

SB 363 - PH ~ WKS SB 364 - PN & WKS

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

April 08, 1991 Hearing Room 343
3:00 P.M. State Capitol
 Salem, OR

Tapes 67 - 69

Wood Products Procurement
Forest Products

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR

SEN. SCOTT DUFF
SEN. JEANNETTE HAMBY
SEN. JIM HILL
SEN. PEG JOLIN
SEN. EUGENE TIMMS

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER
TAMIRA MILLER, POLICY ANALYST
JERI CHASE, OFFICE MANAGER
HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES: CLIFFORD FREEMAN, EXECUTIVE ASSISTANT, PURCHASING,
 GENERAL SERVICES
 LYNN YOUNGBAR, LEGISLATIVE LIAISON, ECONOMIC
 DEVELOPMENT DEPARTMENT

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 67, SIDE -

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000 CHAIR FAWBUSH convenes the meeting at 3:22 p.m.

SB 363 (Wood Products Procurement) - Public Hearing and Work
Session

003 CORTRIGHT: Presents -1 amendments to SB 363 (EXHIBIT A) and hand
engrossed version of SB

363 (EXHIBIT B).

044 CHAIR FAWBUSH: I think it would be worth trying to get people to look at
wood again. Sometimes

we tend to go past wood in our plans to build.

078 CHAIR FAWBUSH: Who would be eligible for the grants?

091 CORTRIGHT: The Department of General Services may make grants to
contracting agencies which
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would presumably be all of the state and local government.

096 CHAIR FAWBUSH: We should either leave the percentage of wood required
for use in and pick

a
number or take that requirement out. If you put a figure there and you've
got a big project you are not
going to make much of a difference.

113 SEN. JOLIN: You might be better off without percentages.

117 SEN. TIMMS: I think it is a good idea but how do you implement it? What
bearing does it have
on

the price of construction for the company to use wood? It is tough to make
a decision without more

information.

143 CORTRIGHT: If you put this in for a period of time the kind of analysis that agencies are directed

to do will help you get at that kind of information.

166 CHAIR FAWBUSH: I suggest we take out the percentage requirement and then see if we are

interested in putting money into it. I wonder if under the funding section it would be possible to make

money available for an analysis of whether it would work.

185 CORTRIGHT: You have that option.

213 SEN. DUFF: Who are we reimbursing here?

217 CHAIR FAWBUSH: We are asking not only agencies if they have a project to take a look at this but

also we are asking the Department of General Service to take on an additional work load. We should give them some way to deal with that.

256 CHAIR FAWBUSH: The issues are whether or not you want to require a percentage of construction

to use wood or set a minimum percentage of construction that would qualify for the funding.

264 CORTRIGHT: A percentage of the cost of the construction is a minimum that has to be included.

Section 5 gives you an out on 3 and 4.

281 SEN. HILL: In Section 5 does practicable mean economical as well as whether it can be done or not?

What is the intent? Do we want people to use wood even if it costs more?

320 CORTRIGHT: The local government body has the ability to make the exemptions.

339 CHAIR FAWBUSH: I am not sure what level it would take to require an exemption. The first

question is do you want to encourage people to use more wood in construction. Yes. Then do you want

to encourage wood use in construction by a public agency. Yes. Then this bill would do three things

set policy, minimum percentage for construction and incentives for innovative uses.

TAPE 68, SIDE A

22 SEN. HAMBY: Are those buildings that need replacement that are currently wood structures being replaced with wood structures or other materials.

036 FREEMAN: I can't think of any projects where this replacement going on.

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071 SEN. HILL: We cannot talk about public contracting without talking about costs. It would have to be

economic and practical. I can't see us mandating the use of wood just for the sake of using wood.

093 CHAIR FAWBUSH: Would you feel more comfortable if we added that term? What would services

response be if we didn't require it if it cost more money?

118 SEN. JOLIN: I would have no objection to adding economical but this bill is watered down already.

If you are going to have a percentage probably you out to put it at a very low rate.

134 CHAIR FAWBUSH: I would ask General Services to spend a little more time and make an

estimate

of what the average level of construction with wood products might be. All we want to do is encourage folks to look at a wood option when they are putting together a construction package.

160 SEN. HILL: If we are talking about practical and economical why did we remove the Oregon language?

171 CHAIR FAWBUSH: Part of the difficulty is making the call of where the wood is actually from.

185 SEN. DUFF: Maybe we should look at a reward for using Oregon wood.

201 CHAIR FAWBUSH: I like that.

212 SEN. DUFF: We could reward the architect instead of the agency.

219 FREEMAN: You want an idea of what the standard today is on how much wood is involved in

construction, how much of an increase of an obligation on the agency would it be to review the plans

that are in the design phase of construction to determine if they have proposed an innovative use of

wood, and what would be a feasible reward for the architect or the agency for the use of wood.

250 SEN. HAMBY: I don't think we need this bill.

SB 364 (Forest Industry) - Public Hearing and World Session

319 CORTRIGHT: Presents staff prepared changes to -1 amendments to SB 364 (EXHIBIT C).

TAPE 67, SIDE B

025 CORTRIGHT: Continues presentation of EXHIBIT C.

066 CHAIR FAWBUSH: In the areas where we have set up commissions and told them to do certain

things we gave them a number of ways to accomplish that.

082 CORTRIGHT: We tried to make a general statement as to what the commissions mission was so that

they could try to work out how to accomplish this on their own.

092 SEN. DUFF: The appointees go through the Senate confirmation process. Why is that necessary and

will their budget be reviewed by the Ways and Means Committee?

102 CHAIR FAWBUSH: Senate confirmation isn't necessary but we want them to know our intent. It only

applies to the initial commission members. This is a one time allocation, it they want additional funds

we would go through what they had done in the past.

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121 CORTRIGHT: Unless you provide otherwise this is a government agency you are creating so it is

subject to review.

130 CHAIR FAWBUSH: If you fund them through lottery they could be in or out of the next budget.

195 CHAIR FAWBUSH: We are looking at \$4.5 million for this. We have to try not to set dollar figures

for things when we deliberately organized this so that it would be the commissions responsibility to

determine where they think they can best use those resources. We structured this to give the

commission the flexibility to promote cooperation, competitiveness and do the research to do what this

bill requires the best way they see fit with the limited number of dollars.

228 SEN. HILL: I think it is important to note the relationship between this bill and SB 363.

269 SEN. HILL: Are we going to go through how we came up with \$45 million?

282 CHAIR FAWBUSH: I recommend we hold up on the discussion on dollars and hear from the department and then go through and make a rough cut of how much it is going to take. We need to

look at what the irreducible minimum on this might be.

310 SEN. HILL: Talking about the secondary wood products industry, I want some idea of how much

money we may be directing toward this industry. We could be talking about millions of dollars we could be directing toward this industry. SB 363 may be bigger than the commission.

374 LYNN YOUNGBAR: We support most of the substance of this bile This is set up as a separate

agency from EDD. We want to be involved up front. We arc already doing a lot with this industry and

this would provide some continuiq. Industry match should be brought up and we are interested in

accountability.

427 CHAIR FAWBUSH: When you funded OASIS for \$5 million, did you participate in the formation of

that and how did you hold them accountable? It was a risk with no follow up that the department and

the Governor toot We are looking for that again.

TAPE 68, SIDE B

015 YOUNGBAR: We are proposing that the department provide the administrative and management

support to this commission in its start up phase. We are comfortable being involved until they don't

want us anymore.

028 SEN. DUFF: You are always going to be involved because it is part of the government. This isn't

really a commission, this is a non profit corporation. Does it have the abiliq to charge an assessment?

050 CHAIR FAWBUSH: No, but this commission could develop into a trade association.

056 SEN. HILL: I thought we had moved away from the commission idea and moved toward an

independent. I thought we were going to give them some guidelines and say industry this is yours.

065 CHAIR FAWBUSH: It is not a commission like you think it to be. It has no levee authoriq, it is a first time appointment by the Governor and then it is out of here.

070 SEN. HILL: It seemed to me that the people of this industry were very concerned about being to much

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a part of government. I thought we would control the money but make it independent from the government.

090 CHAIR FAWBUSH: It will be up to the commission to say when the department is to get out of the

operation.

113 CHAIR FAWBUSH: There are 3 important points, 1) the commission needs to ultimately be

independent, V we need to get it started, and 3) EDD has some good leadership that can get the commission started.

129 SEN. TIMMS: When you look at these sections we have established this as independent then we put

in what we want them to do. I am worried that this will get mangled into government. I say let's

look at it next session and see what they have done and then be through with it.

176 SEN. DUFF: I have a problem with the term Commission. It might be better to call it a corporation.

181 CHAIR FAWBUSH: I don't think it is feasible to do this without some review process and start up

assurance.

204 CORTRIGHT: ORTDC is very similar to this in terms of its statutory construction though ORTDCs

board of &ectors continues to be appointed by the Governor.

237 SEN. JOLIN: Initial involvement is ok but I don't want to take that money to support their staff. That

separation has to occur relatively soon.

256 CHAIR FAWBUSH: I think we ought to make it permissive. The commission can do whatever they

want for staff.

275 YOUNGBAR: We don't want to staff commissions.

292 SEN. HILL: There is language in the bill that says they will coordinate with everybody. This is their

commission and if they want to use the department to get them started that should be their choice.

329 SEN. DUFF: Isn't there a conflict of interest that if I am on that corporation and I want to give myself

a grant?

342 CORTRIGHT: You cannot give yourself money.

349 SEN. DUFF: My understanding was that part of this money would be housed through EDD so that

people on this commission would be eligible for a grant.

355 CORTRIGHT: It is an approval authority that the department has.

369 YOUNGBAR: We are not writing a script for them, they will do what they want to do.

390 CORTRIGHT: If this is a finance program that has to be through the department. Network feasibility

grants could be operated by the commission.

404 YOUNGBAR: If the commission is going to contract with someone other than EDD and we

approve Senate T&E Committee

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the contracts without having any role to play in the contract then we are a rubber stamp. We can say yes or no but if they don't perform on that contract then we cannot do anything.

TAPE 69, SIDE A

007 YOUNGBAR: In Section 4 we would like to see language that explicitly says to avoid duplication.

Section 7, subsection 2 we would like to make be left the option if there is somebody who can do the job we shouldn't exclude them from participating.

032 YOUNGBAR: In Section 8 we would add a sub 5 that would bring the network broker training into this section.

122 YOUNGBAR: We don't want to be held accountable for something we have no
control over.
1.38 CHAIR FAWBUSH adjourns the meeting at 5:28.

Submitted by,

Jeri Chase
Office Manager
Senate T&E Committee
April 08, 1991
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EXHIBIT SUMMARY

EXHIBIT A - -2 amendments to SB 363, submitted by Joe Cortright, pgs. 2.

EXHIBIT B - Hand engrossed amendments to SB 363, submitted by Joe
Cortright, pgs. 2.

EXHIBIT C - Staff prepared changes to SB 364, submitted by Joe Cortright,
pgs. 12.

