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March 14th, 2013

To: Senator Betsy Johnson, Co-Chair
Representative Bob Jensen, Co-Chair
Members of the Joint Ways and Means Subcommittee
on Transportation and Economic Development

From: Chris Fick, League of Oregon Cities

Maintaining and enhancing Oregon's core infrastructure, such as our transportation and drinking water, stormwater and wastewater systems, is vital for attracting and retaining businesses, creating jobs and ensuring public health and safety.

The League of Oregon Cities understands that greater investment in infrastructure is a common priority for Oregon's communities. State investment in local and regional infrastructure will not only create jobs in the construction industry and repair critical facilities—it will also lay the foundation for future cycles of economic growth.

For these reasons the League strongly supports providing Lottery-backed bond funding for the following programs funded through Business Oregon and the Infrastructure Finance Authority:

- **\$50 million for the Regional Solutions teams.** These funds would be invested in local, regional and statewide economic development and infrastructure projects. Of this amount, \$20 million would be allocated proportionally for the state's ten Regional Solutions teams, giving local governments in every corner of the state the opportunity to seek funding for important infrastructure projects. The remaining funds would be allocated for priority regional development initiatives, including infrastructure related to industrial development sites, local government facilities improvements, water storage/delivery systems, and planning and design activities.
- ***\$25 million to recapitalize the Special Public Works Fund (SPWF).*** The SPWF provides financial assistance through grants and loans to help local governments finance basic infrastructure needs, including drinking water, stormwater and wastewater systems, as well as funding for transportation projects. In 2012, the SPWF awarded \$37 million in grants and loans, an amount significantly higher than the \$12.5 million and \$17.8 million

awarded in 2010 and 2011. Demand in 2013 is expected to be between \$25 and \$30 million, and will likely increase as word spreads about potentially lower interest rates for lower income communities.

- ***\$30 million for ConnectOregon.*** This program provides grant and loan funds for multimodal transportation projects. Funding for this program would almost immediately put Oregonians to work, while also creating a safer, more efficient and more reliable transportation network throughout Oregon. Demand for *ConnectOregon* funding in the current biennium has far exceeded the amount appropriated, and will certainly exceed the amount requested here.
- ***\$5 million to recapitalize the Brownfields Revolving Loan Fund.*** Demand for financing to address assessment and cleanup of contaminated industrial properties is steadily increasing at a time of tight commercial lending. The Brownfields Revolving Loan Fund is often the lender of last resort, yet only \$1.1 million remains unobligated. Demand for the program has increased from two projects in FY2008-09 to 15 awarded projects in FY2011-12. Six awards have already been granted in FY2012-13, and it is likely that by the end of the fiscal year projects will be denied due to a lack of funding.

The infrastructure needs of Oregon cities far exceed the local capacity to fund these projects. The League recently surveyed its members about infrastructure projects. Based on information gathered from eighty Oregon cities, representing 67 percent of the incorporated population in the state, the League estimates that more than \$2 billion is needed statewide for current city infrastructure projects.

Funding for water and wastewater projects represented the greatest need, as 314 projects were pinpointed by city respondents. The total cost of those projects is more than \$938 million. Transportation projects, though fewer in number, accounted for the highest cost by category: \$1.037 billion.

While the funding levels requested above will provide money for only a fraction of the identified need, we believe these investments would reflect the state's ongoing commitment to core infrastructure and economic development.

Contact: Chris Fick, cfick@orcities.org or 503-540-6585.

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The League of Oregon Cities is an association of all 242 cities in Oregon. Oregon's cities are home to seventy percent of all Oregonians and eighty percent of the state's jobs and income tax collections.