

Oregon Military Department Comments - HB 2212

Raises amount used to classify public procurement as small procurement under Public Contracting Code from maximum of \$5,000 to maximum of \$10,000.

1. The Oregon Military Department (OMD) is a diverse organization comprised of four (4) major components. These are: Oregon Emergency Management (OEM), Army National Guard (ORARNG), Air National Guard (ORANG) and Oregon State Defense Force (ORSDF).
2. Organizational elements of the ORARNG and ORANG utilize federal procurement mechanisms managed through the United States Property and Fiscal Office (USP&FO) in support of individual unit missions and are not subject to State Procurement Rules. The state employees at OMD headquarters, OEM, Oregon Youth Challenge Program (OYCP), Kingsley Field (Klamath Falls) and Portland Air National Guard bases, and ORSDF, do utilize State Procurement Rules to perform state-related procurements.
3. Passage of HB 2212 (to raise the direct purchase to \$10K) will unquestionably provide OMD with added flexibility when dealing with vendors to obtain goods and services. Currently (and in the past), when we conduct research into costs to obtain a necessary good or service, a vendor's pricing, if even slightly exceeding the \$5K threshold, results in our Procurement and Contract (P&C) staff taking additional time to process the procurement action. In every procurement action we take, due diligence is undertaken to ensure the state is getting the best quotations and value for the goods/services needed. Additionally, only responsible individuals are delegated authority to expend finite budget resources and this provides a management tier of oversight that proper procurement rules and processes have been followed.
4. OMD believes that raising the direct purchase limit to \$10K will allow for less central support functionality and more efficient use of time, during a period when we are working tasks requiring high levels of energy and with fewer personnel resources to get the job done. The majority of OMD facilities and grounds are widely dispersed throughout the state and distant from our central headquarters in Salem. Direct purchases for material and supplies made locally is more efficient than having the central headquarters handle purchases exceeding \$5k. Additionally, raising the limit would definitely aid us during certain urgent situations, vice having to declare an emergency.
5. To illustrate an example of the breadth of OMD state procurement activities, *alone*, our Installations Division Operations & Maintenance Branch (AGI-O&M) supports approximately 435 OMD buildings state-wide. While other small procurement actions are taking place by other sections in the agency (e.g., OEM, OYCP, etc.), the bulk of OMD procurement activities are for facility-related support functions.
6. Procurements to support facility-related operations and maintenance are varied, and while the following list is not all-inclusive, they include items such as: Janitorial supplies, tools, PVC piping, flusher kits, dip tubes, ceiling fans, soaps, lotion dispensers, fees for electrical permit work, fan belts, energy efficient light bulbs, batteries, coil cleaners, relief valves, drainage mats, paints, electrical parts, pest control products, filters, trash bags, dehumidifiers, alarm panel repairs, lock boxes, fees for Boiler/Pressure Vessel Minor Repair Permit application,

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application fee for Energy Incentives Program/Heat Recovery Project, sump pumps, fan motors, entry rugs/mats, thermostats, electronic timers, water heaters, vacuum cleaners, flags, annual Fire Inspections, emergency first-aid kits, light switches, heater and boiler parts, herbicides, repairs due to vandalism.

7. During Federal Fiscal Year (FFY) 12 (01 Oct 11 – 30 Sep 12), AGI-O&M conducted 477 procurement actions ranging from \$3.00 to \$134K for an approximate total of \$2,256,108. Of these, 409 procurements were less than \$5K. Of the remaining 68 procurement actions, 24 were between \$5K and \$10K, with the remaining 44 procurements above \$10K. The types of procurements in the \$5K-\$10K range were overhead door repairs, mowers, equipment/tools, sign repair work, computers, printers, portable air conditioner, building system inspection/monitoring, special mill work for conference rooms, dump trailer, flood cleanup, electrical work, and water lab equipment. If HB 2212 were in effect at that time the workload efficiency would have been streamlined for the 24 procurement actions between the \$5K-\$10K range.
8. During the current FFY13 (01 Oct 12 - to date), AGI O&M has conducted 302 procurement actions totaling approximately \$337K. Of the 302 procurements, 292 have been below \$5K threshold. Six (6) of the remaining 10 procurement actions were between \$5K and \$10K and four (4) procurements above \$10K. To date, the types of procurements in the \$5K-\$10K range include light pole lamp and ballast replacement, solar power light fixture repairs, bleachers, carpet replacement, tables, and electrical work. It should be noted that the AGI O&M Branch typically receives additional funding toward the end of each FFY from the National Guard Bureau. As a result, procurement activities will commensurately increase to obligate these funds. If HB 2212 were in effect today, efficiency will be streamlined for procurement staff.

SUMMARY: The OMD strongly supports HB 2212 submitted at the request of Governor John A. Kitzhaber, M.D., for Oregon Department of Administrative Services. It will significantly aid our agency's operations to improve efficiency in procurement functions.