



# Oregon

Tina Kotek, Governor

## Department of Administrative Services

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## MEMORANDUM

**To:** Co-Chair Fred Girod  
Co-Chair Rob Nosse  
Joint Ways and Means  
Capital Construction Subcommittee

**From:** Rhonda Nelson, Capital Finance Manager  
Chief Financial Office  
Department of Administrative Services

**Date:** March 25, 2025

**Subject:** Response to Questions from March 21, 2025 Meeting

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Co-Chair Girod, Co-Chair Nosse, and members of the Committee,

Thank you for your time on Friday, March 21, 2025, to review the 2025-27 Governor's Recommended Budget bonding authorizations. During the meeting there were several questions that required more detailed information or information from other agencies to provide an accurate response. The Department of Administrative Services (DAS) has worked with the Oregon Business Development Department (OBDD) to assist in responding to these questions, responses are below.

### **Oregon Business Development Department's Beginning and Expanding Farmer Loan Program (Pass-Through Revenue Bonds and Private Activity Bonds)**

*Why are farmers funded at a lower percentage compared to other bond programs? Is it tied to a federal act? Is there promotional information being provided on this program?*

The Beginning and Expanding Farmer Loan program bonds can be used for the purchase of farmland or costs of depreciable farm property. Since inception of the program there have only been two applications, both of which were approved with bonds issued totaling \$500,000 (about \$250,000 each). Per federal law the program must limit the size of loans to \$520,000. There are a few inquiries about the program each year, but OBDD rarely receives an application due to limited size and the borrowers ability to attract a lender for their project (OBDD issues the bonds, but they are funded by private lenders like banks).

Issuing bonds requires a significant amount of unavoidable legal costs for bond counsel to provide tax opinions and bond documents. In the case of small bonds, the legal costs of issuance

outweigh the interest rate savings passed onto the borrower from the tax-exemption that the bondholder receives. The economics of borrowing through the “Aggie Bond” program typically do not favor the borrower due to the low dollar amount imposed at the federal level for the program.

As for marketing, OBDD promotes the program alongside all other Business Finance programs with banking partner outreach and marketing materials. Inquiries are at the same rate as the Industrial Development Revenue Bond program, but once the borrower speaks with their lender, applications do not come to fruition due to the reason previously stated. All states besides Oregon run their Aggie Programs through their respective Departments of Agriculture, which might arguably be a way to improve engagement but would not solve the costs of issuance issue.

**Department of Administrative Service’s Oregon XI-F(1) bond loan programs (Dedicated Fund Supported General Obligation Bonds)**

*For loan programs that generate revenue, like the Portland State University Student Housing project, where does the revenue generated go and should it come back to the State to repay the loans?*

The XI-F(1) bonds are general obligation bonds that are loaned to a University and then paid back with Institutional funding coming from the University that the bonds are being loaned too. The debt on these bonds are not paid from the General Fund or Lottery Funds.

**Department of Administrative Services Supplemental List of Governor’s Budget Projects**

*Can the supplemental list of Governor’s Budget projects please have the Cost of Issuance amount to the total?*

Attached is an updated list of the Governor’s Budget projects that includes the Cost of Issuance.

2025-27 Governor's Budget

**Bonding Projects and Programs - General Fund Supported**

Bond Type	Agency	Project or Program Name	Bond Bill Amount	Project Amount	Cost of Issuance
					Amount
XI(7)	ODOT	Interstate 5 Bridge Replacement Project	251,825,000	250,000,000	1,825,000
XI-G	HECC-CC	Clackamas CC - Center for Excellence for Farming, Horticulture & Wildland Fire	8,085,000	8,000,000	85,000
XI-G	HECC-CC	Klamath CC - Cosmetology ADA Remediation	4,045,000	4,000,000	45,000
XI-G	HECC-CC	Mt. Hood CC - Classroom and Lab Renovations	8,085,000	8,000,000	85,000
XI-G	HECC-U	PSU - Portland Center for the Performing Arts Academic Building	85,660,000	85,000,000	660,000
XI-H	DEQ	DEQ XI-H GO Bonds (GF) Orphan Site Clean-Up	10,333,333	10,000,000	333,333
XI-M	OBDD	Seismic Rehabilitation Grants - Schools	100,910,000	100,000,000	910,000
XI-N	OBDD	Seismic Rehabilitation Grants - Emergency Svcs Bldgs	50,580,000	50,000,000	580,000
XI-P	ODE	School District Capital Costs Grants	108,860,000	108,000,000	860,000
XI-Q	DAS	State Fair Regional Emergency Center	4,935,000	4,886,000	49,000
XI-Q	DEQ	DEQ Laboratory & Monitoring Equipment	1,350,000	1,320,500	29,500
XI-Q	DOC	Capital Improvement and Renewal	70,570,000	70,000,000	570,000
XI-Q	DOC	Computerized Maintenance Management System	2,285,000	2,250,000	35,000
XI-Q	DOC	Institution Staff Deployment System Replacement (ISDS)	625,000	600,000	25,000
XI-Q	DOC	Wireless Communication System	13,040,000	12,900,000	140,000
XI-Q	DPSST	Learning Management System	3,510,000	3,443,030	66,970
XI-Q	HECC	IT Modernization	5,875,000	5,800,000	75,000
XI-Q	HECC-U	Public Universities Capital Improvement and Renewal	201,425,000	200,000,000	1,425,000
XI-Q	ODA	Project OneODA	15,350,000	15,160,000	190,000
XI-Q	ODE	Oregon School for the Deaf Facilities Improvements	92,695,000	91,884,000	811,000
XI-Q	ODF	Capital Improvements	6,075,000	6,000,000	75,000
XI-Q	ODF	Klamath Fire Cache Warehouse Replacement (GF)	1,723,800	1,700,000	23,800
XI-Q	ODF	Santiam Facility Replacement, Phase I (GF)	1,115,400	1,100,000	15,400
XI-Q	ODF	State Forester Office Building Restoration (GF)	6,861,200	6,800,000	61,200
XI-Q	ODF	Toledo Facility Replacement, Phase III (GF)	2,542,388	2,511,000	31,388
XI-Q	ODF	Veneta Campus Remodel (GF)	6,160,508	6,097,500	63,008
XI-Q	ODFW	Hatchery Facilities - Capital Improvements	20,180,000	20,000,000	180,000
XI-Q	ODFW	Rogue Watershed District Office Replacement	5,320,000	5,250,000	70,000
XI-Q	ODVA	Roseburg Veterans' Home Capital Improvements	35,350,000	35,000,000	350,000
XI-Q	OHA	OSH Capital Improvements & Equipment	7,545,000	7,463,000	82,000
XI-Q	OHCS	OHCS-LIFT Affordable Rental	704,660,000	700,000,000	4,660,000
XI-Q	OHCS	OHCS-LIFT Homeownership	100,910,000	100,000,000	910,000
XI-Q	OHCS	OHCS-Permanent Supportive Housing	80,760,000	80,000,000	760,000
XI-Q	OJD	Clackamas County Courthouse	5,905,000	5,830,000	75,000
XI-Q	OJD	Crook County Courthouse	3,240,000	3,200,000	40,000
XI-Q	OJD	Harney County Courthouse	2,035,000	2,000,000	35,000
XI-Q	OJD	Morrow County Courthouse	2,535,000	2,500,000	35,000
XI-Q	OJD	Umatilla County Courthouse	94,955,000	94,245,000	710,000
XI-Q	OMD	Bend Armory Service Life Extension	9,495,000	9,400,000	95,000
XI-Q	OMD	Klamath Falls Readiness Center	2,035,000	2,000,000	35,000
XI-Q	OMD	Linn County Readiness Center	7,080,000	7,000,000	80,000
XI-Q	OMD	Salem Armory & Auditorium Service Life Extension & Emergency Enhancements	6,375,000	6,300,000	75,000
XI-Q	OMD	Woodburn Armory Service Life Extension & Emergency Enhancements	6,175,000	6,100,000	75,000
XI-Q	OMD	Youth Challenge Program Athletic Field	5,120,000	5,047,680	72,320
XI-Q	OPDC	Financial Case Management System	13,915,000	13,769,781	145,219
XI-Q	OSP	Coos Bay Area Command Center Property Acquisition	3,540,000	3,500,000	40,000
XI-Q	OSP	Ontario Area Command Center Property Acquisition	3,540,000	3,500,000	40,000
XI-Q	OYA	Capital Improvements - All Facilities	18,225,000	18,000,000	225,000
XI-Q	OYA	CCTV & Access Control Improvement, Phase IV	5,630,000	5,551,193	78,807
XI-Q	OYA	JJIS IT System Modernization	1,685,000	1,651,563	33,437
XI-Q	OYA	MacLaren Infirmary and Pharmacy Renovation & Expansion	2,735,000	2,700,000	35,000
<b>Total General Fund Supported Projects and Programs</b>			<b>2,213,466,629</b>	<b>2,195,460,247</b>	<b>18,006,382</b>

2025-27 Governor's Budget

**Bonding Projects and Programs - Other Funds Supported**

Bond Type	Agency	Project or Program Name	Bond Bill Amount	Project Amount	Cost of Issuance
					Amount
XI-A	ODVA	ODVA XI-A GO Bond Program (OF)	116,000,000	116,000,000	-
XI-F(1)	HECC-U	PSU - Portland Center for the Performing Arts Parking Structure	53,010,000	52,540,000	470,000
XI-F(1)	HECC-U	PSU - Student Housing	85,660,000	85,000,000	660,000
XI-H	DEQ	DEQ XI-H GO Bonds (OF) Clean Water	20,080,000	20,000,000	80,000
XI-I(2)	OHCS	OHCS Elderly & Disabled Housing Bond Program (OF)	50,000,000	50,000,000	-
XI-Q	DAS	Labor & Industry Building Renovation & Seismic Upgrade	126,080,000	125,000,000	1,080,000
XI-Q	ODF	Klamath Fire Cache Warehouse Replacement (OF)	3,346,200	3,300,000	46,200
XI-Q	ODF	Santiam Facility Replacement, Phase I (OF)	3,954,600	3,900,000	54,600
XI-Q	ODF	State Forester Office Building Restoration (OF)	13,318,800	13,200,000	118,800
XI-Q	ODF	Toledo Facility Replacement, Phase III (OF)	3,532,612	3,489,000	43,612
XI-Q	ODF	Veneta Campus Remodel (OF)	8,994,492	8,902,500	91,992
XI-Q	ODVA	Lebanon Veterans' Home Capital Improvements	4,615,000	4,566,871	48,129
XI-Q	ODVA	ODVA Salem HVAC Controls Replacement, Phase II	1,585,000	1,554,000	31,000
XI-Q	ODVA	ODVA Salem Roof Replacement	1,230,000	1,200,000	30,000
XI-Q	ODVA	The Dalles Veterans' Home Capital Improvements	1,150,000	1,123,854	26,146
XI-Q	OLCC	Liquor Warehouse Management IT System	8,090,000	8,002,945	87,055
DOTGARVE	ODOT	ODOT Grant Anticipation Revenue Vehicle (OF)	345,000,000	345,000,000	-
DOTRB	ODOT	ODOT Highway User Tax Revenue Bonds (OF)	850,000,000	850,000,000	-
HCSRB	OHCS	OHCS Single/Multi Family Housing Revenue Bonds (OF)	500,000,000	500,000,000	-
OBDRB	OBDD	OBDD Oregon Bond Bank Revenue Bonds (OF)	30,000,000	30,000,000	-
<b>Total Other Funds Supported Projects and Programs</b>			<b>2,225,646,704</b>	<b>2,222,779,170</b>	<b>2,867,534</b>
OFA	DAS	Other Financing Agreements (Capital Leases)	13,037,910	13,037,910	-

2025-27 Governor's Budget

**Lottery Revenue Bonds**

Bond Type	Agency	Project or Program Name	Bond Bill Amount	Project Amount	Cost of Issuance & Debt Service
					Reserve Amount
LRB	OBDD	Brownfields Properties Revitalization Fund	5,615,000	5,000,000	615,000
LRB	OBDD	Brownfields Redevelopment Fund	11,255,000	10,000,000	1,255,000
LRB	OBDD	Child Care Infrastructure Fund	33,710,000	30,000,000	3,710,000
LRB	OBDD	Container Port Improvement Fund	22,440,000	20,000,000	2,440,000
LRB	OBDD	County Fair Resilience Fund	11,120,000	10,000,000	1,120,000
LRB	OBDD	Housing Infrastructure Fund	112,025,000	100,000,000	12,025,000
LRB	OBDD	Industrial Site Loan Fund	11,255,000	10,000,000	1,255,000
LRB	OBDD	Lower Columbia River Channel Improvements	16,675,000	15,000,000	1,675,000
LRB	OBDD	Port Revolving Loan Fund	11,215,000	10,000,000	1,215,000
LRB	OBDD	Portland Metro Levee System Improvements	22,045,000	20,000,000	2,045,000
LRB	OBDD	Special Public Works Fund	56,090,000	50,000,000	6,090,000
LRB	OBDD	Special Public Works Fund - Levees	11,255,000	10,000,000	1,255,000
LRB	ODE	Broadband Connecting Oregon Schools Grants	5,635,000	5,000,000	635,000
LRB	OHCS	Affordable Housing Preservation	179,155,000	160,000,000	19,155,000
LRB	OHCS	Affordable Housing Preservation-Manufactured Park	28,050,000	25,000,000	3,050,000
LRB	OPRD	Main Street Revitalization	11,140,000	10,000,000	1,140,000
LRB	WRD	Water Development Projects	22,210,000	20,000,000	2,210,000
<b>Total Lottery Revenue Bonds</b>			<b>570,890,000</b>	<b>510,000,000</b>	<b>60,890,000</b>