



CITY OF BEND

April 4, 2017

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Representative Paul Holvey
Chair, Committee of Business and Labor
900 Court Street NE, H-277
Salem, Oregon 97301

Re: HB3203 – Least Cost Contracting

Dear Representative Holvey,

The City of Bend opposes HB3203 which adds additional administrative burden in order to perform basic public improvements. The City of Bend provides public services including water, wastewater, stormwater, airport, and streets to the third fastest growing metropolitan area in the United States.

Bend has significant needs in the area of street maintenance and has committed to a transition plan to complete mandatory curb ramp repair and construction work. In the last several years, the City of Bend has limited self-performed Capital Improvement Project work to a portion of planned curb ramp work.

The Citywide amount of work self-performed is extremely minor compared to the total contracts for formally bid work (less than 1% - \$400,000 self-performed compared with more than \$65,000,000 formally bid contracts in FY15-16).

The rapid growth in Deschutes County, and specifically the City of Bend, has stretched local contractors and has negatively impacted the bidding environment for public agencies. For example, the City of Bend's Invitation to Bid for 2016 Street Preservation solicitation (approximately \$2,000,000) received only one bid. The limited competition is a concern for the City and creates the potential choice between completing work for a significant price or not performing needed work in a reasonable time frame. It is important that public agencies are able to utilize agency

personnel and equipment where appropriate and cost effective to ensure staff with necessary skill sets are available in emergencies or when private contractors cannot be contracted at a reasonable price.

The City suggests the change to ORS 279C.305 that would be in the best interest of the citizens would be to increase the cost threshold for detailed written analysis from \$125,000 to \$300,000 indexed to inflation or allow governing boards to exempt projects from the cost analysis as deemed appropriate. Governing boards are accountable to their voters and should be allowed to work in the best interest of their citizens without administrative burden.

If HB 3203 moves forward despite our opposition, the City urges removal of the change from "and" to "or" on Line 3 of Page 4 in the -1 Amendments. Changing the requirement for a roadwork cost analysis from projects with a depth of 2-inches **and** cost exceeding \$125,000 to 2-inches **or** \$125,000 creates a new requirement that is inconsistent with the historical definition of Public Improvement under the public contracting statutes. City of Bend self-performs thin lift work (under 2") as needed and weather permitting. This provides responsiveness and flexibility difficult to obtain under formal public contracting processes. The change to "and" will create additional administrative burden in addition to increasing the time to respond as problem street areas develop which can happen quickly.

We believe public agencies are in the best position to evaluate their circumstances and should be allowed to determine the best way to complete the required work within their community.

While the City of Bend opposes HB3203 in its current form, the City's position changes to neutral if the two recommendations above are incorporated. Thank you for your consideration.

Respectfully,



Gwen Chapman
Purchasing and Public Contracts Manager