite	Public agencies do not have to pay prevailing wages whereas private companies do.
238	Rep. Johnson	Did you consider administrative costs as part of the costs?
243	Douthwaite	A very difficult question. This is where the AGC parted ways with the city of Portland. Need to look at administrative costs along with the rest of the costs of the project.
258		Are you comfortable with \$150,000?

	<b>Rep. Johnson</b>	
<b>260</b>	<b>Douthwaite</b>	<b>More comfortable with \$100,000. It is a measuring stick for what is good for taxpayers.</b>
<b>270</b>	<b>Rep. Harper</b>	<b>Are you talking about the inflation factor?</b>
<b>275</b>	<b>Douthwaite</b>	<b>We believe the \$50,000 was too high to begin with. Perhaps not all inflation should be included.</b>
<b>283</b>	<b>Rep. Harper</b>	<b>Is \$100,000 just a number that you are comfortable with?</b>
<b>286</b>	<b>Douthwaite</b>	<b>It is a substantial increase. We want to keep giving private contractors opportunities for working.</b>
<b>294</b>	<b>Chair Lokan</b>	<b>The Gross Domestic Product (GDP) is 1.1% less than the CPI and the GDP is used in state budgeting. Closes the public hearing on HB 2010. There will be no work session today; Rep. Brian and Rep. Deckert are excused.</b>
<b>323</b>	<b>Vice-Chair Devlin</b>	<b>Can some members come to the chair with possible Legislative Counsel drafts?</b>
<b>331</b>	<b>Chair Lokan</b>	<b>That would be a good idea. Would still need to discuss it in a work session.</b>
<b>343</b>	<b>Vice-Chair Devlin</b>	<b>I just thought it would expedite the process.</b>
<b>350</b>	<b>Rep. Lehman</b>	<b>Is there any efficiency with one committee handling bills that resemble each other?</b>
<b>358</b>	<b>Chair Lokan</b>	<b>Shares Rep. Lehman's concerns. Declares the meeting adjourned at 2:02 p.m.</b>
		<b>Information on HB 2010 [EXHIBIT C] becomes part of the record.</b>

**Submitted By, Reviewed By,**

**Valerie Luhr, Judy Edstrom,**

**Administrative Support Administrator**

**Transcribed By,**

**Gina Cross,**

**Committee Clerk**

**EXHIBIT SUMMARY**

**A - HB 2010, written materials, Bill Penhollow, 20 pp.**

**B - HB 2010, written testimony, David Douthwaite, 1 p.**

**C - HB 2010, written information, Norm Thompson, 1 p.**