



April 4, 2017

House Committee on Business and Labor
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

RE: Opposition to HB 3203 with the -1 Amendments

Dear Chair Holvey and Committee Members:

Washington County, Clean Water Services and the City of Hillsboro's Water Department take pride in delivering public improvements that represent the least cost and best value to our citizens and ratepayers.

We are writing to express concerns with HB 3203 with the -1 Amendments, which make changes to existing requirements for public contracting agencies to provide a cost analysis to demonstrate that self-performance of public improvement work is the least cost option. The legislation also extends those requirements to public drinking water and wastewater utilities placing new administrative burdens on Hillsboro Water, Clean Water Services and our ratepayers.

Current statute requires contracting agencies to do a cost analysis for public improvement work when the cost of the project exceeds \$125,000. However, this bill eliminates the threshold anytime more than two inches of pavement is disturbed during a public improvement project. This is a significant concern for public drinking water and wastewater utilities because nearly every project, including service line and meter installations, requires resurfacing roadways at greater than two inches in order to access water and sewer infrastructure. That means all projects, starting at the first dollar, will be subject to significant new administrative hurdles in order to perform work in-house. The result is that public water and wastewater utilities will contract out work

well below the threshold to avoid the costly and time intensive administrative requirements in the bill.

The public interest demands that public entities retain a skilled workforce with the experience to quickly respond and repair critical infrastructure. In order to do that we need our employees to undertake some of these projects to ensure they have the necessary experience and skills when private contractors are unavailable, do not respond to requests for proposals, or when disaster strikes.

As changes to the "least cost" policy are evaluated, we encourage the Legislature to also consider the impact that additional administrative requirements have on our ability to do cost effective public improvements that honor the least cost policy.

Our agencies have a strong record of delivering high quality and cost-effective services to our citizens and ratepayers. Our staff and elected officials have a fiduciary responsibility to get the best value with limited resources and if our work fails to live up to that responsibility, we are accountable to ourselves and to our community.

Thank you for considering this testimony.

Respectfully submitted:

A handwritten signature in black ink that reads "Kevin Hanway". The signature is written in a cursive, slightly slanted style.

Kevin Hanway
Director, Hillsboro Water Department