

MEMORANDUM

May 12, 2017

TO: Joint Ways and Means Capital Construction Subcommittee
FROM: Chris Cummings
Assistant Director, Economic Development
Oregon Business Development Department
SUBJ: General Obligation Bond Request
SB 5505 – Seismic Rehabilitation Grant Program

INTRODUCTION

The Governor's Recommended Budget proposes to fund the Seismic Rehabilitation Grant Program (SRGP) with a \$202,260,000 request from General Obligation bond proceeds for the 2017-2019 biennium. Bonding is divided into Article XI-M funding for schools (\$161,680,000) and Article XI-N funding for emergency service buildings (\$40,580,000).

Senate Bill 5505 continues investment in Oregon's schools and emergency service buildings to protect vulnerable populations and ensure continued emergency service availability in the event of a catastrophic seismic event. SB 5505 builds on the success of the current Seismic Rehabilitation Grant program by providing financial resources that will assist local school districts, emergency service providers and hospitals with retrofitting essential local facilities to either life safety (schools) or immediate occupancy (emergency service providers and hospitals) standards

BACKGROUND

The Seismic Rehabilitation Grant Program (SRGP) is administered by the Oregon Business Development Department's (OBDD) Economic Development Division. The Seismic Advisory Committee who consists of representatives from a variety of stakeholders, including school districts, police and fire, etc., provides policy and grant selection guidance to the department. SRGP is a competitive grant program¹ that provides funding for the seismic rehabilitation of critical public buildings, particularly public schools and emergency services facilities.

For the current biennium, \$205 million of Oregon Constitution Article XI-N and XI-M General Obligation bonds, as eligible through approval of ballot measures 15 and 16 in 2002, were made available by the Oregon Legislature to fund the program (\$175 million for schools and \$30 million for emergency service facilities). Bonds were authorized for sale in two stages of \$50 million in 2016 and \$155 million in 2017. For the current bond allocation 140 school and 47 emergency facility grants have been awarded.

The maximum grant award is currently \$1.5 million for each building. However, the Seismic Advisory Committee recently approved funding limits of up to \$2.5 million per building for future funding rounds. Rehabilitation grants are awarded on a competitive basis to eligible applicants.

According to a Department of Geology and Mineral Industries assessment conducted in June 2007, 275 Oregon school buildings were ranked at very high risk of collapse, 800 at high risk, and 500 at moderate risk (total 1575). The assessment further indicated 54 emergency services buildings at very high risk, 195 at high risk, and 169 at moderate risk (total 418).

Eligible applicants include: Public K-12 school districts, community colleges, education service districts and public emergency service facility owners (cities, counties, special districts, hospitals with acute inpatient care facilities).

¹ To apply there must be an application, benefit-cost-analysis and an engineering feasibility study submitted. The Oregon Department of Education provides technical assistance grants to school districts to assist with cost-benefit analysis and feasibility studies. Awards are approved by the Seismic Rehabilitation Advisory Committee, in consultation with expert seismic engineering consultants.

Currently school facilities must be retrofitted to Life Safety² standards and emergency service facilities (police and fire stations, hospitals with acute inpatient care facilities) must be retrofitted to Immediate Occupancy³ standards as defined by the American Society of Civil Engineers. However, the Seismic Advisory Committee recently voted to require shelter projects (i.e. gyms, cafeteria buildings, etc.) to be brought to immediate occupancy standards. This requirement will begin with any future funding rounds.

SUMMARY

SB 5505 authorizes the issuance of general obligation bonds for investment in schools and emergency service buildings statewide during the 2017-19 biennium. As in past, OBDD will continue to work with the Seismic Advisory Committee to ensure a fair and comprehensive selection process and that funds are spent appropriately.

² Life Safety means that a building may be damaged beyond repair during an earthquake but people will be able to safely exit the building.

³ Immediate Occupancy means that not only will the building remain standing after an earthquake but emergency services will be able to continue to operate and provide services.