

# BUDGET NARRATIVE

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## Debt Service

### Program Description

#### Purpose

Debt Service is the obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's) and bonds. Proceeds generated by COP's and bonds are used to construct and improve correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination and fiscal services support. Repayment periods range from six to twenty-six years depending on the nature and value of the project. The Department of Administrative Services Capital Investment Section provides schedules of Debt Service obligations for each sale; these are the values used to develop the budget. Occasionally, the Capital Investment Section is able to refinance existing debt which can reduce and/or delay debt obligations.

#### How Achieved

The 2011-13 Legislatively Adopted Budget included \$133,972,115 General Fund and \$1,262,826 Federal Funds for Debt Service on COP's issued to finance projects approved prior to June 30, 2011, and those sold or authorized to be sold during the 2011-13 biennium. This amount includes debt payments for the following: Snake River Correctional Institution expansion, 20 local SB 1145 community construction projects authorized by the 1996 Special Session, evaluation and purchase of eight new sites to accommodate the Department's Long Range Construction Plan, construction of Two Rivers Correctional Institution, construction of the Coffee Creek Correctional Facility (women's prison and intake center), acquisition of the Central Distribution Center, three expansion projects at minimum-custody facilities, and construction of the Warner Creek Correctional Facility in Lakeview. COP's also funded environmental cleanup projects, electrical upgrades at two institutions during the 1999-2001 biennium, remodeling of the former Oregon Women's Correctional Center during the 2001-03 biennium, the 324-bed expansion of the women's Coffee Creek Correctional Facility in Wilsonville, construction of the men's Deer Ridge Correctional Institution in Madras, and planning and design of the future men's institution in Junction City.

The 2011-13 Budget did not include any new budget for Debt Service because there were no sales planned during 2011-13. The February 2012 Legislative Session added \$4,887,059 General Fund for Debt Service which represented a partial restoration of the 2011 Legislative Session Pkg 819 budget cuts. The 2013-15 Base Budget is updated to \$132,706,940 General Fund and \$1,262,826 Federal Funds to cover all existing COP and Bond sales. The Federal Funds represent Build America Bonds. These funds are from a federal program to help states pursue needed capital projects which build infrastructure and create jobs. The 2013-15 Agency Request Budget adds \$4,559,203 General Fund for the following planned sales during 2013-15.

# BUDGET NARRATIVE

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Policy Package 103 – Public Safety Building requests \$1,486,649 General Fund Debt Service related to bonds to begin funding the construction of a Public Safety Office Building to house the following Public Safety Agencies: Department of Corrections (DOC), Board of Parole and Post Prison Supervision, Oregon State Police, Oregon Youth Authority, and the Criminal Justice Commission.

Policy Package 104 – Junction City requests \$1,400,956 General Fund Debt Service related to bonds to begin funding the construction of a Men’s minimum custody prison in Junction City.

Policy Package 109 – Deferred Maintenance List requests \$1,671,598 General Fund Debt Service related to bonds to begin funding DOC’s priority 1 and priority 2 deferred maintenance projects.

## Agency Request Budget

### Staffing Impact

None

### Revenue Sources

General Fund	\$137,266,143
Federal Funds	1,262,826

## Governor’s Balanced Budget

The Governor’s budget eliminated all three of the Policy Packages that required Debt Service. In addition, a correction was made to reduce the General Fund which had been overstated by the Federal Fund budgeted amount.

### Staffing Impact

None

### Revenue Sources

General Fund	\$131,444,114
Federal Funds	1,262,826

# BUDGET NARRATIVE

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## Legislatively Adopted Budget

The Legislative Adopted Balanced budget reflects revised debt service estimates based on the state-wide Spring 2012 debt refinancing by DAS and updated estimates of Other Funds resources available.

## Staffing Impact

None

## Revenue Sources

General Fund	\$129,710,174
Other Funds	815,000
Federal Funds	1,262,826

# STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES  
PROGRAM FOR REAL PROPERTY AND EQUIPMENT FINANCING

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## *ARTICLE XI-Q BOND FINANCING REQUEST*

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Please return your response to this Survey by May 15, 2012

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**AGENCY:** Oregon Department of Corrections

**DIVISION:** Capital Construction

**CONTACT PERSON:** Nathan Allen

**TITLE:** Planning and Budget Administrator

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**TELEPHONE:** 503-945-9007

**ALTERNATE CONTACT:** Steve Robbins, Budget Manager 503-945-0999



## REAL PROPERTY ACQUISITION OR RESTORATION FINANCING

Please specify the real property and/or construction projects which you expect to finance through any form of bonds or other financing agreements over the next biennium beginning July 1, 2013. Please indicate the estimated amount needed for each project and when those funds will be required.

### REAL PROPERTY AND/OR CONSTRUCTION PROJECTS

Real property acquisitions, restoration and/or construction projects.	Project Cost Estimate	2013-15 Budget Proposal (Yes or No)
Junction City Prison – minimum custody facility (2013-15 portion) – removed in Governor’s Balanced Budget.	\$30,912,326 \$0	Policy Package 104 removed in GBB
Junction City Prison – minimum custody facility (2015-17 portion) – removed in Governor’s Balanced Budget.	\$58,281,535 \$0	Policy Package 104 removed in GBB
Public Safety Office Building (2013-15 portion) – removed in Governor’s Balanced Budget.	\$20,708,050 \$0	Policy Package 103 removed in GBB
Public Safety Office Building (2015-17 portion) – removed in Governor’s Balanced Budget.	\$94,143,023 \$0	Policy Package 103 removed in GBB
Public Safety Office Building (2017-19 portion) – removed in Governor’s Balanced Budget.	\$3,790,831 \$0	Policy Package 103 removed in GBB
Deferred Maintenance List (2013-15 portion) – removed in Governor’s Balanced Budget.	\$15,601,236 \$0	Policy Package 109 removed in GBB
Deferred Maintenance List (2015-17 portion) – removed in Governor’s Balanced Budget.	\$15,601,236 \$0	Policy Package 109 removed in GBB
Deferred Maintenance List (2017-19 portion) – removed in Governor’s Balanced Budget.	\$16,734,887 \$0	Policy Package 109 removed in GBB
Partial Deferred Maintenance List (2013-15 portion). The 23 projects include repairs to roofs, chimneys, electrical systems, kitchens, HVAC, fire systems, and security systems.	\$4,961,000	Package 090 Analyst Adjustments added in GBB, Approved in LAB

# BUDGET NARRATIVE

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## Debt Service

### 810 LFO Analyst Adjustments

#### Package Description

##### Purpose

This package, added by the Legislature, includes several cost-savings and technical adjustments.

##### How Achieved

For the Department of Corrections, this package includes adjustments to the agency's primary appropriation bill (HB 5005). Those adjustments include: technical corrections to the caseload reductions made in the Governor's Balanced Budget (GBB), other technical adjustments, changes to caseload resulting from the April 2013 forecast from the Office of Economic Analysis (OEA), technical corrections to the PERS rates for Police & Fire positions in GBB, approved grant limitation, the impacts of HB 2087, Debt Service adjustments, and the agency's share of unspecified reductions to the Public Safety outcome area.

Specific to Debt Service, this package reflects revised debt service estimates based on the state-wide Spring 2012 debt refinancing by DAS and updated estimates of Other Funds resources available.

#### Legislatively Adopted Budget

Package created by the Legislature.

#### Staffing Impact

None

#### Revenue Sources

General Fund	(\$1,733,940)
Other Funds	\$815,000

#### 2015-17 Fiscal Impact

These one-time adjustments to the Debt Service funding will have no impact on the 2015-17 budget. The budget for Debt Service will be re-evaluated and adjusted by DAS during 2015-17 budget development.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 810 - LFO Analyst Adjustments

Cross Reference Name: Debt Service  
Cross Reference Number: 29100-086-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
General Fund Appropriation	(1,733,940)	-	-	-	-	-	(1,733,940)
<b>Total Revenues</b>	<b>(\$1,733,940)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$1,733,940)</b>
<b>Debt Service</b>							
Principal - COP	(1,733,940)	-	815,000	-	-	-	(918,940)
<b>Total Debt Service</b>	<b>(\$1,733,940)</b>	<b>-</b>	<b>\$815,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$918,940)</b>
<b>Total Expenditures</b>							
Total Expenditures	(1,733,940)	-	815,000	-	-	-	(918,940)
<b>Total Expenditures</b>	<b>(\$1,733,940)</b>	<b>-</b>	<b>\$815,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$918,940)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(815,000)	-	-	-	(815,000)
<b>Total Ending Balance</b>	<b>-</b>	<b>-</b>	<b>(\$815,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$815,000)</b>

**DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE**

Corrections, Dept of  
2013-15 Biennium

Agency Number: 29100  
Cross Reference Number: 29100-086-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>Other Funds</b>						
Cert of Participation	631,412	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$631,412</b>	-	-	-	-	-
<b>Nonlimited Other Funds</b>						
Refunding Bonds	189,486,490	-	-	-	-	-
<b>Total Nonlimited Other Funds</b>	<b>\$189,486,490</b>	-	-	-	-	-
<b>Nonlimited Federal Funds</b>						
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
<b>Total Nonlimited Federal Funds</b>	<b>\$598,088</b>	<b>\$1,262,826</b>	<b>\$1,262,826</b>	<b>\$1,262,826</b>	<b>\$1,262,826</b>	<b>\$1,262,826</b>

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2009-2011 Actual	2011-13 Legislatively Adopted	2011-13 Estimated	2013-15		
						Agency Request	Governor's Balanced	Legislatively Adopted
Refunding Bonds	Other	0575	\$189,486,490	\$0	\$192,754,453	\$0	\$0	\$0
Certificate of Participation	Other	0580	631,412	0	0	0	0	0
Build America Bonds	Federal	0995	598,088	1,262,826	1,262,825	1,262,826	1,262,826	1,262,826

Program Unit Appropriated Fund Group and Category Summary  
 2013-15 Biennium  
 Debt Service

Version: Z - 01 - Leg. Adopted Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
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**DEBT SERVICE (Excluding Packages)**

**DEBT SERVICE**

General Fund	129,495,861	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114
Other Funds	2,563,840	-	-	-	-	-
All Funds	132,059,701	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114

**TOTAL DEBT SERVICE (Excluding Packages)**

General Fund	129,495,861	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114
Other Funds	2,563,840	-	-	-	-	-
All Funds	132,059,701	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114

**DEBT SERVICE (Current Service Level)**

General Fund	129,495,861	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114
Other Funds	2,563,840	-	-	-	-	-
All Funds	132,059,701	133,972,115	138,859,174	132,706,940	131,444,114	131,444,114

**DEBT SERVICE (Policy Packages)**

**PRIORITY 0**

**103 PUBLIC SAFETY BUILDING**

**DEBT SERVICE**

General Fund	-	-	-	1,486,649	-	-
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**104 JUNCTION CITY**

**DEBT SERVICE**

General Fund	-	-	-	1,400,956	-	-
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Program Unit Appropriated Fund Group and Category Summary  
 2013-15 Biennium  
 Debt Service

Version: Z - 01 - Leg. Adopted Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>109 DEFERRED MAINTENANCE LIST</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	1,671,598	-	-
<b>810 LFO ANALYST ADJUSTMENTS</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	-	-	(1,733,940)
Other Funds	-	-	-	-	-	815,000
All Funds	-	-	-	-	-	(918,940)
<b>TOTAL DEBT SERVICE (Policy Packages)</b>						
General Fund	-	-	-	4,559,203	-	(1,733,940)
Other Funds	-	-	-	-	-	815,000
All Funds	-	-	-	4,559,203	-	(918,940)
<b>TOTAL DEBT SERVICE (Including Packages)</b>						
General Fund	129,495,861	133,972,115	138,859,174	137,266,143	131,444,114	129,710,174
Other Funds	2,563,840	-	-	-	-	815,000
All Funds	132,059,701	133,972,115	138,859,174	137,266,143	131,444,114	130,525,174
<b>DEBT SERVICE NONLIMITED (Excluding Packages)</b>						
<b>DEBT SERVICE</b>						
Other Funds	212,126,328	-	-	-	-	-
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
All Funds	212,724,416	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826

Program Unit Appropriated Fund Group and Category Summary  
 2013-15 Biennium  
 Debt Service

Version: Z - 01 - Leg. Adopted Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
<b>TOTAL DEBT SERVICE NONLIMITED (Excluding Pacl</b>						
Other Funds	212,126,328	-	-	-	-	-
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
All Funds	212,724,416	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
<b>DEBT SERVICE NONLIMITED (Current Service Level)</b>						
Other Funds	212,126,328	-	-	-	-	-
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
All Funds	212,724,416	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
<b>TOTAL DEBT SERVICE NONLIMITED (Including Pack</b>						
Other Funds	212,126,328	-	-	-	-	-
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
All Funds	212,724,416	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
<b>TOTAL BUDGET</b>						
General Fund	129,495,861	133,972,115	138,859,174	137,266,143	131,444,114	129,710,174
Other Funds	214,690,168	-	-	-	-	815,000
Federal Funds	598,088	1,262,826	1,262,826	1,262,826	1,262,826	1,262,826
All Funds	344,784,117	135,234,941	140,122,000	138,528,969	132,706,940	131,788,000

# BUDGET NARRATIVE

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