



Asphalt Pavement Association of Oregon

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June 2, 2017

Joint Committee on Transportation Preservation and Modernization
900 Court Street NE
Salem OR 97301

RE: HB 2017 – Additional Accountability for Local Government

Dear Joint Committee on Transportation Preservation and Modernization,

We are in strong support of the additional transportation infrastructure funding provided by HB 2017. The damage to our roadways caused by this past winter shows the result of insufficient funding for transportation infrastructure. Our roadways become more susceptible to failure, less safe, and the traveling public spends more for vehicle repair and fuel (rough roads reduce gas mileage and cause more variation in speed). It is also significantly more expensive to fix roads that have not been properly maintained. Failing to increase funding now will require even more funding in the future because more and more roads will require major repairs if they are not properly maintained.

Although HB 2017 contains significant accountability measures for ODOT, it lacks adequate accountability for local agencies even though local agencies will receive a significant percentage of the additional funding. **Local agencies should be required to consider costs before constructing public improvement projects – especially if they intend to construct a public improvement with their own employees.**

Current law (ORS 279C.305) requires agencies to construct public improvement projects at the “least cost” to the taxpayer. But, because current law is unclear and lacks effective enforcement it is often not followed. Some agencies construct public improvements with their own employees without considering if they could get the project done for less by having private contractors compete for the work. The only remedy for violations of current law is a lawsuit, which is: ineffective; forces contractors to sue their customers; and expensive for all involved, including the agencies.

As a common sense solution, we suggest:

- No change in the least cost policy.
- Clarifying in statute what must be included in agency cost analyses.
- Removing a loophole that public agencies interpret as allowing them to perform unlimited paving work with their own employees if the pavement thickness is under 2 inches.
- Giving BOLI enforcement authority where BOLI would: issue a warning letter to first-time violators; attempt to negotiate a settlement with an offending agency if there was a second violation within 5 years of a warning letter; and initiate a hearing process only if there was a prior violation in the previous 5 years and no settlement.

Agencies that perform public improvement projects with their own employees are not subject to competition or independent quality control. Agencies also pay their employees significantly less than what private contractors pay for the exact same work. Competition, quality, and family-wage jobs are critical to infrastructure construction in Oregon.

We ask that you support additional accountability for local agencies.

Sincerely,

A handwritten signature in black ink, appearing to read "John Hickey", written over the typed name and title.

John Hickey, P.E., Esq.
Executive Director
Asphalt Pavement Association of Oregon