

MEMBERS PRESENT: Chairman Dini  
Vice Chairman Schofield  
Mr. Craddock  
Mr. DuBois  
Mr. Jeffrey  
Mr. May  
Mr. Mello  
Mr. Nicholas  
Mr. Polish  
Mr. Prengaman  
Mr. Redelsperger

MEMBERS ABSENT: None

GUESTS: Please see Guest List attached.

Chairman Dini called the meeting to order at 8:05 A.M.

Mr. Dini stated that AB-543 has been withdrawn by the City of Reno and I will entertain a motion to indefinitely postpone it. Mr. Jeffrey moved to INDEFINITELY POSTPONE, seconded by Mr. Nicholas. Motion carried.

Mr. Dini: The next bill we will consider is AB-566.

Deputy Fire Chief John Pappageorge, Clark County Fire Department: His testimony is attached hereto as EXHIBIT A, and made a part of these minutes.

Mr. Dini: How many hazards did you have in that?

Mr. Pappageorge: Blocked or locked fire exits, blocked fire lanes, open flame used in hazardous areas.

Mr. Dini: Do you have ordinances to outline those?

Mr. Papageorge: Yes, sir, we do.

Assemblyman Ed Kovaks, District #1: I came to my attention that the Fire Department of Clark County was classified as a township fire department and, because of that, the County Commissioners did not give the fire chief the right to prepare, sign, or serve written citations, including misdemeanors and violations of fire codes. This required the District Attorney's office to be contacted for assistance. In the meantime, with the events of the MGM and Hilton Hotel fires, the sheriff of Clark County was forced to deputize a number of fire inspectors so that they could carry out what was their normal activities. However, with that action, it placed Metro in a liability position of responsibility,

which wasn't fair or right. Such is the reason for the creation of AB-566. As you can tell by the summary, all it does is give the fire chief the ability to write citations for misdemeanors. Incidentally, there is an amendment to correct the summary and title of the bill by adding violations of fire codes. It is in the bill drafter's now. All it does is add "and violations of fire codes".

This concluded testimony on AB-566.

The next bill to be heard is AB-567 - Requires notice of hearing on proposed zoning changes to certain property owners.

Assemblyman Dave Nicholas: Let me introduce Mr. Frank Stipech, who is a constituent of mine, who brought to my attention a problem area in the area in which he lives which resulted in the drafting of AB-567 by the Legislative Counsel Bureau. AB-567 is an attempt to solve a problem and, hopefully, the problem will be solved with the assistance of those people who are for this, plus those people who are against it. The purpose of listening very carefully to the testimony of those against the bill would be to come up with some terminology that might be more acceptable and still get the job done. AB-567 essentially, and especially in rural areas, requests that zoning authorities, when zoning changes are requested, extend the diameter of the circle that they notify concerning a zoning change. There is going to be an obvious problem area here and, that is, they have a dollar value that they probably do not want to go past and, understandably so, and the notification of people in zoning changes, especially in high density area. If we get into a high density area and extend the zoning change notification diameter, we can get into literally thousands of dollars. In talking with Mr. Fittinghauf, before the meeting, for example, attempting to come down to realize the exact cost of an individual notice, we are certainly talking somewhere in the neighborhood of \$1.00, maybe, a little bit more, and in an urban area where you may be looking at 2,000 lots that could be within a half-mile radius, this could be a problem. So, the terminology we are seeking is terminology that can specify rural areas where the density, obviously, is very limited so that the cost is not high.

Mr. Frank Stipech: We were on a trip when this zoning problem came up. None of the neighbors told us when we got back what was going on. We were not notified by mail, because there is only one family that I know, within three hundred feet of this Virginia Square on South Virginia. Most of you probably know where the big 'Carpeteria' sign is; just south of there is going to be Virginia Square, another shopping center. What they are planning on doing is extend Blue Stone Drive over from the South Hills area, or Huffaker Hills area, near Capeteria, across South Virginia Street, west into Dixon Drive. Dixon Drive (or Lane)

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is a deadend street-only six families-a very quiet, peaceful area. We are going to be directly affected in that it is going to be a through street with a lot of traffic, noise. Every family living on that street are senior citizens, except one. What I would like to see is something done so that all the people who are directly affected, I don't know if half a mile will do it, by this zoning change will be notified in some way.

Mr. Nicholas: Frank, you are located in what essentially in what we might call a rural area.

Mr. Stipech: Right, unincorporated rural.

Mr. Dini: Do you think this language will do that, Dave?

Mr. Nicholas: I think that from the objections that we will hear later, this language may not be specific enough. What I would really like to see, if I may suggest this, Mr. Chairman, depending on the results of this hearing, would be, several of the people who testify here, getting together with me or someone you might designate and come up with language that might be a little bit closer to the mark. Even if we run into a problem involving time, because we are winding down here, I still think it ought to be done right.

Mr. Redelsperger: Is there any way we could get enabling legislation where you could have the County Commissioners draft something along these lines and solve the problem. Have you tried to approach them yet to see if they could find a procedure along these lines?

Mr. Nicholas: No, we are still in the birth bag.

Mr. Redelsperger: You do have your local planning board and commissioners within that county and, perhaps, they could take care of the problem there.

Mr. Stipech: I went to the Planning Commission when I realized what the problem was and I asked them if this could be done. They told me that I would have to go to the Legislature. So, that is all I can say.

Mr. Redelsperger: It is really a local matter as far as the Planning Commission is concerned.

Mr. Stipech: Don't they have these same problems in Henderson and Las Vegas, Elko?

Mr. Jeffrey: I would think that they could go over the 300 ft. in the matter of notification, if they chose to. I think that is the minimum requirement.

Mr. DuBois: They do have problems in Clark County with the 300 ft. rule.

Mr. Dini: If you are like my area, 300 feet doesn't make any difference. They get all the protests and then they still give variances. So, what good does it do to protest?

Mr. Polish: We have the same problem. We have no alternatives.

Mr. Dini: Maybe, we should make this so that they have to respond to protestors.

Mayor Ron Player testified in opposition to the AB-567: Maybe we can come up with some terminology that would better clarify this. For that purpose, I have brought with me this morning Mr. Alex Fittinghauf(sp.) who has prepared a chart which I think will visually tell you what this bill will do to, for example, the City of Sparks and any metropolitan area that is involved with this.

Mr. Fittenhauf(sp) referred to a map: This is a map of the boundaries of the City of Sparks which is included in the hearing of next Monday night of the City Council on zoning and zoning regulations. There are eight meetings scheduled. The areas colored in red are the 300 foot radius from the extremities of the property. These are the areas for which legal notices have been mailed. 164 notices were sent out for these eight cases. I understand what Assemblyman Nicholas is talking about in the rural areas and I agree that you have ranches of hundreds of acres. It doesn't make a lot of sense just to notify one or two people. Maybe, there should be a minimum of ten notices go out, for example. Or at least the 10-20 immediate neighbors and I would not have a problem with that. In this case, we also cross the city boundary. We have no records in City Hall in Sparks of county property, so we have to go to the Assessor's Office, the City of Reno, to parcel books and latest printouts to find out who owns what.

Mr. Dave Deets, representing Douglas County and employed as a planner with the Planning Department: To give you an idea of the range of costs associated with this, if this is passed as is, is that in the urban areas of either the South Shore area or Minden-Gardnerville, we estimated that a quarter acre area that would be involved in some sort of change of land use would cost the department in excess of \$1,000 in direct mail costs. As far as in the rural areas, this also can be a burden. A one-acre

area that is largely undeveloped, which is quite common in Douglas County, such as that the 300 foot kicker would not come into effect, we are talking about \$300.00 mailing costs. Our fee for this sort of thing is \$100.00. flat. If this was passed, or some version of it affecting rural areas only, we would like some kind of option to at least recover our costs on it. This would be fee increases to match that. Obviously, in a county where there are no incorporated cities, we have a slightly different situation than, say, Washoe County. We budget approximately \$3,000 a year for mailed notices and our County Board of commissioners has already assured that in all cases we do more than the minimum required by state law.

Mr. Walter Sullivan, Senior Planner with Carson City and Mr. Glen Finnell, also a planner with Carson City, testified next.

Mr. Sullivan: Looking at the map we have posted, we have chosen the capitol area as an example. On the map to the left is the legal required area for noticing, which is 300 feet. There are approximately 75 to 100 ownerships in that area. In a half-mile radius, there are 1,900 homes. An average notice costs approximately .90¢ to \$1.00. We do realize that there is a problem and our Planning Commission has addressed the aspects of noticing in rural areas. One item we are looking at would be along the lines of establishing some guidelines that in the rural area that at least ten to twenty notices would be sent out to properly notice large lot developments. I do have a problem with some of the language in the bill. On Line 15 and Line 16, it addresses an area of one-half acre. From the City's standpoint, we would like to have that further clarified with the wording: "one-half acre and larger". As to a remedy of the situation, our staff would be available for any input that might be needed. The city is looking at putting in the local newspaper a section where all the governmental advertisements are made and providing, in the future, a map of sufficient scale and putting in a few stars or checks where the applications are taking place. A lot of times, the public does not get down to read the actual notice in the paper, but if they do see a star, they will know some action is taking place within their neighborhood.

Mr. Charles Eddleman, Assistant City Attorney for the City of Reno: The City of Reno underestimated our costs in light of what the people from Sparks and from Carson City and Gardnerville have said. We estimated postage alone to be approximately \$6,000, and it seems to be low. The City of Reno has no objection to extending the 300 foot boundary for certain areas, such as industrial or where the land changes from agricultural to residential/agricultural to commercial to avoid the problem that the gentleman who sat here here and first spoke in favor of the bill.

But as people from Sparks, Carson City and Douglas County have all pointed out, the terrible burden it will put on the City Clerk's staff and planning department to notify people half a mile away in a zone change for Second and Virginia Street, people half a mile away really don't care if Second and Virginia Street goes from a C-3 to a C-2 zone, for example. But, if it is in their neighborhood, they do care.

Mr. Craddock: Could we possibly use a minimum number rather than distance.

Mr. Eddleman: Certainly in the fringe areas where sprawl starts to take over, the City would have no objection to that.

Mr. Patrick Pine, representing Clark County: We have a rough estimate that, should AB-567 pass as written, it would cost us in the neighborhood of \$200,000 additional annually for our notice process. The county would be happy to work with Mr. Nicholas to reach some agreement on what a reasonable floor would be, whether that's by some designation for the more rural areas where there is a minimum number of people to be notified - I don't think we would have any problem working with them on that. In addition to the notification, we have a number of undeliverable letters because we have so many out-of-state owners. Those undeliverable letters are retained in individual files for each zoning action in the county for from three to five years and then put them on a permanent microfilm record to keep track of notices being sent so that at a later date, someone cannot say that we did not make the effort to notify them. As the bill is drafted, Clark County would be opposed to it but we would be willing to work with Mr. Nicholas on some sort of arrangement.

Mr. Nicholas: We have noted in the commentary of some people who have quite a bit knowledge in this area that there are a number of broad areas of interest that are governed in this bill. We have the criteria of density, of the number of notices, and the present zoning and what kind of zoning to change would go to. We have the criteria of government jurisdiction. There appears to be a chance of being able to come up with some language that might come closer to the mark. Perhaps some sort of study is in order.

Mr. Dini indicated that the testimony on AB-567 was concluded.

Mr. Dini stated that the next bill to be discussed is AB-568.

Mayor Ron Player: Could I have a clarification as to the change in language "every statement made during a hearing or any deliberation" concerning an annual budget of local government which is purported to be a statement of fact, must be made under oath or affirmation. What I am asking is: does the terminology say any deliberation. For example, if my staff is in the process

of putting together the budget, do they in fact have to take an oath that anything they say during that deliberation is fact? The way I read this, it says that. I don't mind taking an oath if I am discussing it in a public meeting, but if I have a staff working on the budget and they are making statements and they are putting this budget together, this says that any deliberations concerning that budget means they have to take an oath and who is going to be there to administer it and who is going to be there to police it?

Mr. Dini: During a hearing or any deliberations concerning an annual budget - do you mean to tell me that staff might lie during a hearing?

Mayor Player: No, but while they are deliberating toward an end...

Mr. Dini: But, they are supposed to be facts.

Mayor Player: This is true, but how, when they are working and deliberating to an end to a budget to bring to us...I don't have any problem taking an oath that what is in that budget is correct, but what I am saying is that the way this reads, that before they can have any deliberations on that budget, they have to take an oath of office. My question is: who is going to administer the oath and who is going to police it? When it should be policed is in the public hearing. I have no problem with that. But during the process of deliberation, putting together the annual budget, I think you have a problem.

Mr. Gary Vause, Las Vegas: I am a licensed real estate broker and also owner and operator of Child Care Pre-Schools and Kindergartens in Las Vegas and Clark County. I am also a member of a group called CPE, Citizens for Private Enterprise and a group called CBAC, Citizens Budget Advisory Committee. I am here representing myself. Last year, when SB-204 was passed, we got involved in looking into the Clark County and City of Las Vegas budgets. One of the things we discovered was that we are not very good at reading or understanding budgets. They are very confusing the way they are prepared. What we found, and I am sure this is common knowledge, is that our county commissioners and city commissioners rely on staff, usually a county manager or assistant county manager or budget expert or analyst, and during these deliberations or public hearings when budgets are presented, any questions or testimony or discussion is done by staff. They prepare charts and graphs and tables and present them and interpret them. I think this is good law that somebody on the public payroll should be sworn under oath that what they say is in fact the truth. They accept salaries to serve the public and, although they might not lie, but I think this covers that. For that reason, I support this bill.

Mr. Dini: Do you feel that the public has been abused in the way the budgets are presented?

Mr. Vause: My personal reaction is yes. In Clark County, we asked how many vehicles were owned. The answer was X number. We didn't think to ask how many were leased. That is a whole bunch more. There was a fund that kept moving around. We called it the shell game. I believe it is called the short term financing fund which covers all of the obligations due in a year. There was enough money in that fund to pay all of the indebtedness, principle and interest, and still we owe several million dollars. We found out later, that fund was used to buy, you can take your choice; it was used for the jail, additional county building for office, etc. Yes, the statements that are made would be more carefully answered if they were under oath. This is the purpose of having public hearings for budgets. You are talking about hundreds of thousands of dollars, even millions of dollars, that are sort of callously thrown out, like it is fifteen cents. They are pretty casually discussed.

Mr. Dini: They are pooling all these monies to pay these bonds and they build a surplus and they are not appropriating the interest, isn't that what that is?

Mr. Vause: They did that, in our opinion, yes.

Mr. DuBois: Mr. Vause, you mentioned the problems in interpreting the budget. Are you speaking of laymen interpreting the budget, or have you had CPA's who have gone in with you having a problem, too.

Mr. Vause: Both.

Mr. Redelsperger: Would this concern workshops to? As far as budgets are concerned? Local governments may start working on a budget as early as January and they don't really know how much money is going to be generated; they don't know what the assessments rolls are going to generate. They are working on arbitrary figures. There aren't any true facts. You are working on formulas at that time, and according to this, that would also cover those kinds of hearings.

Mr. Vause: My answer to that would be: as long as they are telling the truth, as far as they know the truth, there would be no problem.

Mr. Redelsperger: They don't know the truth. They don't know how much money they are really going to have so these are really wish budgets at that time. Are you trying to get to once the budget is basically finalized and they are sure of their figures



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then they present them to the public at that time.

Mr. Vause: At a public hearing where someone makes a statement that 'this is a fact', that to the best of their knowledge that it is a true fact, that's all.

Mr. Vause: Perhaps, you could put in the wording: "any deliberation at that public hearing", in the first line where it says: 'every statement made during a hearing or any deliberation', you could say: 'at that public hearing'.

Mr. G. P. Etcheverry, Nevada League of Cities: I object very strongly to AB-568 for various reasons. During the deliberations process in setting a budget together, if you had a public hearing at each one of these and took under oath, you probably won't get testimony from the department heads because they, at that time, have no idea what their budget is going to be. It's all wishful thinking. As far as a public hearing process, in most of the smaller communities of our state, you are very fortunate if you get one or two or, maybe, three people at a public hearing. And each political officer at a public hearing - a mayor, councilman - has taken an oath when he went into office to do the best he can and in upholding the state of Nevada laws. We just passed three tax bills - you have caps on the bottom-you have caps on the top, you have auditing procedures. You have every conceivable way of getting this information out to the public. You have to publicize your budget, tentative and final, and I think this is just another step in making local governments so tight that you won't be able to get anybody to run for office. Frankly, as a former public official, object to something like this very strongly. If you open everything up to an oath in your small towns, like Ely, Wells, Elko and Carlin, those department heads are going to have difficulty understanding what an oath is. I take exception to AB-568. We have enough stringent requirements on local governments as it is without adding some more. If we are having problems in certain areas, I think those areas ought to respond to those problems.

Mr. Patrick Pine, Clark County: Obviously, Clark County opposes this bill. I personally don't have a problem taking an oath on a number of matters, but I think there are some misstatements about what a budget is. It is an estimate, inherently. Every budget you have is a guess of what will happen somewhere down the road in the future, whether you are talking about the state budget, a local budget, or whatever. First of all, a budget is an estimate and you cannot say that it is a factual statement. None of us know when we adopt a budget whether it's a state or local budget, if the things we have in that budget are going to happen. So, that is problem No. 1, when you are talking about making statements of fact. Secondly, a budget is, in fact, a

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political document, adopted by a political body by elected officials and you should expect disputes about budgetary allocations. I would expect citizens like Mr. Vause to have differences of opinion with particular Commissioners that I work for. I think that is part of the process, in the same way I think the members of this committee expect people to come up here and argue with some of the bills you have proposed. That is part and parcel of the process. I don't think that is bad, but I think there are sometimes there are disputes about, for example, my giving you an estimated fiscal impact of some action. The best I can do is give you the most honest guess I have, but I can't tell you definitely. We may think something will cost so much, but we don't know for sure. There was a comment that in some public hearings, it appears that perhaps staff or commissioners somewhat callously handled these million dollar figures. It is not at all a callous kind of handling of the budget. First of all, we have a staff working year round on budget. We don't stop on any given day working on some aspect of budgeting; we always have someone working on it. We spend considerable time and effort and acquire talents to handle that budget. However, in a public hearing, I think it is true that the public may sometimes be intimidated because, like in Clark County, you are dealing in huge amounts of money, you are talking about a major operation which is extremely complicated and I sympathize with the public. It's like running a huge corporation and understanding a large government is as difficult if not more so than understanding other types of major businesses. I expect people to be sometimes confused because it is just big. As to the confusing form of the budget. I should point out that the budgets submitted by local governments are put on forms that are prescribed and mandated by state government. We have to use the forms that state government gives us and prescribes either under law or regulation. Local governments have no choice. They have to prepare budgets on forms and in the manner prescribed. I do think that wording of the bill as drafted does have some problems as far as determining what is purported to be a statement of fact. Purported by whom? Who issues the oath? What is a deliberation? We couldn't take an oath on very many things, when you are talking about a budget. Most of the time you would have to simply say: this is our best estimate. I can't tell you factually that that is what is going to happen. In budgeting, almost nothing can be purported to be a fact. There is a legal recourse to bring someone before a judge if there was a question. I'm not sure, then, that this bill really accomplishes anything more than what the existing law already gives you, which is a protection against people making false statements or misleading statements. You just have to understand that a budget is just not a factual document.

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Mr. Craddock: Would you perceive this to being a way to improve the creditability that the public would have?

Mr. Pine: No, I don't. Because in most cases a staff person or an elected official could take an oath on most budgetary matters. They would have to state that they could not state that a matter was fact, as I have testified previously. I don't think the public would feel any better because they would say: now the guy has given me an estimate, does that make me feel any better. Probably, not. If I were under oath, I would say: I can't say that that is a statement or factually what will happen. Budgeting is before the fact, not after the fact.

Mr. Craddock: We could have a statement of fact as to how many cars there are.

Mr. Pine: I think so. But, there again, it depends on how you answer the question. I don't think we try to deliberately mislead. The question was how many do you own, how many do you lease, how many do you rent at a given time? That gets to be very complicated and also in a big organization, it changes on almost a daily basis. Somebody says: how come they told me 510 cars a week ago and they told me 525 another week later? There may have been a shift of contracts and leases in our operations of fifteen cars over a two-week period. That's not an infrequent kind of change. We are that big of an operation. Those kinds of things are changing all the time.

Ms. Ruby Barker, representative of Town Advisory Boards: I have a great deal of difficulty with this. First of all, we work directly under the County Commissioners. We are not salaried. We don't have a staff and so, everything everybody else has said is just double for us. I have a very big problem with that one word "deliberation". Does this mean that at any time during the year, if someone says: I need a new rug for the meeting room that we both say that we will have to consider it in next year's budget. I would have no argument for that bill if you take out that word: "deliberation". If hearings are under oath, fine. Everything else we talk about is an estimate.

Mr. Redelsperger: Did you ever have any experience in drafting a town budget prior to going on the board?

Mrs. Barker: No.

Mr. Redelsperger: Now, see, here's a problem. A lot of these people are lay people coming on. It's their first budget and they are sworn in and yet these are estimates. They are going to be inhibited to really get into that budget and ask questions.

Mr. Mike Cool, City of Las Vegas: The City is not against the bill if it was amended to read: 'during a public hearing'. We have 54 divisions under 14 departments. We have formal workshops with those divisions for approximately six months prior to the submission of the tentative and final budgets. If we had to take the time to swear in those people as they come up and spending the hours we do with each of those department heads, it would be quite a lengthy problem for us. When the actual budget is presented to the Commissioners and to the public, we would have no problem with swearing that that in fact would be at that time our best statement of the fact or that it is in fact an estimate. When we have factfinders come in to the negotiations process. They do hire a CPA, generally. A CPA can generally sit down and go through a budget if they understand governmental accounting. We have gone out in our town hall meetings and sat down in a summary format at best and tried to explain to the citizens where their dollars do go. We break it down by departments and revenues in terms of general areas of revenue collection. Generally, the questions do not get into detail as to the number of cars, that type of thing. If you find a particular system that gives you that detail, usually they are searching for a particular subject, the best thing to do is take the staff aside and sit down with them and try to explain. There is no way he is going to grasp all those titular departmental funds in the hundreds of some odd millions of dollars, at one sit down. You can summarize with a citizen what you are doing in general with the budget and tax dollars and where the revenues are coming from, even though at that time they are estimates and the budget is a flexible document, as Pat has already stated. It changes daily. But there is no reason why you can't sit down with the public and communicate with them such. I don't really know, quite honestly, if I take an oath at a public hearing on a budget that it is going to mean all that much to the public in general. Maybe to a particular citizen that has a question, it might. If this act were to go through, the City of Las Vegas would have no problem on statements in a public hearing. It would be difficult for us when we are deliberating at staff throughout the year with the budget, to be constantly swearing to an oath.

Mr. DuBois: Has there ever been any effort made to summarize a budget and publish it?

Mr. Cool: Over the last three years, the City of Las Vegas has put together a pamphlet and done just that. In a graphic format, it shows departments in terms of total expenditures and shows the city's total revenues. It is available through various functions, such as the churches, town hall meetings. Normally, we publish about 15,000. They generally are all taken up.

Mr. Craddock: How often have you had a member of the general public show up at a workshop relating to the budget?

Mr. Cool: In my three years working with the budget process, never. I don't recall a private citizen showing at one of the staff workshops. You are talking about at least 54 workshops in a year's time. More, generally, because you have more than one. To be fair, we don't publicize our staff workshops. They are open if they want to come up.

This concluded the testimony on AB-568.

The next bill to be heard is AB-569 - Establishes \$10,000 as threshold for competitive bidding on public works projects.

Mr. John Madole, representing the Associated General Contractors: I am here to support AB-569 which would require government agencies to put out jobs over \$10,000 for competitive bidding. During the past few years, we feel that more and more times government agencies have encroached on doing work that ought to be performed by a contractor through day labor. This practice has eliminated small jobs which could be put out to contractors that are just beginning, particularly, minorities. The federal government has tried to remedy this problem by establishing special requirements for minority contractors. (1) a minority business set-aside, where a job is just negotiated with a minority contractor (2) by requiring a percentage minority subcontract by contractors that are bidding public works jobs with federal funding. Neither of these have been successful and they really just wind up costing the taxpayers more money. The market, we think, has gradually been eliminated for these small contractors and that AB-569 would require some of these small jobs to be put out to bid. Some of those small contractors have any bonding capability or any financial resources established yet and for a \$10,000 or \$15,000 job, they would probably love to bid on it. If the county or city is out performing this work themselves, they don't ever get a chance. I will leave a copy of "A Study of the Construct by Contract Issue" with the secretary for your study. It shows that it is better definitely for the taxpayer to put these jobs out to bid. A copy of the report is attached hereto as EXHIBIT B, and made a part of these minutes. The complete report is available. It is an 82-page report which I will be happy to furnish.

Mr. Polish: Do you have any figures of the percentage of large contractors picking up these small contracts?

Mr. Madole: You are saying that a large contractor would go ahead and bid a \$15,000 job very competitively and take it away from one of these small contractors that we are talking about? Probably, someone from one of the governmental agencies could

address that better than I, but I don't think that a big contractor that bids \$500,000 jobs generally wants to bid a \$10,000 or \$15,000 job.

Mr. Jeffrey: In my experience with contractors has been that they didn't want to bid the smaller jobs because they had bonding capability to bid the larger jobs where the competition was not so severe.

Speaking against AB-569 is Mr. Don Thompson, Clark County Department of Public Works: The bill appears to be based on the premise that we aren't doing contracting. It is just the opposite. It is our practice to review any project we get to determine what is the best, cheapest and fastest way to go. Any time those factors weigh in favor of a contractor, we do it. This bill would be very damaging to us, however, because the discretion that we now exercise would be removed from us. Any project of this minimal amount would have to have full plans and specifications, sufficient for bidding. We would have to go through all of the bidding processes, purchasing would become involved, all of the legal advertisements would be required and we would be prohibited from reviewing those bids that we did get and making a judgment as to whether or not they are too high and rejecting them and doing the work ourselves. If we got no bids, we would have to rebid, presumably, until we did get some bids and then we would be locked into a particular course of action. We would lose the ability to take on projects that have a particular kind of constraint. If we need to move quickly, we would still have to go through the whole procedure.

We would lose the ability to perform designs for projects having front end design and other work, such as survey and advance of construction funding. This would have a very significant effect upon our special improvement districts. In all of these districts, we have to have complete bid packages ready to do and they have to actually go to bid before we can bond. This is all front end financing at the local government level that it has to provide. We have talked to some of the engineering firms and they don't want to front this money, but this bill will make us do it.

Another significant area of impact is the work that we do in the rural areas. We have three projects in Laughlin in the amount of \$1.5 million. We are doing the design. We believe that our costs and the costs to the public would be substantially increased. We have a \$00,000 project in Searchlight, designing a water system. It is a very difficult process and it is one that we have been able to do and we believe that it is in the town's interests to cover the costs of the Department of Public Works, rather than the cost of the private engineering firm, which we believe would be substantially higher. We we are

required to bid on all projects over \$10,000, including your equipment, labor and material, almost any project is going to cost you that. Any one of those elements may cost you more than \$10,000. We might be precluded from doing our own survey. If we can do it cheaper we should be able to have that authority. We have in the neighborhood of fifteen road requests each year. This is a service provided to residents in some of the outlying areas. Residents in a small neighborhood and petition the Board of County Commissioners to have a road constructed in their immediate vicinity. The arrangement we have is that upon approval of the County Board of Commissioners, if they agree to pay for the materials, we provide the labor and equipment and pave the road. We believe that this service would halt completely because the whole project would have to be bid. Even if it did continue, we believe that the cost to those residents would be substantially higher and they would probably opt not to request that service. Most of our major road repairs are now contracted, but we believe this bill would substantially decrease the level of work that we could do for a patching program. We can now taking a patching crew and go into a town and pave or repave a street. Any such project that would exceed a  $\frac{1}{4}$  mile in length would have to be bid. Our patching program would, therefore, be substantially reduced. Our gravel maintenance program in Clark County exceeds \$1 million a year. The bill says you can't split a project down into small increments, so presumably, we might have to get out of the road maintenance business in Sandy Valley. It would also increase our costs and the costs to the public. I checked with the County Purchasing Department to see what they felt the impact would be and the opinion seemed to be that two additional staff and costs of about \$50,000 per year would be required to sustain the additional contracting workload that would be anticipated. We don't think it is necessary.

In summary, the bill appears to try to attack a problem that we don't think is really there. We buy our materials from contractors and private firms now. We review private costs with their own and go with whatever way is cheaper. We presently have a majority of our work done by contract now. The difference is that we are able to evaluate the cost of contract services and determine which course is in the best interests of the county and the public. Due to the location of some of our work and requirement to contract, might make it impossible to do that work because of the high cost. The bottom line is that this is a more stringent bidding requirement that will save neither time nor money in the completion of public works projects. On the contrary, I think the opposite is true. To bid jobs that can be done more efficiently with in-house staff, increased costs, increased bureaucratic paper shuffling and delays in completion, can be items that we would be faced with. Further, particularly with our road maintenance projects, inflation and critical materials

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is now and will continue to erode what we were able to accomplish with or without a ceiling. But, such a ceiling would only make that job much, much more difficult. In summary, there is an old statement: 'if it ain't broke, don't fix it'. In the situation here, we don't think it's broken.

Mr. Craddock: Mr. Madole indicated that there was a 50% disparity in productivity. Does the county do any on-going study as relates to productivity, in dollar value?

Mr. Thompson: Well, I'll answer it this way. We are always concerned about our productivity. We take what steps we can to improve that productivity. I haven't seen the study he is talking about. Everybody has had instances where they drive by a job site and see the proverbial leaning on the shovel. I think you will find that with a private firm, as well as the public firm. I don't think the public agency can be singled out to the extent that there is a lack of productivity. That is our fault as managers and we need to correct that. And, we try.

Mr. May: What is the disparity in salaries between an average kind of employee in construction or maintenance in the county versus one in organized labor in a similar job?

Mr. Thompson: If you are talking about union labor, the answer would be probably a minimum of two times and often three times. A union surveyor would cost about three times. Another problem with this bill is that it doesn't give us an escape clause. The small contractor, if he can't get bonded, we can't give him the work, anyway. The small contractors, I think, do have an opportunity to get on the larger projects by sub-ing out their work with the prime contractor.

Mr. Floyd Vice, Director of Public Works for Washoe County and Mr. Bob Mays, Road Superintendent for Washoe County, testified next.

Mr. Vice: We are here in opposition to AB-569 and, specifically, Section 4, which places a \$10,000 limit on all construction work that the county can do. In almost all instances, it also applies to Washoe County, we presently, and for the past several years, have bid a major portion of all of our public works projects. We do have some operations in the road maintenance and drainage maintenance that we feel that this bill could strongly affect detrimentally. On minor overlay projects, road shoulder repairs, emergency repairs, repairs after major storms, if we had to go out and have the engineering work done, surveying, preparation of plans, advertising, procedure for award of bid, preparation of agreements and posting of bonds, etc., for this type of work, it would really be a terrible effect on our efficiency. We can

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do this type of work considerably cheaper in my mind than we could if we had to go through the contract procedures.

Mr. Craddock: How often do you have an isolated shoulder repair job that costs \$10,000?

Mr. Vice: It wouldn't be an isolated repair job that I am thinking of. My thinking is that when we have a storm, we put our crews out there and they are working on shoulder repairs possibly for two or three weeks or a month straight after those storms.

Mr. Craddock: In \$10,000 continuous increments?

Mr. Vice: In my opinion, yes, because it doesn't take long to reach \$10,000 when you have your equipment rental rate, operators and your material costs involved.

Mr. Joe Cathcart, North Las Vegas: I am also representing the Local Government Purchasing Study Committee, just reiterating what has already been said. Especially for the smaller cities, \$10,000 of repairs we find we have to handle in the aggregate. In case of a storm, we might have to go out and just eat away at the repairs, rather than take the funds and do it all at once. Because of the limited budget amounts, we have to wait for that money to come in before we can get the job done. We do a lot of projects that way. We can't go out and bid it all at once.

Mr. Chuck Neeley, representing Clark County School District: The District is in opposition to AB-569 and I have to take some opposition to Mr. Madole's statement that the small contractors are much more efficient in their work than the entities themselves. We have tried. We have been into an extensive rehab program within the school district itself, when we first went into this. We have tried from time to time, because we try to work with our general contractors and the association, because we feel we have to have their cooperation when we do have large jobs. We have bid painting jobs, roof jobs. We have gone into an extensive program in developing school, city and county parks and we have bid these jobs to get the price and then we have had our crews go back in and perform the same work and in each case, we have been able to do the work at less cost and it has been a better job because the people who are performing this work are the ones that have to maintain and keep these buildings up. We are opposed to this. We feel that this limitation of \$10,000 having to prepare plans, specifications and go to bid, along with the time delay, is not efficient for government because we know that the dollars we have are precious to us and they are taxpayers' dollars and when we have a large job that requires a general contractor where many crafts are involved, yes, those jobs are let out for general contracting. So, we are opposed AB-569.

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Mr. Charles Eddleman, Assistant City Attorney for the City of Reno, and Miss Debbie Langston testified next.

Mr. Eddleman: We are here to both support and defeat this bill. I would like to support the idea that raising the limit to \$10,000 is necessary because of inflation. The \$10,000 today is certainly not the \$10,000 of years ago, when the original limits were set. We are, however, opposed to Paragraph 4, Section 1 and also feel that some amendment to Paragraph 1 of Section 3. In Paragraph 1 of Section 3, it talks about an exception made for the director. We believe that this should apply to all governmental agencies, so that if the bill should pass, that the advantage and exemption given to the Department of Highways and the Director of the Department of Highways should apply to other governmental agencies, as well. In Section 1, Paragraph 4 we have trouble interpreting the word 'construction'. Last year, the county health department in Washoe County said that the Reno should either reroof the jail now or we will close it down. Instead of going through a public works bidding procedure, we went through the Local Purchasing Act procedure; let the job out to minority contractor and he did the work, however, because we didn't dot the i's and cross the t's, we had a few clerical errors, the Labor Commissioner reprimanded the City and also the City is involved in civil litigation with this contractor, because we interpreted reroofing the jail as a repair. The Labor Commission interpreted that as being a public works new construction project. If you are going to leave 'construction' in, it needs modification or exemplification on Line 6 of Paragraph 4, Section 1. The term is just too vague. Perhaps, putting in 'also alteration and repair'. We think that the bid limit should be raised to \$10,000, but making the maximum \$10,000 is not going to work either because-all winter long we have 15 painters who paint the inside of city buildings. In the summer, they paint the curbs red and the street lines yellow. We would have to put that out to bid because over the aggregate, over a year's time, it is much more than \$10,000. The same is true of our road repairs. We had a boiler in City Hall break down. We went to a big funk as to whether we should put this out to bid or repair it in-house. We could repair it in-house, but, did we have to put it out to bid? This came right after the jail situation. It was less than \$10,000. You can see the dilemma. You are taking away the discretion of the governmental entity, when we can do some things more efficiently, faster and cheaper.

Mayor Ron Player, Association of General Contractors, and Mayor of the City of Sparks: I am sorry that the Association of General Contractors had to go to Washington and Oregon for their cost comparison studies of governmental agencies doing work versus putting these out to bid. In comparison studies on costs, which have been on-going for the last five years in the City of Sparks,

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Those studies have indicated some areas that very definitely that contracts should go to bid and those contracts do go to bid. Those studies that show it is cheaper and better for the taxpayers to do them with in-house, are done in-house. The way I read the bill, the maintenance of our parks in Sparks would in fact have to go to bid because, I am sure, the maintenance of the parks would cost over \$10,000 or an aggregate thereof. We have an on-going tree program where the trees are bid. We run a tree farm for the purpose of putting the trees into our park areas and I do know that the tree removal program would be in excess of \$10,000. We have an on-going street overlay program which calls for bids. Those that don't, we do on an individual basis. We have, in fact, purchased the equipment so that this can be done. By putting this restriction on, it does hinder the working of that political subdivision who is trying to do the job.

Mr. Craddock: You indicated an on-going study. Could you provide us with documentation on that.

Mr. Player: Yes.

Mr. G. P. Etcheverry, Nevada League of Cities: I have to respond once again to those smaller rural communities of our state where they haven't got the access to contractors or bidding procedures. This includes park services, overlay of streets, curb and gutter districts, which are done on an on-going basis by the local governments with matching funds from the residents in the area. There is also flood repair in the outlying counties. None of these can be accommodated with this bill in mind. I have to take some exception with and it sort of bothers me with this minority contractor thing. I think this is getting spread to a point that we don't know and are not sure what minority contractors really are any more. We had in one of our rural counties a minority contractor who bid on a job. They had the bid on specifications of the type of equipment that it would take to do the job. He did not even comply with that, but, yet, was awarded the job because he was a minority contractor. This bill must be looked at. You just can't brush the state with a broad brush and take care of all the problems. It just doesn't work in some of the rural areas. The \$10,000 threshold sounds pretty good, in light of inflation. But I think we need to be careful what we do in the rural areas.

Mr. Don Jessup, Vice President for Business, UNR: We oppose AB-569, for most of the reasons that have already be reiterated. Our agency has facilities on a state-wide basis, some of which are rather remote and we would have, I think, have a rather difficult time in getting small or even large contractors, for that matter, to do work. We have a ranch that the College of

Agriculture runs which is forty miles northeast of the City of Austin. We recently had a well that needed to be repaired and would cost slightly in excess of \$10,000. It would be very difficult to get a contractor to go out to repair the well because they have to pay for their crews to stay overnight. There is also a ranch bunkhouse that our crews could repair much cheaper. It is that kind of thing that we are opposed to.

Mr. Craddock: Do you have any idea what it costs to maintain lawn areas?

Mr. Jessup: I don't have that figure, but I will get that information for you.

Mr. Bob Sullivan, Carson River BOC: I am speaking in opposition to the bill. There are times in rural governments where we go out to bid even though we don't need to because of the dollar thresholds, because we don't have the equipment. But there are times we do have the equipment and the expertise and I think our discretion to utilize these funds, expertise and resources are well used. Naturally, in rural areas, we do not like the contractors' relief program. We know our contractors in rural areas. It is not like a large urban area. Each individual businessman is well known in the community.

This concluded the testimony on AB-569.

Mr. Dini: You have heard the testimony on AB-566. It does not need the amendment. Mr. Jeffrey moved a DO PASS, seconded by Mr. Mello. Motion carried.

On AB-567: Mr. Dini: It is going to be difficult to make this work. If you want to take it on as a challenge to try to work it out with these local governments, why, go ahead. With the lateness of the session, it means you are going to have to get it on in a hurry, or else it is just not going to fly.

Mr. Nicholas: I have the feeling that it may not fly this session. I would like to take a shot at it and turn out a product that might be useful in the future.

On AB-568: Mr. Jeffrey moved for INDEFINITE POSTPONEMENT, seconded by Mr. Mello. Motion carried.

On AB-569: Mr. Mello moved for INDEFINITE POSTPONEMENT, seconded by Mr. Polish. Mr. Craddock stated he wanted an opportunity to augment the record at a later date because I have a specific goal in mind that I don't think is being fully cleared up to the committee. Motion carried. Mr. Craddock was opposed.

On SB-100: This was on the desk downstairs for a couple of months and apparently didn't do the job. Mr. Schofield moved to INDEFINITELY POSTPONE, seconded by Mr. Jeffrey. Motion carried.

Mr. Dini: I have given you a report on the county salary bill. Look it over and give me some input this week. We are going to give the elected officials a 10% raise in salary the first of July. The Senate has concurred with the 95% rule. It will make district attorneys full time with no private practices. Take a look at these schedules and see what they look like to you. The main part of the raise goes into effect after the next general election.

Mr. Dini: I have a BDR for introduction. We are not going to hear it. It involves the Connecticut law on insuring revenue bonds. It works well for small issues like a half million dollars. Mr. May moved FOR INTRODUCTION, seconded by Mr. Mello. Motion carried. BDR-30-1865\* This will be rereferred back to committee.

On SB-390: Mr. Mello moved for INDEFINITE POSTPONEMENT. Seconded by Mr. Craddock. Motion carried, Roll call vote is attached.

On AB-495: Mr. Schofield moved to AMEND AND DO PASS, seconded by Mr. DuBois. Motion carried.

Mr. Dini adjourned the meeting at 10:35 A.M.

Respectfully submitted,

*Lucille Hill*  
Lucille Hill  
Assembly Attache

\* AB 610

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date May 5, 1981

PLEASE PRINT

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>		<u>I WISH TO SPEAK</u>		
			<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
David Dietz	Douglas County	X		✓	567
JOHN PAPPAGEORGE	CLARK COUNTY	X	✓		566
Don Thompson	Clark County	X		✓	569
GP Etcheverry	New League of Cities	X		✓	
WALTER SULLIVAN	CARSON City	X		✓	567
Gen Finnell	CARSON City	X		✓	567
FRANK STIPECH	Washoe Co.	X	✓		567
FLOYD VICK	WASHOE COUNTY	X		✓	569
ROBERT MAYS	WASHOE COUNTY	X		✓	569
DEBI LANGSTON	CITY OF RENO	X			567-568-569
Nick J Wagoner	I.U.O.E., Local 39	X		✓	543
KEN HALLER	RENO CIVIL SERVICE COM.	X		✓ ?	543
Garry Vause		X	✓		568

PLEASE PRINT







AB 566

John Pappageorge  
Deputy Fire Chief  
Clark County Fire Dept.

We support and need AB 566. Without the authority to serve written citations it is extremely difficult for a fire inspector to eliminate immediately life safety hazards such as blocked or locked exits, blocked fire lanes, and open flame use in hazardous areas which can result in explosions or fast spreading fires.

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Exhibit A

public's tax money and then permitted to compete in the marketplace with private taxpaying establishments. That small businesses, minority owned and otherwise deserve an opportunity to succeed and grow, in return, paying taxes back into the economy.

TAXPAYERS genuinely feel that private companies because of the profit motive and greater efficiency, can do MOST JOBS at LESS COST than government ...

### A PROPOSAL

... The announced legislative policy of this state, as expressed in Oregon State Law (ORS 279.023) is that public improvements shall be constructed at the least cost. If this policy is to be carried out, we MUST insist that public agencies:

- ... Account for ALL of their ACTUAL costs.
- ... Use realistic equipment rates in their estimates.
- ... Avoid "averaging" costs, such as composite Workers' Compensation rates, which make their costs appear lower than they really are.
- ... Recognize that a substantial part of the contract price is returned to the public "off the top" in the form of taxes, and is not a cost at all.
- ... Go "head to head" in competition with the private sector to see which method will cost less.

SB 847, addressing these problems, has been introduced in the 1979 Oregon Legislature. A synopsis of that bill appears on pages 70, 71, and 72 of A Study of the Construct by Contract Issue.

### CONCLUSION ...

... The objective of determining which method is least costly as set forth in Oregon State Law (ORS 279.023), is not being achieved and, in this respect, the present law is a failure. The cause of failure is easily identified: it lies in INADEQUATE PUBLIC AGENCY ACCOUNTING PRACTICES, which cause distortions in cost records and which erroneously indicate that costs are lower than they really are.

... Use of equipment rental rates that are far too low to cover all ownership and operating costs.

... The failure or refusal of agencies to include all overhead costs in their accounting records.

... THE FIRST STEP IN IMPLEMENTING THE POLICY OF LEAST COST, IS TO CORRECT THE SERIOUS ACCOUNTING DEFICIENCIES THAT NOW EXIST.

When these things are done — COSTS ACCURATELY RECORDED, CONTRACTUAL BENEFITS ACCORDED FAIR VALUE, TAX REVENUES RECOGNIZED AND ACCOUNTED FOR AND THE COMPETITIVE PROCESS ALLOWED TO OPERATE — then, but only then, will the policy of performing public work in the manner that is least costly finally become a reality.



# A STUDY OF THE CONSTRUCT BY CONTRACT ISSUE

Richard A. Franzke  
December 1978

(A DIGEST)

### INTRODUCTION

"CONSTRUCT BY CONTRACT" is this proposition ...

"Whenever practical, work on public improvements should be done by PRIVATE ENTERPRISE rather than by government. This will generally produce MORE for LESS cost."

AT THE HEART of this issue is the matter of COST. In a sense, this would seem to be a simple question. Which method of doing public works will cost least? In reality, however, it is a complex issue. How can one tell which is the least expensive method of construction? How do you value intangibles like a contractor's performance guarantees and warranty? What is the true cost of owning and maintaining construction equipment? Should the public own and maintain equipment, just for "emergencies?" This report will discuss these issues. Cutting across the fields of accounting, law and insurance, we will break the "CONSTRUCT BY CONTRACT" issue into its several elements and examine each of them in detail.

IF PUBLIC WORKS ARE CONTRACTED TO  
PRIVATE CONTRACTORS ...

... THE PUBLIC ONLY PAYS FOR WHAT IT RECEIVES: work actually done is basis for payment.

... PRICE IS FIXED and the public has NO RISK of cost increases.

... TIMELY COMPLETION is assured by the liquidated damage provision.

... faithful PERFORMANCE is backed by a 100% bond.

... CONTRACTORS MUST provide the public with insurance coverage.

... final work is warranted and defects must be CORRECTED AT NO EXPENSE TO PUBLIC.

B

Exhibit 8

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## THE GREAT COST DEBATE

... Our investigation shows there are very serious distortions in public agency accounting records ...

... The general inadequacies of cost accounting systems can easily result in misstating the cost of materials.

.. The most serious inaccuracy of public agency project cost records concerns equipment costs. (some agencies make no charge at all against project cost if the equipment is owned by the agency even though the use of such equipment will eventually wear it out and it will have to be replaced at taxpayer's expense.)

... Overhead costs are continually understated or omitted in PUBLIC AGENCY accounting practices.

... If the legislative policy that public improvements are to be built at "least cost" is to be observed, it is imperative that public agency accounting systems REALISTICALLY reflect the costs that are incurred by the agency. CORRECTION of existing accounting deficiencies should be the objective of any legislation on this subject.

## TAXES AND PROFITS: WHAT ARE THEY WORTH?

... A public agency contemplates a project and estimates it can do the work for \$95,000. The lowest private contractor bid is \$100,000. BUT, the contractor will pay back to the PUBLIC in taxes and fees \$7,500, for a NET COST to the public of \$92,500. WHICH IS THE LEAST EXPENSIVE WAY OF PERFORMING THE WORK?

... If we want to determine the least expensive method of constructing improvements, we should disregard costs to accomplish a separate, unrelated SOCIAL OBJECTIVE that are imposed upon one competitor (private sector) and not imposed upon the other (public agencies)

... Taxes imposed upon private enterprise, but which are NOT exacted from publicly owned construction operation, SHOULD BE DEDUCTED when the comparison of cost is made.

## ECONOMIC WASTE: Duplication and Low Utilization of Equipment

... "although there is no absolute rule to follow, a use rate of 60% to 75% is often quoted as a realistic use rate target for all but very special equipment."

EQUIPMENT	COST	% OF 1977 HOURS USED	FULL UTILIZATION
International Dump Truck - 10 yd.	\$31,000	379 hours	27
Ford Dump Truck - 4 yd.	7,000	101 Hours	7
Chev. Dump Truck - 6 yd.	8,500	296 Hours	21
Case Tractor 680 Backhoe	11,885	60 1/2 Hours	4
Chev. Dump Truck - 6 yd.	16,000	237 1/2 Hours	17
Bucyrus Erie Backhoe	28,650	9 Hours	-1
Case Tractor D-5808 Backhoe	15,000	105 1/2 Hours	8
Ford Dump Truck - 10 yd.	15,331	371 Hours	27
Ford Dump Truck - 10 yd.	15,331	497 Hours	36
Cat Grader No. 12	27,175	112 Hours	8
Ford Dump Truck - 6 yd.	8,500	273 1/2 Hours	20
Blaw Knox Paver	50,000	125 1/2 Hours	9
<b>TOTAL COST</b>	<b>\$234,552</b>		

## OTHER STUDIES OF THE ISSUE

... we have attempted to locate and review all studies that have been prepared by others on this subject including those prepared at the request of public agencies. It seems VERY SIGNIFICANT that all of these studies point to the same general conclusion ...

... public agencies can't reliably say they can do the work for less than private contractors because agency cost records DON'T INCLUDE ALL of their costs.

... Agencies have excessive investment in equipment which is not used sufficiently to justify public ownership.

... "IN HOUSE" WORK IS NOT SUBJECTED TO QUALITY CONTROL STANDARDS as critical as those imposed on private contractors, resulting in lower quality work.

## PUBLIC AGENCY CONCERNS

... The reasons most often expressed by public agencies as to why they must continue in the construction business are these ...

- ... EMERGENCY WORK
- ... BIDDING EXPENSES
- ... INSUFFICIENT CONTRACTOR INTEREST
- ... EMPLOYEE LAYOFFS
- ... LOCAL CONTROL
- ... LOWER COST

... WITHOUT questioning the sincerity of public officials, examination of the reasons they give shows their concerns are NOT JUSTIFIED.

... EMERGENCY WORK: Not only can the private sector be organized to deal with emergencies ... they may be able to respond more quickly and efficiently than the agency itself could.

... BIDDING EXPENSES: Most public work lends itself to the use of standard specifications which may be used over and over on many jobs. Unusual jobs requiring "custom" specifications can be handled under "equipment and labor hire" contracts.

... INSUFFICIENT CONTRACTOR INTEREST: This is due to lack of communication between public agencies and the construction industry. This problem is not insurmountable.

... EMPLOYEE LAYOFFS: No need for concern. Transition should be gradual. Equipment should be retired and personnel levels reduced through normal attrition. With shift of work to private sector, employment opportunities will INCREASE at higher wages than are presently paid public employees.

... LOCAL CONTROL: All of the decisions regarding performing public improvements remain vested in the local authorities, SAVE AND EXCEPT the fundamental principle that PUBLIC IMPROVEMENTS SHOULD BE PERFORMED IN THE MANNER WHICH IS LEAST COSTLY.

... LOWER COST: King County Washington officials corrected their cost accounting procedures and concluded that street work could be done by private contractors at a savings of 38% compared to traditional "in house" paving programs. This is the kind of local control the taxpayers respect.

## SOME SOCIAL CONCERNS

The Proper Role of Government ... what is it?  
Small Business ... would they benefit?  
How about Minority Business Enterprises?

It is dangerous to debate an issue such as this on the basis of philosophical arguments. However, we believe that most Oregonians still adhere to the concept that government should be no bigger than necessary to do the things that can't be otherwise done; that government should not be financed with the