

**HB 5202 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Various Agencies  
2019-21**

PRELIMINARY

## Summary of Changes in Bonding Authority

<u>Program Designation</u>	<u>2019-21 Legislatively Adopted Budget</u>	<u>2019-21 Legislatively Approved Budget</u>	<u>2020 Session Legislative Adjustments</u>
<b>GENERAL OBLIGATION BONDS</b>			
<b>General Fund Obligations</b>			
Higher Education Coordinating Comm. - PU (Art. XI-G)	\$ -	\$ 50,605,000	\$ 50,605,000
Department of Administrative Services (Art. XI-Q)	\$ 623,149,223	\$ 884,194,223	\$ 261,045,000
<b>Dedicated Fund Obligations</b>			
Higher Education Coordinating Comm. (Art. XI-F(1))	\$ -	\$ 18,825,000	\$ 18,825,000
Department of Administrative Services (Art. XI-Q)	\$ 50,135,777	\$ 100,865,777	\$ 50,730,000
<b>REVENUE BONDS</b>			
<b>Direct Revenue Bonds</b>			
Department of Administrative Services Lottery Revenue Bonds	\$ 302,505,000	\$ 332,980,000	\$ 30,475,000

## Summary of Capital Construction Subcommittee Action

HB 5202 increases bond authorizations for the 2019-21 biennium and makes changes to previously approved bonds authorizations.

### General Fund Obligations

The Subcommittee approved Article XI-G general obligation bond authority of \$50,605,000 to fund grants to Public Universities to finance four new capital projects. The proceeds of bonds will be used to provide grants through grant programs administered by the Higher Education Coordinating Commission (HECC). Projects are described later in this report.

The Subcommittee increased General Fund supported Article XI-Q general obligation bond authority by \$261,045,000, from \$623,149,223 to \$884,194,223, to finance the capital costs of projects for real or personal property owned or operated by the state. The projects and agencies are listed below, with the exception of HECC; projects funded by grants from HECC to Public Universities are described later in this report.

- Housing and Community Services Department, Local Innovation and Fast Track (LIFT) Housing Program: approved an additional \$50,315,000 Article XI-Q bonds to finance \$50,000,000 of project costs and \$315,000 for costs of issuing the bonds. The bond proceeds will be used to acquire, construct, remodel, repair, equip, or furnish real property in which the Department will take an operational or ownership interest to provide affordable housing for low income Oregonians, as well as citizens in historically underserved communities and communities of color.
- Legislative Administration Committee, Capitol Accessibility, Maintenance, and Safety (CAMS): approved \$65,880,000 Article XI-Q bonds to finance \$65,000,000 of project costs and \$880,000 for costs of issuing the bonds. The project is for further capital improvements to the State Capitol Building, including seismic upgrades to the House and Senate wings, Legislative Counsel and Legislative Fiscal Office renovations, seismic and other upgrades to the parking garage connectors, accessibility improvements to the South entrance, restoration of the Capitol grounds, and other improvements and upgrades to the building.

### Dedicated Fund Obligations

The Subcommittee approved Article XI-F (1) general obligation bond authority of \$18,825,000 to fund loans to Public Universities through the HECC to finance one new capital project and one reauthorized capital project that was approved during prior legislative sessions. Projects are described later in this report.

The Subcommittee approved additional Article XI-Q general obligation bond authority of \$50,730,000 for the Department of Administrative Services to make improvements to the Wilsonville Building. Proceeds will finance \$50,000,000 of project costs and \$730,000 for costs of issuing bonds. Capital improvements will include seismic enhancements, infrastructure controls, energy efficient lighting, and tenant improvements.

### Revenue Bonds

The Subcommittee increased the Department of Administrative Services' lottery revenue bond limit by \$30,475,000, from \$302,505,000 to \$332,980,000. The increase is net of a \$2,220,000 reduction in 2019-21 lottery bond authorization due to the repeal of \$2,000,000 in net lottery bond proceeds originally approved in HB 5030 (2019) for the Curry Health District emergency room at the Curry Medical Center in Brookings. A \$2,000,000 General Fund appropriation is approved for the project in HB 5204 in lieu of issuing lottery bonds. Increased lottery revenue bond authorization provides funding for the following six projects:

- Department of Administrative Services, Eugene Downtown Riverfront Park: approved \$3,315,000 lottery bonds to provide \$3,000,000 in net proceeds for distribution to the City of Eugene for development of the Eugene Downtown Riverfront Park. The project includes site work, river overlooks, interpretive and integrated art works, paths, and other infrastructure improvements.

- Department of Administrative Services, Willamette Falls Locks Restoration: approved \$7,870,000 lottery bonds to provide \$7,055,000 in net proceeds for distribution to the Willamette Falls Locks Authority for restoration of the Willamette Falls navigation canal and locks. The project includes capital repairs to address life/safety defects; fire protection and safety improvements; repair and/or replacement of operational, mechanical, and electrical equipment; lighting; and seismic upgrades.
- Department of Administrative Services, Woodburn Community Center: approved \$8,270,000 lottery bonds to provide \$7,500,000 in net proceeds for distribution to the City of Woodburn for construction of a community center in Woodburn.
- Oregon Business Development Department, Salem Drinking Water System Improvements: approved an additional \$7,705,000 lottery bonds to provide \$7,000,000 in net proceeds for distribution to the City of Salem for drinking water system improvements. The additional authority increases the total amount of net proceeds approved for the project in the 2019-21 biennium to \$27,000,000, which will support construction of an ozone treatment facility at Geren Island, installation of two groundwater collector wells at the treatment facility, and construction of a pump station and waterline for the City of Turner's distribution system.
- Oregon Business Development Department, Lyons-Mehama Water System Improvements: approved \$3,315,000 lottery bonds to provide \$3,000,000 in net proceeds for distribution to the Lyons-Mehama Water District for water system improvements to improve system resilience and provide additional capacity.
- Oregon Department of Transportation, Sherwood Pedestrian Connection Improvements: approved an additional \$2,220,000 lottery bonds to provide \$2,000,000 in net proceeds for distribution to the City of Sherwood for pedestrian connection improvements between Sherwood East and West at or near the State Highway 99W and Sunset Boulevard intersection. The additional authority increases the total amount of net proceeds approved for the project in the 2019-21 biennium to \$4,000,000.

#### Other Legislative Changes

The Subcommittee approved the following modifications to previously approved authorizations for two public university and two community college projects included in the budget for the Higher Education Coordinating Commission:

- Oregon Institute of Technology, OMIC R&D Rapid Toolmaking Center, Rapid Prototyping Education Lab, and Sinter HIP Equipment: approved modifying the project scope authorized in HB 5005 (2019) to reduce the specified square feet of the OMIC R&D Rapid Toolmaking Center and expand the development of the Rapid Prototyping Education Lab to both OIT campuses. \$12,905,000 in Article XI-Q bonds were approved to construct a Rapid Toolmaking Center of Excellence on the Oregon Manufacturing Innovation Center (OMIC) R&D site in Scappoose; acquire research equipment; develop an education laboratory at the Klamath Falls campus; and acquire a sinter

hot isostatic press (HIP) at the OMIC R&D Campus. The R&D Rapid Toolmaking Center was anticipated to be 35,000 square feet; however, due to building and site requirements, as well as escalated construction costs, the building is now anticipated to be approximately 20,000-30,000 square feet. Additionally, the project description noted that the Rapid Prototyping Education Lab would be located at the Klamath Falls campus; however, the Lab will be implemented at both the Klamath Falls and Wilsonville (Portland-Metro) campuses to support Mechanical and Manufacturing Engineering Technology (MMET) programs. The project includes \$12,700,000 for project costs and \$205,000 for costs of issuing bonds.

- Oregon State University, Cascades Academic Building 2: approved modifying the scope of the Cascades Academic Building 2 project authorized in SB 5702 (2018) to reduce the specified square footage of the building. Article XI-Q bonds in the amount of \$29,410,000 and \$10,215,000 in Article XI-G bonds were approved to construct a new academic building on the OSU Cascades Campus that will include laboratories, general purpose classrooms, faculty offices, and other learning, support, and research spaces, as well as associated utilities and surface parking. The building was anticipated to be 55,000 square feet; however, due to additional design work and use of CLT, the building purpose and function can be achieved within a smaller footprint (approximately 50,000-55,000 square feet). The approved amount includes \$39,000,000 for project costs and \$625,000 for costs of issuing bonds. The university will provide the constitutionally required match for the Article XI-G bonds.
- Chemeketa Community College, Agricultural Complex: approved modifying the scope of the Agricultural Complex project authorized in SB 5505 (2017) to revise ancillary components due to increases in construction costs. Article XI-G bonds in the amount of \$6,125,000 were originally approved to construct a new agricultural complex on the main Salem campus. The complex still includes a classroom and office building, storage space, hoop houses, and learning and research gardens. The project may also include a greenhouse and an incubator farm. The approved amount includes \$6,000,000 for project costs and \$125,000 for costs of issuing bonds. The community college will provide the constitutionally required match for the Article XI-G bonds with their Capital Development Reserve Funds.
- Umpqua Community College, Industrial Technology Center/Lockwood Hall Renovation: approved modifying the scope of the Industrial Technology Building project authorized in HB 5005 (2019) to allow renovation of Lockwood Hall and construction of an Industrial Technology Center. Article XI-G bonds in the amount of \$8,125,000 were originally approved to construct a new 68,000 square foot building that would combine automotive, welding, fabrication, and manufacturing programs into one facility. The project has been revised to include the remodel of an existing automotive and welding programs building, as well as construction of a smaller (approximately 34,000 square foot) building that will integrate aspects of engineering, forestry, and computer science with fabrication/manufacturing programs. The community college will provide the constitutionally required match for the Article XI-G bonds with a bond levy and/or fundraising.

The Subcommittee also approved modifying the scope of the Department of Administrative Services, Reynolds High School Health Center project, funded with \$2,331,872 in net lottery bond proceeds authorized in HB 5030 (2019), to remove establishment of temporary health center space during construction of the permanent school-based health center. The project was also expanded to include acquisition and installation of medical equipment.

Detail of projects authorized for the Higher Education Coordinating Commission through bond financing is included below.

### **Higher Education Coordinating Commission**

The Subcommittee approved six new capital projects and reauthorized one project approved in prior biennia for public universities to finance total project costs of \$211,365,000. The projects are included in the budget for the Higher Education Coordinating Commission (HECC). The proceeds of Article XI-G and Article XI-Q bonds will be used to provide grants from HECC to the applicable public university, and the debt service on these bonds will be paid with General Fund. Each university must provide the constitutionally required match for the Article XI-G bonds before the bonds can be issued. The proceeds of Article XI-F (1) bonds will be used to provide loans from HECC to the applicable university, and the debt service on the Article XI-F (1) bonds will be paid by HECC with Other Funds using loan repayments received from the applicable university made with university resources. The approved projects are listed below.

#### **Oregon Institute of Technology**

- Boivin Hall Rehabilitation: approved \$18,560,000 Article XI-Q bonds to finance \$18,270,000 of project costs and \$290,000 for costs of issuing the bonds and \$1,055,000 Article XI-G bonds to finance \$1,015,000 of project costs and \$40,000 for costs of issuing the bonds. The project is to completely renovate Boivin Hall, including seismic retrofit; mechanical, electrical, and plumbing replacement; building envelope replacement; foundation repair; and full interior (classroom and lab) remodel and modernization. Improvements to surrounding areas, including ADA accessibility, sidewalk, transportation, and landscaping improvements are part of the project scope.

#### **Oregon State University**

- Arts and Education Complex: approved \$35,455,000 Article XI-G bonds to finance \$35,000,000 of project costs and \$455,000 for costs of issuing the bonds. The project is to construct a new Arts and Education Complex that will include technology and medium rich teaching, performance and rehearsal spaces; a visual arts museum; and shop and maker space with electronic and computer studios for designing sound, lighting, and other performing arts enhancements. The building will be constructed on the site of OSU's dilapidated facilities services shops. Demolition, site improvements, and the renewal of infrastructure are anticipated to eliminate \$11,000,000 of deferred maintenance.

### Portland State University

- SB 1 Renovation and Expansion: approved \$53,135,000 Article XI-Q bonds to finance \$52,500,000 of project costs and \$635,000 for costs of issuing the bonds and \$7,620,000 Article XI-G bonds to finance \$7,500,000 of project costs and \$120,000 for costs of issuing the bonds. The project is to provide the first phase of funding to completely renovate PSU's Science Building (SB) 1 and expand useable space. System and structural improvements, as well as replacement of outdated instructional spaces, will create active-learning classrooms, state-of-the-art laboratories, and collaborative support spaces.
- University Center Building Land Acquisition: reauthorized \$15,270,000 Article XI-F (1) bonds to finance \$15,000,000 of project costs and \$270,000 for costs of issuing the bonds. The project is to purchase land under the university-owned University Center building. The university expects to support loan repayments to HECC for debt service on bonds through savings from lease payments that will no longer be incurred. Article XI-F (1) bonds were originally authorized for the project in 2013-15 and reauthorized in 2015-17 to finance \$10,000,000 of project costs. In 2017-19, the project was reauthorized and increased by an additional \$5,000,000.

### University of Oregon

- Huestis Hall Renovation: approved \$51,505,000 Article XI-Q bonds to finance \$50,880,000 of project costs and \$625,000 for costs of issuing the bonds and \$6,475,000 Article XI-G bonds to finance \$6,360,000 of project costs and \$115,000 for costs of issuing the bonds. The project is for the renovation of Huestis Hall to address the failing building envelope; code issues, including fire alarm and suppression; plumbing, mechanical, and ventilation systems; and modernize laboratory and learning spaces.

### Western Oregon University

- Student Success Center: approved \$21,650,000 Article XI-Q bonds to finance \$21,340,000 of project costs and \$310,000 for costs of issuing the bonds. The project is to construct an approximately 35,000 gross square foot building that will house student services such as advising, tutoring, student support groups, computer labs, and smart classrooms. The new facility will be located on the site of the existing Old Education Building, which will be demolished.
- Valsetz Dining Hall and Auxiliary Services Renovation: approved \$3,555,000 Article XI-F (1) bonds to finance \$3,500,000 of project costs and \$55,000 for costs of issuing the bonds. This project is to renovate Valsetz Dining Hall, including electrical and refrigeration upgrades to increase capacity and accommodate larger groups and additional conferences.