

**Testimony by Wilsonville Mayor Tim Knapp  
in Opposition to HB 3321:**

**Proposed New Public-Contracting Requirements  
Provide No Tax-Payer Protections, Increase Costs**



For Public Hearing Scheduled on March 24, 2015, Before the  
House Committee On Consumer Protection and Government Effectiveness

**To Chair Fagen, Vice-Chairs Buehler and Rayfield, and Members of the Committee:**

The City of Wilsonville opposes HB 3321 as introduced. The bill as proposed increases government costs without public benefit, fiscally impacts city utilities and ratepayers, presents unnecessary obstacles to innovative public contracting and is unnecessary because of current practices and is overly broad.

**HB 3321 Increases Government Costs Without Benefit**

Like most Oregon cities, the majority of road and public-works projects in the City of Wilsonville are contracted out to private-sector firms. Road paving, sealing, construction and maintenance as well as road and intersection construction and large sewer projects are performed by companies with specialization in a given field. In addition, a majority of facilities remodels and renovation are contracted out. HB 3321 provides for a complicated and time-consuming process to provide a range of essential government services without a benefit to the tax-paying public.

**HB 3321 Fiscally Impacts City Utilities and Ratepayers**

As a municipality that provides water and wastewater utility services, the City of Wilsonville is concerned that HB 3321 would lead to an increase in rates to city utility ratepayers to recoup new administrative costs. As written, HB 3321 would create significant administrative costs to city utilities. In its current form, the bill requires extensive administrative time and effort on the part of city utilities to collect, maintain, and continuously provide detailed information to the Oregon Department of Administrative Services (DAS). This bill appears to apply to all public contracts as defined, regardless of how small the contract amount, and there is no allowance for emergency contract services.

**HB 3321 Presents Unnecessary Obstacles to Innovative Public Contracting**

The City of Wilsonville decided in 2009 to pursue the Design, Build and Operate contract-procurement process for a complete rebuild/renovation of an existing wastewater treatment plant and operation of the plant for 15 years. Prior to going to DBO, the City

undertook extensive public review of the costs and options for upgrading and operating the City's wastewater treatment facility. After a thorough public-vetting process that included open-house events and public hearings, the City found substantial long-term costs-savings for ratepayers during all phases of the proposed DBO contracting process.

A DBO contract provides stronger continuity throughout the process with little chance of disconnect or miscommunication among the three components. One firm designs, builds and operates the plant; if anything goes wrong, no outside party can be blamed.

A DBO contract provides life-cycle cost-savings in equipment, design, construction and maintenance of the plant. Operational considerations and anticipated maintenance costs are dealt with early-on in the DBO contracting process. The DBO firm assumes risks involved with not meeting EPA or DEQ permitting, performance or regulation standards. In total, a DBO contract can provide a municipality and ratepayers with substantial public benefit that provides the public with greater certainty for operations and costs.

### **HB 3321 Is Unnecessary Because of Current Practices**

HB 3321 is unnecessary because city utilities and municipalities already publicly notice public service contracts offerings and as noted in the bill, public contracts information is subject to public records law and related public meetings law as required.


### **HB 3321 Is Overly Broad**

HB 3321 is overly broad in the collection and posting of information, so much so that it hinders the public-contracting process by adding time to the process that can result in causing delays and increased contracting costs.

**In total**, HB 3321 as construed creates a probability that City water and wastewater utility rates would need to be raised to cover the increased administrative and public-contracting costs. Although city utilities like Wilsonville strive to keep rates as low as possible, these new costs likely would be passed onto ratepayers in the form of higher rates.

The City of Wilsonville respectfully urges a "Do Not Pass" vote on HB 3321 by the House Committee On Consumer Protection and Government Effectiveness. Thank you for your time and consideration.

Sincerely,



Tim Knapp, Mayor  
City of Wilsonville