

HOUSE COMMITTEE ON  
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room  
Tapes 44-47

MEMBERS PRESENT:

REP. LYNN LUNDQUIST, Chair  
REP. TONY FEDERICI, Vice-Chair  
REP. LARRY WELLS  
REP. LYNN SNODGRASS

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator  
JODIE HALL, Committee Assistant

MEASURES HEARD:

HB 2751- Work Session  
HB 3048 - Public Hearing  
HB 2186 - Public Hearing  
HB 2474 - Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 44, A

000 OPENS MEETING AT 2:10 PM.

010 OPENS WORK SESSION ON HB 2751.

028 DAN JARMAN, Committee Administrator: Summarizes HB 2751 and the -5 amendments.

033 CHAIR LUNDQUIST: In response to Rep. Snodgrass explains -2 amendment and changes in the -5 amendment.

046 MOTION: REP. WELLS: Moves to adopt the -5 amendment submitted by Rep. VanLeeuwen.

048 CHAIR LUNDQUIST: Hearing no objections, MOTION is ADOPTED.

049 MOTION: REP. WELLS: Moves to send HB 2751, AS AMENDED, to the Full Commerce Committee with a DO PASS recommendation.

050 VOTE: In a roll call vote, all members present vote AYE.

051 CHAIR LUNDQUIST: MOTION is ADOPTED.

052 REP. SNODGRASS will carry HB 2751 to the Full Committee.

053 CLOSES WORK SESSION ON HB 2751.

054 OPENS PUBLIC HEARING ON HB 3048.

056 REP. JANE LOKAN, District 25: Testifies in SUPPORT of HB 3048. Exhibit  
A.

128 REP. MEEK, District 5: Testifies in SUPPORT of HB 3048.  
-HB 3048 asks the state to look internally at services they supply.  
-Emphasizes on line 28; should state "qualifications".  
-Should look at the cost of implementing a program: will increase  
efficiency, find programs that the state cannot provide at reasonable costs  
compared to the private sector.

188 SEN. RANDY MILLER, District 13: Testifies in SUPPORT of HB 3048.  
-About monopolies vs. competition.  
-Not a jobs issue, an employer issue.  
-Provides examples of projects that can be contracted out.  
-Believes it is important to look at contractual obligations: example of  
Jacobsen Mowers versus Torrell Mowers.  
-Re-Emphasizes that that jobs will not go away, only a different employer.  
274 -Yields question of Rep. Wells to Rep. Lokan.

286 REP. LOKAN: Responds to Rep. Wells: Explains steps to achieve  
competitive cost production analysis.

306 SEN. MILLER: Explains further what a cost production analysis is.

316 REP. WELLS: Wonders whether the competitive production analysis is  
meant to look at all costs.

349 REP. LOKAN: Responds to Rep. Wells. Explains that, yes, competitive  
production analysis should look at all costs. Uses example from the state  
of Massachusetts.

364 SEN. MILLER: Further comments that the private sector would be paying  
taxes on the services.

384 CHAIR LUNDQUIST: Clarifies the intent of the bill, as he sees it, for  
the committee.

399 SARAH HACKETT, League of Oregon Cities: Speaks on behalf of Mayor Todd  
Kellstrom, Klamath Falls.  
-Mayor Kellstrom concerned that if these mandates are placed on cities the  
size of Klamath Falls, impacts will be great.  
-Would like to continue with the system the way it is for local  
governments.  
-Offers that would like to exclude local governments.

TAPE 45, SIDE A

028 HEIDI ANDERSON, Oregon QBS: Expresses concerns of HB 3048 on behalf of  
architects and engineering. Submits Exhibit B and C.  
-Summarize for the Committee to the -1 Amendments submitted by Oregon QBS.

Exhibit D.  
-Explains that with a mowing lawns, you know what you are getting. With  
reference to professional architects, the lowest cost project may not mean  
the most basic

084 JOE GILLIAM, National Federation of Independent Business: Testifies in  
SUPPORT of HB 3048.  
-Believes two year time frame is a good one.  
-Suggests, on line 24, an amendment to be made to the bill.  
-Comments on the testimony on Ms. Hackett and Ms. Anderson - believes these  
specifications are too loose.

-Looking at Page 2, believes should specify "professional" for licensing.  
163 -In response to Rep. Wells: Believes in free enterprise. Many people

in market to keep the costs down.

180 -In response to Chair Lundquist: Has not spoken with Rep. Lokan.

194 REP. FEDERICI: What level should local governments be exempted?  
County level? Below the city? Water Districts? School Districts?

207 GILLIAM: No less than the city. Not familiar with districts.

214 CHAIR LUNDQUIST: Issue is to look at dollars.

220 REP. FEDERICI: Clarifies that in some instances looking at sewer  
districts may include high dollars. Need to look at categories rather than  
be dollar amount.

227 GILLIAM: Agrees with Rep. Federici. Believe should look at population,  
also.

232 -Responds to Rep. Snodgrass concerning the responsibility of the county  
government to know how much a service costs to produce.

240 ANDERSON: In response to Rep. Wells: Explains why Oregon QBS offered  
their amendment. Yes, architectural functions are in the bill. Explains  
importance of having a design professional. Already occurring in the  
market place because these people are not on staff.

314 -In further response to Rep. Wells: Explains that an emphasis of this  
bill is to provide the service cheaper.

339 CAMERON BIRNIE, Oregon Department of Administrative Services: Testifies  
in OPPOSITION to HB 3048. Exhibit E.

401 CHAIR LUNDQUIST: Explains that committee is going into a 10 minute  
recess.

TAPE 44, SIDE B

015 BILL PENHOLLOW, Association of Oregon Counties: Testifies in OPPOSITION  
to HB 3048.

-Believe concept of HB 3048 alive and well now in county government.

033 ROY BURNS, Lane County: Testifies in OPPOSITION to HB 3048. Exhibit F.  
-Requests that counties do not fall under the mandate.

072 BOB HANSEN, Director of Public Works, Lane County: Testifies in  
OPPOSITION to HB 3048. Exhibit G.

-Explains example with Kaiser before it became incorporated.

151 -In response to Rep. Wells: Looking at the bill on line 24, agrees with  
Rep. Wells. Have an on-line cost accounting system. Has concerns about  
mandate that whenever someone makes a proposal, a cost analysis must be  
prepared. Have many services that make-up the big picture, taking out one  
service would be detrimental.

193 REP. FEDERICI: Comments on the example of Kaiser. Wonders if they are  
currently contracting services out.

195 HANSEN: Will get examples for Rep. Federici.

210 BURNS: Responds to Rep. Snodgrass concerning copying costs that have  
been contracted out.

242 REP. SNODGRASS: Explains that her experiences have been that the lowest  
unreasonable bid is thrown out.

267 BURNS: Explains that with Lane County, has not gone with the lowest  
bid.

281 PEHNOLLOW: Explains further that now looking at qualifications of bidder not necessarily lowest cost.

299 BURNS: Believes contract review board is working.

306 REP. FEDERICI: Explains his experiences with cities and ports, did not necessarily look at the lowest bid. What level do you believe is appropriate for this bill? City? County?

325 PENHOLLOW: In response to Rep. Federici: Believes it is important to possibly look at specific examples before moving to the entire state.

342 REP. SNODGRASS: Explains that she does not like public agency bashing.

She instead feels that HB 3048 would be a way to show that state agencies are doing a good job.

346 BURNS: Enters into the Record Exhibit H.

360 HASSINA CASSIM, Special Districts Association: Testifies in OPPOSITION to HB 3048.

-Explains that "fire fighting functions" is never defined.

-911 Communication Districts are not mentioned in the bill.

420 TERRY GLOCKER, Licensing Manager, State Fire Marshall's Office: Comments on the amendment offered earlier by Joe Gilliam on line 6, page 2,

to include professional type functions. Suggests that all licensing be exempted from HB 3048.

TAPE 46, SIDE B

035 JEFF GRUNEWALD, Tualitin Valley Fire and Rescue District: In OPPOSITION

to HB 3048.

052 -In response to Rep. Federici: Responds he would not like any fire fighting function contracted out.

064 CASSIM: Believes fire fighting functions should be left at the local level.

065 JAMES DUFF, Co-Chair, Fire and Legislative Committee: Believes at the local level should remain at the local level, at the level of services the area can afford. Performing a detailed analysis would take much of the funds of this local area.

100 CHAIR LUNDQUIST: Requests that Ms. Cassim give us the names of those who came from far away and had to leave.

102 DUFF: Responds to Chair Lundquist.

123 NOEL KLEIN, Legislative Representative, Special Districts Association of

Oregon: Voice concerns for HB 3048. Comments on examples of Rep. Meek concerning process that Washington County went through to improve services.

-Have problems with Ms. Anderson's amendments.

-Comments on Mr. Gilliam concerning how many things need to be fine tuned.

-Responds to Rep. Snodgrass's comments concerning state agencies.

-Responds to Rep. Federici's earlier questions: Does not believe the bill is necessary.

178 RUTH SPETTER, City of Portland: Comments that the city of Portland currently looks at costs.

-Concerned about the broadness of the bill.

-Hard to understand what should be exempted.

-Has concerns about the bid process.

-Critical terms of this bill not defined. Believes discretion would be

left to the courts.

- Does not tell anyone what they must do for analysis.
- Cost cannot be the only issue.

263 TOM O'CONNOR, Oregon Municipal Electric Utilities: Testifies in OPPOSITION to HB 3048. Has many concerns about this bill.

- Does not want additional mandates.
- Believes local services should be made at the local level.
- Comments that accepting from private companies raises several concerns for

OMEU.

350 EILEEN STEIN, City of Springfield, City Manager's Office: Testifies in OPPOSITION to HB 3048. Believes these decisions can be made at the local level.

360 REP. SNODGRASS: Points Ms. Spetter to Section 1, subsection 7, referring to rules and regulations.

362 SPETTER: Responds to Rep. Snodgrass.

385 ALAN WILLIS, Port of Portland: Reads into the record a letter in OPPOSITION to HB 3048 from ED GALLIGAN, Senior Director and Chief Financial

Officer, Port of Portland. Exhibit I.

TAPE 46, SIDE A

035 WILLIS: Subsection 5 and 6 conflict with each other how you go about responding to the bids and proposals.

056 RICH PEPPERS, Political Director, Oregon Public Employees Union: Testifies in OPPOSITION to HB 3048. Exhibit J.

-Contracting out should be based on true cost efficiencies not by dropping workers standards.

115 -In response to Rep. Wells: No provision in the bill for agencies to decide that some functions should not be contracted out. Need the control or close accountability for whatever reasons.

129 -In responds to further questions of Rep. Wells: Believes determinations can be made for other reasons than cost.

138 REP. FEDERICI: Requests examples of other reasons. Perhaps confidentiality, time frames, others?

150 GALLIGAN: Perhaps accountability. Explains example with higher education.

163 REP. FEDERICI: Comments on testimony.

165 REP. SNODGRASS: Requests clarification on ethics laws.

169 WILLIS: Responds to Rep. Snodgrass.

180 PEPPERS: Explains further specific examples of ethics laws.

202 LORI HAMM, CARE Ambulance: CARE is a private ambulance business.

-Cost is a concern of CARE.  
-Currently have the ability to petition any public agency to contract a service.

- Believes not necessary to create new law.
- Privatization can be beneficial. But should be carefully looked at.

253 KYLE GORMAN, Clackamas Fire District: Private citizen hired by Fire District.

- Currently Clackamas Fire is contracting services out.
- OPPOSES HB 3048.
- Elected Board, virtually everyone on board a private citizen already making decisions for the district.

298 HAMM: Responds to Rep. Wells explaining: Explains that as the bill is

currently written, a large company could bid, but would not allow a smaller business which did not have as much money to bid, could not enter the market.

330 -In response to further inquiries of Rep. Wells: Explains the limits on the contract from the perspective of a small company. Does not agree with two year period.

358 -In response to Rep. Wells: Explains further the two year period for public contracts versus private contracts.

386 GORMAN: Comments further on questions of Rep. Wells.

413 CLOSES PUBLIC HEARING ON HB 3048.

TAPE 47, SIDE A

014 OPENS PUBLIC HEARING ON HB 2186.

016 ED GRAHAM, Administrator, Board of Geology Examiners: Testifies in SUPPORT of HB 2186. Exhibit K.  
-Removes \$50 cap that currently applies.  
-Responding to a request of Rep. Johnson: Would scratch the words "and administering".

043 -In response to Rep. Wells: Explains reasons for HB 2186 being necessitated by Ways and Means.

057 -Responds further to Rep. Wells: Explains that the fee is \$25 for the local examination. This examination is a national examination. Do not indicate all candidates being interested in this bill.

076 -Is in agreement with Rep. Federici's suggestion to amend the bill to read "a fee established by rule of the board".

088 -Explains that Board has indeed reduced fees.

091 CLOSES PUBLIC HEARING ON HB 2186.

093 OPENS WORK SESSION ON HB 2474.

096 DAN JARMAN, Committee Administrator: Summarizes HB 2474 for the Committee.  
-Revised fiscal on the bill.

190 REP. WELLS: Explains he still has concerns about the bill. Do gift certificates come with numbers on them?

200 REP. FEDERICI: Gift certificates usually have numbers on them.

205 JULIE BRANDIS, Associated Oregon Industries: Explains that different stores have different policies.

225 DAN JARMAN: Explains that Legislative Fiscal is currently bringing down a new fiscal statement.

230 MORELLA EASLEY, Division of State Lands: Responds to Mr. Jarman. Explains cost analysis for the bill.

275 CHAIR LUNDQUIST: Requests clarification to better understand how the 10% figure for unclaimed gift certificates was derived.

290 EASLY: Responds to Chair Lundquist.

309 REP. SNODGRASS: Explains her concerns on the original fiscal statement for unclaimed gift certificates.

326 CHAIR LUNDQUIST: Expresses concerns with the fiscal statement.

330 EASLY: Comments on concerns of Rep. Lundquist.

340 CHAIR LUNDQUIST: Explains his uncertainty for the bill.

352 REP. SNODGRASS: Explains that she finds it difficult that 10% would not redeem gift certificates.

358 MOTION: REP. SNODGRASS: Moves to send HB 2474 to the Floor with a DO PASS recommendation.

400 VOTE: In a roll call vote, all members present vote AYE.

405 CHAIR LUNDQUIST: The MOTION is ADOPTED.

407 REP. SNODGRASS will lead discussion on the Floor.

410 MEETING IS ADJOURNED AT 5:10 PM.

Submitted by, Reviewed by,

JODIE HALL DANIEL JARMAN  
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

- A - Testimony in SUPPORT of HB 3048 - Rep. Jane Lokan, District 25 - 2 pages
- B - The Brooks Act: Public Law 92-582 - Heidi Anderson, Oregon QBS - 1 page
- C - Informational Brochure on QBS - Anderson - 2 pages
- D - HB 3048 -1 Amendment - Anderson - 1 page
- E - Testimony in OPPOSITION to HB 3048 - Cameron Birnie, Department of Administrative Services - 1 page
- F - Testimony in OPPOSITION to HB 3048 - Roy Burns, Lane County Public Works - 6 pages
- G - Testimony in OPPOSITION to HB 3048 - Bob Hansen, Director Public Works, Marion County - 1 page
- H - "A Look at Contracting Out County Fleet Maintenance" - Burns - 85 pages
- I - Letter from Ed Galligan, Senior Director and Chief Financial Officer of the Port of Portland, voicing concerns over HB 3048 - Allen Willis, Port of Portland - 3 pages
- J - Testimony on HB 3048 - Rich Peppers, Political Director, Oregon Public Employees Union - 2 pages
- K - Testimony in SUPPORT of HB 2186 - Ed Graham, Board of Geology Examiners - 1 page