



Public Works Department

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April 4, 2017

Chair Paul Holvey
Vice Chair Greg Barreto
Vice Chair Janelle Bynum
House Committee on Business and Labor
Oregon State Capitol
900 Court Street NE
Salem OR 97301

SUBJECT: Testimony of the City of Salem in Opposition of House Bill 3203

Dear Chair Paul Holvey, Vice Chair Greg Barreto, Vice Chair Janelle Bynum, and Members of the Committee:

The City of Salem opposes House Bill 3203 owing to its likely effect of inappropriately limiting capital project delivery by public agency workforces. As authored, this legislation requires public agencies to perform an analysis to determine whether constructing a public improvement with the agency's own equipment and personnel will result in a lower cost when compared to project construction by a private sector contractor. The House Bill further requires the public agency to file the analysis with Secretary of State and contains remedies for violations of the requirements. The legislation stipulates inclusion of numerous costs to the public sector delivery cost analysis that are not typically incurred, such as warranties, insurance, and travel costs, as well as "any other costs that the Secretary of State determines the contracting agency must include." Including cost factors that are not applicable to a public agency may have the unintended consequent of giving the appearance—on paper—that a particular project constructed by a private sector would cost less than a public project when, in fact, the opposite could be true because the prescribed analytical method is fundamentally unsound.

Local government officials already make every effort to construct public improvements at the lowest least cost consistent with sound engineering practices and principals, and independent of whether the method of construction is through a public or private sector service provider. In this, we are consistent with the ORS 279C.305(1).

**Transportation and Utility
Operations**

1410 20th Street SE / Building 2
Salem OR 97302-1209
Phone 503-588-6063
Fax 503-588-6480

Parks Operations

1460 20th Street SE / Building 14
Salem OR 97302-1209
Phone 503-588-6336
Fax 503-588-6305

**Willow Lake Water Pollution
Control Facility**

5915 Windsor Island Road N
Keizer OR 97303-6179
Phone 503-588-6380
Fax 503-588-6387

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If passed, House Bill 3203 would slow the delivery and increase the costs of public agency projects by requiring added layers of cost estimating and reporting that is unnecessary and burdensome, and is likely to produce flawed results.

The City of Salem urges you to oppose House Bill 3203.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Fernandez', with a long horizontal flourish extending to the right.

for Peter Fernandez, PE
Public Works Director

cc: Steve Powers, City Manager
Kacey Duncan, Deputy City Manager
File