



March 21, 2013

Senator Lee Beyer, Chair
Senator Bruce Starr, Vice Chair
Members of the Senate Committee on Business and Transportation
Oregon State Legislature
Salem, Oregon 97301

RE: SB 644

Dear Chair and Member of the Committee,

The City of Hillsboro is opposed to SB 644. We believe extending the existing Qualification Based Selection (QBS) process below the \$100,000 fee threshold is a mistake, is fiscally irresponsible, and is not in the best interest of the public.

- Extending the QBS process to small contracts will not deliver good value to the public.
As a public steward we constantly endeavor to bring the best overall value to our constituents in our public works projects and daily operations. We also agree that cost is not the only factor that should be considered when determining which proposer will deliver the best value. However, we disagree with the proponents' contention that requiring small contracts to be awarded through the QBS process will enhance the value that the public receives. For example, the proponents argued in the last session that the QBS process will result in better value through achievement of lower life cycle costs. We are not aware of any evidence that demonstrates that projects designed by a consultant selected through a QBS process actually achieve the reported "lowest life cycle costs." Extending QBS to all fee levels does not make sense to the City of Hillsboro because it is unknown if the first initiative is actually providing the expected benefit. Further, our experience has proved to us that the staff time and effort involved in selecting consultants is similar regardless of the estimated design fee and that the staff time required for these small projects will be increased under a QBS selection process. That additional staff time as a percentage of the project cost will have a greater impact with these smaller projects, with the effect of reducing the value that the public will receive when considering total project cost.
- Information restriction significantly hampers owner's decision process: Not having the level of effort (i.e. proposed work hours) submitted with the initial proposal significantly impacts the owner's ability to determine if a well-qualified firm will deliver a good value to the public. Their expected effort level, when compared to the other well qualified firms, may demonstrate that they are an outlier and that their final proposed cost will not deliver a good value. If four (4) well qualified firms propose on the project and three (3) of those firms show around 300 hours of effort while one (1) firm shows over 500 hours of effort for the same base scope, then the owner needs to dig further to identify the reason for the great disparity. Without having any level of effort information during the initial selection process, an owner has no way to identify if there is disparity in the understanding on the true level of effort needed or if one firm just built in too much conservatism into their project staffing. This is one key way to identify which well-qualified firm knows what they are doing beyond simply reviewing their résumé.

- Small firm competition: Despite the opinion stated by proponents that "...QBS can be easily applied so that smaller firms or DMWESB firms have equal opportunities through the selection criteria.", the fact is the selection criteria are typically based on experience, skills, education, resource availability, knowledge of the local permitting, and record of past performance in addition to other measurable and defensible criteria. Unfortunately these measurable and defensible criteria factors do not assist small well qualified firms when competing against large well qualified multi-national firms with a local office. Other factors to help assist small well-qualified local firms can be seen as arbitrary if weighted too heavily [ORS 279C.110 (3)(d) ownership status for example] or arbitrary if utilized at all (i.e. firm size). Therefore, it is very unlikely that a small well qualified four (4) person firm can truly compete in terms of experience, skills, education, resource availability, knowledge of the local permitting, and record of past performance (among other things) when pitted against a 25,000 person multi-national firm that has the resources to show significant depths in any aspect of any engineering field and has a local office. The average road, water, or sewer design project does not need a multi-national firm to perform the work. The level of effort as just one factor in the selection consideration for design projects under \$100k in value will help maintain the current competitive environment so small local well-qualified firms will have a chance compete.

Thank you for the opportunity to comment and thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read 'Peter Martins', written in a cursive style.

Peter Martins, PE
Assistant Water Director
City of Hillsboro