



Oregon

John A. Kitzhaber, MD, Governor

Seismic Safety Policy Advisory Commission

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Governor John Kitzhaber, M.D.
160 State Capitol
900 Court Street
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Dear Governor Kitzhaber and members of the Legislative Assembly:

This letter follows my letter to you dated February 15, 2011 regarding the state of seismic safety in Oregon, and OSSPAC's support for additional funds for the Seismic Rehabilitation Grant Program (SRGP). We all know that the current biennium budget has a lot of challenges and that important services are being asked to accept serious cuts. Nevertheless, I am writing you today to consider using Lottery-backed bonds in lieu of General Obligation bonds to keep the SRGP running. Specifically, I am writing to request authorization of at least \$45 million in new Lottery-backed bonding, plus associated debt service costs, to fund the seismic retrofit objectives of Articles XI-M and XI-N of the Oregon Constitution. This funding will allow the State to maintain the stability of the SRGP and to invest in seismic improvements for an estimated 64 public schools and emergency response facilities in 2011-2013. Failing to keep the SRGP funded will result in the loss of the investments in the program's infrastructure and returning to "square-one" sometime in the future.

Oregon's SRGP, launched in 2009, will by the end of 2011 have created hundreds of jobs, protected thousands of schoolchildren, and increased the reliability of acute care and emergency response in urban and rural communities around Oregon. From its modest inception, the program is fulfilling the intent set forth by Oregon legislators in 2001 and endorsed by Oregon voters in 2002. The program can already be considered an Oregon success.

As of this date, no funding for the SRGP bonds has been proposed for authorization in the 2011-2013 biennium. This lapse in funding would leave over 300,000 Oregon schoolchildren at risk in schools considered to be at "High" or "Very High" risk of collapse in a strong earthquake. With the example of Japan's recent earthquake and tsunami firmly in mind, school districts and emergency response facilities around Oregon are making application for retrofit funds now, and the program must be expanded as intended.

The State Treasurer's legislative staff has advised that Lottery-backed bonds would be an appropriate instrument to fund the seismic grant program if the Legislature endorses seismic retrofit as an economic development purpose. Members of the Oregon House of Representatives made this endorsement when they adopted House Resolution 3 by 58-0 vote on April 18, 2011. Furthermore the endorsement can be justified on three grounds: job creation, legislative intent, and financial risks.

Seismic Retrofit investments create jobs: Every \$1 million invested in seismic improvements directly supports roughly 15 family-wage jobs in construction, engineering, and the building trades. The \$22.5 million that Oregon approved for the first rounds of seismic upgrades is enough to support about 337 good jobs, many of them in rural communities including Lakeview and Applegate where even a handful of new jobs will make a difference. A new \$45 million seismic retrofit investment would support approximately 675 additional jobs.

House Resolution 3 affirms the economic development purpose: Stating that a Cascadia earthquake and tsunami could cause “*thousands of casualties and premature deaths and inflict tens of billions of dollars in physical damage that would have crippling effects on the state’s economy,*” House Resolution 3 resolves that “*concern for the protection of life and the resumption of commerce*” should guide Oregon’s effort to develop resilience policies. The Resolution calls on the Governor and the Legislative Assembly to recognize the strengthening of collapse-prone public structures as “*top investment priorities in this state’s capital budget,*” affirming the importance of the investment for Oregon’s economic development. The Resolution further calls for expanding the state’s investment in seismic upgrades of public buildings to “*the extent fiscal prudence allows.*” The intent of this language is clear: To make investments to limit Oregon’s exposure to the anticipated economic impacts of a statewide natural disaster.

A significant share of Oregon’s economic output is at risk: Preliminary research by DOGAMI indicates that Oregon’s under-investment in preparedness and resilience to a Cascadia earthquake and tsunami risks economic losses as high as 40 percent or more of the state’s \$165 billion Gross State Product (GSP). Appropriate investments in public safety, critical infrastructure, and economic lifelines could limit losses to less than 20 percent of GSP, saving an estimated 20 percent of Oregon’s economic output. Prudent investment to limit losses and to protect this substantial share of Oregon’s economic output, similar to job retention programs, clearly constitutes an economic development purpose.

As I noted in my earlier letter, by statute, the retrofit of emergency response facilities was intended to be completed by January 1, 2022, and the retrofit of public education buildings by January 1, 2032. In order to achieve those goals, much more funding will be required, but failing to provide any funds will signal a retreat on those commitments. We urge you and the members of the Legislative Assembly to assign top priority to seismic retrofit investments, and to expand this critical program as the state’s General Obligation bonding capacity recovers in future biennia.

Respectfully submitted,



Gerald H. Williams, Jr., Ph.D., P.E.

Commission Chair, OSSPAC

Cc: Legislative Assembly
OSSPAC Commissioners