

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....Page 1

BUDGET NOTES..... Page 5

- Develop criteria for prioritizing regional Needs and Issues and infrastructure projects. Page 5
- Develop two prioritized lists for each region.Page 6
- Prepare a consolidated statewide infrastructure priority list. Page 8
- Develop an infrastructure funding request based on the statewide priorities. Page 9

APPENDICES

- A: Infrastructure Inventory prioritization criteria adopted by Commission
- B: Minutes of 7/27 Commission meeting
- C: Statewide Summary of Barriers to Economic Development
Top Three Barriers to Economic Development in Each Region
- D: Description of the Scope of the Inventory
Instruction Book for Infrastructure Inventory System
- E: List of Entities/Organizations Without Information in System
- F: Suggested Criteria for Top Ten Projects
- G: Processes Used to Select Top Ten Projects
- H: Top Ten Projects in Each Region
- I: Minutes of 1/11 Commission meeting
- J: List of Water, Sewer, and Stormwater Projects Needed to Address State/Federal Requirements or to Replace Antiquated Systems

EXECUTIVE SUMMARY

The final budget approved by the 2007 Legislature for the Oregon Economic and Community Development Department's ("Department") Infrastructure Funding Programs included a portion of the \$100 million included in the Governor's Recommended Budget to recapitalize the Special Public Works Fund and the Water Fund (\$21.43 million).

The Budget Notes connected with the Department's budget then asked the Oregon Economic and Community Development Commission ("Commission") to gather information on Oregon's needed infrastructure improvements and to prepare a report and funding request for the February 2008 Legislative Session. The Budget Notes also asked the Commission to prepare a statewide list of needs and issues.

In accordance with the Budget Notes, the Department contracted with the thirteen Regional Investment Boards ("Boards") to gather information to compile a comprehensive list of infrastructure and other capital improvement needs and a list of needs and issues.

The Boards identified a needs and issues list that highlighted barriers to economic development in each region. Barriers related to transportation, infrastructure and other facilities, and industrial land availability were common issues identified by most Boards across the state. A summary of the barriers, along with each region's top three barriers, is included in Appendix C.

In the past several months, with assistance from the Regional Investment Boards, cities, counties, ports, special districts, tribes, and other organizations¹ entered information about their infrastructure and other capital improvement needs over the next 20 years² into a web-based system developed by the Department.

This was a tremendous effort by the Regional Investment Boards, the local organizations, and Department staff to accomplish this major task in less than six months.

Over 3,200 projects were entered into the system, with a total estimated cost of \$13.1 billion³. Despite the vast number of projects this amount represents, this inventory is not inclusive of all infrastructure and capital improvement needs in the state. A description of what the inventory does and does not include is contained in Appendix D.

¹ Participation by local entities was voluntary and not all organizations contacted by the Regional Investment Boards chose to enter information into the system. A list of those organizations that were contacted, but did not enter information, is contained in Appendix E. Also, communities with populations of over 40,000 were instructed to only enter projects for which financing from OECDD will be needed.

² Due to the enormity of short-term needs and the lack of certainty about the scope, and thus the cost, of projects that will be needed in the long-term (seven or more years), as evidenced by the number and total cost of projects needed in the long-term, the inventory almost certainly understates the full scale of infrastructure and other capital improvement needs in the state.

³ In many instances, cost estimates are preliminary, do not reflect adjustments for inflation, and have been estimated without the benefit of a final engineering/architectural design.

Not surprisingly, over 60% of the estimated cost is for infrastructure and other capital improvements which are needed for development to occur or to address population growth.

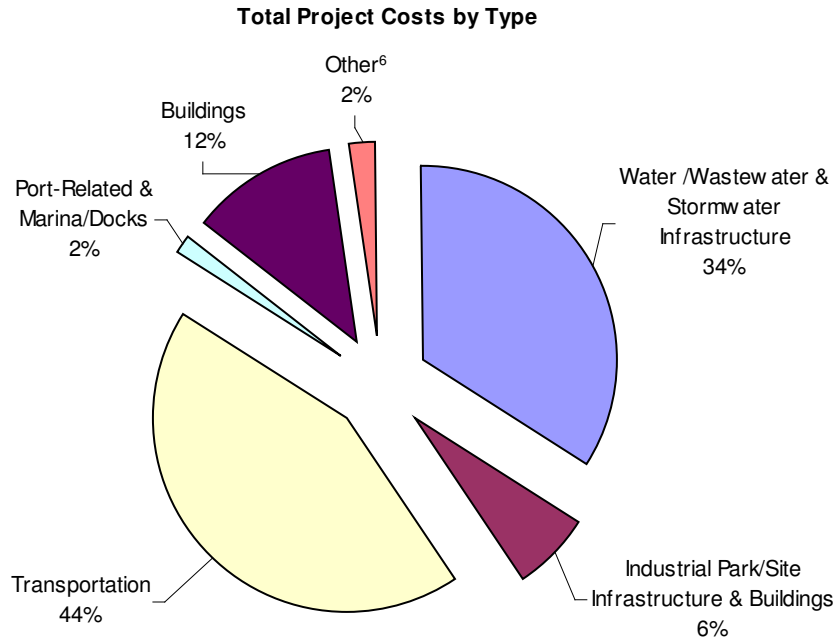
Primary Reason for Project	Total Estimated Cost	Funding from Project Proponent	Financing Needed	% of Total Cost
Antiquated System/Facility	2,721,440,968	509,444,346	2,211,996,622	20.7%
Development/Population Growth	7,921,663,385	1,806,594,437	6,115,068,948	60.3%
Immediate Job Creation/Retention	638,696,700	126,582,770	512,113,930	4.9%
Quality of Life	749,819,760	125,918,386	623,901,374	5.7%
State/Federal Regulation Compliance	1,097,389,489	253,296,727	844,092,762	8.4%
	\$13,129,010,302	\$2,821,836,666	\$10,307,173,636	100.0%

The inventory also indicates nearly half of the estimated costs are for transportation-related projects.

4

⁴ Only those transportation projects necessary for an industrial/commercial areas were included (i.e., not those for general transportation purposes). Also, projects for roads or other transportation-related infrastructure which are state- or federally-owned were not included.

⁶Includes: Telecommunications, Utilities, Solid Waste Disposal Facility, Energy Production Facility, Agricultural Irrigation System, Other Building/Facility, Property Acquisition, and Environmental Mitigation/Cleanup.



Overall, the amount of financing the local organizations indicate as being needed represents approximately 78.5% of the total cost of the projects. For those projects that need to be completed in the next three years, the total estimated cost is \$4.8 billion, with local entities indicating that financing from sources other than their own resources of \$3.8 billion is needed.

In accordance with the Budget Note, the infrastructure and other capital improvement needs entered into the system were categorized into priorities of High, Medium, and Low, based on criteria established by the Commission. The criteria is included in Appendix A of this report.

The total estimated cost of those High Priority projects is \$4.1 billion, with local entities indicating that financing from sources other than their own resources of \$3.2 billion is needed for the projects.

After reviewing the projects in the High Priority category, each of the 13 Boards identified the top ten projects⁷ which they determined will have the most impact on the region's economy. Those projects are listed in Appendix H.

The OECD Commission approved the criteria the Boards used to identify the top ten projects; however, it was not involved in the selection of individual projects listed in this report. Funding for the projects would be dependent upon available resources and additional funding provided by the Legislature as well as overall priority ranking. Should a project be submitted for funding, it would also undergo further analysis regarding technical and financial feasibility, eligibility for state program funding, and readiness to proceed.

⁷ The Northwest Oregon Alliance Regional Investment Board (Clatsop, Columbia, and Tillamook Counties) submitted nine projects, rather than ten.

In summary, the total estimated cost for the top 129 projects identified by the Boards is \$580 million. The projects' proponents have indicated a portion of the cost (approximately \$204 million) will be financed through their own or other resources. The remaining projects (111), have indicated financing of over \$376 million is needed through the Oregon Economic and Community Development Department's programs.

The top ten projects identified by each Board are representative of the types of projects that have been funded by the Oregon Economic and Community Development Department in the past. Using the list of the Boards' top ten projects as an example for determining financing needs and considering the funding currently available through the Oregon Economic and Community Development Department's infrastructure programs, a recapitalization for the Special Public Works Fund of \$163 million would be needed.

This inventory provides a snapshot of the vast need for investment into the state's infrastructure system. The specific needs will change over time, but the projects in the inventory are representative of the enormous challenge faced by Oregon's communities to address the needs of their citizens and to become economically competitive.

In particular, the inventory highlights the challenges of communities to meet safe drinking water and water quality needs. As indicated in Appendix J, \$1.58 billion in costs are associated with repairing or replacing antiquated systems or complying with state or federal regulatory standards.

Adequate infrastructure in the form of roads, water, sewer and stormwater facilities, rail, utilities, marinas and other port facilities, and telecommunications are essential for communities to become economically competitive and attract businesses. Given the magnitude of Oregon's infrastructure need as demonstrated in the inventory, the Commission recommends the Legislature use this information to establish a sustainable solution to address Oregon's infrastructure priorities.

BUDGET NOTES

Develop criteria for prioritizing regional Needs and Issues and infrastructure projects

Budget Note

The 2007 Legislature included the following Budget Note in the Oregon Economic and Community Development Department's 2007-09 Budget:

For the period of July 1, 2007 to February 2008, the Subcommittee expects the [Oregon Economic and Community Development] Commission to develop the criteria for prioritizing regional Needs and Issues and infrastructure projects and communicate the criteria to the [Regional Investment] Boards. The Commission should consider the need for infrastructure investment in areas of recent urban growth boundary expansion where population and development growth are targeted to occur when developing its criteria.

Process

On July 10, 2007, Department staff met with Regional Investment Board staff to review proposed criteria for prioritizing infrastructure needs across the state, which was based on the goals for the Department set forth in Senate Bill 350 and reflected in the Department's strategic plan.

Outcome

At its July 27, 2007 meeting, the Commission approved the criteria that would be used to prioritize infrastructure needs into categories of High, Medium, and Low (see Appendix A). Minutes of the Commission's July 27, 2007 meeting are included in Appendix B.

At a "kick-off" meeting hosted by the Department on September 7, 2007 in Portland, the criteria approved by the Commission was communicated to the Regional Board Chairs and Staff.

BUDGET NOTES

Develop two prioritized lists for each region

Budget Note

The 2007 Legislature included the following Budget Note in the Oregon Economic and Community Development Department's 2007-09 Budget:

For the period of July 1, 2007 to February 2008, the Subcommittee expects the Regional Economic Development Boards to ...develop two prioritized lists for each region:

- *A Needs and Issues list; and*
- *A list of all infrastructure development needs, prioritized as directed by the Economic and Community Development Commission*

Needs and Issues List

Process

At the September 7, 2007 "kick-off" meeting with the Regional Investment Board Chairs and Staff, the Department provided a format for the Boards to submit the top three barriers to economic development in their regions.

As part of the process to develop their six-year Strategies under the Regional Investment Program, the Boards were required to examine the region's needs and conduct an analysis of its resources. Through that process, the Boards identified the top three barriers to economic development in their respective regions.

Outcome

By November 30, 2007, each Board submitted the top three barriers to economic development in their respective regions. A summary of the barriers is included in Appendix C, along with each Board's individual submission.

Infrastructure Development Needs

Process

In order to facilitate the collection of information, the Department developed a web-based system for entities and organizations to enter information about their infrastructure and other capital improvement projects.

On September 7, 2007, at a "kick-off" meeting in Portland, a demonstration of a system prototype was provided to Regional Board Chairs and Staff, along with a mailing list of cities, counties, special districts, and other organizations in their regions which may have infrastructure or other capital improvement needs. During the remainder of September, the Boards contacted the entities and organizations in their regions to inform them of the upcoming process.

On October 1, 2007, the system became available for data entry and each region was assigned a User Name and Password. An instruction book to guide data entry was provided to each Board and was also accessible to users when they were logged into the system (see Appendix D).

During October and November, the Boards provided assistance to organizations as they entered information into the system. As participation was voluntary, the Boards periodically printed reports from the system to determine if additional outreach was needed. The Boards also used the reports to verify the accuracy of information in the system. The deadline for entering information was November 15, 2007. A list of entities and organizations which were contacted but did not enter information into the system is included in Appendix E.

Once data entry had been completed, each Board printed a report from the system which categorized the region's projects into High, Medium, and Low priority categories, based on the criteria established by the Commission. Each Board then held a public meeting to review the report and identify the top ten projects from the High Priority category which have the most impact on the region's economy. To assist the Boards in selecting the top ten projects, the Department provided additional criteria, which is included in Appendix F. The processes used by the Boards to select the top ten projects varied across the state and are included in Appendix G.

Outcome

By November 30, each Regional Investment Board submitted the regional infrastructure inventories and a list of the region's top ten projects to the Department⁸.

⁸ The Northwest Oregon Alliance Regional Investment Board (Clatsop, Columbia, and Tillamook Counties) submitted nine projects, rather than ten.

BUDGET NOTES

Prepare a consolidated statewide infrastructure priority list

Budget Note

The 2007 Legislature included the following Budget Note in the Oregon Economic and Community Development Department's 2007-09 Budget:

For the period of July 1, 2007 to February 2008, the Subcommittee expects the [Economic and Community Development] Commission to receive the infrastructure lists from the [Regional Investment] Boards and prepare a consolidated statewide infrastructure priority list.

Process

By November 30, 2007, each Board submitted the regional infrastructure inventories to the Department.

Outcome

The Commission consolidated the regional inventories into a statewide infrastructure priority list, based on the criteria it adopted at its July 27, 2007 meeting. Due to the volume of listing over 3,200 projects in the statewide inventory, the list is not included in this report; however, it has been delivered directly to the Legislative Fiscal Office and to the Department of Administrative Services, Budget and Management.

The top ten projects identified by each Board are included in Appendix H⁹.

⁹ The Northwest Oregon Alliance Regional Investment Board (Clatsop, Columbia, and Tillamook Counties) submitted nine projects, rather than ten.

BUDGET NOTES

Develop an infrastructure funding request based on the statewide priorities

Budget Note

The 2007 Legislature included the following Budget Note in the Oregon Economic and Community Development Department's 2007-09 Budget:

For the period of July 1, 2007 to February 2008, the Subcommittee expects the [Economic and Community Development] Commission to develop an infrastructure funding request based on the statewide priorities.

Process

The process used by the Regional Investment Boards to select the top ten infrastructure projects in their respective regions is described in a previous section of this report.

The estimated cost for the top 129⁹ infrastructure projects identified by the 13 Regional Investment Boards is \$579,999,243. In accordance with the criteria established by the Commission, these are projects which are needed within the next three years.

The projects' proponents have indicated a portion of the cost (\$203,989,491) will be financed through their own or other resources. The remaining projects (111), have indicated financing of \$376,009,752 is needed through the Oregon Economic and Community Development Department's programs.

After considering the funding currently available through loan repayments in the Special Public Works Fund and the Water/Wastewater Program (approximately \$38 million per year) and the funding which can be provided through the Oregon Community Development Block Grant Program (approximately \$10.5 million per year) and the Safe Drinking Water Revolving Loan Fund (approximately \$22.5 million per year), the funding estimated to be needed from the Special Public Works Fund is \$163 million.

Outcome

The top ten projects identified by each Board are representative of the types of projects that have been funded by the Oregon Economic and Community Development Department in the past. This list represents a snap shot in time and it should be recognized that projects change or new high priority projects may emerge, such as those needed to take advantage of immediate job creation opportunities or those necessary to address emergencies.

Using the list of the Boards' top ten projects as an example for determining financing needs, a recapitalization for the Special Public Works Fund of \$163 million would be needed.

⁹ The Northwest Oregon Economic Alliance Regional Investment Board (Clatsop, Columbia and Tillamook Counties) submitted nine projects, rather than ten.