

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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**Action:** Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means

**Vote:** 6 - 0 - 2

**Yeas:** Edwards C., Garrard, Gelser, Jenson, Read, Roblan

**Nays:** 0

**Exc.:** Berger, Nolan

**Prepared By:** Jerry Watson, Administrator

**Meeting Dates:** 4/20, 5/15, 5/27

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**WHAT THE MEASURE DOES:** Requires a contracting agency, before conducting a procurement for goods or services with an estimated contract price that exceeds \$250,000, to demonstrate with cost analysis or by other means that the cost of providing goods or performing service with a contracting agency's own personnel or resources is greater than cost of procuring goods or services from the contractor. Excludes cities or counties that have a population of not more than 15,000, community colleges that enroll no more than 1000 full-time equivalent students, special districts, diking districts, soil and water conservation districts, the Port of Portland, and procurements for client services. Requires contracting agencies, before entering into a public contract, to establish measurable standards to assess the quality of a contractor's performance and clear consequences for failing to meet those standards. Directs the Oregon Department of Administrative Services to consult, evaluate effectiveness, and report to the Legislative Assembly on January 10, 2011. Modifies ORS 279B.420 regarding judicial review. Prohibits a contracting agency from contracting for administration with parties to the contract to be administered, with some exceptions. Specifies additional criteria for contracting agency to use in determining the contractor's responsibility and for prequalifying the contractor. Declares an emergency, effective upon passage.

**ISSUES DISCUSSED:**

- Provisions of proposed amendments
- Cost benefit analysis of providing services through public employees or by contract (privatization)
- Responsible bidder guidelines
- Accountability and cost efficiency in government
- Implementation costs and situations where providing services internally may not be feasible
- Definition of personal services contract
- Concern regarding intrusion into local decision-making

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the original measure.

**BACKGROUND:** House Bill 2867A applies to public contracts first advertised, otherwise solicited or entered into, or renewed (with either an existing or new contractor) on or after January 1, 2010. The Secretary of State, Attorney General, Department of Administrative Services, and contracting agencies that have adopted rules pertaining to public contracting, are allowed to adopt rules and take related actions before January 1, 2010 to ensure that the measure's provisions are carried out. House Bill 2867A represents implementation of "best practices" in public contracting.

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*This summary has not been adopted or officially endorsed by action of the committee.*