



**ADMINISTRATIVE SERVICES DEPARTMENT**  
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**February 28, 2013**

**Representative Paul Holvey, Chair**

**House Committee on Consumer Protection and Government Efficiency Committee**

**Testimony of the City of Salem In Opposition to House Bill 2667**

The City of Salem Council or Legislative Committee has taken a position to oppose House Bill 2667. The following points are submitted by the Contracts and Procurement Division to further support opposition to House Bill 2667:

1. This bill creates an additional layer of public contracting oversight and regulations where there is already adequate contracting authority by local contract review boards to adopt needed rules for their agencies when changes as solely determined by the local contracting agency are deemed necessary. The bill implies that all demographics throughout the state are the same and a blanket approach to rule making is more effective and efficient in these matters at the state level than rules made by each governing body with public contracting authority and specific knowledge of the needs of their constituency.
2. Passage of the bill would establish an additional sphere of influence on matters of Public Contracting that would be inadequately represented by local government. A task force assembled without adequate local government representation delivers strictly State focused legislation to the local contracting agencies. If local contracting agencies do not have equal representation, then those rules promulgated through the influence of the task force should not be binding on local contracting agencies.
3. The Task Force is to study, evaluate, produce and submit a report to the Legislative Assembly no later than September 1, 2014. The gathering and sorting of information by "description" and "category" of "types of public contracts that contracting agencies typically award to minority-owned woman-owned or emerging small businesses in this state" as provided by "any person", "hearings" and "testimony", "other evidence" and "request data and information from contracting agencies" will exact a hardship based on commitment of scarce resources on those contracting agencies asked to participate.

The City does not currently gather, sort, describe and categorize public contracts awarded to the aforementioned entities or by any other economic entity or structure, i.e., corporation, partnership, joint-venture, etc.

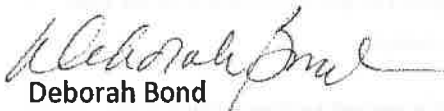
4. Section 1(2)(b) to "Evaluate the extent to which large procurements for goods and services, including construction services, could feasibly be broken into smaller procurements that would be within the capabilities and expertise of minority-owned, woman-owned and emerging small businesses in this state" is in direct conflict with the principles of economies-of-scale and competitive pricing. The City pays in excess of \$5,000 per year to use State Price Agreements that are established on large volume pricing, i.e., economies-of-scale. To break purchases down for any reason would be to forego the advantages of competitive pricing. Additionally, the State and City, by rule and statute, have taken the position that no procurement activity is to be artificially broken into smaller pieces.

It is very unclear in Section 1(2)(b) as to what is meant by "capabilities and expertise" and how that would be applied in comparison to all other economic entities interested in government contracts.

5. Furthermore, this bill does not set a standard for determining what is meant by "feasibility" and how an agency would perform that determination. Without such clarification, subjectivity would play a major role in awarding contracts and increase the probability of litigation.

Thank you very much for your time and consideration of our position.

Warmest Regards,



Deborah Bond

Administrative Services Director  
City of Salem