

**75th OREGON LEGISLATIVE ASSEMBLY – 2010 Special Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5563-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Komp
Carrier – Senate: Sen. Johnson**

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

Vote: 23 – 0 – 1

House – Yeas: Barker, Buckley, Cowan, Edwards, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson

– Nays:

– Exc: G. Smith

Senate – Yeas: Bates, Courtney, Edwards, Girod, Johnson, Kruse, Monroe, Nelson, Shields, Verger, Whitsett, Winters

– Nays:

– Exc:

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

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: February 22, 2010

Agency

Capital Construction – Various Agencies

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Biennium

2009-11

Summary of Revenue Changes

Other Fund revenues are proceeds from the issuance of Certificates of Participation (COPs) issued in accordance with ORS 283; proceeds retained from certain property sales; state gasoline tax and driver and vehicle related fees, individual donations (including those made to the Veterans' Home Trust Fund), and various University System fees and assessments. Federal Funds are anticipated from the National Guard Bureau Federal/State Cooperative Agreements, and the US Department of Veterans Affairs State Veterans Home Construction Grant Programs.

Funding for Oregon University System capital construction projects includes Article XI-G, Article XI-F(1) bonds, Lottery Bonds, donations, and student fees.

Summary of Committee Action

Senate Bill 5563 provides additional Capital Construction authority for state agencies. Senate Bill 5563 establishes authority for planning and design and construction projects. Each project must be authorized by the Legislature. Project approvals, appropriations, and expenditure limitations approved in this bill will expire on June 30, 2015, unless otherwise indicated.

Department of Transportation

Transportation Headquarters Building Renovation: The Joint Committee on Ways and Means increased the Other Funds Capital Construction expenditure limitation established in section 1 (1)(b) chapter 742 Oregon Laws 2007 by \$64,733,792 for the renovation of the Transportation Headquarters Building in the Capitol Mall. The 2007 Legislature had previously approved \$4.7 million for planning and design costs. Additional limitation approved in this bill includes all building renovation costs, construction administration and project management services and all employee relocation costs and leased space for the duration of the construction phase.

Department of Human Services

Oregon State Hospital: The Joint Committee on Ways and Means increased the Other Funds Capital Construction expenditure limitation for the Oregon State Hospital by \$10,000 to correct amounts included in section 1(4), chapter 904, Oregon Laws 2009.

Department of Veterans' Affairs

Oregon Veterans Community Center: The Joint Committee on Ways and Means established an Other Funds Capital Construction expenditure limitation of \$964,714 and established a Federal Funds Capital Construction expenditure limitation of \$1,791,611 for construction of a multi-purpose area at the Oregon Veterans' Home in The Dalles. A Veterans Community Center will be added to the existing facility to provide a place for residents to gather and meet with other residents as well as space for planned activities. The Committee understands that the Department of Administrative Services will unschedule both expenditure limitations pending notification by the U.S. Department of Veterans Affairs of a \$1,791,611 grant award for the construction of an addition to the Oregon Veterans' Home.

Military Department

Polk County Readiness Center (formerly the “Dallas Readiness Center”): The Committee established a Federal Funds Capital Construction expenditure limitation of \$12,100,000 and increased the Other Funds expenditure limitation established by section 7 chapter 26, Oregon Laws 2009 by \$5,580,960 for design and construction of the Polk County Readiness Center. The revenue to support the Other Funds expenditure limitation is from the transfer of currently authorized certificates of participation (COPs) proceeds from: the Woodburn Armory (\$3,145,057), Hood River Armory (\$1,358,762); and the Milton-Freewater Armory (\$961,407). Each of these projects existing Other Funds Capital Construction expenditure limitation was reduced by the amount of the transfer (see below). Additionally, COP cash balances from the Newport Armory (\$64,531) and the Gresham Office Acquisition (\$51,203) will to be transferred to fund the remaining cost of the new Polk County Readiness Center. The Woodburn Armory will retain an Other Funds Capital Construction balance of \$108,800 and the Milton-Freewater Armory project balance is reduced to \$2,386,593.

Woodburn Armory Addition/Alteration: The Committee decreased the Other Funds Capital Construction limitation established by section 1(9)(c) chapter 742, Oregon Laws 2007 by \$3,145,057 to provide funds for the Polk Readiness Center as described above.

Hood River Armory: The Committee decreased the Other Funds Capital Construction limitation established by section 1(7)(b) chapter 904, Oregon Laws 2009 by \$1,358,762 to provide funds for the Polk Readiness Center as described above.

Milton-Freewater Armory: The Committee decreased the Other Funds Capital Construction limitation established by section 1(7)(c) chapter 904, Oregon Laws 2009 by \$961,407 to provide funds for the Polk Readiness Center as described above.

Ontario Readiness Center: The Committee increased Federal Funds Capital Construction limitation established by section 2(1)(a), chapter 742, Oregon Laws 2007 by \$265,000 for completion of the installation of the ground source heat pump system at the Ontario Readiness Center.

Camp Rilea Electrical Loop: The Committee established a \$619,000 Federal Funds Capital Construction limitation to acquire and install a high voltage electrical loop at Camp Rilea in Warrenton. The Committee approved a corresponding reduction of \$619,000 to the Federal Funds Capital Improvement budget in House Bill 5100.

Department of Corrections

Mill Creek Irrigation Wells Replacement The Joint Committee on Ways and Means established a \$900,000 Other Funds Capital Construction limitation to replace irrigation wells on property east of Salem expected to be sold to a private entity. The project will decommission four existing wells and install new wells and associated water lines.

Deferred Maintenance and Assessment: The Committee approved a technical adjustment increasing the capital construction limitation established in section 1(5)(a), chapter 742, Oregon Laws 2007 by \$1,425,912 for construction staffing. An equivalent amount was reduced from the Department's operating budget in House Bill 5100.

Oregon University System

This bill provides expenditure limitations for Capital Construction projects for three universities operated by the Oregon University System: Oregon State University (OSU), Portland State University (PSU), and the University of Oregon (UO) and for project reserves. Approval of bonding amounts for Article XI-G, Article XI-F (1), lottery bonds, and COPs is included in Senate Bill 5505.

The Joint Committee on Ways and Means approved a net increase of \$116.3 million Other Funds (2009 limitations) for five projects and reserves. This amount is in addition to \$629 million Other Funds for projects approved in Senate Bill 5506 during the 2009 legislative session. Projects approved include a new residence hall at the University of Oregon, purchase of the Market Center building by Portland State University, and improvements to recreational facilities at Oregon State University.

The Committee adopted language clarifying the Legislature's approval of Article XI-F (1) bonds for construction of the Sustainability Center in Portland. The \$80 million project was approved by the 2009 Legislature, but bond counsel determined that approval for use of the bonds was required in law rather than in a budget report.

University of Oregon:

The Committee established a \$75,000,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation for a new residence hall for the University of Oregon and repealed a \$1 Other Funds (Article XI-F (1) bonds) expenditure limitation for new student housing and dining at the University of Oregon established by the 2007 Legislature. The new facility, referred to as the East Campus Residence Hall, is planned for the corner of 15th Avenue and Moss Street in Eugene, in the east campus area, on land currently used as a parking lot, and will house 400-450 students. Debt service on the Article XI-F (1) bonds will be paid from housing revenues.

Portland State University:

The Committee established a \$4,500,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for additional renovation of Lincoln Hall at Portland State University. This is in addition to \$30.7 million in General Fund, Article XI-G bonds, State Energy Loan Program funds, and Certificates of Participation previously approved for deferred maintenance and seismic renovation of the 1911 building. The additional expenditure limitation, to be funded with donations, will be used to create a new entry to the building from SW Broadway Street, a three story glass tower with additional space for theater and dance uses, a marquee advertising performing arts events, and improved Americans with Disabilities Act access.

A \$1 Other Funds (Certificates of Participation) Capital Construction expenditure limitation established by the 2009 Legislature was increased by \$23,999,999 to allow Portland State University to purchase the Market Center Building located at 1600 SW Fourth Avenue in Portland. The Market Street Center, built in 1968, is a nine-story office building with two additional floors of parking holding 164 spaces. It is located near the PSU's Urban Center building, just outside the University District. Rent and parking revenues charged to occupants of the facility will be used to pay debt service on the COPs. Rent from PSU tenants will be paid with general campus funds: tuition and fee revenues, state General Fund, indirect cost recovery, and other sources.

Oregon State University:

The Committee established a \$7,450,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation and a \$300,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for an Intramural Outdoor Sports Complex at Oregon State University. A 2007 \$3,250,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for an Intramural Synthetic Turf Project was repealed. The new complex will be constructed on the site of existing intramural sports fields. The fields will be converted from grass to synthetic turf. The complex will include tennis and basketball courts and space for soccer, softball, and sand volleyball. The complex will be lit for evening use. It will include a bouldering wall, a barbecue area, and other amenities. A recreation plaza will include restrooms, storage and picnic areas. Thirty parking spaces will be added to accommodate visitors. Debt service on the Article XI-F (1) bonds will be paid with revenues from the student Incidental Fees. In May 2009, students approved an increase of \$17 per term for fall, winter, and spring, and \$12.50 in the summer term to pay for this project and the McAlexander Field House renovation project described below.

The Committee established a \$3,250,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation and a \$500,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for renovation of McAlexander Field House at Oregon State University. The facility was built as an armory in 1912. The facility is currently underutilized, and improvements will increase the usability and safety of the facility. The project will include a new hard surface court area to replace the existing concrete court structure, replacement of existing turf with new synthetic turf, a multi-functional climbing wall that includes a repelling station, a challenge course, exterior windows, repair and painting of walls and a bouldering wall. Debt service on the Article XI-F (1) bonds will be paid with student Incidental Fees that were increased to fund the McAlexander and Intramural Sports Complex projects as described above.

The Committee reduced the Other Funds (Article XI-G bonds) Capital Construction expenditure limitation and the Other Funds (Other Revenues) Capital Construction expenditure limitation approved for the Bates Hall/Hallie Ford Healthy Children and Families Center by \$1,000,000 each. Since the project was approved, costs have been reduced from \$12 million to \$10 million. OSU has received a single donation of \$5 million to provide the constitutionally required match for the Article XI-G bonds.

Project Reserves:

The Oregon University System 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. Reserves for Article XI-F (1) bond projects were increased by \$2,882,500 while reserves for Other Revenues projects were increased by \$415,000.

Project and Limitation Extensions

The Committee recommended approval of the extension of project expiration dates and expenditure limitations for projects as follows::

Oregon Military Department

Lane County Armed Forces Reserve Center Complex extended to June 30, 2011

Department of Community College and Workforce Development

Blue Mountain CC – Hermiston Higher Education Center	extended to June 30, 2015
Central Oregon CC– Classroom Construction	extended to June 30, 2015
Clackamas CC – Def. Maint, Cap. Renewal, Code Compliance and Safety Projects	extended to June 30, 2015
Clatsop CC – Towler Hall Seismic Upgrades	extended to June 30, 2015
Mt. Hood CC – Classroom and Laboratory Seismic Upgrades	extended to June 30, 2015
Rogue CC - Def. Maint, Cap. Renewal, Code Compliance and Safety Projects	extended to June 30, 2015