
MEMORANDUM

Legislative Fiscal Office
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To: Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office
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Date: June 8, 2015

Subject: SB 306-A – Relating to levee infrastructure
Work Session Recommendations

Senate Bill 306-A adds levee projects to the list of qualified uses of monies in the Special Public Works Fund (SPWF). The SPWF is a revolving loan fund operated by the Infrastructure Finance Authority (IFA) within the Oregon Business Development Department (OBDD). The SPWF currently provides loans and grants to local governments to support public infrastructure projects. The bill adds levee projects as a permissible use, but does not require or direct the IFA to approve any such projects, or to allocate any specific dollar amount for such projects. Entities eligible for financial assistance for levee projects include drainage districts, corporations or companies as well as for-profit entities, nonprofit entities and individuals.

The SPWF is funded by loan repayments, loan-related charges to borrowers, and interest earnings on Fund balances. The Legislature may add additional funds to the SPWF as well, and typically uses Lottery bond proceeds as the revenue source when additional funds are added. The bill also authorizes the Water Resources Department to inspect, evaluate, consult, map and certify levees, with the permission of the owner of the levee; as well as to enter into intergovernmental agreements and accept and receive payment for services performed.

OBDD's administrative costs related to levee project loans and grants can be covered within available resources. The agency is requesting that \$7 million of Lottery bonds proceeds be added to the SPWF [this request is included in a policy option package (POP 106) in the OBDD budget request] to finance levee project loans and grants. Any bond proceeds would be included in a bond authorization bill, however, and not in SB 306. The bill has no revenue impact.

Legislative Fiscal Office Recommendation

The Legislative Fiscal Office recommends amending the bill to delete levee certification from the new authorities granted to the Water Resources Department by the bill. The SB 306-A2 amendments make this deletion.

Motion: *Move adoption of the –A2 amendments to SB 306-A.*

SB 306 Final Subcommittee Action:

Final Motion: *Move SB 306-A, as amended, to the Full Committee with a Do Pass recommendation.*

Carriers:

Full Committee: _____

House Floor: _____

Senate Floor: _____

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 306 - A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

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

Prepared by: Krista McDowell
Reviewed by: Steve Bender, Matt Stayner
Date: 2/27/2015

Measure Description:

Permits Oregon Infrastructure Finance Authority to provide financial assistance for levee projects that contribute to improvement, expansion or repair of infrastructure systems and are essential for use or development of farm, industrial or commercial land.

Government Unit(s) Affected:

Business Development Department (Business Oregon), Water Resources Department

Summary of Expenditure Impact:

See Analysis

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:

SB 306 – A, adds levee projects to the list of qualified uses of monies in the Special Public Works Fund (SPWF). The SPWF is a revolving loan fund operated by the Infrastructure Finance Authority (IFA) within the Oregon Business Development Department (OBDD). The SPWF currently provides loans and grants to local governments to support public infrastructure projects. The bill adds levee projects as a permissible use, but does not require or direct the IFA to approve any such projects, or to allocate any specific dollar amount for such projects. The SPWF is funded by loan repayments, loan-related charges to borrowers, and interest earnings on Fund balances. The Legislature may add additional funds to the SPWF as well, and typically uses Lottery bond proceeds as the revenue source when additional funds are added. The bill also states that the Water Resources Department (WRD) may inspect, evaluate, consult, map and certify a levee, with the permission of the owner of the levee; as well as enter into intergovernmental agreements and accept and receive payment for services performed. Entities eligible for financial assistance for levee projects include drainage districts, corporations or companies as well as for-profit entities, nonprofit entities and individuals.

OBDD costs to administer the funding of levee projects can be covered within available resources. The agency is requesting that \$7 million of Lottery bonds proceeds be added to the SPWF [this request is included in a policy option package (POP 106) in the OBDD budget] to finance levee project loans and grants. Any bond proceeds approved, however, would be included in a bond authorization bill, and not in SB 306.

The WRD anticipates the need for one new position classified as a Professional Engineer to accomplish the work which is permissively stated in the bill. The total FTE for this position is dependent on funding availability and award timing. The position is anticipated to cost of \$9,841 per month, however total costs for the biennium are not determinable at this time.

The Legislative Fiscal Office (LFO) believes that the ramifications of this measure are not fully understood and therefore the fiscal impact cannot be fully determined. The funding mechanism for the work undertaken by the WRD is undefined by the bill, and WRD staffing costs need to be estimated based on the timing of bond sales followed by funding award timing.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact to WRD and OBDD.

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY
Senate Committee On Business and Transportation

MEASURE: SB 306 A

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 02/25/15

Action: Do Pass With Amendments. Refer To Ways And Means By Prior Reference
(Printed A-Eng).

Meeting Dates: 02/25

Vote:
Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

Prepared By: James LaBar, Committee Administrator

WHAT THE MEASURE DOES:

Authorizes Oregon Infrastructure Finance Authority (IFA) to provide loans or grants for levee project to drainage districts, corporations for drainage or flood control or for-profit or nonprofit entities and individuals in the ownership, construction, inspection, accreditation, certification or repair of levees. Specifies that when considering project eligibility, IFA must find that levee project substantially contributes to improvement, expansion or repair of state's or municipality's infrastructure system and is essential for use of development of farms, industrial or commercial land in Oregon to approve project. Authorizes Water Resources Department to inspect, evaluate and assess condition of levee with permission of levee's owner. Maintains legal liabilities of levee owners. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Statewide coordination for these types of projects in the future
- Past dike failures around the Port of Portland
- Economic development for rural Oregon
- Challenges in acquiring insurance

EFFECT OF COMMITTEE AMENDMENT:

Adds "corporations or companies for drainage or flood control" to list of organizations that may receive financial assistance in the form of loan or grants for a levee project.

BACKGROUND:

The National Flood Insurance Program (NFIP), managed by the Federal Emergency Management Agency (FEMA), is aimed at reducing the impact of flooding on private and public structures. This is achieved by providing affordable insurance for qualifying property owners and by encouraging communities to adopt and enforce floodplain management regulations. Many levees in Oregon are in need of inspection or repair in order to maintain FEMA's accreditation under the NFIP. Previously, inspections were performed by the U.S. Army Corps of Engineers; however, private engineering firms, which charge higher fees to cover liability insurance payments, are presently conducting the inspections.

Senate Bill 306-A authorizes the Oregon Infrastructure Finance Authority (IFA) to provide loans or grants for levee projects. When considering project eligibility, IFA must find that the levee project substantially contributes to the improvement, expansion or repair of the state's or municipality's infrastructure system and is essential for use of development of farms, industrial or commercial land in Oregon. Additionally, Senate Bill 306-A authorizes the Water

Resources Department to inspect, evaluate, and assess the condition of a levee with the permission of the levee's owner. The measure also maintains the legal liabilities of a levee's owners.

SB 306-A2
(LC 402)
4/17/15 (BLS/ps)

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 306**

1 On page 3 of the printed A-engrossed bill, line 29, delete “, and evaluate
2 and certify a levee for accreditation under federal”.

3 In line 30, delete “safety and flood standards as described in 44 C.F.R.
4 65.10,”.

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