

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

April 24, 1991 Hearing Room "B" 3:00 p.m. Tapes 73 - 74

MEMBERS PRESENT: Sen. Glenn Otto, Chair Sen. Jane Cease, Vice Chair
Sen. Ron Grensky Sen. Tricia Smith Sen. Dick Springer MEMBERS
EXCUSED: Sen. Jim Bunn Sen. John Kitshaber STAFF PRESENT: John
Houser, Committee Administrator Joan Green, Committee Assistant MEASURES
CONSIDERED: SB 1033 - Relating to local government, PH SB 693 -
Relating to library districts, PH/VVS SB 163 - Relating to the powers of
the Governor, WS SB 1060 - Relating to public contracts, WS SB 968 -
Relating to certain cities; appropriating money, WS

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 73, SIDE A

007 CHAIR OTTO: Called the meeting to order at 3:14 p.m. as a
subcommittee.

(TAPE 73, SIDE A) PUBLIC HEARING SB 1033 RELATING TO LOCAL GOVERNMENT
Witnesses: Burton Weast, Special Districts Association of Oregon Allan
Fletcher, Claremont Water District Jon Chandler, Common Ground

011 BURTON WEAST, SPECIAL DISTRICTS ASSOCIATION OF OREGON: The water
authority issue was first heard by this Committee in the 1987 session.
The procedure for organizing water authorities passed that session. In
the 1989 session we had amendments to refine the previous legislation.
Since the 1989 session application for a water authority in north
Clackamas County was made to the Portland Metropolitan Boundary
Commission, however the application was withdrawn because of several
technical issues in the application. During the last year there has been
a significant effort in Washington County to form a water authority and
I believe this bill would help that come to fruition. Although we still
do not Senate Government Operations. April 24, 1991 Page 2

have a water authority in the state, I believe within the year we will
have created some water authorities.

030 CEASE: Where in the Washington County area would it be?

031 WEAST: The Woolf Creek Highway Water District in Metzger have,
for the last year and a half, been working to create a water authority.
They are involved in negotiations with West Slope, Raleigh Hills
District, Cities of Tualatin, Wilsonville and others. 040 CEASE:
Where is their supply from? 041 WEAST: The Bull Run system. At the
hearing held for the first water authority application, in North
Clackamas County, several technical issues were raised, resulting in
meetings with Ken Martin from the Boundary Commission, representatives
from Metro and attorneys representing cities and districts with an
interest in this issue. Issues that were unclear included: 1. could a
water authority be wholesale and/or retail. Could the water authority
just supply water and the individual cities and districts retail it. 2.
Could a water authority provide full service in an area where a special
district had existed, but wholesale water to a city. 3. Could water
authorities merge with sanitary authorities. 4. Could you dissolve a
water authority, and if so, how. 068 SPRINGER: Did the working group
include representatives from the League of Oregon Cities? 070 WEAST:
There were two attorneys who are legal advisors to the cities.

072 SPRINGER: Why are we deleting "supply"? 072 WEAST: Reviews the concern by the Portland Boundary Commission about the lack of clarity regarding an authority being wholesale, retail or both. Since the statute, under the title of "water supply" is silent, does it or does it not imply that it is for supply purposes only? The original sponsors of the legislation did not intend for it to be supply purposes only. All testimony in the 1987 and 1989 sessions made it clear it was to be retail, supply or both depending on the area the water authority is in. The Boundary Commission felt it was important that the statutes clarify it could be any of those three. Given that, we felt it was important to delete "supply" from the title of the chapter. 097 SPRINGER: I probably need to visit with you on this to obtain more background information. 099WEAST: Nothing changes the authority of a water authority by deleting the word "supply", it simply removes a point of confusion. The water supply authority chapter was already in the statute in 1987 when we passed this legislation and we picked up the old title. Reviews SB 1033 section by section. 157CEASE: What about the United Sewage Agency (USA)? 161WEAST: The county commissioners and Gary Krahmer, USA, Manager, have been indirectly involved in the Woolf Creek and Metzger efforts to form a water authority in Washington

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County. This bill would allow a merger of USA and a water authority, at some point in time.

187 CEASE: Are those mostly inside the urban growth boundary?

191 WEAST: Within the metropolitan area they are all within the urban growth boundary. There is discussion in Umatilla County of a water authority that would involve the Port of Umatilla, irrigation districts and others. That would be larger than an urban growth boundary.

197 OTTO: For my own information, Bear Creek Sanitary Authority?

198 WEAST: Yes. 199 GRENSKY: BCVA, Bear Creek Valley Sanitary Authority. 200 OTTO: How would that fit in?

201 WEAST: They are a sanitary authority under the statute. This bill would allow BCVA to merge with the city at some point in time. It is our belief this type of merging interest will be generated, as water and sanitary effluent laws become more stringent.

215 CEASE: Where is the merger with the city mentioned?

218 WEAST: The existing statute is §26. The bill makes no changes in the procedures for cities.

240 CEASE: What about the sanitary authority?

241 WEAST: The same language applies, it was added to that statute in the 1989 session. Refers to the proposed amendment, Exhibit A. The amendment allows for an appointed board in circumstance where you have a wholesale only or a supply only authority, and the cities or districts stay in the retail business. The amendment would allow cities and districts to each be able to appoint an elected board member or council person to the board of the supply only authority. The League of Oregon Cities has not seen the amendment yet. Individual cities that we have

negotiated with on the water authority in Washington County have been contacted, and they have indicated support for the amendment.

296 ALLAN FLETCHER, CLAREMONT WATER DISTRICT: We have been a wholesale customer of the Southfork Water Board for 30 years. The Southfork Water Board is jointly owned by the Cities of West Linn and Oregon City. We are currently negotiating to buy a proportionate share of interest in the Southfork Water Board. Southfork exists as a 190 agreement between the two cities and has no bonding authority, etc. This amendment, Exhibit A, would allow us to move a step closer to a water authority in that area of Clackamas County. This amendment should remove a lot of resistance held by the two cities towards water authorities. They would still be the retail agent within their jurisdictional boundaries, but at the same time they would have an elected official serving on that authority's board. 332 CEASE: This includes West Linn, Oregon City and Claremont. Did you mention another name? Senate Government Operations April 24, 1991 Page 4

333 FLETCHER: The Southfork Water Board is the creation of those two cities.

335 CEASE: Where is their supply from?

336 FLETCHER: The Clackamas River.

337 CEASE: There is nothing from wells or Bull Run?

338 FLETCHER: No.

338 OTTO: How far up the Clackamas do you get water? 339 FLETCHER: About a mile up from the 205 bridge. Their intake is directly across the river and slightly downstream from that of the Clackamas Water District. 345 CEASE: That is all inside the urban growth boundary? 346 FLETCHER: A good portion of Claremont is not within the urban growth boundary, but we are under the Boundary Commission rule.

348 OTTO: What is the name of the district at the old 99 bridge, is that Gladstone?

353 WEAST: Oak Lodge.

353 OTTO: Do they have a rating system? 354 FLETCHER: That was the City of Gladstone, they no longer use that rating system, they purchase their water wholesale from the Clackamas Water District.

374 JON CHANDLER, COMMON GROUND: Speaks in support of SB 1033. Our interest is in anything that will allow an easy development and approval process. The consolidation of entities facilitates that towards a one-stop sort of process. It is also becoming more apparent that water runoff issues should be handled, at least in many cases, by one authority, including the sanitary and storm water sewer systems, as well as the water providing systems. 404 CEASE: Requests the cities be consulted on the amendments.

(TAPE 73, SIDE A) PUBLIC HEARING SB 693 RELATING TO LIBRARY DISTRICTS
Witnesses: Bill Bradbury, Oregon State Senator, District 24

413 BILL BRADBURY, OREGON STATE SENATOR, DISTRICT 24: Speaks to SB 693. This bill would allow the size of a library district board to be increased to seven or nine members, rather than five members. Coos County has had a Coos Cooperative Library Service for the

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 Senate Government Operations April 24, 1991 Page 5 last ten years, approximately. It has been supported through levies in Coos County, and is a cooperative effort between the nine individual libraries to share services and provide better library services to residents of Coos County. They are currently considering the formation of a library district, which would encompass all nine existing libraries. It would be easier to consider, if each library could be represented on the county-wide library board. SB 693 does not mandate this, it leaves it up to the local electorate to allow either a seven or nine member board. Distributes letters of testimony from Doc Stevenson, Exhibit B and Nan Heim, Exhibit C.

461 SMITH: There are nine libraries in Coos County? 462 BRADBURY: Yes.

464 SMITH: Is that better than one large regional library?

465 BRADBURY: With the services provided it is as if it were one library. There already is a cooperative library service, they are just discussing making it one library district with funding.

486 Distributes fiscal impact statement, Exhibit D.

493 CEASE: Multnomah County brought amendments, but I believe they asked to withdraw them because they were not necessary?

494 General acknowledgement.

TAPE 74, SIDE A WORK SESSION 034 MOTION: SEN. SMITH MOVED SB 693 TO THE FLOOR WITH A DO PASS RECOMMENDATION.

036 VOTE: MOTION CARRIED, 4 0. (EXCUSED: SEN. BUNN, SEN. GRENSKY, SEN. KITZHABER). SEN. BRADBURY WILL LEAD THE FLOOR DISCUSSION.

(TAPE 73, SIDE A) WORK SESSION SB 163 RELATING TO THE POWERS OF THE GOVERNOR

049 HOUSER: Distributes testimony from David Cassel, Exhibit E and -3 amendments to SB 163, dated 03/04/91, Exhibit F. At the hearing the Oregon Emergency Management Division had a proposed change to the -3 amendments to SB 163, Exhibit F. The only difference between the -3 amendments to SB 163? Exhibit F and the proposal from David Cassel is found on pg. 2, (c), Exhibit E.

- Senate Government Operations April 24, 1991 Page 6 075 SMITH: Don't we have six layers of people now?

076 MOUSER: Yes, reads progression, pg. 1, 3 (a), Exhibit E.

085 MOTION: SEN. SMITH MOVED THE -3 AMENDMENTS TO SB 163 BE ADOPTED.

085 SMITH: I suspect if all of these things happen, none of us are really going to care, at that point. 087 CEASE: Did Sen. Smith also want to move pg. 2, 3 (c), Exhibit E. 092 SMITH: Yes, if it makes them happy. 099 VOTE: MOTION CARRIED BY ACCLAMATION. 101 MOTION: SEN. SMITH MOVED SB 163 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION. 104 VOTE: MOTION CARRIED, 4-0. (EXCUSED: SEN. BUNN,

SEN. GRENSKY, SEN. KITZHABER). SEN. SMITH WILL LEAD THE FLOOR DISCUSSION. (TAPE 74, SIDE A) WORK SESSION SB 1060 RELATING TO PUBLIC CONTRACTS Witnesses: John Gervais, National Electrical Contractors Association Al Willis, Port of Portland

114 MOUSER: The Port of Portland contacted the drafter of the -1 amendments to SB 1060, and received their approval to make the proposed changes as noted, Exhibit G. 121OTTO: They did come from Legislative Counsel? 122 MOUSER: The -1 amendments did. The proposed change was just agreed to approximately two days ago and has not been incorporated into the bill at this time. 136 AL WILLIS, PORT OF PORTLAND: Concurs and reviews the proposed amendments, Exhibit G. 154 SPRINGER: Why do we need this? 155 JOHN GERVAIS, NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION: Some of our contractors have experienced problems in obtaining liability insurance on public contracts when the word "agent" is included in the list of those covered. There is no definition for "agent", and questions to the Attorney General (AG) and others, have not produced a Senate Government Operations April 24, 1991 Page 7

definition. We have lost insurance with six carriers, through a variety of contractors, and thus this legislation. Since a contracting agency's needs differ it is hard to nail it down. It makes sense to say "upon request", because not all insurance companies have had the problem and not all contractors have experienced this.

176 SPRINGER: What contract are you talking about?

176 GERVAIS: Cites example of Linnco Electrical in Albany. They had a contract with the Department of Transportation (DOT) for a traffic signal on a sight in Portland. The specifications required insurance indemnifying DOT, employees of DOT, DOT officers, DOT "agents", etc. We do not mind doing that, except "agents" is such a broad term without definition.

188 SPRINGER: Did you raise this question with the Insurance Division Administrator at the Department of Insurance and Finance (DIF)?

189 GERVAIS: I talked to Jim Swenson and provided him with background and copies of all materials pertaining to this. I requested they become involved and they said they were not that interested in it. We are just trying to tie it down. We are receptive to anything that will get us through the requirements, so as to obtain insurance to do the job.

203 SPRINGER: Is there a paper trail on this exchange with the DIF administrator?

205 GERVAIS: Just me handing him things. I did make a point of having a legislator write a letter asking them to become involved.

212 CEASE: Mr. Willis, you testified to the amendments. Do you support the bill, or are you saying that if the bill is this way you need those amendments?

217 WILLIS: I am neutral to the bill. As the bill was printed I had problems, the language changes shown in the proposed amendments seem reasonable.

224 GERVAIS: If you move on the bill I am open to making changes on the House side to whatever is reasonable.

226 CEASE: I wonder why we need the bill.

233 SMITH: Is this something the Insurance Division could have handled administratively without coming to the legislature?

235 GERVAIS: Insurance carriers asked the Insurance Division for clarification of "agent" and were referred to the AG's office. Our understanding was it could not be handled by re referred to the AG's office. Our understanding was it could not be handled by administrative rule. administrative rule. 242 SMITH: You asked the question of the Insurance Division and they referred you to the AG? 243 GERVAIS: We asked the question of DOT. Senate Government Operations April 24, 1991 Page 8

244 SMITH: And they said contact the AG?

246 GERVAIS: I think they contacted the AG.

251 SPRINGER: I would like to hear from General Services or people who contract on behalf of the state. 253 GERVAIS: The provision is included for the right to amend upon determination of any additional needs that they have, knowing that contracting agencies cannot always immediately identify those they want covered. 282 OTTO: Requests staff research this further. 284 CEASE: I don't know that this addresses what is an "agent", so much as it says you must list what you think are "agents" 288 SMITH: Seems to be a fluid term. 289 SPRINGER: Perhaps the AG for DOT or DIF can come and address these questions when it comes back to work session. 294 GERVAIS: Our first intent in drafting the bill was to define "agent". However we ran into so many departments with different approaches, that it became difficult to tie it down that way, without tying their hands and hanging the state out on some liability they did not want. 301 SPRINGER: Maybe the Risk Manager from General Services could help.

(TAPE 74, SIDE A)

WORK SESSION

SB 968 RELATING TO CERTAIN CITIES: APPROPRIATING MONEY

Witnesses: Phil Fell, League of Oregon Cities Linda Lynch, City of Eugene Olivia Clark, City of Salem

315 SMITH: Could someone talk about the fiscal on this bill? It is about \$4.5 million larger than the fiscal on the same exact bill, for the same time frame, from last session and I am wondering why? The fiscal for SB 968 talks about Portland, Eugene and Salem only, while the 1989 fiscal for SB 682 appears to discuss Ashland, Corvallis, Eugene, Klamath Falls, LaGrande, Pendleton, Portland, Salem, Clackamas County and Tualatin.

343 PHIL FELL, LEAGUE OF OREGON CITIES: Our guess would be there has been a change in assessment of properties in the cities surveyed. I don't know why fiscal chose different cities.

357 SMITH: That is a fairly major change in assessment.

There are minutes which contain material which paraphrase and/or reword the text enclosed in quotation

markr report a rpeaker'r exact wordr. For complete contcntr of the proceedingr, pleare refer to the tepee. Senate Government Operations
Apnl 24, 1991 Page 9 359 LINDA LYNCH, CITY OF EUGENE: I computed differently this time than I did last time for a number of reasons. I had an updated printout of assessed valuations available from Lane County with a breakout of tax exempt properties. The assessed valuations of taxable properties is more up to date than two years ago in Lane County. Tax exempt properties are not continually reassessed, so the evaluation of state properties was at \$75 million with 286 properties. The University of Oregon is probably valued at more than \$75 million, since they insure their properties for about \$400 million. Each one of those pieces can change the end of the equation sign)ficantly.

396 OUVIA CLARK, CITY OF SALEM: The data we used to compute the impact on Salem for services provided is based on an old figure from State General Services. Our figure for the state real property value is outdated.

402 OTTO: If this goes to Ways and Means they would have questions?
410 MOTION: SEN. SMITH MOVED SB 968 TO THE WAYS AND MEANS COMMITTEE WITH A DO PASS RECOMMENDATION. 417 CEASE: I am not supportive of the bill, or at least not a motion of do pass. 421 Concurrence from another member. 424 OTTO: We haven't the votes, and I don't think Sen. Grensky is supportive either. 427 MOTION WITHDRAWN.

432 Meeting adjourned at 4:13 p.m.

Submitted By: Reviewed By: Joan Green Jayne Hamilton
Assistant Assistant EXHIBIT LOG

A - Amendment, Staff, 1 pg. B - Written testimony, Stevenson, 1 pg. C - Written testimony, Heim, 1 pg. D - Fiscal analysis, Staff, 1 pg. E - Testimony, Cassel, 2 pas. F - SB 163-3 amendments, Staff, 2 pas. G - SB 1060-1 amendments, Staff, 1 pg.

Theae minutea contain materials which paraphreae and/or aummanze ctatementa made during this 2leraion. Only text onclosed in quotation marb repon a apeaker'a exact wordr, For complete contenta of the proceedinga, pleaaae refer to the tapea.