



Legislative Testimony

OREGON DEPARTMENT OF CORRECTIONS

May 29, 2015

The Honorable Tobias Read, Co-Chair
The Honorable Fred Girod, Co-Chair
Joint Ways and Means Subcommittee on Capital Construction

RE: HB 5005 and HB 5006

Co-Chairs and members of the Committee, I am Daryl Borello, Assistant Director of the General Services Division for the Oregon Department of Corrections (DOC). I am here to testify in support of HB 5005 and HB 5006, provide information as it relates to the department, and answer any questions.

What the Bill Does:

HB 5005 authorizes the issuance of \$506.7 million in General Obligation Bonds through the Department of Administrative Services (DAS) that will enable the DOC to begin addressing many of its current building needs related to deferred maintenance and infrastructure upgrades. In addition, HB 5006 creates the appropriate six-year spending authority for each of the DOC's capital construction projects funded through the authorized bond issuance, as well as extends spending authority for two previously authorized Other Fund projects.

Background Info:

The DOC currently owns 325 buildings, totaling 5,455,641 square feet with a replacement value of \$1.31 billion. Currently, the department has an unfunded deferred maintenance liability of \$68 million on these buildings. This liability includes issues that are a threat to life, health, and safety, and are critical to our operations.

To mitigate and protect the department from these liabilities, there are a variety of deferred maintenance projects the agency has identified as high priority. These projects include repairs and upgrades to roof systems, heating, ventilation and air conditioning systems, electrical and security systems, flooring, water and sewer services, and site access/erosion. The projects are targeted for institutions throughout the state including those located in Portland, Salem, Umatilla, Lakeview, Wilsonville, Ontario, Pendleton, Tillamook, and Baker City.

Without proper facilities funding, staff are required to come up with work-around solutions to keep our facilities operational, which is both expensive and risky.

The DOC is also in need of upgrades to its tele/data infrastructure. DAS is in the process of seeking a new telephony solution for all state agencies, which will require the DOC to transition its existing analog system to a new digital system that meets the required Voice-Over Internet Protocol (VOIP). To meet the new standard, DOC needs to upgrade nearly its entire telephone

infrastructure. These upgrades include replacing fiber, wire and, in some locations, installing additional conduit and cabling. Without investment to enable DOC to effectively convert to VOIP, the department would need to seek its own analog provider, which are quickly becoming obsolete, and at the same time, more expensive and much less efficient for today's business.

Lastly, the DOC operates an Inmate Thin-Client Network. A Thin-Client Network is a network computer without a hard disk-drive that depends heavily on its server. This is the computer system that is the platform for all of the department's statutorily-mandated educational and law library software programs. Currently, two of the software programs that the DOC uses for education are unable to fully function on the Thin-Client network due to the age of existing hardware. Without new hardware, the Thin-Client network will be at high risk of becoming non-operational and create a significant barrier in providing statutorily required services to inmates.

In addition to these newly identified needs, DOC previously received six-year funding authorization to develop the Junction City site, as well as the relocation of wells on state-owned property in the vicinity of the Mill Creek Corporate Park in Salem. Both of these projects require an extension of time to complete the work approved in their original funding request. More specifically, the Junction City site was issued a permit by the Division of State Lands for wetland development, which requires monitoring and reporting until at least December 31, 2017.

Requested Action:

HB 5005 authorizes the issuance of General Obligation Bonds (XI-Q) through DAS for Capital Construction and Investment. With the approval of HB 5005 and the DOC's budget bill, SB 5504, the DOC will be provided with \$14.2 million of Capital Construction Funds on 25 high-priority deferred maintenance projects and another \$12.2 million for telephonic upgrades that will enable the Department to effectively integrate with new technology. Additionally, funding for a one-time capital investment of \$623,175 would be provided to enable DOC to acquire current hardware that meets today's standards and can more effectively provide required inmate services.

HB 5006 is a critical component to both HB 5005 and SB 5504 in that it provides the DOC with the appropriate time period – six years beginning July 1, 2015 – to expend funds on its Capital Construction projects. Additionally, the bill will extend the time period for expending previously approved funding for the well replacement project and the continuation of work required from permits issued for wetland development activities at the Junction City site.

For the reasons stated above, the Department of Corrections supports HB 5005 and HB 5006, and encourages the committee to vote both bills out of committee with do pass recommendations.

Thank you for your time and consideration. I am happy to answer any questions you may have.

Submitted by:

Oregon Department of Corrections
Daryl Borello
Assistant Director, General Services
Phone: (503) 945-0990