

**Testimony of Tim Collier, Chief Financial Officer
In Opposition to Senate Bill 414
Senate Committee on Workforce
February 18, 2015**



Chair Dembrow and Members of the Committee:

Metro is the regional government of the Portland metropolitan area. Governed by the elected Metro Council, we provide a broad range of public services that include land use and transportation planning, solid waste and recycling operations, management of parks and natural areas, and operation of major visitor facilities like the Oregon Convention Center and the Oregon Zoo.

The Metro Council opposes Senate Bill 414 in its current form. SB 414 includes a number of provisions that would affect the ability of Metro and other government agencies to contract with third parties for services, adding cost and uncertainty to the contracting process without providing a discernible benefit to the public we serve.

As you know, like all of Oregon's government agencies, Metro is already required to conduct a cost analysis when considering contracting with a third party to provide a service. For example, we contract with Aramark to provide food service at the Oregon Convention Center, rather than hiring and managing the process internally. When initially pursuing this contract, Metro conducted a cost analysis that spelled out the potential savings from adopting this model and issuing the contract, as required by state law. Under current law, if represented employees identify potential issues, these issues are handled within the context of collective bargaining.

SB 414 would substitute this method of redress with a formal legal proceeding. The bill is clear in stating that a third party service contract could not be implemented until the legal process is resolved, potentially making it more difficult to implement even the most minor service contracts.

Rather than leaving flexibility, SB 414 prescribes new steps in the process for conducting the required cost analysis. The bill would require government agencies to estimate the potential profits that would be received by the third party as a result of the contract and require agencies to re-do cost analyses if, before finalizing a procurement contract, new information from bids or "other sources" becomes available.

Estimating the profit of a private contractor would add a complex element that is subject to interpretation, putting government agencies in the position of deciding what level of profit is acceptable, and add additional costs to the process. With regard to the impact of new information on the cost analysis process, SB 414 is ambiguous as to what information would justify such a review, while at the same time implementing a new legal process to determine whether or not a government agency conducted a cost analysis and procurement correctly.

While Metro does not currently have many procurement contracts that would be impacted, SB 414 could affect our ability to contract with vendors with whom we currently do business and to pursue services that would indeed provide savings to taxpayers. The current collective bargaining process, conducted in good faith, results in fair contracts for employees while providing government agencies with the flexibility to pursue third party services where appropriate. We urge you not to move SB 414 forward.