

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

MEASURE: SB 5506-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 20 – 2 – 0

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, G. Smith

– Nays: Richardson, Shields

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jack Kenny and Bill McGee, Department of Administrative Services

Reviewed By: Daron Hill, Paul Siebert, Steve Bender, Legislative Fiscal Office

Meeting Date: June 24, 2009

Agency

Capital Construction – Various Agencies

Budget Page

LFO Analysis Page

Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
			\$\$ Change	% Change
General Fund	\$ 29,256,500	\$ 0	\$ -29,256,500	100%
Other Funds	\$ 1,139,296,596	\$ 1,298,596,887	\$ 159,300,291	14.0%
Federal Funds	\$ 72,536,850	\$ 7,693,001	\$ -64,843,849	-89.4%
Total	\$ 1,241,089,946	\$ 1,306,289,888	\$ 65,199,942	5.3%

Position Summary

Authorized Positions	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

Summary of Revenue Changes

Department of Higher Education

Funding for Department of Higher Education Capital Construction projects includes Article XI-G bonds, energy loans, lottery bonds, Article XI-F (1) bonds, Certificates of Participation (COPs), and gifts, grants, and donations. Traditionally, the construction, renovation, and acquisition of instructional and public service buildings have been financed equally by the General Fund and Article XI-G general obligation bond proceeds. More recently, these facilities have been financed by donations and Article XI-G bonds. The donations are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on these bonds is paid with General Fund.

Deferred maintenance projects are partially funded with Small-scale Energy Loan Program funds (energy loans). Since 1980, when voters approved Article XI-J of the Oregon Constitution, energy loans are available to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes, and non-profit organizations for projects involving energy conservation, producing energy from renewable resources, using recycled materials to create new products, or producing or using alternative fuels. A loan may range from several thousand dollars to several million dollars. Debt service on the Article XI-J bonds for deferred maintenance projects will be paid with energy savings realized by the campuses and General Fund. Some energy loans have been taken out for other projects for which debt service is paid entirely with department funds budgeted as Other Funds Nonlimited.

Debt service on Lottery-backed revenue bonds is paid with Lottery Fund revenues.

Student unions, dormitories, parking structures, and similar projects are generally financed from auxiliary enterprise balances and the proceeds of Article XI-F (1) bonds. Debt service on these bonds is paid with revenues generated by the facility. A portion of debt service is paid with tuition and other campus revenues transferred from the Education and General Services program area; these funds correspond to those components of facilities financed with Article XI-F (1) bonds that are occupied by education, research, and administrative units.

COPs are used for several deferred maintenance, renewable energy, and Capital Construction projects. The debt service for these COPs will be paid with General Fund. Debt service on COPs sold for campus information technology projects will be paid with tuition and other campus revenues transferred from the Education and General Services program area.

COPs will also be issued for purchase of existing buildings on behalf of two campuses due to concerns regarding the constitutionality of using Article XI-F (1) bonds for building acquisition. COPs will be issued for this purpose on a one-time basis, pending resolution of the constitutional concerns. Debt service on COPs issued in lieu of Article XI-F (1) bonds will be paid with a variety of campus funds.

Other Funds (Other Revenues) from self-supporting projects, gifts, grants and donations, including Federal Funds, are a major funding source for Capital Construction projects.

Funding for projects included in the adopted budget consists of the following revenue sources:

Article XI-G bonds	Lottery Bonds	Energy Loans	COPs	Article XI-F (1) bonds	Other Revenues	Total
\$91,662,000	\$22,355,000	\$34,787,000	\$43,209,002	\$281,817,470	\$155,133,710	\$628,964,182

Department of Community Colleges and Workforce Development

Oregon Revised Statute 341.009 (14) directs that "...the state should maintain a policy of substantial state participation in community college building costs...". During the 1960s and 1970s, the Legislature authorized the sale of \$5-\$7 million in Article XI-G bonds per biennium for community college construction projects, with an equal amount of General Fund to meet the constitutionally-required 50 percent state match. In the 2005-07 biennium, \$38.5 million in Article XI-G bonds were authorized for college projects. Including Senate Bill 338 (2009), the state's economic stimulus package, an additional \$53.7 million was authorized in 2007-09, plus \$43.9 million in lottery bonds.

Projects included in the approved budget are funded with Article XI-G bonds, lottery bonds, and local revenues generated by the community college districts through local tax levies, donations, grants, or other sources. Local revenues are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on the Article XI-G bonds will be paid with General Fund. Debt service on the lottery bonds will be paid with Lottery Funds.

Other Agencies

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.

Summary of Capital Construction and Information Technology Subcommittee Action

Department of Higher Education

This bill provides appropriations and expenditure limitations for Capital Construction projects for the seven universities operated by the Department of Higher Education: Eastern Oregon University (EOU), the Oregon Institute of Technology (OIT), Oregon State University (OSU), Portland State University (PSU), Southern Oregon University (SOU), the University of Oregon (UO), and Western Oregon University (WOU). Approval of bonding amounts for Article XI-G, Article XI-F (1), lottery bonds, energy bonds and COPs is included in Senate Bill 5505.

Projects in excess of \$1 million that build, acquire, adapt, replace, or change the use or function of a facility are included in the Capital Construction program unit. All capital projects in excess of \$1 million require a separate Capital Construction expenditure limitation established by the Legislature or the Emergency Board.

The Subcommittee approved a budget of \$629 million Other Funds for 36 projects, reserves, and capitalized interest. Other Funds are reduced from the 2007-09 Legislatively Approved Budget through December 2008 by 16.5 percent. Significant projects include the South Waterfront Life Sciences facility, the Oregon Center for Sustainability, renovation of the EOU Pierce Library, the OSU Bates Hall/Hallie Ford Center, the UO Allen Hall renovation project, deferred maintenance projects at four campuses, several renewable energy projects, and ongoing funding for capital repair. The Subcommittee also approved a pilot project involving the use of commercial paper for Article XI-F (1) bonds, as a result of changes in the department's debt financing options enacted in House Bill 2199 (2007).

The approved budget includes four projects funded by COPs that in prior biennia have been funded with Article XI-F (1) bonds, on a one-time basis. The Department of Justice and bond counsel have raised concerns whether Article XI-F (1) bonds can be used to purchase existing buildings. If necessary, the Department of Higher Education will request the Legislature refer a constitutional amendment to revise Article XI-F (1) during the 2010 supplemental session.

System-wide projects The Subcommittee approved the following system-wide projects totaling \$312.3 million total funds:

- Capital renewal, code compliance, and safety: approved \$20,286,000 Other Funds (COPs) to maintain facilities throughout the Oregon University System and keep the deferred maintenance backlog from growing. Debt service on the COPs will be paid with General Fund.
- South Waterfront Life Sciences facility: approved \$50,000,000 Other Funds (Article XI-G bonds), \$60,000,000 Other Funds (Article XI-F (1) bonds), and \$90,000,000 Other Funds (Other Revenues) to construct a facility for health professions education, graduate and undergraduate education in life sciences and bioengineering, basic and translational biomedical research, and development of partnerships with private industry. The facility will house education and research programs from OHSU, PSU, OSU, UO, and OIT. Sources of Other Revenues

include private donations and grants from government agencies. Debt service on the Article XI-G bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from student tuition, rents paid by research and retail occupants, charges for service, parking, and general university operating funds.

- Oregon Center for Sustainability: approved \$80,000,000 Other Funds (Article XI-F (1) bonds) to construct a facility in Portland, in partnership with the Portland Development Commission, that will co-locate private businesses, non-profit organizations, City of Portland planning staff, and university programs. The purpose of the building will be develop and promote sustainable technologies in energy, transportation, building construction, water resources and management, social sustainability, and other topics. Debt service on the Article XI-F (1) bonds will be paid with tenant rents, including general university operating revenues from several OUS campuses.

The Subcommittee adopted the following budget note regarding this project:

Budget Note

In approving Article XI-F (1) bond financing for the Oregon Center for Sustainability project the Legislature finds that students and faculty of the Oregon University System will benefit from the opportunity to study the construction and operation of a living "net-zero" building, to interact with tenants involved in sustainable enterprises, and observe and participate in ongoing research projects involving build occupants. Therefore, the construction and operation by the Oregon University System of the Oregon Sustainability Center will further the statutory purposes of the Oregon University System and is therefore a project for higher education in Oregon and to lease any space in that center to other entities in a manner that the Board of Higher Education determines will further the interests of the Oregon University System.

- Biofuels demonstration project: approved \$4,000,000 Other Funds (Article XI-G bonds) and \$4,000,000 Other Funds (Other Revenues) for a pilot program to develop and test the use of biofuels for generation of electricity in the new OSU power plant. Grants and gifts are the source of the Other Revenues. Debt service on the Article XI-G bonds will be paid with General Fund.
- Wind demonstration project: approved \$4,000,000 Other Funds (Other Revenues) to construct wind turbines on campus or leased land and buildings. The source of Other Revenues is grants and gifts.

Eastern Oregon University The Subcommittee approved the following two projects for Eastern Oregon University, totaling \$14.4 million total funds:

- Zabel Hall: approved \$1,522,000 Other Funds (Article XI-G bonds), \$2,215,000 Other Funds (lottery bonds), and \$2,706,000 Other Funds (energy loans) for deferred maintenance and seismic upgrades. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$36,000, and General Fund.
- Pierce Library: approved \$4,000,000 Other Funds (Article XI-G bonds) and \$4,000,000 Other Funds (COPs) for renovations for the university's library. Debt service on the Article XI-G bonds and COPs will be paid with General Fund.

Oregon Institute of Technology The Subcommittee approved the following project for the Oregon Institute of Technology, totaling \$6.6 million total funds:

- Geothermal renewable energy project: approved \$2,000,000 Other Funds (Article XI-G bonds), \$2,000,000 (Other Funds (Article XI-F (1) bonds), and \$2,600,000 Other Funds (Other Revenues) to complete an expansion of its geothermal plant. The source of Other Revenues is gifts and donations. General Fund will pay the debt service on the Article XI-G bonds. Debt service on the Article XI-F (1) bonds will be paid with energy savings and general university operating funds.

Oregon State University The Subcommittee approved the following ten projects, totaling \$136 million total funds:

- Education Hall: approved \$4,000,000 Other Funds (lottery bonds) to address additional structural deficiencies discovered in a deferred maintenance project originally authorized in the 2005-07 LAB. Debt service on the lottery bonds will be paid with Lottery Funds.
- Strand Agricultural Hall: approved \$6,586,000 Other Funds (Article XI-G bonds), \$6,586,000 Other Funds (lottery bonds), \$6,851,000 Other Funds (energy loans), and \$4,847,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the Article XI-G bonds and COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$52,000, and General Fund. Lottery bond debt service will be paid with Lottery Funds.
- Bates Hall/Hallie Ford Healthy Children and Families Center: approved \$6,000,000 Other Funds (Article XI-G bonds) and \$6,000,000 Other Funds (Other Revenues) to remodel an existing building and construct a new building in order to enhance research into issues related to families, children, and aging. Debt service on the Article XI-G bonds will be paid with General Fund. The university has received gifts to finance the Other Revenues.
- Student Success Center: approved \$2,054,000 Other Funds (Article XI-G bonds), \$4,554,000 Other Funds (lottery bonds), and \$7,392,000 Other Funds (Other Revenues) to construct a new building offering tutoring, mentoring, academic advising, peer study sessions, and study skills classes for students and student-athletes. Debt service on the Article XI-G bonds will be paid with General Fund. Donations are the source of Other Revenues.
- Sonpark/EPA acquisition: approved \$1,900,000 Other Funds (COPs) to purchase two buildings on land owned by OSU and leased to a private developer. Debt service on the COPs will be paid with rental payments from tenants of the two existing and the new building. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.
- Warehouse acquisition: approved \$1,000,000 Other Funds (COPs) to purchase an existing warehouse building on the edge of the Corvallis campus for use by the College of Oceanic and Atmospheric Sciences (COAS). Debt service would be paid with general university funds dedicated to COAS. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.
- Cultural Center: approved \$10,000,000 Other Funds (Article XI-F (1) bonds) to relocate four student cultural centers from aging facilities into a new building. Debt service on the Article XI-F (1) bonds will be paid with Student Building Fee revenues.

- International Residence Hall: approved \$52,000,000 Other Funds (Article XI-F (1) bonds) to construct a new 300-500 bed residence hall with a living-learning center, academic offices, and other services. Debt service on the Article XI-F (1) bonds will be paid with revenue from housing fees.
- Sports Performance Center: approved \$12,000,000 Other Funds (Article XI-F (1) bonds) to add a practice gym to an existing athletic facility. Debt service on the Article XI-F (1) bonds will be paid with athletic revenues.
- CH2M Hill Alumni Center: approved \$4,200,000 Other Funds (Other Revenues) to expand the ballroom, kitchen, and other facilities in the Alumni Center. The source of the Other Revenues is donations.

Portland State University The Subcommittee approved the following four projects, totaling \$13 million total funds:

- Market Center building purchase: approved a \$1 Other Funds (COPs) expenditure limitation in anticipation of a request to the Emergency Board or the Joint Legislative Committee on Ways and Means to purchase a nine story office building at the corner of Market and 4th Street in Portland. PSU currently leases about two-thirds of the facility. Senate Bill 5505 includes \$27 million in COP debt capacity for this project. If the request is approved, debt service on the COPs will be paid with rental receipts, tuition and fee revenues, and indirect cost recovery from research grants. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.

If this project is approved, PSU will substitute the Market Center's underground parking capacity for a \$23 million parking structure planned for the 2011-13 biennium, removing the parking structure from its six-year construction plan.

- City Tower building purchase: approved a \$1 Other Funds (COPs) expenditure limitation in anticipation of a request to the Emergency Board or the Joint Legislative Committee on Ways and Means to purchase a seven story building from the City of Portland that will be leased back to the city and/or used for university purposes. Senate Bill 5505 includes \$27.5 million in COP debt capacity for this project, based on a 2004 appraisal. If the request is approved, debt Service on the COPs will be paid with rental receipts, tuition and fee revenues, and indirect cost recovery from research grants. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.

If this project is approved, PSU intends to relocate its School of Business Administration into the building at some point in the future. The university would then remove planned 2011-13 construction of a new \$90 million building for the School of Business from its six-year construction plan.

- Science Research and Teaching Center/Hazardous Waste Facility Phase 2: approved increases of \$2,500,000 Other Funds (Article XI-G bonds) and \$2,500,000 Other Funds (Other Revenues) to continue a remodel of Science Building II that previously housed the Public Health and Department of Environmental Quality labs. The project will also provide PSU with a facility to adequately dispose of hazardous materials.

The project was initially funded in 2007 with \$9.5 million in Article XI-G bonds and \$9.5 million in Other Revenues. In order to accelerate construction as a job creation measure, Senate Bill 338 (2009) reduced the existing expenditure authority by \$2.5 million in Article XI-G bonds and \$6 million in Other Revenues and established a new \$3.5 million Other Funds (COPs) expenditure limitation. Debt service on the Article XI-G bonds and COPs will be paid with General Fund. As a result of the current action, total General Fund-paid debt for this project

has increased from \$9.5 million to \$13 million. Other Revenues, which will be provided by PSU through grants and donations, have declined from \$9.5 million to \$6 million.

- Land acquisition: approved \$8,000,000 Other Funds (Article XI-F (1) bonds) to purchase six parcels in downtown Portland from TriMet. PSU is planning to enter into a land-lease with a developer that will construct and operate a mixed-use development that includes student housing, classrooms, and other space. The development project will proceed as an “off-balance sheet/off-credit transaction” that does not require legislative approval. This project replaces a \$1 expenditure limitation established in Senate Bill 5516 (2007) for student housing and land acquisition.

Southern Oregon University The Subcommittee approved the following two projects, totaling \$16.9 million total funds:

- Churchill Hall: approved \$2,730,000 Other Funds (Energy loans) and \$3,192,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$38,000, and General Fund.
- Theatre Arts Building: approved \$5,500,000 Other Funds (Article XI-G bonds) and \$5,500,000 Other Funds (Other Revenues) to remodel an existing facility and construct a four story addition to add educational, technical, and performance space for the Theatre Arts Department. Debt service on the Article XI-G bonds will be paid with General Fund. The source for Other Revenues will be gifts and grants.

University of Oregon The Subcommittee approved the following ten projects, totaling \$110.9 million total funds:

- Straub Hall: approved \$8,998,000 Other Funds (energy loans) and \$4,321,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$39,000, and General Fund.
- Allen Hall: approved \$7,500,000 Other Funds (Article XI-G bonds) and \$7,500,000 Other Funds (Other Revenues) to renovate and expand classroom, office, meeting and other space for the School of Journalism and Communications. Debt service on the Article XI-G bonds will be paid with General Fund. Donations are the source for the Other Revenues.
- Power station phase 2, waste gasification demonstration project: approved \$5,000,000 Other Funds (Lottery Bonds), \$13,502,000 Other Funds (Energy loans), \$3,663,000 Other Funds (COPs), \$29,150,000 Other Funds (Article XI-F (1) bonds), and \$5,000,000 Other Funds (Other Revenues) to complete replacement of the university’s central power station. The system will be designed to use alternative fuels and reduce the university’s carbon footprint. Debt service on the lottery bonds will be paid with Lottery Funds. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs for energy loans will be split between campus energy savings, estimated at \$1,400,000, and General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from operation of the plant, including charges to academic and other campus programs.
- Erb Memorial Union: approved \$2,260,000 Other Funds (Article XI-F (1) bonds) and \$300,000 Other Funds (Other Revenues) for a partial renovation of the west lower level of the facility. Debt service on the Article XI-F (1) bonds will be paid from student building fee revenues. Donations are the source of the Other Revenues.
- Chiles Center: approved \$1,000,000 Other Funds (Other Revenues) for renovation of classroom, laboratory, and other space in a College of Business facility.

- Alumni Center: approved \$9,975,000 Other Funds (Article XI-F (1) bonds) and \$6,825,000 Other Funds (Other Revenues) to complete construction of the university's Alumni Center. Debt service on the Article XI-F (1) bonds will be paid with general university operating funds. Donations are the source of the Other Revenues.
- Riverfront Research Park business incubator: approved \$1,500,000 Other Funds (Other Revenues) to create space for a technology business incubator in a building constructed by the university with Article XI-F (1) bonds approved by the 2007 legislature. Gifts and donations provide the funds for the Other Revenues.
- Barnhart Hall building envelope restoration: approved \$900,000 Other Funds (Other Revenues) to protect the interior of the residence hall from water damage. The source of the Other Revenues is housing and dining fees.
- Carson Hall electrical upgrade: approved \$560,000 Other Funds (Other Revenues) to update electrical systems in a building that retains much of its original equipment from 1949. The source of the Other Revenues is housing and dining fees.
- Earl Complex upgrade: approved \$2,924,000 Other Funds (Article XI-F (1) bonds) to replace and upgrade electrical and plumbing systems and resurface the roof in this 1950s era building that retains much of its original equipment. Housing and dining fees are the source for the Other Revenues.

Western Oregon University Three capital projects were approved in Senate Bill 338 (2009) so that construction could begin on an accelerated basis. No additional WOU projects were approved.

Project Reserves The Department of Higher Education may use project reserves to expend an Other Funds expenditure limitation in excess of a non-system-wide project's specific limitation authority. This additional expenditure authority for each project is limited by the size of the project. The Subcommittee adjusted the project reserves expenditure limitation by increasing Other Funds to reflect change in individual projects and the addition of new projects. Total project reserves of \$8,508,470 Other Funds (Article XI-F (1) bonds), and \$5,356,710 Other Funds (Other Revenues) were approved.

Capitalized Interest/Commercial Paper The Subcommittee approved an Other Funds (Article XI-F (1) bonds) expenditure limitation of \$5,000,000 as a pilot project to allow the department to demonstrate expected benefits of borrowing from commercial lenders to finance Article XI-F (1) projects during the construction period. House Bill 2199 (2007) authorized the department to enter into financial agreements related to Article XI-F (1) bonds as a means of reducing debt financing costs. A commercial paper program, in which funds are borrowed on a short-term basis, generally for no more than 270 days, would be expected to reduce interest paid during construction periods for two reasons. First, short term rates are generally lower than long term rates. Second, during the construction period, interest would be paid only on amounts as they are drawn from the commercial lender rather than on the complete amount to be financed. In addition, since bond sales occur annually or semi-annually, access to commercial paper would allow the universities more flexibility in bidding and construction which may result in lower project costs.

Capitalized interest costs on amounts borrowed under the commercial paper program will be charged against the expenditure limitation approved by the Subcommittee. The recommended budget includes a relatively small expenditure limitation to allow the department to verify its expectations regarding interest cost savings. The department is directed to report to the Joint Committee on Ways and Means in the 2011 legislative session on the results of the pilot.

Department of Community Colleges and Workforce Development

The Subcommittee approved a budget of \$128.6 million Other Funds for 15 new construction and deferred maintenance projects at 13 community colleges, increased by 46 percent from the 2007-09 Legislatively Approved Budget through December 2008.

The approved budget contains \$57,455,000 Other Funds (Article XI-G bonds) and \$57,455,000 Other Funds (Other Revenues) for nine community college Capital Construction projects.

- Treasure Valley Community College Ontario University Center: approved \$3,000,000 Other Funds (Article XI-G bonds) and \$3,000,000 Other Funds (Other Revenues) to construct a new university center in Ontario for science, agriculture, technology, and allied health programs.
- Umpqua Community College Roseburg Regional Health Occupations Training Center: approved \$8,500,000 Other Funds (Article XI-G bonds) and \$8,500,000 Other Funds (Other Revenues) to construct a new classroom and laboratory facility in Roseburg for healthcare, public safety, and information technology programs.
- Chemeketa Community College McMinnville Campus: approved \$6,255,000 Other Funds (Article XI-G bonds) and \$6,255,000 Other Funds (Other Revenues) to construct a new facility for healthcare programs and other academic uses in McMinnville.
- Columbia Gorge Community College Workforce Building: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new facility for renewable energy and other workforce programs, a One-Stop Center, and other uses supporting college and community needs.
- Central Oregon College Technology Education Center: approved \$5,700,000 Other Funds (Article XI-G bonds) and \$5,700,000 Other Funds (Other Revenues) to construct a new facility for flight instruction, aviation maintenance, automotive, and information technology programs.
- Portland Community College Cascade Campus Education Center: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new facility for education programs at the Cascade Campus on North Killingsworth Street in Portland.
- Lane Community College Downtown Campus Building: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new building to replace the downtown Eugene academic building.
- Clackamas Community College Harmony Campus Phase II: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a second building on the Harmony Campus near Clackamas Town Center for allied health, workforce, and other educational programs.
- Oregon Coast Community College Marine Science Building: approved \$2,000,000 Other Funds (Article XI-G bonds) and \$2,000,000 Other Funds (Other Revenues) to construct a new facility on the Central County Campus to support the aquarium science and other marine related programs.

The Subcommittee also approved \$13.7 million in Other Funds (lottery bonds) for six construction and deferred maintenance projects:

- Blue Mountain Community College Hermiston Higher Education Center: approved \$7,400,000 Other Funds (lottery bonds) to construct a new facility in Hermiston for physical and biological sciences.
- Rogue Community College: approved \$1,250,000 Other Funds (lottery bonds) to replace aging windows and air handling systems and renovate instructional classroom and laboratory space.
- Clackamas Community College: approved \$1,000,000 Other Funds (lottery bonds) for electrical improvements; repair and renovation of air handling units, exhaust fans, pumps, and controls; roof repairs; and necessary building upgrades.
- Central Oregon Community College: approved \$1,200,000 Other Funds (lottery bonds) for construction of six classrooms on space currently occupied by the college's tennis courts.
- Clatsop Community College: approved \$1,900,000 Other Funds (lottery bonds) for seismic upgrades to Towler Hall.
- Mt. Hood Community College: approved \$950,000 Other Funds (lottery bonds) to seismically upgrade a classroom/laboratory facility.

Department of Transportation

Co-location of State and Local Facilities A \$1 Other Fund limitation is approved to allow the Emergency Board to allocate additional limitation to take advantage of co-location opportunities identified during the biennium. Such opportunities are expected to save money for both state and local government.

Department of Administrative Services

The Subcommittee approved the following for the Department of Administrative Services:

Mill Creek Infrastructure: A \$5 million Other Funds limitation to expedite the development of the Mill Creek Corporate Center (Phase 1A parcels) by providing the needed development infrastructure so that the sites are “shovel ready” by late summer 2010. The project includes fill, completion of primary entrance to the property, and connecting facility sewer and water lines.

Roof Replacements: \$2,113,535 for roofing at the Human Services Building, Print Plant, and the Blind Commission.

Planning Funds: \$250,000 Other Funds to contract with various architects, engineers, and other specialists. Developing feasibility analyses and reliable cost information; preparing preliminary design for small to medium sized projects; and evaluating options to solve maintenance problems is an ongoing part of the department's responsibilities.

HVAC Improvement Projects: \$750,357 Other Funds for refurbishing the cooling tower, chillers, and performing HVAC upgrades at multiple buildings including the Portland State Office Building, the Public Service Building, Public Utility Commission, Employment, Central Point Lab, Portland Crime Lab, and the State Library.

Revenue Building Lighting Upgrade: \$617,329 Other Funds to provide major maintenance or replace failing lighting at the Revenue Building. Replacement fixtures will provide improved energy efficiency.

Justice Building Elevator Replacement: \$875,000 Other Funds to replace the elevator originally installed in the 1920s with a more reliable unit.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following project: Pendleton State Office Building – Space Improvements.

Department of Corrections

Junction City Site: \$44,675,713 Other Funds is approved to complete pre-engineering studies, design, wetland mitigation, and construct off-site infrastructure for facilities at Junction City. Infrastructure will be sufficient to enable the mental health facilities co-located on the site to move forward while the initial prison construction decision is delayed, reducing 2009-11 expenditures.

Department of Human Services

Mental Health Care Facilities – Phase 2: \$279,179,118 Other Funds is approved for continuing work on the project to replace the current Oregon State Hospital with two new facilities. This amount will allow continued work on both the 620 bed facility in Salem and the 360 bed facility proposed for Junction City. Both of these facilities are designed to meet the hospital’s continuous improvement plan which requires significant change in the way patients are housed and receive treatment. This change initiative has been substantiated by issues raised in the U.S. Department of Justice report of January 2008 which reviewed conditions at the hospital and details its evaluation of the state hospital's deficiencies.

Oregon State Police

Oregon Wireless Interoperability Network: \$187,779,889 Other Funds is approved to fund phases 2 and 3 of the OWIN project. Phase 2 will complete infrastructure and radio capabilities for the western half of the state, as well as infrastructure build out for the northeastern section. Phase 3 completes the radio installation for the northeastern section and completes the infrastructure build out for the southeastern section. The final phase, adding the radio component to the southeastern region, is scheduled for the 2011-13 biennium.

State Forestry Department

Land Acquisition: \$15 million Other Funds is approved for the acquisition of forest property in Klamath County known as the former Gilchrist Tract forest lands, and other adjacent forest lands. The source of Other Funds for this acquisition will be \$15 million from the sale of Lottery Revenue Bonds.

Oregon Military Department

The Subcommittee approved the following for the Military Department:

The Dalles Readiness Center: A \$1 Other Funds and \$1 Federal Funds placeholder for construction of a new readiness center at the Columbia Gorge Community College site. In addition to relieving overcrowded conditions at the existing 1949 structure, this facility will provide rental classrooms and an assembly hall for community events.

Milton Freewater Armory: \$3,348,000 Other Funds for design and construction of needed additions and alterations. The existing facility, constructed in 1954, has severe deficiencies in its electrical, mechanical, and structural components that threaten ongoing functionality. The size of the facility is more than 10,000 square feet under current federal requirements for its use.

Hood River Armory: \$1,358,762 Other Funds for design and construction of needed additions and alterations. The existing facility, constructed in 1955, has severe deficiencies in its electrical, mechanical, and structural components that threaten ongoing functionality. The size of the facility is more than 28,000 square feet under current federal requirements for its use.

Camp Withycombe Storm-water Infrastructure: \$1,300,000 Federal Funds for the Sanitary and Storm Sewer Infrastructure project includes upgrades and repairs to comply with municipal code requirements. The existing system has broken storm water conveyances which introduce storm water into the sanitary sewer lines, resulting in increased utility costs. This project will remove and replace 3,200 linear feet of noncompliant storm lines and catch basins and re-route approximately 1,200 linear feet of an existing open conveyance system.

Central Oregon BIAK Training: \$550,000 Federal Funds for the construction of a new restroom/shower facility as an addition to the main building. Using units and rental groups are currently forced to use portable toilets. This project will enhance the ability of the department to rent this facility.

Camp Rilea Roof and Siding Replacement: \$200,000 Federal Funds for replacing roofing, siding, and block wall around the base of a warehouse building.

Clackamas Armory Re-roofing: \$170,000 Federal Funds for improving roof drainage, replacing fascia board, and installing a new roof system.

Hermiston Armory Drill Hall HVAC: \$90,000 Federal Funds for adding air conditioning to the Armory Drill Hall, installing a back-up power generator for continuity of operations, and providing some funding for expansion of the military vehicle compound.

Coos Bay Armory Unit Transformation Project: \$350,000 Federal Funds for remodeling the Armory kitchen and female restroom, adding a female shower and locker room, and upgrading the classroom. The project also includes a data/telecommunications re-wire to bring this facility up to current standards.

Hood River Armory Improvements: \$233,000 Federal Funds for remodeling the Armory kitchen, providing upgrades to the classroom, replacing interior doors, improving finishes, and adding energy efficient lighting.

Central Oregon Readiness Center Interior Improvements: \$300,000 Federal Funds to address functionality issues resulting from the transition of the facility from a former OYA correctional facility. Restroom and security systems will be updated to meet current needs. Repairs to HVAC systems, changing out jail type doors, improving paving, and adding military vehicle parking are all addressed in this project.

Camp Rilea Water Supply System: \$3,000,000 Federal Funds to address a critical need to provide potable and fire suppression water. The project includes installing two new wells and refurbishing an existing well, installation of a storage tank, construction of support buildings, and connection to the existing water system.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: Lane County Armed Forces Reserve Center Complex; Camp Rilea Dining Facilities; Infantry Battle Course, Boardman Bombing Range; Qualification Training Range, Boardman Bombing Range; and The Dalles Readiness Center.

Department of Aviation

Joseph Airport Runway Taxiway/Apron Rehab: \$75,000 Other Funds and \$1,500,000 Federal Funds is approved to construct safety-related improvements. The renovation of the runway, taxiway, and apron is required under Federal Aviation Administration pavement standards.