

August 10, 2020

Dear Chairs Courtney and Koteck, and Members of the Committee:

Associated General Contractors – Oregon Columbia Chapter represents a broad cross-section of the commercial construction industry, including rural and metro, highway and building contractors. Most of our members are small, homegrown businesses.

We have serious concerns about what Section 15 of SB 5721 would do to contractors' ability to bid on certain construction jobs, particularly in the more rural areas of the state. SB 5721 creates public contracting and apprenticeship requirements on four particular higher education construction projects. These requirements include employing apprentices to perform 15 percent of the work hours and providing health insurance and retirement benefits to workers on the projects.

The public contracting and apprenticeship requirements in SB 5721 will make it difficult, if not impossible, to hire local contractors. They will also inevitably lead to increased project costs, potential bid protests and project delay. They will limit the number of contractors from which a university can select and will create costly and burdensome record keeping and administrative requirements.

Furthermore, these mandates are clearly creating new policy. They have no place in a special session capital construction bill. This is especially true, given the controversy surrounding a similar bill (SB 455) in the 2019 Session. If the committee must keep these new requirements, we request that they be amended to be less burdensome, including making the 15% requirement aspirational, removing the health insurance and retirement requirements, and include off-ramp language that would offer relief from the requirements if they caused unreasonable expense or delay, or limited the pool of bidders to fewer than three.

To be clear, AGC supports apprenticeship and understands the important role it plays in maintaining the worker pipeline in the construction industry. AGC has worked on apprenticeship issues for at least a decade, as different approaches have been considered to ensure the well qualified workforce the commercial construction industry. We worked diligently from 2015 to 2017 to come to a compromise on apprenticeship requirements, passed at HB 2162 in the 2017 Session. However, the apprenticeship requirements in SB 5721 are drastic and overly burdensome on local contractors. As a result, we request that these requirements be limited.

AGC also support prevailing wage laws in Oregon. It is important to note that the new requirements in SB 5721 are in addition to current prevailing wage laws, which set wages and benefits that all contractors for all public works must pay, including the four university projects named in this bill.

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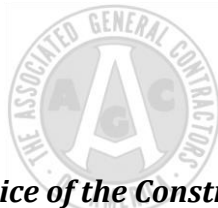
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For additional information, please contact John Rakowitz (503) 317-1781, Drew Hagedorn (503-380-1075) or Kirsten Adams (503) 990-2262.

Best Regards,

John Rakowitz, Drew Hagedorn & Kirsten Adams

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