

May 15, 2015

Co-Chair Girod, Co-Chair Read, and Members of the Committee:

Modernizing Oregon's infrastructure is one of the top priorities of the Oregon Business Plan in 2015. HB 5030, Oregon's lottery bonding package, is a critical vehicle for realizing this goal. We commend the Governor's staff, agencies and legislators who helped put this package of proposed investments together. It very accurately reflects the needs that we heard as we travelled the state this summer, conducting a dozen community meetings with over 900 participants in a joint effort with Business Oregon and Regional Solutions. At the January 2015 Oregon Business Plan Leadership Summit we put forward recommendations for infrastructure investment based on the input from these regional meetings. Those recommendations, along with the infrastructure feedback from each regional meeting, are attached. As you can see there is significant alignment between what was suggested in each region and in the Oregon Business Plan and what is proposed in HB 5030.

We would like to highlight a few of these proposed investments. The **Special Public Works Fund** is Oregon's primary tool for providing loans to help local governments meet basic infrastructure needs like sewer and water. The 2015 request also includes monies targeted at providing infrastructure for industrial sites, which as you can see from the attached document was a top priority in nearly every region.

The **Regional Infrastructure Fund** invests in the top infrastructure projects in each region as identified by Regional Solutions. Regional Solutions has become an invaluable tool in identifying the top economic and community development projects in each region. This type of bottom-up planning, and the level of collaboration and discipline that it forces at a regional level, are a tremendous asset to help the State invest wisely in regional infrastructure projects. As you can see from the attachment, the list of Regional Solutions projects very accurately reflect the needs that we heard in communities across the state this summer.

The **Oregon Infrastructure Opportunity Program** is a new program that emerged directly from feedback in Oregon's rural communities. This program will provide loans to assist with the "last mile" of infrastructure needed to create immediate job growth in rural communities. The priority goes to projects that create jobs immediately and that, but for the loan, would not otherwise happen. Rural Oregon lags metro areas in the economic recovery, infrastructure has been identified as an essential need by these communities, and these communities are the least able to afford the needed infrastructure without some support from the State.

The **investments in water supply and storage are critical**. As you can see from the regional input, water supply and storage was identified by nearly every region as a priority. The efforts in the Umatilla Basin to increase opportunities for irrigated agriculture while protecting critical salmon habitat are decades in the making, and the conversation has moved from whether it is possible to one of financing infrastructure. This is a major achievement that has involved years of work and dozens of stakeholders and we hope that this is the legislative session where Oregon finally capitalizes on this opportunity.

As you can see from the attached Oregon Business Plan infrastructure agenda **Connect Oregon** and **Brownfields Redevelopment** are also key priorities. I'd also like to note that while we did not focus on it in this year's Oregon Business Plan, the need for available and affordable housing for all income levels is rapidly emerging as an economic development issue in Portland and across the state in places like the Columbia Gorge, Central Oregon and Southern Oregon.

Thank You.

Jeremy Rogers
Vice President, Oregon Business Council
Director, Oregon Business Plan

Modernize Oregon's Infrastructure

Draft for Discussion at the Leadership Summit

The recommendations below represent what we see as the best opportunities for Oregon to catalyze economic development by modernizing infrastructure in 2015. By modernizing, we mean expanding, upgrading, or maintaining built infrastructure as befits any particular need. While achieving this agenda in 2015 is no easy task, it is doable. Most of these investments are included in the Governor's Recommended Budget (GRB). The major exception is the transportation funding package. While not included in the GRB, this investment is critical for Oregon's economy and we are committed to helping make it happen.

Invest in Transportation Infrastructure

Highways, Roads, Bridges and Streets

Adopt a transportation funding package to address maintenance, preservation, modernization and resiliency in Oregon's state highways, county roads and bridges and city streets.

Multi-Modal Transportation

Adopt the "Connect Oregon VI" program to fund critical air, marine, rail, public transit, bike and pedestrian infrastructure improvements across the state. Oregon should also replace lost federal funding of Amtrak service, invest in transit services to help move elderly and disabled Oregonians, and identify funds to support Oregon's rural airports.

Capitalize Existing Infrastructure Funds That Support Economic Development

Industrial Lands Readiness Funds

Invest in industrial site readiness. The 2013 legislature passed but did not fund SB 246 and 253 to assist communities in assessing the readiness of their industrial lands and in getting those sites ready for development. Funding should be put to these efforts in 2015.

Regional Solutions Project Fund

Invest in the top Regional Solutions projects in each region. These are projects identified by private and public sector leaders as the highest priority economic development opportunities in their communities and include projects to address industrial site readiness, broadband infrastructure, workforce housing, and other critical economic development needs.

Water Resources Development Fund

Capitalize the Water Resources Development Fund. Two critical projects that should be funded include the Columbia River/Umatilla project and the WISE project in Southern Oregon. Both will improve agricultural productivity and environmental outcomes.

Special Public Works Fund

Re-capitalize the Special Public Works Fund (SPWF) to increase the ability for Oregon communities to address public infrastructure improvement backlogs. SPWF is the state's primary tool to assist local communities with infrastructure projects by providing low interest loans for publically owned facilities that support economic and community development.

Brownfields Redevelopment

Re-capitalize the Business Oregon's Brownfields Redevelopment Fund which leverages \$116 in spending for every \$1 state dollar invested and create new tools such as land banking and financial incentives to facilitate the redevelopment of brownfields.

Disaster Preparedness

Invest in seismic upgrades for schools and emergency responders, and capitalize the levee fund to finance levee inspections and recertification.

Create New Tools to Help Oregon's Communities Meet Infrastructure Needs

Rural Infrastructure Opportunity Fund

Create a flexible fund inside Business Oregon to help rural communities take advantage of key economic opportunities when they arise. Communities are missing out on economic development because they have no funds to invest in the infrastructure that is needed to capture the opportunity. An example is Juntura Cutoff Road. A company that employs 84 people in Vale, Oregon wants to expand, but can't do so unless this road is improved. The company has put in \$200K for repairs but the local governments don't have funds to pitch in.

Technical Assistance and Streamlined Processes

Provide assistance to rural communities across Oregon that lack the capacity to apply for grants and other funds that would finance infrastructure and that lack the institutional capacity to deal with complex regulatory processes.

Innovative Financing

Fund predevelopment of pilot public/private partnership (P3) projects through Infrastructure Oregon and continued involvement in the West Coast Infrastructure Exchange.

Complete Catalytic Infrastructure Projects

Some projects have the ability to transform the economic future of communities. Here are just three examples:

- Cost-effective cleanup of the Portland Harbor, which will define the future of Portland's industrial waterfront
- The Jordan Cove Energy Project and Pacific Connector Pipeline, a \$7 billion investment in Oregon's South Coast
- The Columbia River/Umatilla water project which will create thousands of ag and food processing jobs in NE Oregon

Community Perspectives on Infrastructure from 2014 Regional Economic Forums

Region	Five-Year Priorities	What's Missing
South Central: Klamath Falls	<ul style="list-style-type: none"> Shovel ready industrial lands, aggregated for target opportunities Broadband distribution to rural areas Stable funding for Kingsley field and airport Improvements to highways 97 and 140 Stable services and infrastructure to attract businesses to Klamath Falls/Altmont Realized opportunities in power/energy generation Improved water quality and storage 	<ul style="list-style-type: none"> Expanded broadband Streamlined downtown development codes/zoning Adequate highway funding Shovel ready industrial lands Process to assess tradeoffs between agriculture and industrial land uses Resolution of Klamath Falls/Altmont special district
Southern: Medford	<ul style="list-style-type: none"> Infrastructure investment policy that prioritizes regional needs and economic impact Shovel ready industrial, commercial, and residential land Sustainable water supply management Housing for all income levels Expanded utility infrastructure Regulations aligned with future needs 	<ul style="list-style-type: none"> Patient capital for all infrastructure Stable water supply Housing that supports wage levels Streamlined permitting and regulatory processes
Eastern: Ontario	<ul style="list-style-type: none"> Prioritized infrastructure investment and funding plan Shovel ready industrial lands Enhanced broadband distribution Enhanced rail systems Property tax abatements for undeveloped property Improved water quality and storage 	<ul style="list-style-type: none"> Govt agency alignment with regional outcomes Faster govt service for business Revolving loan fund for infrastructure projects Small business SDC financing Local govt control of regulations Analysis of why businesses leave, to enable prioritization of investments Shovel ready industrial lands
Central: Bend	<ul style="list-style-type: none"> Prioritized infrastructure investment and funding plan Shovel ready industrial lands Sustainable funding mechanisms for infrastructure Increased road capacity to Willamette Valley Improved water allocation and storage 	<ul style="list-style-type: none"> Funding for Connect Oregon Transportation funding tied to economic development outcomes Small business SDC financing Increased timeframe for local option levies
Mid-Willamette Valley: Monmouth	<ul style="list-style-type: none"> Streamlined regulatory environment Effective utilization of funding sources Enhanced broadband distribution and capacity Effective public office staffing Sustainable financing for small municipality governments Technical assistance for small business development Coordinated incentive programs at both the regional and state levels 	<ul style="list-style-type: none"> Role for impacted parties in the LCDC process Regional wetlands study to streamline development process and approach Coordinated approach to funding, to improve program utilization Regional government staffing and service strategy Statewide template for development agreements and incentives

<p>North Coast: Astoria</p>	<p>Complete specific projects: dike-levee certification, side channel dredging, rail restoration, natural gas distribution center Improved highway and bridge capacity and maintenance Consolidated water and wastewater management Enhanced broadband distribution and capacity Disaster preparedness Equitable telecom and energy distribution</p>	<p>Incentives for water system consolidation Faster permitting and govt service for business Funding for deferred highway maintenance Strategy for overall safety and preparedness Funding for Connect Oregon</p>
<p>Greater Portland</p>	<p>Shovel ready industrial land Region-wide, coordinated transportation systems that move freight and people Consistent and affordable energy supply Dike-levee certified Improved infrastructure financing</p>	<p>Transportation demand strategy Sustainable transportation funding Assessment of infrastructure needs for alternative fuels</p>
<p>Northeast – Eastern: Pendleton</p>	<p>Coordinated, sustainable infrastructure financing Shovel ready industrial lands Implemented regional water plan Built out unmanned aerial systems (UAS) infrastructure Adequate workforce housing Expanded port capacity Complete Southgate interchange in Pendleton</p>	<p>Strategic prioritization of infrastructure projects Fully articulated water rights Financing for adequate water infrastructure Incentives for biomass energy Funding for UAS infrastructure testing Infrastructure financing for industrial site plans Adequate shipping capacity at Port of Portland Funding for interchange plans</p>
<p>North Central: The Dalles</p>	<p>Comprehensive, regional asset management plan Shovel ready industrial lands Strategy to fund construction and maintain of new bridges Agreement with tribes on water access Enhanced broadband distribution and capacity</p>	<p>Coordination with Washington State on bridge construction and maintenance Community assistance for asset management planning Funding strategy for regional water and wastewater management Flexible zoning for commercial land</p>
<p>South Willamette Valley: Eugene</p>	<p>Coordinated approach to water and wastewater infrastructure planning and funding Comprehensive, multimodal transportation assessment and plan Sustainable transportation maintenance funding Adequate transportation access to industrial lands Strategy to address air service Enhanced broadband distribution and capacity</p>	<p>Institutional capacity to administer infrastructure projects Assessment of true water and wastewater infrastructure costs Public investment and policy plan to address infrastructure gaps across the region Industrial land inventory with transportation analysis Rail capacity and node assessment</p>
<p>South Coast: Coos Bay</p>	<p>Improved commercial air service to hubs in OR and CA Expanded navigation channel for shipping Completed rail line bridge and tunnel projects Improvements to Highway 38</p>	<p>Assessment of impacts to North Spit industrial land from potential runway expansion Assessment of ODOT traffic model quality Updated land use regulations that reflect state and federal requirements Regional collaboration on infrastructure planning and funding</p>

