



April 5, 2017

Representative Paul Holvey
Chair, Committee on Business and Labor
900 Court St. NE, H-277
Salem, Oregon 97301

Subject: HB 3203 – Least Cost Contracting

Dear Chair Holvey and Members of the Committee,

The City of Portland strongly opposes HB 3203 and the -1 amendments, which would require public agencies to provide a more onerous cost-analysis in order to perform basic public improvements. The City of Portland has significant concerns over the provisions proposed in HB 3202 and the -1 amendments on behalf of its bureaus - Portland Water Bureau, Portland Bureau of Transportation, and Bureau of Environmental Services - that perform essential maintenance, repair, and emergency work necessary to preserve vital public infrastructure.

This proposal would further restrict the ability of public agencies to construct and maintain public improvements with the agencies' own forces. As it currently stands, the existing cap for projects that exceed \$125,000 was put in place 20 years ago without any means of adjusting for inflation. This has eroded the capacity of agencies to complete important work to public infrastructure.

It is very important that public agencies retain the right and ability to promote the best interests of the public by constructing public projects with agency personnel and equipment, where appropriate. Using agency staff in this way preserves the ability of public agencies to construct and maintain their systems, to adequately and expertly oversee the construction of projects being undertaken by private contractors on their behalf, and to have trained staff available to effectively respond to emergencies.

The majority of the work the Portland Bureau of Transportation authorizes is accomplished by public contracting. The exempt work performed as emergencies, during weather-related events, ordinary repair, and maintenance necessary to preserve the public improvement is a small but vital to the sustainability of our public infrastructure.

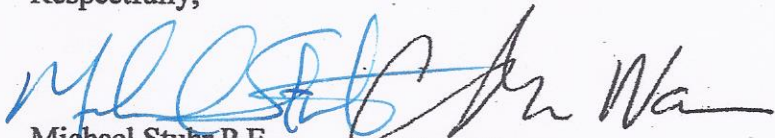
In addition, treating all public works projects the same does not serve the public good. The Portland Water Bureau serves clean, reliable water to over 950,000 people in its service area and maintains over 2,200 miles of pipes and water service delivery components. It is a public health

entity with a need to retain the expertise and ability to build and maintain its system, particularly in the event of an emergency such as an earthquake.

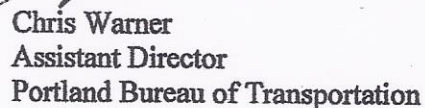
If this Committee is to do anything with regard to this provision, it should be to lessen the current burden of least cost public contracting, by increasing the project cap and indexing it to inflation. As the law is currently written - and what would worsen with the passage HB 3203 - public agencies are less able to take advantage of economies of scale, are less able to deliver projects quickly due to the time consuming public contracting process, and are less able to retain the expertise needed to adequately oversee private contractors completing public projects.

The City of Portland urges your opposition to HB 3203. Thank you for your consideration.

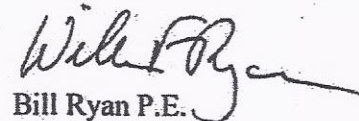
Respectfully,



Michael Stuhr P.E.
Director
Portland Water Bureau



Chris Warner
Assistant Director
Portland Bureau of Transportation



Bill Ryan P.E.
Chief Engineer
Environmental Services

