MEASURE NUMBER:SB 896STATUS: OriginalSUBJECT:Directs the Department of Transportation to establish a Contractor and WorkforceDiversity Pilot Program to increase diversity among contractors for public improvement contracts.GOVERNMENT UNIT AFFECTED:Department of TransportationPREPARED BY:Robin LaMonteREVIEWED BY:Susie JordanDATE:April 25, 2009

EXPENDITURES:	<u>2009-2011</u>			<u>2011-2013</u>	
Personal Services Services and Supplies Total Other (Highway) Funds	\$ \$ \$	110,200 264,400 374,600	\$ \$ -	147,000 1,200 148,200	
POSITIONS / FTE:		1/0.75		1/1.00	

EFFECTIVE DATE: January 1, 2010. The program sunsets on January 2, 2016.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: SB 896 directs the Department of Transportation (ODOT) to establish a Contractor and Workforce Diversity Pilot Program to increase diversity among contractors for public improvement contracts. The pilot program would sunset on January 2, 2016. The bill specifies that ODOT is to use funds appropriated to the department for this program. ODOT will use Highway Funds for this program.

ODOT reports that it awards approximately 100 public improvement contracts each year, of which approximately 3 percent are awarded using alternative contracting methods.

In order to implement the provisions of this project, ODOT estimates that it will require one Procurement Specialist 3 position, at a 2009-11 cost of \$110,200 Other Funds. ODOT will conduct a study to: compare the extent of diversity that has resulted from existing use of alternative contracting methods with standard contracting methods that use competitive, least-cost bidding methods; determine the diversity outcome from other government entities' use of alternative contracting methods; develop best practice policies to improve diversity, including the development of rules; and develop requirements for the percentage of future projects that will include alternative contracting methods. Based on the cost of previous studies, ODOT estimates that it will spend between \$200,000 and \$300,000 Other Funds on the initial comparative study of the diversity outcomes from alternative versus standard contracts. Another \$10,000 Other Funds will be required for Attorney General review of proposed rules. ODOT will also have costs related to public hearings on proposed exemptions from the competitive bid process under state contract laws. The estimated total Highway Fund cost for the program in the 2009-11 biennium is \$374,600.