

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	5 - 0 - 1
Yeas:	Edwards, Girod, Monroe, Thomsen, Beyer
Nays:	0
Exc.:	Starr
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	5/21

WHAT THE MEASURE DOES: Repeals provisions requiring Department of Transportation to enter into contract for private maintenance of segment of state highway. Directs Department to terminate contracts entered into for pilot project as soon as feasible. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Background on creation of pilot project required by House Bill 2001 (2009)
- Impact of prevailing wage requirement on contractor costs
- Level of road maintenance performed by contractor and Department
- State of road segment at beginning of pilot project
- Duration of pilot project
- Type of contract used during pilot project

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: House Bill 2001 (2009), commonly referred to as the Jobs and Transportation Act, directed the Oregon Department of Transportation (ODOT) to commence a six-year pilot project to determine the feasibility and efficacy of private sector maintenance of a segment of state highway. The measure required ODOT to select a segment of highway between 10 and 30 miles in length, to contract out the maintenance of that highway segment, and to report biennially on the project's status and progress.

The Department selected a 26-mile segment of OR 219 between Newberg and Woodburn. ODOT entered into a contract with Eagle Elsner, Inc., in May 2010 through its Oregon Innovative Partnerships Program. The contractor has utilized a time and materials-based approach for tracking its costs. The Department reports that Eagle Elsner has met its performance expectations; however, the cost for the contractor to maintain the highway segment appear to be higher than that for the Department. For the first two years of the contract, payments to the contractor have totaled approximately \$600,000, while ODOT's four-year average for maintaining the same segment were approximately \$250,000.

House Bill 2973 repeals the requirement that ODOT conduct the pilot program for private highway maintenance and directs the Department to terminate contracts related to the project as soon as feasible.

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