



May 11, 2017

Joint Subcommittee on Capital Construction
jwmcc.exhibits@oregonlegislature.gov

RE: Support of Senate Bill 5505

Dear Committee Members,

On behalf of Klamath County, I ask you to support Senate Bill 5505, for the issuance of general obligation bonds of the State during the 2017-2019 biennium. The bonds cover subject matter for 10 different areas one of them being for the Oregon Department of Environmental Quality. While the DEQ funding is listed as a lump sum, that money will be the source for the State's Orphan Site Account (OSA). The OSA is the funding source for many remediation efforts, including here in Klamath County, the North Ridge Estates clean-up and also the past clean-up effort in Chiloquin.

North Ridge Estates Superfund Project (NRE) is comprised of 745 acres here in Klamath County which were formerly used as a military facility during WW2 in the 1940s. The base was later sold to private entities and former base structures were demolished to provide for new residential development. It was later discovered that the site was contaminated with asbestos from improper demolition of asbestos containing materials. Due to the size of the site and potential costs for cleanup, the state requested that the U.S. Environmental Protection Agency (EPA) list the site on the National Priorities List (NPL). The road to implementation of the remedial action by EPA has been a long one. By the end of the full remedial action, EPA will have spent approximately \$50 million to assess and perform past removal actions at the NRE site, and to prepare the plan for and implement the remedial action. Of that \$50 million, implementing the remedial action totals \$37 million. Without Orphan Site Account (OSA) funding, remedial action of this site would have been delayed until legislative action provided the federally required 10% match for remedial action at NPL sites. Due to past legislative action to fund the OSA, DEQ avoided delays in remedy implementation. At the completion of the 3-year remedial action in 2018, the NRE neighborhood will once again be safe for families to live in without worry of exposure to asbestos.

The State's 10% remedial action cost match of \$3.7 million is being satisfied in part by a regional solutions project that was made possible by the availability of OSA funds. DEQ worked with DSL and ODOT to secure the primary borrow source of clean backfill material for the remedial action project and to construct the road to the borrow source. To date, the State's cost savings for providing EPA with clean backfill is in the range of \$800,000 - \$1,000,000. Thus, the State's 10% remediation cost match from the

OSA will be reduced to a range of approximately \$2.7 million - \$2.9 million. The OSA will also be the source of funding for long term operation and maintenance costs of the remediated site.

The NRE project has resulted in a number of significant local investments into the Klamath Falls community. Overall EPA efforts total approximately \$50 million. The contractors performing the cleanup work are using at least 39 businesses/vendors from Klamath Falls and are investing heavily in hiring the local work force. At peak construction, contractors will employ 50 people, 47 of which are local residents. At DEQ's request, EPA brought the Superfund Job Training Initiatives (JTI) Program to Klamath Falls twice over the last year. The Program worked closely with the Chamber of Commerce and Klamath Community College. The JTI Program trained local employees to be better prepared to be hired for the project. Many of the JTI graduates were hired and many from last year have returned for work this season.

The former Chiloquin Forest Products Mill site in Chiloquin is a completed cleanup site that used the Orphan Site Account (OSA) as one of its main funding sources. The work for this cleanup project was primarily accomplished from 2003 – 2008. The OSA provided \$226,000 of the \$1.6 million total project cost to complete the investigation and cleanup. The cleanup project leveraged funds from the OSA with numerous state, local, and federal sources – including other main sources such as the DEQ Hazardous Substance Remedial Action fund, EPA State Response Grant provided to DEQ, the EPA Brownfields Cleanup Grant, EPA Removal funding, Klamath County, and ODOT. The end result was that the former mill site was successfully cleaned up and prepared for redevelopment.

Important clean-up projects like these would not be possible without obligation bonds. I urge you to approve Senate Bill 5505.

Sincerely,



Kelley Minty Morris
Chair, Klamath County Board of Commissioners

KMM/hh