



**DATE:** April 22, 2013

**TO:** Senate Committee on Business and Transportation

**FROM:** Clyde Saiki, Deputy Director  
ODOT Central Services Division

**SUBJECT:** HB 2212

## INTRODUCTION

House Bill 2212 increases the small procurement threshold from \$5,000 to \$10,000. This would apply to procurements that a contracting agency conducts on or after January 1, 2014.

## DISCUSSION

Raising the threshold of small procurements from \$5,000 to \$10,000 through HB 2212 would benefit the Oregon Department of Transportation's process for procuring goods and services by increasing efficiency. HB 2212 would reduce the amount of time spent processing procurements for goods and services. Under current law, if procurement costs exceed \$5,000 additional steps must be taken to comply with more robust procurement requirements. This bill would allow ODOT to use the less restrictive, less time consuming small procurement option for procurements \$10,000 or below, and allow us to focus staff time on larger procurements.

HB 2212 would allow ODOT to more efficiently address critical repairs to the state's highway infrastructure and facilities. For example, when a bridge approach requires a small repair to maintain safety, an ODOT maintenance crew could rapidly obtain a local resource for the aggregate and paving materials to make the repair. Repairs to state-owned buildings could be contracted more rapidly. Under current law, ODOT would be required to obtain three bids prior to contracting for goods and services up to \$5,000. The current threshold of \$5,000 was established in statute in 1997, and has not kept pace with inflation goods and services.

Raising the threshold for goods and services provides small businesses an additional earning opportunity. During the past 24 months, approximately eight percent of all contract expenditure transactions were between \$5000 and \$10,000. HB 2212 could provide a potential for an additional \$5 million in contract volume to small businesses.

## SUMMARY

House Bill 2212 would create more efficiency in procurement of goods and services. In the era of doing more with less, this would free up time spent on small procurements, thus allowing ODOT to focus on larger projects. This bill would increase timeliness and efficiency for the purchase of goods and services necessary to maintain and repair transportation facilities, and it bill would provide small local businesses with additional earning potential.