

**B-Engrossed**  
**House Bill 2345**

Ordered by the Senate June 4  
Including House Amendments dated April 1 and Senate Amendments  
dated June 4

Sponsored by Representative READ (Pre-session filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Innovation in Infrastructure Task Force. Sunsets task force on June 30, 2014.

**Expands eligible uses for moneys in Marine Navigation Improvement Fund to include paying costs of maintenance related to federally authorized navigation projects.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to critical infrastructure development; creating new provisions; amending ORS 777.262 and  
3 777.267; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. The Legislative Assembly finds that:**

6 (1) **Adequate public infrastructure systems are essential to a vibrant economy. Oregon's**  
7 **needs for many kinds of infrastructure development cannot be met using traditional devel-**  
8 **opment and financing methods. To close an expected multibillion dollar investment gap for**  
9 **the development of critical public infrastructure and to secure a sound and resilient econ-**  
10 **omy, Oregon must attract innovation in design, financing and asset management.**

11 (2) **Some public infrastructure projects require expertise in identifying, procuring, nego-**  
12 **tiating and implementing projects using a performance-based, life-cycle value method. To**  
13 **properly utilize, manage and implement such a method and to ensure that the public interest**  
14 **is protected through effective risk mitigation, Oregon must establish a center of expertise**  
15 **that will allow this state to take advantage of opportunities for innovation, innovative fi-**  
16 **ancing and regional infrastructure development while minimizing public risk and maximiz-**  
17 **ing the value obtained for taxpayer dollars. The design and implementation of such a center**  
18 **of expertise should draw from successful models that incorporate the flexibility and agility**  
19 **necessary to succeed while preserving public transparency, accountability and exemplary**  
20 **contracting attributes.**

21 (3) **To create an attractive marketplace that will draw high bidder quality and competi-**  
22 **tion, the western states need to be established as a marketplace for innovative**  
23 **infrastructure financing. This is best accomplished through regional collaboration to estab-**  
24 **lish best practices, coordinate interstate projects, and increase visibility of regional projects.**

25 **SECTION 2. (1) The Oregon Innovation in Infrastructure Task Force is established, con-**  
26 **sisting of 10 members appointed as follows:**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) The President of the Senate shall appoint two members from among members of the  
2 Senate.

3 (b) The Speaker of the House of Representatives shall appoint two members from among  
4 members of the House of Representatives.

5 (c) The Governor shall appoint four members as follows:

6 (A) One member with experience in critical infrastructure development and maintenance;

7 (B) One member with experience in private capital investment opportunities and strate-  
8 gies;

9 (C) One member with experience in managing public project development, delivery  
10 methods and financing; and

11 (D) One member who has participated in regional discussions and collaborations regard-  
12 ing west coast infrastructure status and needs.

13 (d) The Governor's Regional Solutions Director shall appoint one member who represents  
14 the team members of the Regional Solutions Centers.

15 (e) The State Treasurer shall appoint one member who represents the State Treasurer.

16 (2) The task force shall make recommendations to the Legislative Assembly regarding:

17 (a) Participation in a west coast infrastructure exchange effort that partners with  
18 innovators in other states and regions on the west coast to assess the status of existing  
19 infrastructures and to establish a west coast marketplace for innovation in infrastructure  
20 development, construction, financing and delivery of overall life-cycle value. The task force  
21 shall seek innovative methods to develop and implement critical infrastructure projects, in-  
22 cluding but not limited to projects involving energy transmission and efficiency, transporta-  
23 tion, water storage capacity, municipal water systems and wastewater management. The  
24 task force shall consider necessary financial, policy and other expertise from Oregon and  
25 other jurisdictions and develop guidelines for parity of participation.

26 (b) Strategies for the creation, funding, function and governance of an Oregon public  
27 corporation or other structure that will be a center of expertise to encourage and implement  
28 innovative practices, including:

29 (A) Performance-based contracting;

30 (B) Procurement for highest life-cycle value;

31 (C) Negotiated risk transfer to private participants;

32 (D) Combination of public and private construction capital; and

33 (E) Grouping of projects for efficiency in design, construction, financing and mainte-  
34 nance.

35 (c) Effective utilization of methods and tools that will obtain the best value from public  
36 expenditures for public infrastructure by:

37 (A) Encouraging innovation in design, delivery, construction, and financing;

38 (B) Providing greater access to sources of capital not currently available for Oregon  
39 projects;

40 (C) Transferring risks associated with the design, construction, financing, and long-term  
41 performance of infrastructure to parties or entities that are best able to manage the risk  
42 with economic efficiency;

43 (D) Ensuring competition;

44 (E) Combining similar projects for ease of financing and economies of scale;

45 (F) Providing for the long-term performance of infrastructure facilities through the use

1 of well-structured maintenance contracts that have scheduled costs and that reflect  
2 exemplary contracting standards;

3 (G) Accelerating the delivery of projects; and

4 (H) Preserving the economic, workforce, and community benefits of infrastructure  
5 projects through the application of contracting and sustainability standards, and policies,  
6 relating to prevailing wages, emerging small businesses, women and minorities.

7 (d) The responsibilities of the center of expertise, including but not limited to providing  
8 services to enhance, improve and maintain critical infrastructure systems in Oregon and on  
9 the west coast by:

10 (A) Bundling similar critical infrastructure projects;

11 (B) Creating performance-based partnerships to manage projects more efficiently;

12 (C) Collecting consistent, comprehensive and high quality data regarding existing  
13 infrastructure systems and potential infrastructure enhancements and development;

14 (D) Collaborating with industry experts and innovators;

15 (E) Providing technical assistance to design and finance critical infrastructure projects;  
16 and

17 (F) Creating and implementing new mechanisms and strategies for financing critical  
18 infrastructure projects, including but not limited to attracting private investors that have  
19 traditionally not invested in public infrastructure.

20 (e) A data platform that will help Oregon to identify, inventory and publicize potential  
21 infrastructure projects, and to facilitate consultation among project sponsors and funding  
22 program managers.

23 (3) A majority of the members of the task force constitutes a quorum for the transaction  
24 of business.

25 (4) Official action by the task force requires the approval of a majority of the members  
26 of the task force.

27 (5) The task force shall elect one of its members to serve as chairperson.

28 (6) If there is a vacancy for any cause, the appointing authority shall make an appoint-  
29 ment to become immediately effective.

30 (7) The task force shall meet at times and places specified by the call of the chairperson  
31 or of a majority of the members of the task force.

32 (8) The task force may adopt rules necessary for the operation of the task force.

33 (9) The task force shall submit a report in the manner provided by ORS 192.245, and shall  
34 include in the report the task force's recommendations required under subsection (2) of this  
35 section, to the interim committees of the Legislative Assembly related to infrastructure and  
36 business development, as appropriate, no later than December 31, 2013.

37 (10)(a) The State Treasurer and the Oregon Department of Administrative Services shall  
38 provide staff support to the task force.

39 (b) The department shall facilitate, manage and direct consultation among state agencies  
40 with respect to infrastructure needs and funding.

41 (11) Members of the task force who are not members of the Legislative Assembly are not  
42 entitled to compensation, but may be reimbursed for actual and necessary travel and other  
43 expenses incurred by them in the performance of their official duties in the manner and  
44 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions  
45 of the task force shall be paid out of funds appropriated to the Oregon Department of Ad-

1 **ministrative Services for purposes of the task force.**

2 (12) **All agencies of state government, as defined in ORS 174.111, are directed to assist**  
3 **the task force in the performance of its duties and, to the extent permitted by laws relating**  
4 **to confidentiality, to furnish such information and advice as the members of the task force**  
5 **consider necessary to perform their duties.**

6 **SECTION 3.** ORS 777.262 is amended to read:

7 777.262. (1) The Legislative Assembly finds:

8 (a) That recent changes in federal law authorize the United States Army Corps of Engineers to  
9 require ports and other local communities to provide a portion of the costs of dredging harbors and  
10 channels near those communities;

11 (b) That port districts and communities in this state cannot afford to pay the costs necessary  
12 to continue the dredging activities that are essential to keep the major harbors and waterways  
13 navigable for larger vessels in maritime trade; and

14 (c) That the State of Oregon must therefore pay for *[such]* **the** dredging activities when ports  
15 cannot, or this state must tolerate the loss of maritime trade and commerce that will inevitably re-  
16 sult from the halt of dredging activities.

17 (2) Therefore, it is the purpose of this section and **one purpose of ORS 777.267** to provide a  
18 method of financing *[required]* **all or part of the nonfederal portion of the costs of** dredging ac-  
19 tivities **that constitute new federally authorized navigation improvements** in the ports of this  
20 state when those ports are unable to finance *[such]* **the** activities.

21 **SECTION 4.** ORS 777.267 is amended to read:

22 777.267. (1) *[There is established in the State Treasury]* The Marine Navigation Improvement  
23 Fund **is established in the State Treasury, separate and distinct from the General Fund.** In-  
24 terest earned by the Marine Navigation Improvement Fund shall be credited to the fund. The mon-  
25 eys in the fund and interest earnings on the moneys in the fund are continuously appropriated to  
26 the Oregon Business Development Department for the Oregon Infrastructure Finance Authority for  
27 the purposes of:

28 (a) Paying a portion of the **construction** costs of dredging activities that **constitute new**  
29 **federally authorized navigation improvement projects and** are carried out in the harbors and  
30 channels on the Oregon coast and along the Columbia River when federal law or regulation requires  
31 a portion of the costs *[of such dredging]* to be paid by nonfederal interests; *[and]*

32 (b) Paying the study and construction costs of other new navigation improvement projects that  
33 directly support, **or provide access to**, a federally authorized navigation improvement project[.];  
34 **and**

35 (c) **Paying the study and construction costs of maintenance projects related to existing**  
36 **federally authorized navigation improvement projects.**

37 (2) The Marine Navigation Improvement Fund established by this section consists of moneys  
38 appropriated to the fund by the Legislative Assembly, repayment of loans made with moneys in the  
39 fund and bond proceeds deposited in the fund.

40 (3) Moneys in the fund shall be used primarily to make loans to ports for eligible projects. The  
41 authority may award a grant or provide other assistance from moneys in the fund to a port for an  
42 eligible project only if a loan is not feasible due to the financial hardship of the port or other special  
43 circumstances, as set forth in rules adopted by the department.

44 (4) Eligibility for assistance from the Marine Navigation Improvement Fund shall be limited to  
45 and funded, subject to the availability of funds, in the following order of priority:

1        *[(a) Federally authorized studies and construction of new navigation improvement projects.]*

2        **(a) Maintenance projects related to existing federally authorized navigation improvement**  
3 **projects.**

4        (b) Other new navigation improvement projects *[if the projects]* **that** directly support, or provide  
5 access to, a federally authorized navigation improvement project or a federally authorized naviga-  
6 tion channel.

7        **(c) New federally authorized navigation improvement projects.**

8        (5) **The authority shall limit** financial assistance for construction costs under subsection  
9 *[(4)(a)] (1)(a)* of this section *[shall be limited]* to those projects that have completed all federally  
10 required studies *[and have confirmed positive cost-benefit ratios as required by the National Economic*  
11 *Development Plan]*.

12        (6) **The authority shall limit** financial assistance for construction costs under subsection  
13 *[(4)(b)] (1)(b)* of this section *[is limited]* to projects sponsored by a port, as defined in ORS 777.005  
14 or 778.005, that meet criteria developed by the authority.

15        (7) **The authority shall limit** financial assistance for *[studies of other new construction*  
16 *projects]* **study costs** under subsection (1)(b) of this section *[is limited]* to projects that meet criteria  
17 developed by the authority.

18        **(8) The authority shall limit financial assistance for study and construction costs under**  
19 **subsection (1)(c) of this section to projects that meet criteria developed by the authority.**

20        **SECTION 5. Section 2 of this 2013 Act is repealed on June 30, 2014.**

21        **SECTION 6. This 2013 Act being necessary for the immediate preservation of the public**  
22 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
23 **on its passage.**