



February 11, 2020

The Honorable Ken Helm, Chair
House Committee on Water
Oregon State Legislature
900 Court St. NE,
Salem Oregon 97301

RE: HB 4043 – Support

Dear Chairman Helm:

The American Chemistry Council (ACC) supports HB 4043, legislation that seeks to bring greater competition to the procurement bidding process for state funded water pipe infrastructure projects. The bill simply requires that all appropriate piping materials for water infrastructure projects be considered for potential use by local project engineers. Such a policy results in greater competition among material manufacturers, increases choice and results in a more efficient use of state tax dollars.

As background, ACC members manufacture chlorine, water filtration and treatment technologies, orthophosphates, coatings, sealants, and plastic that's wrapped around iron pipes to reduce corrosion. Our members also make the basic plastic resins used in polyvinyl chloride (PVC), polypropylene (PP), and high density polyethylene (HDPE) pipes. As an industry we believe that all products should compete and selection should be based on what product or products best suit each project.

As you may know, some local governments have policies in place that mandate the use of a specific construction material. HB 4043 would instead require water infrastructure projects that utilize state funding to bring competition to the procurement process so that all materials can be evaluated and considered. Importantly, HB 4043 does not mandate the use of any specific material but allows project engineers to consider all materials and select the best option based on merit that works for their project. HB 4043 recognizes that each project is different and various materials will be suitable for various projects. Furthermore, the legislation reaffirms that final material selections decisions are ultimately up to the project engineer.

HB 4043 is timely given the growing water infrastructure challenges currently facing the state. The League of Oregon Cities' 2016 Infrastructure Survey (Water) Report claims \$7.6 billion is required for several critical drinking water projects in Oregon and the American Society of Civil Engineers (ASCE) 2017 Report Card for Oregon catalogs an additional backlog of \$5 billion in wastewater infrastructure needs over the next 20 years.

Meeting these challenges will require the efficient use of state tax dollars and HB 4043 can help reduce project costs. A study from BCC research showed that with an open evaluation process municipalities in Oregon could save between 9% and 78% on pipe materials, regardless of which material is used. Comparing costs of ductile iron pipe in two Oregon cities that do not have material competition with two cities in Washington that do, the research team found that the same size, same material iron pipe was 42% more expensive. So to be clear, these savings are not based on choosing a less expensive material, but rather reflect the proven impact of competition.



The policy in HB 4043 is not new and is currently being implemented in several localities. Similarly, the United States Department of Agriculture (USDA) Rural Development Water & Waste Disposal Loan & Grant Program requires an open bidding process and has provided \$17.4 million across fourteen projects for water and waste water projects in Oregon during FY2018. Tens of millions of dollars have been spent every year in Oregon under this policy.

Finally, a 2018 report by the US Conference of Mayors Water Council stated “adopting practices and policies that encourage standardized comparisons of different pipe materials for water, sewer and stormwater projects provides mayor with an opportunity to reduce the local costs of pipes and maintain equal or better public safety and material performance levels.” The report also stated “...communities with open procurement policies have been able to lower their costs for purchasing pipes even in cases where the same material is used. In fact, going from a closed to an open policy on average can save local governments 30 percent in capital costs on pipe, or roughly \$100,000/mile.”

For these reasons, ACC urges your committee to pass HB 4043. Thank you for the opportunity to share these views. If you have any questions, please do not hesitate to contact me at 916-448-2581 or tim_shestek@americanchemistry.com. You may also contact ACC’s Oregon-based representative Matt Markee at 503-378-0412 or matt@markee.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Ti Sh", with a long horizontal flourish extending to the right.

Tim Shestek
Senior Director, State Affairs

cc: Members, Oregon House Committee on Water