

## ANALYSIS

### Item 19: Oregon Military Department Corvallis Armory Construction Projects

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**Analyst:** John Terpening

**Request:** Establish Federal Funds Capital Construction expenditure limitation of \$4,400,000 and transfer \$300,000 General Fund from Operations to establish a new \$300,000 General Fund Capital Construction appropriation for the Oregon Military Department for two construction projects at the Corvallis Armory.

**Analysis:** The Oregon Military Department (OMD) has received additional federal funding from the National Guard Bureau for federal fiscal year 2023 to complete two projects at the Corvallis Armory. The first project is part of the Armory Service Life Expansion Project (ASLEP) and Regional Emergency Enhancement Project (REEP), for which \$4.3 million of Article XI-Q general obligation bond funding was provided in SB 5505 (2021).

ASLEP projects are designed to improve facility infrastructure to extend the life of the facilities when replacement is not an option. The ASLEP project for the Corvallis Armory is bringing the facility into conformity with building codes and remodeling existing classrooms and assembly areas, bathrooms, kitchen and storage areas, and administrative space. The REEP program is designed to ensure facilities can serve as Emergency Operations Centers through seismic retrofits, emergency power and water, and fuel and supply storage for disaster response. This additional federal funding will bring the total funds available for this ASLEP/REEP project to \$7.8 million once the bonds are sold in March 2023.

The second project is for enhancements to the Corvallis Armory's parking lot, which needs to be reconstructed for drainage, increased space and lighting and will expand the total square footage. This project has already received \$900,000 of federal funds from the National Guard Bureau which requires a 25% match of state funds. To meet the match, the Department has requested to fund shift \$300,000 General Fund out of Operations and establish a new Capital Construction appropriation; however, establishing a new six-year Capital Construction limitation is not necessary for this project. Instead, the Department can utilize the \$300,000 General Fund from the Operations budget that was originally part of \$6.7 million in deferred maintenance funding provided in SB 5535 (2021).

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board establish a Federal Funds Capital Construction expenditure limitation of \$3,500,000 for the Oregon Military Department for the Corvallis Armory Service Life Extension project and establish a Federal Funds Capital Construction expenditure limitation of \$900,000 for the Oregon Military Department for Corvallis Armory Parking Lot Improvements.

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**Request:** Transfer a General Fund appropriation made to the Operations Program for Deferred Maintenance to the Capital Construction appropriation and establish a Capital Construction Federal Funds expenditure limitation of \$4.4 million for the Corvallis Armory Service Life Extension Project and Regional Emergency Enhancement Project.

**Recommendation:** Approve the request, with the following modification: Establish a Capital Construction Federal Funds expenditure limitation of \$4.4 million for the Corvallis Armory Service Life Extension Project (ASLEP) and Regional Emergency Enhancement Project (REEP).

**Discussion:** The Oregon Military Department (OMD) is requesting the establishment of two separate Capital Construction Federal Funds expenditure limitations.

1. OMD requests a \$3.5 million Federal Funds Capital Construction expenditure limitation for the Corvallis ASLEP and REEP. The funding will supplement a \$4.3 million Other Funds Capital Construction expenditure limitation, funded with XI-Q bonds, established during the 2021 Legislative Session. The Federal Funds are directly from the National Guard Bureau, in addition to funding received through the Army National Guard Facilities Program Cooperative Agreement. Collectively, the funding will be used to increase the armory's square footage to ensure adequate space is available for mission readiness and training activities.
2. OMD requests a \$1.2 million Capital Construction expenditure limitation to enhance the Smith Hall Parking Lot project, consisting of \$900,000 Federal Funds and \$300,000 General Fund. The federal funding is coming from the National Guard Bureau to reconstruct the parking lot for increased space, improved drainage, and increased lighting. State-owned armory projects require a 50 percent state match to receive Federal Funds; however, the Corvallis Armory is a leased facility from the Federal Government, which lowers the state match requirement to 25 percent. OMD has available General Fund appropriated to the department for Deferred Maintenance, which can be utilized as the state match without the need to transfer funding into Capital Construction.

**Legal Reference:** Establishment of a Capital Construction expenditure limitation of \$3,500,000 for the Oregon Military Department for the payment of expenses from Federal Funds, collected or received for the biennium beginning July 1, 2021, for the Corvallis Armory Service Life Extension Project (ASLEP) and Regional Emergency Enhancement Project (REEP).

Establishment of a Capital Construction expenditure limitation of \$900,000 for the Oregon Military Department for the payment of expenses from Federal Funds, collected or received for the biennium beginning July 1, 2021, for the Corvallis Armory Parking Lot Improvement Project.



**OREGON MILITARY DEPARTMENT**  
JOINT FORCE HEADQUARTERS, OREGON NATIONAL GUARD  
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October 24, 2022

The Honorable Senator Peter Courtney, Co-Chair  
The Honorable Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

**Nature of Request**

The Oregon Military Department (OMD) requests the establishment of Capital Construction Federal Fund limitations for two projects at the Corvallis Armory (Smith Hall):

1. \$3,500,000 Federal Funds to enhance the Corvallis Armory Service Life Extension Project and Regional Emergency Enhancement Project (ASLEP/REEP). These federal funds will supplement previously approved bond funding, allowing for a more robust project.
2. \$1,200,000 for a parking lot improvement project, consisting of \$900,000 Federal Funds and \$300,000 General Fund. The General Fund will be shifted from the Operations Program to a new Capital Construction General Fund appropriation, thereby requiring no new General Fund from the Emergency Fund.

**Agency Action**

**Corvallis Armory: ASLEP/REEP Federal Funds - \$3,500,000**

The 2021 Legislature approved \$4,317,605 Other Funds Capital Construction limitation sourced with XI-Q bond funding for an ASLEP/REEP of Corvallis Armory. The bonds are scheduled to be sold in March 2023. The ASLEP portion of the project will bring the facility into conformance with current building code, replace outdated, inefficient, or defective building systems (including mechanical, electrical and plumbing), remodel the existing classrooms, administrative space, latrines and showers, equipment storage areas, kitchen, as well as assembly hall areas.

The REEP program ensures that essential and critical facilities have the capability to serve as Emergency Operations Centers or staging areas through seismic retrofits, emergency power, water, fuel and storage of supplies for the purpose of disaster response. The REEP portion of this project will provide structural improvements and upgrades, 24/7 emergency backup power through the installation of diesel or dual fuel generator sets with automatic transfer switches,

emergency potable water through maintained, tested, and certified wells, pumps, storage tanks, and automatic controls. Additionally, it will provide for storage of emergency response supplies and seismically stable above ground fuel storage tanks. These emergency response materials and fuel storage tanks will be cached and staged at this site for use during a disaster, or distribution to other facilities depending on the planned response and recovery mission. The armory's proximity to the Interstate 5 corridor is ideal for conducting and staging emergency operations in the event of natural disasters or catastrophic events.

The \$3,500,000 limitation will be funded with federal fiscal year 2023 funds: \$2,010,900 in direct federal funding from the National Guard Bureau (NGB), as well as \$1,489,100 of maintenance federal funding in the Army National Guard Facilities Program Cooperative Agreement, the main funding mechanism for maintaining and upgrading Army National Guard facilities in Oregon. These funds will be used to increase the armory's square footage to address the shortfall in space, which will provide more adequate space for mission readiness and training activities.

**Corvallis Armory Parking Lot Improvements: \$1,200,000 (\$900,000 FF / \$300,000 GF)**

In federal fiscal year 2021, OMD funded the design of the parking lot improvements with existing federal funds. The NGB directly funded the Smith Hall Parking Lot improvement project in the amount of \$900,000 in federal fiscal year 2022. The project will design and reconstruct the parking lot to increase space, improve drainage as well as increase lighting. It will expand the existing parking from 2,495 square yards to the authorized 4,130 square yards.

The current parking lot is undersized, in poor condition, does not allow for proper drainage and has substandard lighting. The federal funding for the parking lot improvements will provide adequate parking for soldiers, improve drainage, increase safety and security through improved lighting.

Because the Corvallis Armory carries a funding split of 75% Federal and 25% State, per federal regulation, this project requires \$300,000 in state funds. OMD requests to shift \$300,000 General Fund from the Operations Program General Fund into a new Capital Construction General Fund appropriation. The source of the Operations Program General Fund is the \$6.7 million deferred maintenance funding approved in the 2021 Legislative Session. By utilizing existing General Fund, we can avoid requesting new funds from the Emergency Fund.

### **Actions Requested**

Establish \$3,500,000 Federal Funds Capital Construction for the Corvallis Armory (Smith Hall) Armory Service Life Extension and Regional Emergency Enhancement Projects.

Establish \$900,000 Federal Funds Capital Construction limitation for the Corvallis Armory Parking Lot Improvement project.

Reduce Operations Program General Fund appropriation by \$300,000.

Establish \$300,000 General Fund Capital Construction appropriation for the Corvallis Armory Parking Lot Improvement project.

### **Legislation Affected**

\$3,500,000 Federal Funds Capital Construction for the Corvallis Armory (Smith Hall) Armory Service Life Extension and Regional Emergency Enhancement Project – None (new).

\$900,000 Federal Funds Capital Construction limitation Corvallis Armory Parking Lot Improvement project – None (new).

(\$300,000) Operations Program General Fund reduction – Section 1 (2), Chapter 662, Oregon Laws 2021.

\$300,000 General Fund Capital Construction appropriation for the Corvallis Armory Parking Lot Improvement project – None (new).

Thank you for your consideration of this request.

Sincerely,

Sean McCormick  
Chief Financial Officer  
Oregon Military Department