

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 338-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Galizio
Carriers – Senate: Sen. Carter/
Sen. Winters**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 17 – 4 – 1

- House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Jenson, Komp, Kotek, Nathanson, Shields, G. Smith
– Nays: Gilman, Richardson
– Exc:
- Senate – Yeas: Carter, Johnson, Monroe, Nelson, Verger, Walker, Winters
– Nays: Girod, Whitsett
– Exc: Bates

Prepared By: Jack Kenny, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: January 23, 2009

Agency
Various

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Biennium
2007- 09

Summary of Revenue Changes

Funding for the Department of Higher Education capital construction and capital improvement projects includes Article XI-G bonds, energy loans, Article XI-F (1) bonds, proceeds from the issuance of Certificates of Participation (COP's) and gifts, grants and donations. Community College projects are funded with Article XI-G bonds and Lottery Revenue bonds issued in accordance with ORS 286A and local Community College resources. Other Fund revenues for all other agencies are proceeds from the issuance of COP's issued in accordance with ORS Chapter 283. Federal Funds are anticipated from the National Guard Bureau Federal/State Cooperative Agreements.

Summary of Committee Action

Senate Bill 338 provides additional Capital Construction authority for state agencies. Senate Bill 338 establishes authority for construction projects with costs over \$500,000, and for capital improvement projects with costs less than \$500,000. Projects identified as "Deferred Maintenance" include various components or sub-projects throughout Oregon that can be undertaken immediately or in the near future. Each project must be authorized by the Legislature. Project approvals, appropriations, and expenditure limitations approved in this bill will expire on June 30, 2013, unless otherwise indicated.

Given the unique nature of the economic stimulus package, the Committee adopted the following budget note that summarizes the intentions, issues, and reporting requirements that were discussed during the hearings on the bill:

Budget Note

The bond proceeds included in this economic stimulus package are being provided for deferred maintenance, renovation, and construction projects that are meant to stimulate Oregon's economy through job creation and retention throughout the state as quickly as possible. In order to help expedite the impact of these projects, the Legislature supports the proclamation of an Emergency Declaration by the Director of the Department of Administrative Services for the procurement of the projects and services needed for these projects. This should allow agencies to utilize the existing statutes from Chapter 279 that were created for situations of this nature.

Even though an Emergency Declaration will allow for quicker implementation of these projects, the intent is to retain a fair and legal process. There should be assurances that only legal, responsible contractors will be used. Emphasis should be made on using Oregon companies, employees, and products whenever possible. The use of minority, women, and emerging small business should also occur to the greatest extent practicable.

It is expected that the Department of Administrative Services will provide oversight of the economic stimulus program. Each agency receiving proceeds from the program will provide the Department with a specific budget for each project and a spending plan identifying the projected timing of expenditures required to complete the project.

The Department of Administrative Services is directed to report to the Legislature no later than May 1, 2009 on the status of these projects. For each project, the report should include:

- Planned project start date
- Actual project start date
- Project status
- Project completion date (or scheduled completion date if still ongoing)
- Expenditures to date
- Number of jobs created and/or retained
- Number of construction hours worked
- Percentage of jobs filled by Oregon residents
- Extent to which Oregon products, vendors, contractors, and sub-contractors used
- Extent to which minority, women, and emerging small businesses used
- Savings on energy costs for energy efficiency projects

It is the Committee's expectation that individual Community Colleges receiving bond proceeds from the economic stimulus package provide the same information in reports to the Department of Community Colleges and Workforce Development that will be forwarded by the Department to the Department of Administrative Services.

It is also the intent of the Committee that agencies are aware that information provided by the Department of Administrative Services in the status report will be reviewed by the Legislative Fiscal Office and will be presented to the appropriate committees during the agency's 2009-11 budget hearings.

Department of Higher Education

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$35,181,000 for three projects: a comprehensive renovation of Owens Hall at Oregon Institute of Technology (\$5,030,000), Phase 2 of the Steam Loop overhaul at Portland State University (\$17,500,000), and addressing significant deferred maintenance issues at the Physical Education Building at Western Oregon University (\$12,651,000).

Capital Renovation: The Committee increased the Other Funds Capital Construction limitation by \$34,614,000 for capital renovation projects at all seven University System campuses. The largest projects include improvements to a science building, Lincoln Hall, Neuberger Hall, other education and general buildings and roof repairs at Portland State University, plus renovations to Heckart, Reed, and Waldo Halls and a plumbing upgrade for the Strand Agriculture building at Oregon State University.

Capital Acceleration Projects: The Committee increased the Other Funds Capital Construction expenditure limitation by \$18,000,000 for the Health and Wellness Center (\$12 million) and the Classroom and Office Building (\$6 million) at Western Oregon University.

Department of Community College and Workforce Development

Deferred Maintenance: The Committee increased Capital Construction limitations for projects at Clackamas (\$2,587,500), Chemeketa (\$10,165,000), and Portland (\$6,655,000) Community Colleges to be funded with Article XI-G General Obligation bonds and Other Funds match provided by the colleges. This funding will allow the colleges to address significant deferred maintenance issues on their campuses. In addition, the Committee approved an increase of \$43,862,850 in Capital Construction limitation funded with Lottery Bonds to be used at all 17 campuses based on detailed information of deferred maintenance needs presented to the Committee.

Oregon Department of Transportation

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$4,353,406 for deferred maintenance projects throughout the state that can be undertaken immediately. Significant projects will be contracted in Josephine, Union, Douglas, Klamath, Clatsop, Jackson, Deschutes, Coos, Curry, Linn, Wasco, Clackamas and Umatilla counties.

Rail Station: The Committee increased the Other Funds Capital Construction expenditure limitation by \$24,900 for the Rail Station in Salem.

Department of Administrative Services

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$2,999,472 for deferred maintenance projects primarily at the Labor and Industries Building in Salem, and the Pendleton and Portland State Office Buildings.

Department of Corrections

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$6,685,000 for deferred maintenance including replacement of the electronic security network at the Snake River Correctional Institute in Ontario and a variety of electrical and lighting upgrades across the state to improve security and energy efficiency.

Oregon Military Department

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$4,358,013 for various projects including the repair and remodel of armories in Coos Bay, Prineville and Hood River, construction improvements at the Redmond Training Center, and upgrades to facilities in Hood River, Grants Pass and Warrenton.

The Committee increased the Federal Funds Capital Construction expenditure limitation by \$410,513 for potential federal matching funds for projects in Hermiston, Clackamas, Hood River and Hillsboro.

Oregon Youth Authority

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$9,225,863 for various projects including control room and HVAC renovations at Burns, Albany, LaGrande and Warrenton. In addition, significant construction for facilities renovations at Albany, Corvallis, Hillcrest and MacLaren (Woodburn) and the Youth Correctional Facility in Tillamook.

State Department of Fish and Wildlife

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$1,241,000 to address deferred maintenance needs including those at several hatcheries throughout the state.

Capital Construction/Improvements: The Committee increased the Other Funds Capital Construction expenditure limitation by \$1,320,000 for key projects including a building at the Hatfield Marine Science Center.

State Forestry Department

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$619,050 to complete structural renovations at facilities through the state including Veneta, Elkton, Tillamook, and Klamath Falls.

Sisters Relocation Projects – The Committee increased the Other Funds Capital Construction expenditure limitation by \$2,000,000 for the project to relocate its Sisters facilities. This relocation will provide needed modernizations and enhance public safety.

State Parks and Recreation Department

Deferred Maintenance and Infrastructure: The Committee increased the Other Funds Capital Construction expenditure limitation by \$869,000 for a variety of items including paving projects and additions of playgrounds and a restroom and playgrounds at various locations including Marion, Polk, Wallowa and Coos Counties.

Department of State Lands

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$260,000 for projects including a chiller replacement at the State Lands Building in Salem.

Portland Harbor Boundary Survey: The Committee increased the Other Funds Capital Construction expenditure limitation by \$200,000 for this project.

Judicial Department

Deferred Maintenance: The Committee increased the Other Funds Capital Construction expenditure limitation by \$415,000 to replace the roof on the Supreme Court Building.