

ANALYSIS

Item 65: Department of State Lands Shutter Creek

Analyst: Katie Bannikov

Request: Increase Other Funds expenditure limitation for the Department of State Lands by \$1,300,000 to develop and maintain the Shutter Creek site.

Analysis: SB 5506 (2023) provided the Department of State Lands (DSL) \$500,000 Federal Funds expenditure limitation in anticipation of receiving a federal earmark of \$4 million in Community Project grant funding from the U.S. Department of Housing and Urban Development (HUD). These funds are intended for redevelopment of Shutters Landing, also known as the Shutter Creek Site, to be repurposed from a correctional facility to a location that could support administration and research staff along with community development opportunities in relation to the Elliott State Research Forest (ESRF). However, the federal grant agreement for these funds came through the Department of Administrative Services (DAS) rather than through DSL, requiring a shift from Federal Funds to Other Funds in DSL's budget in SB 5701 (2024).

To date, DSL has spent approximately \$477,000 on staffing and maintenance and repairs for the site. Due to size and scope of the site, the agency anticipates needing an additional Facility Maintenance Specialist and has identified an approximately \$384,000 in additional maintenance and repairs. DSL is also currently in the process of contracting with a consultant in partnership with DAS for a facility redevelopment plan and feasibility study that is expected to cost \$750,000 in the 2023-25 biennium.

DSL anticipates total costs related to the Shutter Creek site to be \$1,813,278 in 2023-25, all of which should be eligible for reimbursement through the HUD funding. The Common School Fund will cover initial costs until the Department receives reimbursements through DAS from the HUD funding.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation for the Department of State Lands by \$1,313,278 for redevelopment, planning, and maintenance of the Shutter Creek site.

Request: Increase Other Funds expenditure limitation by \$1.3 million for Facilities and Maintenance work at the Shutter Creek site.

Recommendation: Approve the request.

Discussion: The Department of State Lands (DSL) was provided an earmarked federal grant of \$4.0 million, through the Department of Administrative Services, from the U.S. Department of Housing and Urban Development for redevelopment of the Shutter Creek site in association with the creation of the Elliot State Research Forest. The Shutter Creek site required additional facilities projects to maintain the 49-acre property and 20 buildings and to repair a generator and transformer. Additionally, DSL has proposed procuring a consultant to develop a feasibility study of the site, engage stakeholders, conduct public outreach, and provide conceptual designs. Currently, DSL only has \$500,000 budgeted toward Shutter Creek site redevelopment in the 2023-25 biennium, but completion of facilities support and consultation planned is expected to utilize an additional \$1.3 million prior to the close of the biennium. The associated increase would allow DSL to maintain terms of the federal grant.

Legal Reference: Increase Other Funds expenditure limitation established by chapter 459, section 1(1), Oregon Laws 2023, for the Department of State Lands, Common School Fund programs by \$1,300,000 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Department of State Lands

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State Land Board

Tina Kotek

Governor

August 26, 2024

LaVonne Griffin-Valade

Secretary of State

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
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Salem, OR 97301-4048

Tobias Read

State Treasurer

Dear Co-Chairs:

Nature of the Request

The Oregon Department of State Lands (Department) respectfully requests an expenditure limitation increase of \$1.3 million Other Funds for costs of maintaining and developing the Shutter Creek site.

Agency Action

The Department, through U.S. Department of Housing and Urban Development, received a \$4 million grant for the planning and initial project costs for redevelopment of Shutters Landing (aka Shutter Creek site) in association with the creation of the Elliott State Research Forest and its related research infrastructure. The U.S. Housing and Urban Development issued the grant to the Department of Administrative Services (DAS).

During the current biennium, the Department needed to hire an additional Facility Maintenance Specialist to maintain the 49-acre property and 20 buildings. The Department also had to repair a generator and a transformer. As of July 31, 2024, \$477K of the \$500K appropriation has been expended. For the remainder of the biennium, the Department is requesting \$187K to maintain two Facility Maintenance Specialists at the site, \$384K for routine maintenance and repairs, and \$750K to hire a consultant for the redevelopment project. The Department is currently working with DAS on the redevelopment project with the expectation of getting the work completed this biennium. All these costs are expected to be reimbursed through the \$4 million grant.

Action Requested

Approve increasing Other Funds expenditure limitation by \$1.3 million.

Legislation Affected

Chapter 459, Section 1(1), Oregon Laws 2023

Thank you for your interest and assistance. If you have any questions, please contact Jean Straight at 503-689-3957.

Sincerely,

A handwritten signature in black ink that reads "Vicki L. Walker". The signature is fluid and cursive, with "Vicki" on the top line and "L. Walker" on the bottom line.

Vicki L. Walker
Director

Cc: Amanda Beitel, Legislative Fiscal Officer
Kate Nass, Chief Financial Officer
Katie Bannikov, Legislative Fiscal Office
Sione Filimoehala, DAS Chief Financial Office
Jean Straight, Deputy Director – Administration