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SENATE COMMITTEE ON BUSINESS, LAW, & GOVERNMENT

February 17, 1997 Hearing Room A

1:00 PM Tapes 52 -56

MEMBERS PRESENT:

Sen. Neil Bryant, Chair

Sen. Randy Miller, Vice-Chair

Sen. Kate Brown

Sen. Gene Derfler

Sen. Randy Leonard

Sen. David Nelson

MEMBER EXCUSED:

STAFF PRESENT:

Brian Krieg, Administrator

Jan Nordlund, Administrator

Vicki Champ, Administrative Support

MEASURE/ISSUES HEARD:

SB 283 Public Hearing and Work Session

SB 128 Public Hearing and Work Session

SB 390 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 52, A		
008	Chair Bryant	Opens meeting at 1:05 p.m. Opens public hearing on SB 283.
<u>SB 283</u> <u>PUBLIC</u> <u>HEARING</u>		
045	Richard Van Pelt	Oregon Employment Department. Supports SB 283 and explains the proposed-1 amendments (EXHIBIT A).
038	Sen. Brown	Asks about statutory authority.
040	Van Pelt	Responds.
055	Chair Bryant	Comments on SB 283 eliminating ambiguity.
061	Betsy Earls	Associated Oregon Industries. Supports SB 283.
082	Sen. Leonard	Asks for summation of Oregon Supreme Court case.
089	Van Pelt	Explains case of Steele vs. Employment Department.
080	Sen. Leonard	Asks about the fiscal impact on the agency for paying claims by employees who have been discharged for alcoholism.
083	Van Pelt	States Steele is the only case.
086	Sen. Leonard	Discussion of the case.
105	Sen. Leonard	Asks if the family receives benefits.
107	Van Pelt	Explains the individual receives the benefits.
112	Sen. Brown	Asks about the policy regarding treatment.
118	Van Pelt	Answers with specific SB 283 terminology.
121	Sen. Brown	Asks if the court case discussed alcoholism as a disease.
123	Van Pelt	Responds he is unsure.
129	Sen. Brown	Asks where individuals may receive treatment in Oregon.
135	Chair Bryant	Explains there are a variety of sources.
139	Sen. Leonard	Asks about policy if an employee has a brain tumor.
142	Van Pelt	Describes specific circumstances determine the policies. Submits written testimony from Virlena Crosley (EXHIBIT B).
		Closes public hearing on SB 283 and opens public hearing on SB

146	Chair Bryant	128.
SB 128 PUBLIC HEARING		
159		Staff presents EXHIBIT C .
160	Cecil Monroe	Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services.
176	James Krueger	Division of Finance and Corporate Securities. Presents EXHIBIT D in support of SB 128.
233	Krueger	Explains the effects of SB 128 are administration of the law being in one agency, authority to inspect violations, and increased fees to support the program.
275	Krueger	Explains the general 128-1 amendments were drafted in collaboration with industry leaders and significantly change the effect of the bill.
304	Chair Bryant	Notes the various amendments.
321	Sen. Derfler	Asks about buying bonds.
323	Krueger	Comments on purchasing bonds.
338	Pete Sheperd	Attorney, Department of Justice. Supports SB 128 with the -1 amendments. Comments the workgroup should include community citizens. Comments on the fees which have been collected and not yet spent.
379	Krueger	Estimates current collected fees are about \$57,000. Discusses the two year licensing period.
407	Chair Bryant	Asks for a proposal on how to deal with the remaining funds.
412	Krueger	Suggests they could be used to cover attorney fees or enforcement activities.
TAPE 53, A		
039	Rep. Bryan Johnston	House District 31. Supports SB 128 and its amendments.
069	Jon Brobst	Executive Director, Riverside Travel Group. Presents EXHIBIT E in support of SB 128.
099	Bud Gillison	Member, American Society of Travel Agents. Supports SB 128 with amendments.
109	Don McCurdy	McCurdy Travel. Supports SB 128.
139	Chair Bryant	Discussion of additions to the workgroup and consumer fraud work.
145	Millie Corder	Owner, Destinations Travel. Supports SB 128.
153	Marcia Kelly	Managing partner, Lancaster Travel. Supports SB 128. Comments on problems with the measure.
185	Kelly	Explains bonds within the existing bill and the client trust account.
244	Chair Bryant	Asks about withdrawn interest.
261	Kelly	Responds and continues testimony.

310	Kelly	Comments on registration refunds and the workgroup.
370	Kelly	Continues testimony.
TAPE 52, B		
006	Doug Vanleerdam	Owner, Encore Travel. Opposes SB 128.
048	Vanleerdam	Comments on problems with SB 128 and makes suggestions on the workgroup.
080	Chair Bryant	Asks about opinions on the changes.
082	Kelly	Comments on registration.
110	Vanleerdam	States the old laws worked well.
		Staff submits public written testimony received prior to meeting and proposed amendments (EXHIBIT F).
120	Chair Bryant	Closes public hearing on SB 128 and opens work session on SB 128.
<u>SB 128 WORK SESSION</u>		
136	Chair Bryant	Suggests a reprinted bill with the amendments. Comments on the workgroup.
148	Chair Bryant	Closes work session on SB 128 and opens work session on SB 283.
<u>SB 283 WORK SESSION</u>		
150	Chair Bryant	MOTION: Moves to ADOPT SB 283-1 amendments dated 2/17/97.
	Chair Bryant	Hearing no objection, declares the motion CARRIED.
147	Sen. Brown	Will oppose SB 283 due to lack of medical help provided.
159	Sen. Leonard	Comments families of the alcoholics would be devastated.
176	Chair Bryant	Describes unemployment insurance.
182	Sen. Leonard	Comments that people with illnesses are covered and alcoholism is medically considered an illness.
188	Chair Bryant	Discussion of whether alcoholism is an illness or a choice.
193	Sen. Leonard	Notes volumes of studies to show alcoholism is a genetic disease.
207	Sen. Brown	Comments that health insurance alone will not cover the costs of treatment.
220	Sen. BRYANT:	MOTION: Moves SB 283 be sent to the floor with DO PASS AS AMENDED recommendation.
224		VOTE: 4-2 AYE: 4 - Derfler, Miller, Nelson, Bryant NAY: 2 - Brown, Leonard

	Chair Bryant	The motion CARRIES. CHAIR BRYANT will lead discussion on the floor.
230	Chair Bryant	Closes work session on SB 283 and opens public hearing on SB 390.
<u>SB 390</u> <u>PUBLIC</u> <u>HEARING</u>		
234	Stephen Kafoury	Architect's Council of Oregon and Professional Land Surveyors of Oregon. Supports SB 390. Defines qualification selection. Describes SB 390.
271	Phil Smith	Consulting Engineers Council of Oregon. Presents EXHIBIT G in support of SB 390.
320	Smith	Continues testimony and discusses the federal Brooks Act.
372	Smith	Continues testimony.
TAPE 53, B		
011	Smith	Continues testimony
037	Smith	Discusses the Portland building as an example of what happens when the QBS process is not used.
054	Sen. Leonard	Asks about the terms of competence and qualification in SB 390.
068	Kafoury	Discusses an example of the way firms are chosen.
087	Smith	Explains SB 390 does not describe what qualifications need to be.
096	Sen. Leonard	Restates qualifications must be reasonable for the agency.
101	Kafoury	Gives an explanation of the federal Brooks Act.
108	Sen. Leonard	Comments on the difference between the size of firms.
119	Kafoury	Gives an example to show small and large firms would be able to compete equally.
135	Sen. Leonard	Comments on the Portland building.
146	Sen. Derfler	Comments on the architect's duty.
167	Sen. Nelson	Comments several people from his district are against SB 390 due to price and inefficiency.
193	Smith	Responds to the stated problems.
208	Sen. Nelson	Discusses the arguments of his constituents. Asks about differences between the sizes of the projects.
136	Smith	Explains the correlation of projects and processes.
249	Sen. Brown	Asks if a private business would use this process.
163	Smith	Answers it depends on the situation of the owners of the business.
189	Jack Beemer	President-elect, Consulting Engineers Council of Oregon. Presents EXHIBIT H in support of SB 390.

225	Beemer	Discusses capital costs and design fees. Shows a life-cycle facility cost chart on easel.
270	Beemer	Continues testimony.
292	Sen. Leonard	Asks about public views of this issue.
275	Smith	Responds.
335	Sen. Nelson	Asks how many states have these sorts of fee limits.
369	Smith	Explains about 35 states have the limits.
TAPE 54, A		
035	Smith	Continues testimony.
048	Sen. Brown	Asks why the state should be concerned about the policies in the individual cities.
052	Smith	Discusses current decisions which effect tax dollars of citizens statewide.
084	Steve Anderson	Past President, Consulting Engineers Council of Oregon and owner of Anderson, Perry and Associates. Presents EXHIBIT I in support of SB 390. Explains QBS is designed to protect the public.
130	Anderson	States QBS provides a collaborative process, which is simpler than bidding.
185	Anderson	Discusses price versus qualification of firms.
200	Sen. Nelson	Asks for opinions on the effect of Measure 47 on this process.
212	Anderson	States he does not think it will have a major effect.
222	Mark Luedtke	Clackamas County. Presents EXHIBIT J in opposition to SB 390.
270	Luedtke	Cites an example of a single contractor having almost all of the industry in Clackamas County. Explains QBS should be a public choice.
320	Luedtke	States competition is important to our society.
355	Sen. Nelson	Asks if the new system allows competition.
361	Luedtke	Responds there is not as much.
TAPE 55, A		
005	Phillip Houk	League of Oregon Cities. Opposes SB 390 and states it is extreme.
042	Houk	Explains a recent building project example from Pendleton which sought an architecture firm for its quality, not its price. Explains why architects should not be chosen just for price.
090	Sen. Leonard	Asks for clarification of Houk's references to SB 390.
120	Houk	Clarifies his testimony.
145	Sen. Brown	Comments on pricing as selection criteria.
154	Sen. Leonard	References details of SB 390.
168	Sen. Brown	Asks if deleting a sentence would address the concerns.
170	Houk	Responds other changes would also need to be made.

181	Sen.. Leonard	Asks how lines 26-27 do not address his concerns.
185	Houk	Responds there appears to be opposing sections within SB 390.
194	Sen. Brown	States lines 10-12 would control the issue of pricing.
200	Sen. Miller	Asks if the concerns are about qualified bidders.
204	Houk	Discusses qualified firms compared to the projects which are done.
235	Sen. Miller	Asks about subsection 5 and reasonable costs.
246	Sen. Leonard	Refers to specifics of wording.
251		Discussion of the wording and how it will effect competition.
277	Sen. Leonard	Discusses the City of Portland and how it would integrate SB 390.
312	Houk	Explains cooperation versus stringent requirements.
338	Sen. Miller	Asks how people should be advised.
360	Sen. Brown	Asks about Measure 30 and Measure 47.
367	Houk	Discusses example of local bidding on building a library.
400	Sen. Brown	Asks about cooperation in the industry.
413	Houk	Comments on cooperation.
TAPE 56, A		
020	Mike Kelly	City Manager, City of Springfield. Opposes SB 390. Explains Springfield's process for getting the scope of work finished, which combines bidding, qualifications, timeline, and price.
052	Sen. Miller	Discussion of bidding logistics.
077	Ruth Spetter	City of Portland. Presents EXHIBIT K in opposition to SB 390. Reviews how architects are selected.
093	Sen. Brown	Asks if Spetter thinks QBS is a good system.
099	Spetter	States SB 390 is flawed, makes restrictions and is not harmless. States there would be a duplication of effort under SB 390. Emphasizes the importance of time for a construction project.
145	Spetter	Explains the language is inconsistent in SB 390 and cites examples. Makes suggestions for word changes in case SB 390 should pass.
209	Sen. Brown	Suggests larger firms would have the resources to low-bid projects for the jobs.
222	Spetter	Explains the term "demonstrate" and the problems it could cause. States other points of verbal inconsistency in SB 390.
261	Spetter	States the City of Portland does not think SB 390 is in the best interest of Oregon.
296	Chair Bryant	Closes public hearing on SB 390 and adjourns meeting at 4:00 p.m.

Submitted By, Reviewed By,

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EXHIBIT SUMMARY

A - SB 283, -1 proposed amendments, staff, 1 p

B - SB 283, written testimony, Virlena Crosley, 1 p

C - SB 128, -2 proposed amendments, staff, 1 p

D - SB 128, written testimony and amendments, James Krueger, 17 pp

E - SB 128, written testimony, Jon Brobst, 2 pp

F - SB 128, letters and -2 proposed amendments, staff, 16 pp

G - SB 390, written testimony, Phil Smith, 3 pp

H - SB 390, written testimony, Jack Beemer, 2 pp

I - SB 390, written testimony, Stephen C. Anderson, 4 pp

J - SB 390, written testimony, Mark Luedtke, 2 pp

K - SB 390, written testimony, Ruth Spetter, 4 pp
