



**OREGON JUDICIAL DEPARTMENT
Office of the State Court Administrator**

April 9, 2021

The Honorable Senator Fred Girod, Co-Chair
The Honorable Representative Paul Holvey, Co-Chair
Joint Committee on Ways and Means Subcommittee on Capital Construction
900 Court Street NE
H-178 State Capitol
Salem, Oregon 97301

RE: SB 5505 Bonding Authorization for Oregon Supreme Court building renovation and County Courthouses Replacement projects

Dear Co-Chairpersons:

The Oregon Judicial Department (OJD) respectfully requests bonding authorization for the Supreme Court building renovation (\$21.7 million) and for courthouse replacement projects (\$137.0 million) in Clackamas, Linn, and Benton counties and General Fund appropriations (\$4.9 million) for the planning phases of courthouse replacement projects in Josephine, Crook, and Curry counties. These projects were recommended in the 2021-23 Chief Justice's Recommended Budget and bonding authority is provided in SB 5505. The projects also will require limitation be provided in SB 5506 for the Supreme Court building and in HB 5012 for the county courthouse replacements. The completion of these projects will provide safety for court users and ensure efficient court operations for decades to come.

Supreme Court Building Renovation Request:

The Supreme Court Building is the oldest office building located on the State Capitol Mall. Built in 1914, the 56,000 square foot building houses the Supreme Court offices and courtroom and the State of Oregon Law Library. While regular maintenance is performed on the building and some larger remediation projects have been performed, such as the roof replacement in 2010, no major remodel has taken place on the building or its infrastructure. Since the building is now more than 100 years old, many of the internal systems (HVAC, lighting, elevator, power, etc.) have exceeded their useful life. The building has not been seismically retrofitted, as other state-owned facilities on the Capitol Mall have been, despite being recently placed on the National Historic Registry. The OJD has proposed renovation policy option packages in prior budgets to address the many deferred maintenance issues.

During the 2013 Legislative Session, \$4.4 million in capital construction funds and bonds were authorized to address serious safety concerns that had arisen pertaining to the exterior façade and windows. Funding was used to address major safety concerns while preserving the historic nature

of the building and the materials used. Work started in 2014 and was completed in 2016.

In the 2017 session, the Legislature approved \$6.0 million in capital construction funds and bonding authority to begin an interior modernization and seismic protection project. Project construction began in February 2020 and is projected to be completed in the winter of 2022.

Additional funding (\$5.3 million General Funds, \$27.8 million in bond funds) was authorized during 2019-21 biennium to pay for rent, construction costs, and moving expenses. We are now requesting this final bond issuance (\$21.7 million) to provide the state with a seismically-sound, 21st century Supreme Court building that has up-to-date, efficient, flexible and sustainable internal systems that will serve the public well into the building's second century.

Oregon Courthouse Capital Construction and Improvement Fund Requests:

Counties are by law responsible to provide suitable and sufficient court facilities for state circuit courts. This legal responsibility continued when the State of Oregon assumed responsibility decades ago for the operating costs of courts and providing indigent defense.

Many courthouses, however, have significant deferred maintenance, and many lack seismic protection. The 2013 Legislature created the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF) to provide state matching funds to replace unsafe courthouses. Oregon law provides that the fund is intended to "... be used solely to finance costs related to acquiring, constructing, remodeling, repairing, equipping or furnishing land, improvements, courthouses or portions of courthouses that are owned by or operated by the State of Oregon." Under current practice, new state-supported courthouses continue to be owned by counties but are operated by the state under no-cost lease agreements

To be eligible for OCCCIF funding:

- The courthouse with respect to which the bonds will be issued must have significant structural defects, including seismic defects, that present actual or potential threats to human health and safety;
- Replacing the courthouse, whether by acquiring and remodeling or repairing an existing building or by constructing a new building, must be more cost-effective than remodeling or repairing the courthouse;
- Replacing the courthouse must create an opportunity for co-location of the court with other state offices; and,
- The Chief Justice and the Department of Administrative Services must approve the project for which the bonds will be used.

State matching funds may be up to 50 percent of allowable project costs for state-used space (courts, the co-located agency, and common areas) if the new courthouse also provides space for

co-location opportunities with a state agency. If co-location is not included, then the allowable match may not exceed 25 percent of project costs. Costs for locating any county offices in the new facility, including district attorney offices, continue to be the responsibility of the county.

Two courthouses have been completed through the OCCCIF. Jefferson County courthouse was the first completed in September 2016. The total cost of the project was \$15 million, with the state providing a planned \$6.5 million in matching funds (50 percent of allowable expenses).

The second project completed was the 17-story Multnomah County Courthouse, which opened in October 2020, four years after breaking ground. State bonds were approved in each of the last four biennia. Total state bonding for the project includes \$125 million for construction and \$17.4 million for furniture, fixture and equipment (FFE), for a total state contribution of \$142.4 million

OJD is now requesting re-authorization of \$47.4 million in previously authorized bond funding, and \$89.6 million in new bond authority totaling \$137.0 million for courthouse replacement projects in Clackamas, Linn, and Benton counties.

Lane County Courthouse

The 2016 Legislature approved the sale of \$1.45 million in bonds, which was increased by \$5.0 million in the 2017 Legislative session. Another \$87.6 million was approved in the 2019 session. The project was then delayed, and the 2019 bonds were not issued while the county's preferred building site went through a process to ensure there would be no legal challenges. The project has been further delayed by the COVID-19 pandemic. In its 2021-23 recommended budget OJD requested re-authorization of bond funding, however we are not currently asking for those bonds to be authorized and expect to renew the request in a subsequent biennium. OJD will keep the legislature informed of the progress of this project.

Clackamas County Courthouse

The new courthouse facility is proposed for the county's Red Soils campus and would provide a seismically safe building, allow sufficient space for court operations, allow jurors to convene in the courthouse instead of in a separate building, and consolidate district attorney offices into one building. The 2017 Legislature approved \$1.2 million General Fund for project planning, and the 2019 Legislature authorized \$31.5 million that were not issued. OJD is now requesting those bonds be reauthorized along with a final request of \$63.0 million for construction for a total of \$94.5 million. The county is proposing a public-private-partnership approach that may serve as an example of another financing option for other counties to utilize.

Benton County Courthouse

The Benton County courthouse was built in 1888. The county completed a thorough seismic evaluation of the building, which is on the National Historic Register. The county is conducting a public outreach effort and is looking to build a replacement courthouse as part of a justice center facility (estimated \$130 million) in downtown Corvallis. The county was appropriated \$2 million in planning funds by the 2019 Legislature and OJD is now requesting \$26.6 million for construction, plus an amount still to be determined for FFE.

Linn County Courthouse

The Linn County courthouse was built in 1940 and expanded in 1967, before Oregon had a statewide building code. As with many other courthouse facilities, its age and design contribute to significant seismic issues as well as space limitations and security concerns. The county originally proposed purchasing land to build a public safety campus, of which the courthouse would be part; however, it has since proposed building a new adjoining building to the existing courthouse. Linn County was approved for a one-time request of \$15.9 million in state matching funds by the 2019 Legislature session, however the project has been delayed and OJD is now requesting re-authorization of those bonds, and may possibly have a future request for FFE.

General Fund Planning Requests:

OJD works with the Association of Oregon Counties to identify counties seeking State matching funds for courthouse replacement and to recommend priorities to the Chief Justice. As a result of that process, the Chief Justice is requesting \$4.9 million in General Fund appropriations for planning costs that are not eligible for bond funding for the following projects:

Josephine County Courthouse

The Josephine County courthouse was originally built in 1915 and expanded in 1974. It ranked 30th in a 2008 courthouse facilities assessment that noted the courthouse requires significant improvements in fire alarm and sprinkler systems and seismic safety in order to meet state standards. Construction cost estimates and a timeline will be further refined as part of the planning process. OJD is requesting \$1.2 million General Fund to support project planning.

Curry County Courthouse

The Curry County courthouse was built in 1956 and is connected by pathway to the adjacent sheriff's office and jail. Ranked 42nd among the 48 court facilities in the 2008 assessment, it is the lowest-ranked courthouse for which OJD is requesting replacement funding. The assessment found the facility needed significant upgrades to fire alarm and fire sprinkler systems, plumbing, and power systems. OJD is requesting \$3.5 million General Fund to support project planning.

Crook County Courthouse

This 1909 building ranked 40th in the 2008 assessment, only slightly better than the Curry County facility. The assessment noted "excessive" upgrades needed in seismic safety and in-custody defendant areas, and "significant" upgrades needed in security and other building systems. The county hopes to replace the existing courthouse with a multi-purpose, multi-agency justice center. Project costs and timelines will be developed in the planning process. OJD is requesting \$169,827 to support the project planning.

Thank you for your consideration. For additional information, please contact David Moon, Business and Fiscal Services Director, at (503) 602-5150.

cc: John Borden, Legislative Fiscal Analyst