

ANALYSIS

Item 12: Oregon Military Department

Corvallis Armory

Analyst: John Borden

Request: Increase Federal Funds capital construction expenditure limitation for the Oregon Military Department by \$800,000 for the Corvallis Armory.

Analysis: The Oregon Military Department (OMD) is requesting an increase of \$800,000 in Federal Funds capital construction expenditure limitation to complete existing projects at the Corvallis Armory (aka “Smith Hall”).

The Armory was originally constructed in 1959 and is approximately 16,908 square feet in size. The Armory houses members of the B Company, 2nd Battalion, 162nd Infantry Regiment. Over the intervening years the Armory has seen modest capital improvements. Beginning in 2021, three major state and federal investments were undertaken to upgrade the Armory until the Armory becomes eligible for replacements, according to National Guard Bureau standards.

The first type of investment the Armory received was state funding under the Armory Service Life Extension Projects program (ASLEP), which addresses severe deficiencies at facilities that are essential for conducting OMD's mission. ASLEP extends a facility's useful lifespan by 25 years for those facilities that are not due for immediate replacement. ASLEP projects bring facilities into conformance with current building code, replace outdated, inefficient or defective building systems and remodel and sometimes expand the footprint of the facilities to better meet National Guard Bureau standards.

The second type of investment to the Armory received was funding under the state's Regional Emergency Enhancement Program (REEP), designed to improve the resiliency of facilities to better withstand seismic events and to serve as Emergency Operations Centers following emergencies. REEP supports structural improvements for seismic resiliency, 24/7 emergency backup power from diesel or dual fuel generators with automatic transfer switches, installing water wells and storage tanks for backup potable water, and installing seismically stable above-ground fuel storage tanks.

The third investment was to the Armory's parking lot with expanded parking reconstructed drainage and the addition of lighting.

For this request, OMD is able to utilize remaining federal funds from other sources that can be repurposed to complete the projects at the Corvallis Armory. No state matching funds are

required and funding will be used for: (a) ASLEP projects, including window/door upgrades, brick repairs, and the replacement of mechanical equipment (\$348,822); and (b) completing the REEP project, including generator/solar and electrical upgrades (\$367,430). The request includes 10% in contingency funding (\$83,748). Overall, the request is an 8% increase to the project's budget.

The following table summarizes \$9.8 million in total state and federal investments in the Corvallis Armory, including this request, if approved. Of the total estimated amount, but excluding the parking lot project, \$7.1 million, or 80%, will be spent on ASLEP projects and \$1.8 million, or 20%, on REEP projects.

Program	Authorization	General Fund*	Other Funds (Article XI-Q)	Federal Funds	Total Funds
ASLEP/REEP	SB 5506 (2021)		\$ 4,317,605		\$ 4,317,605
ASLEP/REEP	Emergency Board Item #19 (December 2022)			\$ 3,500,000	\$ 3,500,000
Parking Lot	Emergency Board Item #19 (December 2022)	\$ 300,000		\$ 900,000	\$ 1,200,000
ASLEP/REEP	IJWM Request #12 (pending approval)			\$ 800,000	\$ 800,000
	Total Estimated Cost	\$ 300,000	\$ 4,317,605	\$ 5,200,000	\$ 9,817,605

*excludes General Fund debt service; \$300,000 GF match was from existing appropriation to the Operations Program.

All upgrades to the Armory are expected to be completed by February 2026, including the \$800,000 Federal Funds requested. OMD plans to utilize existing Federal Funds expenditure limitation to complete the projects, pending legislative approval of the increase.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$800,000 in Federal Funds capital construction expenditure limitation for the Oregon Military Department in a budget reconciliation bill during the 2026 legislative session for the Corvallis Armory Service Life Extension project.

Request: Increase Capital Construction Federal Funds expenditure limitation by \$800,000 for the Corvallis Service Life Extension and Regional Emergency Enhancement Project.

Recommendation: Approve the request during the 2026 Legislative Session.

Discussion: In December 2022, the Emergency Board approved \$3.5 million Federal Funds expenditure limitation for Capital Construction for the Oregon Military Department (OMD) to perform an Armory Service Life Extension Project (ASLEP) and Regional Emergency Enhancement Project (REEP) within the Corvallis Armory. When OMD can demonstrate the availability of state funds, they are likely to also receive federal funding to advance a project. As such, OMD received \$3.5 million Federal Funds from the National Guard Bureau in 2023 and has since secured an additional \$800,000 Federal Funds for continued work on ASLEP and REEP; however, OMD currently lacks the expenditure limitation to utilize these funds. OMD estimates this project is 95 percent finished, with an anticipated completion date of February 2026.

The portions of this project are described below:

- ASLEP focuses on facility compliance, including reviewing conformance with current building codes; replacing outdated or ineffective building systems (e.g., mechanical, electrical, and plumbing); and remodeling spaces such as existing classrooms, administrative spaces, equipment storage areas, and assembly halls.
- The REEP program provides structural improvements and upgrades to ensure essential facilities can also operate as Emergency Operation Centers in times of disaster. These facilities are key to Oregon's disaster response by housing emergency power sources, potable water, and seismically stable above-ground fuel storage tanks. Furthermore, the armory's proximity to the Interstate-5 corridor is critical to providing rapid emergency response to disasters statewide.

Legal Reference: Increase the Federal Funds Capital Construction expenditure limitation established by the Emergency Board at its December 2022 meeting by \$800,000 for the Oregon Military Department's Corvallis Armory Service Life Extension project for the 2025-27 biennium.



OREGON MILITARY DEPARTMENT
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December 8, 2025

Senator Kate Lieber, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Oregon Military Department (OMD) requests an increase of \$800,000 to Capital Construction Federal Funds limitation for the Corvallis Service Life Extension and Regional Emergency Enhancement Project.

Agency Action

The December 2022 Emergency Board approved \$3,500,000 Federal Funds Capital Construction limitation to perform an Armory Service Life Extension Project (ASLEP) and Regional Emergency Enhancement Project (REEP) at the Corvallis Armory.

Bond funds of \$4,317,605 were approved in the 2021 legislative session, which was instrumental in obtaining federal funds from the National Guard Bureau. When OMD can demonstrate that state funds are available for a project, it is much easier to receive federal funds to enhance the project.

The ASLEP portion of the project brings the facility into conformance with current building code, replaces outdated, inefficient, or defective building systems (mechanical, electrical and plumbing), remodels existing classrooms, administrative space, latrines and showers, equipment storage areas, kitchen and 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

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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 original Emergency Board request covered \$3,500,000 federal funds received from the National Guard Bureau in federal fiscal year 2023. Subsequently, OMD was able to secure another \$800,000 federal funding for the project, necessitating an increase in limitation.

The project is roughly 95% complete and should be finished by February 2026. OMD plans to make contractor payments from another limitation pending approval of this increase and will move the costs to the appropriate limitation once it is available.

Action Requested

Increase Federal Funds Capital Construction limitation for the Corvallis Armory Service Life Extension and Regional Emergency Enhancement Project by \$800,000.

Legislation Affected

December 2022 Emergency Board Item #19.

Thank you for your consideration of this request.

Sincerely,

Sean McCormick
Chief of State Affairs
Oregon Military Department