

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

April 8, 1991 Hearing Room "B" 3:00 p.m. Tapes 59- CO
MEMBERS PRESENT: Sen. Jane Cease, Vice Chair Sen. Jim Bunn Sen. Ron
Grensky Sen. Tricia Smith Sen. Dick Springer MEMBERS EXCUSED: Sen.
Glenn Otto, Chair Sen. John Kitzhaber STAFF PRESENT: John Houser,
Committee Administrator Joan Green, Committee Assistant MEASURES
CONSIDERED: SB 721- Relating to public contracts, PH . 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.

DUE TO OPERATOR ERROR THERE IS NO TAPE COUNT FOR THIS PORTION OF THE
MEETING.

VICE CHAIR CEASE: Called the meeting to order at 3:09 p.m. as a
subcommittee.

DUE TO OPERATOR ERROR THERE IS NO TAPE COUNT FOR THIS PORTION OF THE
MEETING). PUBLIC HEARING SB 721. RELATING TO PUBLIC CONTRACTS

Witnesses: Kim Mingo, Associated General Contractors Leo Pearson,
Jackson County, Facility Maintenance Superintendent Diane White, Oregon
People's Utility District Association, Central Lincoln Public Utility
Department, Executive Director Libby Henry, Eugene Water and Electric
Board & Municipal Utilities Ken Beeson, Eugene Water and Electric Board
& Municipal Utilities, Engineering Manager David Looney, Jackson County,
District Maintenance Supervisor Bill Penhollow, Association of Oregon
Counties Larry Nicholas, Multnomah County, County Engineer/Director of
Transportation Joe Strabl, Jackson County Public Works Director Jon
Oshel, Tillamook County Public Works Director Jerry Parmenta, Washington
County, Capital Improvements Program Manager and the Oregon Association
of County Engineers and Surveyors Senate Government Operations April 8,
1991 Page 2 Witnesses: Larry Medearis, Port of Portland Airport Bill
Peterson, City of Grants Pass, City Manager Valerie SalisB ury, League
of Oregon Cities Robert Phelps, Associated General Contractors John
Braddock, Attorney Wayne Cobine, Highway Division, Office of Operations,
Manager David Biedermann, City of Eugene, Financial Operations Director
Michael Hutchens, Portland Public Schools, Director of Purchasing,
Multnomah County School District #1 Alan Willis, Port of Portland

KIM MINGO, ASSOCIATED GENERAL CONTRACTORS: Discusses written testimony,
Exhibit A.

ROBERT PHELPS, ASSOCIATED GENERAL CONTRACTORS: Discusses written
testimony, Exhibit C.

TAPE 59, SIDE A

006 ROBERT PHELPS, ASSOCIATED GENERAL CONTRACTORS: Continues discussion
of written testimony, figure 1, pg. 2, Exhibit C.

114 MINGO: Reviews section by section the -1 amendments to SB 721,
dated 04/05191, Exhibit C. 123 CEASE: Would you still want the
addition to the language under the public utility definition?

124 MINGO: We do want the definition of repair/maintenance within
public improvement. Continues with review of the -1 amendments beginning
with In. 3, Exhibit C. 164 CEASE: Is it your intent to strike §2 from
the law with the deletion of lost 34-44?

168 MINGO: Yes.

169 CEASE: These amendments do not do that. Lines 34 44 would be bracketed when we see it printed? 171 MINGO: Yes. Continues with review of the -1 amendments beginning with ln. 12, Exhibit C.

181 BUNN: On pg. 3, ln. 3, of the printed bill it would read "the public agency shall prepare . . ." 184 MINGO: Right. ; 189 BUNN: Do you have a hand-engrossed copy? 190 MINGO: No I don't. Senate Government Operations April 8, 1991 Page 3 194 CEASE: You don't want the list prepared anymore?

195 MINGO: Right, that was in §2 and on ln. 12, Exhibit C. They were required to make the plans and specifications if the cost exceeded \$20,000. We would now require them to prepare the plans and specifications regardless of cost. Continues with review of the -1 amendments beginning with ln. 13, Exhibit C.

219 CEASE: Requests they bring in corrected amendments in a hand-engrossed version the next time the bill is scheduled.

224 MINGO: Continues with review of the -1 amendments beginning with pg. 2, ln. 1, Exhibit C.

243 JOHN BRADDOCH, ATTORNEY: The bill would eliminate the distinction between public improvements and maintenance. SB 721 would test the "least cost" policy in the market. There would be a post completion reporting requirement imposed on public improvement projects defined to include repair/maintenance projects. There would be an adjustment to the cost accounting requirements under the statute. All of these amendments would result in cost savings to public bodies within the state and achieve the statutory policy currently set forth.

312 Distributes fiscal impact statement, Exhibit D.

331 BILL PENHOLLOW, ASSOCIATION OF OREGON COUNTIES: Discusses written testimony, Exhibit E. 419 CEASE: That is §3 of the bill?

421 PENHOLLOW: Yes, continues with written testimony, beginning with pg. 1, Exhibit E.

TAPE 60, SIDE A

035 PENHOLLOW: Continues with written testimony beginning with pg. 2, Exhibit E.

062 CEASE: Where are the Multnomah County figures?

064 PENHOLLOW: Apparently it did not copy, I have a set available that the Committee can copy.

072 GRENSKY: Could you explain what would justify leaving the system as it is?

078 PENHOLLOW: That has to do with the information currently being copied. Continues with written testimony, beginning with pg. 17, Exhibit E. Counties will be contracting out 95% of the planned projects for the current year. This information is available to the public and contractors, it is a part of the budgeting process and is producing results.

106 GRENSKY: Of \$107 million worth of projects the lions share are being done privately. This bill envisions the same thing for repairs, which you cannot do currently. Explain why SB 721 is not justified by this system, if the counties are doing most of their work privately and it saves money? Senate Government Operations April 8, 1991 Page 4

111 PENHOLLOW: The situation does not require the law to be changed to allow counties to perform maintenance and repair contracts by contract, if that is the "least cost" method. We don't need to legislate the public agencies to perform repair and maintenance by contract for them to do it.

122 GRENSKY: Since you already can, and already are, why do you care if SB 721 says you will?

125 PENHOLLOW: SB 721 says in addition, if a public agency intends to perform a public improvement, maintenance or repair project that is estimated to cost more than \$20,000 they will go through a bidding process. The whole process would be taken out of the budgeting and the decision making process by the county officials and impose an additional process.

134 GRENSKY: All of the contracting jobs for repairs/non-improvements were not done through a public bidding process?

137 PENHOLLOW: They could have been through a public bidding process or a competitive quote process.

140 GRENSKY: You can do it, this bill says you will do it, what is the problem?

141 PENHOLLOW: If it ain't broke why fix it? Why do we need to legislate this additional responsibility when those decisions are being made, when appropriate, in the best interest of the public agency and the public they serve?

146 GRENSKY: You don't do it all of the time, but you do it some of the time. It is a good idea, but you don't want to be told to do it all of the time. Is that basically what it comes down to?

147 PENHOLLOW: It comes down to being a legislative mandate.

148 GRENSKY: It sounds as though you support most of the concepts, but you don't support the bill.

164 JOE STRAHL, JACKSON COUNTY PUBLIC WORKS DIRECTOR: Discusses written testimony, Exhibit F.

265 DAVID LOONEY, JACKSON COUNTY, DISTRICT MAINTENANCE SUPERVISOR: Discusses written testimony, Exhibit G.

317 LEO PEARSON, JACKSON COUNTY, FACILITY MAINTENANCE SUPERINTENDENT: I am concerned about lowering the limit of \$20,000, with a limited maintenance staff. We seldom take on an improvement project over \$50,000. 401 JON OSHEL, TILLAMOOK COUNTY PUBLIC WORKS DIRECTOR: Discusses written testimony, Exhibit K.

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049 OSHEL: Continues with written testimony, pg. 3, Exhibit K.

114 LARRY NICHOLAS, MULTNOMAH COUNTY, COUNTY ENGINEER/DIRECTOR OF TRANSPORTATION: Discusses written testimony, Exhibit H.

202 JERRY PARMENTER, WASHINGTON COUNTY, CAPITAL IMPROVEMENTS PROGRAM MANAGER AND THE OREGON ASSOCIATION OF COUNTY ENGINEERS AND SURVEYORS: Discusses written testimony, Exhibit I.

297 VALERIE SALISBURY, LEAGUE OF OREGON CITIES: The League opposes SB 721.

308 DAVID BIEDERMANN, CITY OF EUGENE, FINANCIAL OPERATIONS DIRECTOR: Discusses written testimony, Exhibit J.

376 BILL PETERSON, CITY OF GRANTS PASS, CITY MANAGER: Discusses written testimony, Exhibit L.

448 LIBBY HENRY, EUGENE WATER AND ELECTRIC BOARD & MUNICIPAL UTILITIES: Opposes SB 721.

TAPE 60, SIDE B

014 KEN BEESON, EUGENE WATER AND ELECTRIC BOARD & MUNICIPAL UTILITIES, ENGINEERING MANAGER: Concurs with testimony in opposition to SB 721. 055 ALAN WILLIS, PORT OF PORTLAND: Submits written testimony, Exhibit M. 078 LARRY MEDEARIS, PORT OF PORTLAND AIRPORT: Discusses written testimony, Exhibit N. 105 MICHAEL HUTCHENS, PORTLAND PUBLIC SCHOOLS, DIRECTOR OF PURCHASING, MULTNOMAH COUNTY SCHOOL DISTRICT #1: Distributes written testimony from Mr. Martinson, Exhibit O. The lowering of the dollar limit and the adding of repair and maintenance greatly expands the scope of the present law. The existing statute works and does not need any change. There is a disproportionate additional cost to prepare, advertise and administer a formal contract on relatively small jobs. When Portland Schools have bid, we have been soundly criticized because we do not bond; when we have won a bid it is said we have no risks. 131 WAYNE COBINE, HIGHWAY DIVISION, OFFICE OF OPERATIONS, MANAGER: Discusses written testimony, Exhibit P. 159 CEASE: There will not be time today for testimony from Craig Smith, Les Hubble, Dave Nelson, Lisa Strader and Mary Botkin. We have the submitted testimony and you are on record. 169 DIANE WHITE, OREGON PEOPLE'S UTILITY DISTRICT ASSOCIATION, CENTRAL LINCOLN PUBLIC UTILITY DEPARTMENT, EXECUTIVE DIRECTOR: Discusses Senate Government Operations April 8, 1991 Page 6 written testimony, Exhibit Q. 184 Meeting adjourned at 4:58 p.m. Submitted By: Reviewed By: Joan Green Jayne Hamilton AssistantAssistant

EXHIBIT LOG

A - Written testimony, Mingo, 3 pas. B - Written testimony, Phelps, 4 pas. C - SB 721-1 amendments, Mingo, 2 pas. D - Fiscal impact statement, Staff, 1 pg. E - Written testimony, Penhollow, 17 pas. F - Written testimony, Strahl, 2 pas. G - Written testimony, Looney, 1 pg. H - Written testimony, Nicholas, 4 pas. I - Written testimony, Parmenter, 2 pas. J - Written testimony, Biedermann, 4 pas. K - Written testimony, Oshel, 7 pas. L - Written testimony, Peterson, 1 pg. M - Written testimony, Willis, 2 pas. N - Written testimony, Medearis, 2 pas. O - Written testimony, Martinson, 5 pas. P - Written testimony, Cobine, 2 pas. Q - Written testimony, White, 3 pas.

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