

**74th OREGON LEGISLATIVE ASSEMBLY – 2008 Special Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5555-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Galizio
Carrier – Senate: Sen. Schrader**

Action: Do Pass the A-Engrossed Measure

Vote: 18 – 0 – 1

House – Yeas: D. Edwards, Galizio, Jenson, Morgan, Nathanson, Nolan, Shields, P. Smith

– Nays:

– Exc: Hanna

Senate – Yeas: Bates, Carter, Gordly, Johnson, Monroe, Nelson, Schrader, Verger, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jack Kenny, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: February 21, 2008

Agency
Various

Budget Page

LFO Analysis Page

Biennium
2007-09

Summary of Revenue Changes

Other Fund revenues are from the proceeds of the depreciation component of the Uniform Rent program and other deposits in the Department of Administrative Services (DAS) Capital Projects Fund established by ORS 276.005; proceeds from the issuance of Certificates of Participation (COPs) issued in accordance with ORS 283; aircraft registration fees assessed in accordance with ORS 837.045; and state gasoline tax and driver and vehicle related fees. Federal Funds are anticipated from the National Guard Bureau Federal/State Cooperative Agreements; and from the Federal Aviation Administration's General Entitlement Program, and Airport Improvement Program. Group Homes for the Department of Human Resources are funded through a General Fund appropriation.

Funding for Department of Higher Education capital construction projects includes Article XI-G and Article XI-F(1) bonds. Funding for Community College projects includes Article XI-G bonds and required matching contributions.

Summary of Committee Action

Senate Bill 5555 provides additional Capital Construction authority for state agencies. Senate Bill 5555 establishes authority for planning and design and construction projects with costs over \$500,000. 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.

Department of Transportation

Sisters Maintenance Station: The Committee increased the Other Funds Capital Construction expenditure limitation by \$3,399,999 for the purposes of acquiring land and constructing a new maintenance station in Sisters, Oregon. The Department of Transportation (ODOT) is in the process of reviewing the feasibility of acquiring new land and building a new maintenance station, moving to the new United States Forest Service (USFS) site and constructing a new maintenance station; or pursuing a re-zoning of a state owned stockpile site east of Sisters and constructing a new maintenance station. Nine site options are being considered by ODOT. ODOT's preferred option is to co-locate with USFS, but it may not be feasible if USFS is unsuccessful in partitioning their land. At a minimum, ODOT requires 4 acres to construct a maintenance station to meet their needs. ODOT estimates that land acquisition costs range from \$2.4 million to \$3.4 million depending on the size of the parcel. The Department of Administrative Services will unschedule this limitation pending satisfactory demonstration of need. Construction costs are dependent on the size and configuration of the land the maintenance station is to be built on. Additionally, the Committee directed the Department to report to a future meeting of the Emergency Board, no later than December 2008, on the status of the location and the estimated construction costs for the project.

Department of Administrative Services

State Data Center Consolidation: The Committee increased the Other Funds Capital Construction expenditure limitation by \$1,005,000 to continue the renovation of the Revenue building in phase 2 of the State Data Center Consolidation Project. This limitation expires June 30, 2011. Oregon state government consolidated several agency data centers into a single State Data Center operated by the Department of Administrative Services (DAS) in the 2005-07 biennium. The increase in Capital Construction limitation will allow DAS to convert the former data center space at the Department of Revenue into office space.

Department of Human Services

Group Homes for Persons with Developmental Disabilities: The Joint Committee on Ways and Means approved \$929,000 General Fund for capital construction expenditures for two group homes for persons with developmental disabilities. Approvals include a new home to be built in Salem on state owned land for an estimated \$839,000 and the retrofitting of an existing home in Newberg at an estimated cost of \$90,000.

Department of State Police

Oregon Wireless Interoperability Network: The Federal Funds capital construction expenditure limitation for the Oregon Wireless Interoperability Network (OWIN) project of the Department of State Police (OSP) is increased by \$6.0 million. The OWIN project was awarded a \$6.0 million U.S. Department of Justice Community Oriented Policing Services (COPS) grant to increase public safety information sharing and enhance voice interoperability. The grant will allow for replacement of microwave radio communication equipment used by the Oregon Department of Transportation (ODOT), OSP and other state agencies. The funds will also be used for enhancing the use of mobile data for public safety agencies in a large part of the state. Matching funds of \$2.0 million for this grant is provided by ODOT.

Military Department

The Committee approved the sale of 3.3 acres of real property in Newport adjacent to the airport. The Committee also approved the sale of the Klamath Falls Armory, including land and associated improvements, to the City of Klamath Falls with the understanding that net cash proceeds from the sale are first to be used to fulfill the matching funds requirement related to the construction of the Klamath Falls Armed Forces Reserve Center and prior to the proceeds being used for any other Capital Construction Account activities.

Department of Aviation

Aurora Land Acquisition and Taxiway Relocation: The Joint Committee on Ways and Means approved increases in expenditure limitation for the Aurora State Airport in the amounts of \$65,973 Other Funds and \$1,178,928 Federal Funds. These funds continue a project, the purpose of which is to purchase additional lands and construct of a new parallel taxiway at the Aurora State Airport. The existing taxiway, at 200 feet from Runway centerline to the taxiway centerline, will be moved an additional 100 feet to provide minimum separation standards for this FAA category of airport.

Lebanon – Runway Widening and Protection Zone: The Committee approved an increase in Other Funds expenditure limitation of \$13,658 and Federal Funds expenditure limitation of \$259,500 for the Lebanon State Airport. These funds continue a project, the purpose of which is to correct an existing encroachment of the runway safety area (RSA) and to widen the runway at Lebanon State Airport. The airfield drainage ditch currently fails to meet the prescribed RSA limits for the runway. Runway width needs to be increased from 50 to 60 feet to meet the minimum FAA standards for this category of airport. The widening of the runway would have seriously exaggerated the RSA encroachment problem. In addition to the above discussed work, the runway lighting is being upgraded to Medium Intensity Runway Lights (MIRL), the visual approach path guidance is being upgraded and some taxiway overlay will be completed to correct deteriorating pavement condition.

Mulino Construction of Taxi lane/access road and T-Hangers: The Committee approved an Other Funds expenditure limitation of \$2,200,000 for the Mulino Airport. Through an interagency agreement, the Port of Portland has agreed to pay for the construction of 36 nested T-Hangers at a cost not to exceed \$1.4 million and a taxi lane/access road at a cost not to exceed \$800,000. The Oregon Department of Aviation will be responsible for project management and oversight of the project construction including design, bids, construction, inspection and payment of invoices associated with the project.

Department of Higher Education

University of Oregon Arena: The Committee established a \$200 million Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation for construction of a new arena for the University of Oregon. Debt service will be paid by the University from Athletic Department revenues.

Budget Note:

The Committee approves construction of a new arena for the University of Oregon, with the understanding that the University of Oregon Athletic Department will establish and maintain an Arena Bond Reserve Fund until the time that the Article XI-F(1) bonds approved for this project are retired, as outlined in a February 19, 2008 letter from the University of Oregon President and entered into the record of the Committee. The Department shall only withdraw monies from this Fund in the event that Athletic Department net operating revenues, donations, and permissible withdrawals from the Athletic Department Legacy Fund are insufficient to meet the department's debt service requirements. The Committee expects that the university will limit withdrawals from the Arena Bond Reserve Fund to circumstances where other viable options to meet the department's debt service requirements, without expenditure of funds outside of the university's auxiliary and restricted funds available to the Athletic Department budget, are exhausted. The Department shall report all withdrawals from the Arena Bond Reserve Fund in its biennial budget requests to the Legislative Assembly.

Oregon Institute of Technology Health Professions Center (Phase 2): The Other Funds (Article XI-G bonds) Capital Construction expenditure limitation established in Senate Bill 5516 (2007) for the Oregon Institute of Technology Center for Health Professions facility was increased by \$3.5 million. The Other Funds (Other Revenues (including Federal Funds)) Capital Construction expenditure limitation established in SB 5516 for the project was reduced by \$3.5 million. The university has already raised funds for the constitutionally-required match against the Article XI-G bonds. Sale of the bonds will be delayed until the later part of the biennium to avoid debt service costs in 2007-09. Beginning in the 2009-11 biennium, debt service on the bonds will be paid with General Fund.

Department of Community Colleges and Workforce Development

Clatsop Community College: The Committee established an Other Funds (Article XI-G bonds) Capital Construction expenditure limitation and an Other Funds (Other Revenues (including Federal Funds)) Capital Construction expenditure limitation of \$4 million each for new facilities and facility renovations at Clatsop Community College, for the redevelopment of the college's Jerome Campus.

The college has already raised funds for the constitutionally-required match against the Article XI-G bonds. Sale of the bonds for the project will be delayed until the later part of the biennium to avoid debt service costs in 2007-09. Beginning in the 2009-11 biennium, debt service on the bonds will be paid with General Fund.

Budget Note:

The Committee approves \$4 million of Article XI-G bonds for facilities at Clatsop Community College, with the understanding that these bonds shall be applied against the total Article XI-G bond authorization for community college capital construction projects in the 2009-11 biennium budget. The Committee supports ongoing Article XI-G bond support of approximately \$40 million per biennium for community college capital construction projects, and understands that approximately \$36 million of additional Article XI-G bond authority remains for community college capital construction projects, for the 2009-11 biennium, under this policy. The Committee further expects that priority will be given to capital construction projects at community colleges that have not recently received Article XI-G bond proceeds from the state.