



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

February 16, 2024

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: HB 5201 Bonding Authorization for County Courthouse Replacement projects

Dear Co-Chairpersons:

The Oregon Judicial Department (OJD) respectfully requests bonding authorization for courthouse replacement projects in Clackamas (\$21.2 million) and Benton (\$6.98 million) counties. These projects were initiated in previous biennia and this is the final bonding request to reach completion. These new courthouses will provide safety for court users and ensure efficient court operations for decades to come.

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. Total state bonding for the project included \$125 million for construction and \$11.0 million for furniture, fixture and equipment (FFE), and approximately \$1.3 million for Bond – Cost-of-issuance (COI) for a total state contribution of \$137.3 million

OJD is now requesting authorization of \$28.18 million in final bond authority for courthouse replacement projects in Clackamas and Benton counties.

Clackamas County Courthouse

The current Clackamas County Courthouse was built in 1936 with one courtroom and has been expanded over the years but reached its capacity for expansion some time ago. 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 county has approved a public-private-partnership approach that may serve as an example of another financing option for counties. The P3 “Project Company” is responsible for the new courthouse design, financing, operation, and maintenance. Under the agreement, the state will make a milestone payment to the P3 and the county’s matching funds requirement will be made as “availability” payments over the course of the next 30 years.

The 2017 Legislature approved \$1.2 million General Fund for project planning. The 2022 Legislature authorized \$95.4 million in state bonds. The county projected a final construction need

of \$60 million, and the 2023 Legislature authorized \$30 million in bonds. This request is for a total of \$21.2 million to fund \$20.9 million in final construction costs and \$207,980 in COI for the bonds.

Benton County Courthouse

The Benton County Courthouse was built in 1888 and is in severe need of replacement. The county was appropriated \$2 million in planning funds by the 2019 Legislature. The 2021 and 2023 Legislatures authorized the sale of \$20.73 million and 8.83 million in bonds, respectively.

Since making the 2023 request, the county has determined that construction costs have increased more than expected due to inflationary pressures, and they have projected the costs for OJD's Furniture Fixtures and Equipment (FFE) that are necessary to put the building into use. This request is for a total of \$6.98 million to fund OJD's FFE (\$4.34 million), the final construction costs (\$2.56 million), and the COI for the bonds (\$72,001).

Thank you for your consideration. For additional information, please contact David Moon, Business and Fiscal Services Director, at (503) 986-5150.

cc: John Borden, Legislative Fiscal Analyst