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Testimony in **Support of House Bill 3654**

Honorable Chair and Members of the Committee;

On behalf of the Mayor & Council of Brownsville, I would like to express our support for House Bill 3654. I have served as Brownsville City Administrator, a City of nearly 2,200 residents, for the last nineteen years. Brownsville is one of the founding members of the Small Municipality Advocacy Coalition, known as SMAC.

While Brownsville is a small community in the Willamette Valley, the town has a lot of amenities and multi-million dollars worth of public infrastructure. The City's Capital Improvements Plan (CIP) shows over \$70M in assets including roads, water & sewer lines, water & wastewater treatment plants, parks, City Hall, Library, and the Public Works Shop. Inflationary forces and market forces have driven the cost of infrastructure projects to unattainable levels given the fact that cities valuation is limited by State law to 3% increase per year.

Brownsville has its share of bonded debt to afford public utilities and associated components; improvements that were required by the State through the Department of Environmental Quality (DEQ) and Oregon Health Authority (OHA) in most cases. I have found it concerning that no agency, university or even the League of Oregon Cities ever asks about the debt already incurred by our Oregon cities when performing surveys. Often, terms like "shovel ready" projects are bantered around. Shovel ready means the engineering has been completed. Engineering costs are between 12-20%. So, to use the average of 15%, the engineering costs on a million-dollar project would be \$150,000.

Small communities do not have the resources to have engineering plans sitting on "the shelf" ready for public funding we may never receive.

House Bill 3654 would change cap percentages required for smaller communities thereby reducing the match so that it is attainable for small governments to receive public funding.

Small cities in Oregon operate on limited financial resources by any measure and I would argue that cities have the most capital infrastructure needs than any other taxing district. It is important to note that infrastructure needs for the entire State are grossly underestimated. Brownsville's infrastructure needs that are at or near critical replacement condition is over \$20,000,000. Small towns are never going to be able to deal with more unfunded mandates when we are already unable to handle basic capital infrastructure costs.

House Bill 3654 will make a difference to Oregon's small cities. Out of 211 small cities, there are 160 cities in Oregon with fewer than 6,000 residents. Oregon is a small-town state. We ask that the Committee consider allowing small cities the opportunity to invest in, and replace badly deteriorating infrastructure, by supporting House Bill 3654.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be "SM", written over a light blue horizontal line.

S. Scott McDowell
City Administrator