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# MEMORANDUM

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**To:** Transportation and Economic Development Subcommittee  
of the Joint Committee on Ways and Means

**From:** Kim To, Legislative Fiscal Office, 503-986-1830

**Date:** June 12, 2013

**Subject:** HB 2345 Relating to critical infrastructure Task Force  
Work Session Recommendation

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House Bill 2345 establishes the ten-member Oregon Innovation in Infrastructure Task Force charged with making recommendations to the Legislature regarding participation in a west coast infrastructure exchange partnering with innovators in other states and regions on the west coast to evaluate the status of existing infrastructures and to develop and implement critical infrastructure projects, including but not limited to projects involving energy transmission and efficiency, water storage capacity, municipal water systems and wastewater management.

In addition, the bill adds language providing that monies in the Marine Navigation Improvement Fund (MNIF) may be used to fund construction costs of dredging activities, and studies of maintenance projects related to existing federally authorized navigation improvement projects. Currently the Oregon Business Development Department manages the MNIF, providing grants or loans to ports for federally authorized navigation projects requiring matching funds or for non-federally authorized navigation projects directly support or access a federally authorized navigation improvement project. The bill clarifies the types of navigation improvement projects that can be funded with MNIF monies.

The measure previously had hearings in the House Committee on Transportation and Economic Development, and the Senate Committee on Rural Communities and Economic Development. The bill has passed through the House.

The original staff measure summaries and the fiscal impact statement are attached to this memo, and are available on the Oregon Legislative Information System (OLIS).

**Fiscal impact**

HB 2345 is anticipated to have minimal impact on the State Treasurer, the Department of Administrative Services, and the Oregon Business Development Department.

**Recommendation**

The measure is recommended to be moved to the Full Committee

**Motion**

Motion: Senator/Representative \_\_\_\_\_:

**I move HB 2345 to the Full Committee with a “do pass” recommendation.**

**Assignment of Carriers**

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House: \_\_\_\_\_

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2345 - B**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Kim To  
Reviewed by: John Borden, Paul Siebert, Steve Bender  
Date: 5/31/2013

**Measure Description:**

Establishes the Oregon Innovation in Infrastructure Task Force.

**Government Unit(s) Affected:**

Oregon State Treasurer, Department of Administrative Services (DAS), Oregon Business Development Department (Business Oregon)

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

House Bill 2345 establishes the ten-member Oregon Innovation in Infrastructure Task Force charged with making recommendations to the legislature regarding participation in a west coast infrastructure exchange to partner with innovators in other states and regions on the west coast to evaluate the status of existing infrastructures and to develop and implement critical infrastructure projects, including but not limited to projects involving energy transmission and efficiency, water storage capacity, municipal water systems and wastewater management. Recommendations should include creating and implementing new mechanism and strategies for financing critical infrastructure projects. The task force is required to submit a report to an interim committee of the Legislative Assembly no later than December 31, 2013. The bill sunsets on June 30, 2014. The bill contains an emergency clause, and takes effect on passage.

The bill directs the State Treasurer and the Department of Administrative Services to provide staff support to the task force. The bill allows the task force to meet at times and places specified by the call of the chair or the majority of the voting members. Members of the task force are entitled to reimbursement for travel and other expenses. DAS is required to cover claims for these expenses. This fiscal assumes that DAS and the State Treasurer will reprioritize duties and responsibilities of existing staff to support the task force, and that any resulting work can be absorbed with existing agency resources.

In addition, the bill adds language providing that monies in the Marine Navigation Improvement Fund (MNIF) may be used to fund construction costs of dredging activities, and studies of maintenance projects related to existing federally authorized navigation improvement projects. Currently the Oregon Business Development Department manages the MNIF, providing grants or loans to ports for federally authorized navigation projects requiring matching funds or for non-federally authorized navigation projects directly support or access a federally authorized navigation improvement project. The bill clarifies the types of navigation improvement projects that can be funded with MNIF monies. This provision does not result in a fiscal impact to the Oregon Business Development Department.

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session  
STAFF MEASURE SUMMARY  
House Committee on Transportation & Economic Development

**\*\* CORRECTED \*\***  
**MEASURE: HB 2345 A**  
**CARRIER: Rep. Read**

**REVENUE: No revenue impact**  
**FISCAL: Fiscal statement issued**

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<b>Action:</b>	Do Pass as Amended, Be Printed Engrossed and Rescind the Subsequent Referral to the Committee on Ways and Means
<b>Vote:</b>	10 - 0 - 0
<b>Yeas:</b>	Bentz, Cameron, Davis, Doherty, Gorsek, Lively, McKeown, Nathanson, Parrish, Read
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Troy Rayburn, Administrator
<b>Meeting Dates:</b>	2/27, 3/25, 3/27

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**WHAT THE MEASURE DOES:** Establishes the Oregon Innovation in Infrastructure Task Force, consisting of 10 members: two appointees from the Oregon Senate; two appointees from the Oregon House of Representatives; four appointees from the Governor; one appointee from the Director of the Governor’s Regional Solutions; and one appointee from the State Treasurer. Directs task force to make recommendations to the Legislative Assembly regarding assessing the status of existing infrastructures and on the development and implementation of critical infrastructure projects. Requires the State Treasurer and Department of Administrative Services to provide staff support to the task force. Sunsets task force on June 30, 2014. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Tool that can be used for Oregon’s next-generation infrastructure as well as improvements or repairs to Oregon’s existing infrastructure (bridges, court houses, highways, public health clinics, and water hydro facilities)
- Review of British Columbia examples:
  - lessons learned (do not reinvent the wheel)
  - project life cycle
  - private / public funding
- Acquire collective interest and buy-in through Design-Build Model and Integrated Delivery Model
- Assure prevailing wage is included in request for proposals (RFP) or bid process
- Oregon’s next steps:
  - Initiate stakeholder outreach and appointment of task force (research and advisory)
  - Prioritize projects and then project components or aspects
  - Develop a predictable process
  - Secure start-up funds
  - Outreach to and capitalize on private sector expertise
  - Do not set too many expectations that are not deliverable
- Speaker rescind subsequent referral to Ways & Means (March 25, 2013 Letter)

**EFFECT OF COMMITTEE AMENDMENT:** The adopted -3 amendment replace the original measure.

**BACKGROUND:** The measure outlines Oregon’s interest in innovation of design, financing, and asset management to close expected multibillion dollar investment gap for development of critical public infrastructure through establishing a center of expertise that will allow the state to take advantage of opportunities for innovation, innovative financing and regional infrastructure development.

California, Oregon, Washington and British Columbia have combined to form the West Coast Infrastructure Exchange (WCX). The Rockefeller Foundation provided two grants totaling \$750,000 for initial financing or start-up costs.

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***This summary has not been adopted or officially endorsed by action of the committee.***

The WCX is designed to tap the expertise of development and finance leaders to save money and find innovative financing methods and proposes to achieve cost savings and better collaboration to make infrastructure projects more feasible. Some examples of what the Exchange proposes to accomplish include: managing projects more effectively; collaboration with industry experts and innovators; helping connect governments to expertise to help design and build projects; and connecting projects to innovative financing, including potentially private capital

In the early stages, small-scale energy and water projects are a top priority for some jurisdictions, but the Exchange could serve an array of project types, both big and small, in the future. None have been selected as of yet because participants are deciding which services the Exchange will deliver and how projects will be identified.

Some examples of existing projects that have utilized innovative financing are outlined on the Exchange's web site: [www.westcoastx.com](http://www.westcoastx.com)

**REVENUE: No revenue impact**

**FISCAL: Fiscal statement issued**

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<b>Action:</b>	Do Pass with Amendments to the A-Engrossed Measure (Printed B-Engrossed) and Be Referred to the Committee on Ways and Means by Prior Reference
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Baertschiger, Burdick, Close, Prozanski, Roblan
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Racquel Rancier, Administrator
<b>Meeting Dates:</b>	5/9, 5/16, 5/23, 5/30

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**WHAT THE MEASURE DOES:** Makes legislative findings in regard to public infrastructure including need for innovation in design, financing and asset management; establishing center of expertise; and establishing western states as marketplace for innovative infrastructure financing. Creates Oregon Innovation in Infrastructure Task Force to make recommendations to Legislative Assembly regarding: participation in West Coast infrastructure exchange to assess existing infrastructure and establish West Coast marketplace for innovation; strategies for establishing center of expertise for innovative practices; methods to maximize value of public infrastructure expenditures; responsibilities of center of expertise to improve infrastructure systems; and data platform for infrastructure projects. Directs Oregon Department of Administrative Services and State Treasurer to provide staff support. Requires task force to report to interim committee of Legislative Assembly no later than December 31, 2013. Sunsets task force on June 30, 2014. Modifies and adds activities funded by Marine Navigation Improvement Fund (Fund) and reprioritizes projects to receive funding assistance. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Current state of Oregon’s infrastructure and need for financial resources
- Collaboration with other states to develop marketplace for best practices
- Need to identify and implement changes to facilitate private investment
- Partnerships British Columbia as an example of successful infrastructure innovation and private investment
- Lack of federal funding to dredge small coastal ports and negotiations with Army Corps of Engineers for state to provide funding assistance

**EFFECT OF COMMITTEE AMENDMENT:** Changes task force report date to no later than December 31, 2013. Modifies legislative findings regarding purpose of specified statutes for financing dredging activities. Modifies and adds activities funded by Marine Navigation Improvement Fund and reprioritizes assistance as follows: study and construction costs of maintenance projects related to existing federally authorized navigation improvement projects (Federal Projects); study and construction costs of navigation improvement projects that directly support or provide access to Federal Projects; construction costs for dredging new Federal Projects. Authorizes Infrastructure Finance Authority to develop criteria for funding maintenance projects.

**BACKGROUND:** The 2010 American Society of Civil Engineers Oregon Infrastructure Report Card gave Oregon’s infrastructure a C-. In 2012, Oregon in conjunction with California, Washington and British Columbia formed the West Coast Infrastructure Exchange to identify new methods to finance and facilitate infrastructure development. Currently, the exchange is a non-profit organization with coordination provided by the Oregon State Treasury and financial support provided by the Rockefeller Foundation. House Bill 2345 B establishes the Oregon Innovation in Infrastructure Task Force to make recommendations to the Legislative Assembly regarding innovative practices related to public infrastructure including participation in the West Coast Infrastructure Exchange.

The federal government has in the past funded dredging and maintenance activities for Oregon’s small coastal ports but no longer has the resources to do so. Oregon has an existing Fund for certain navigation infrastructure projects. House Bill 2345 B modifies the types and priority of projects eligible under the Fund.

6/4/2013 7:57:00 AM

***This summary has not been adopted or officially endorsed by action of the committee.***