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Oregon's Mid-Willamette Valley

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### Stimulus money goes to work in small steps

Communities are starting to see benefits even before the bigger projects can get under way

*By Peter Wong  
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Western Oregon University still is preparing for its largest projects under a \$175 million state economic-stimulus package that lawmakers approved and Gov. Ted Kulongoski signed three months ago.

But like flowers blooming in the spring, contractors and communities in the Mid-Valley and across Oregon are benefiting from many of the smaller projects under way right now.

A state document, released Friday but based on information almost a month old, reports overall spending of only \$2.1 million and creation or preservation of 750 of the 3,000 estimated jobs.

Among those excluded from the totals are two small projects at WOU, where many of the Mid-Valley projects are.

II-S Mechanical, Plumbing and Heating of Stayton won the job to convert the heating system in WOU's Campbell Hall. Budgeted at \$150,000, the project is less than 0.1 percent of the total package. But does it matter to the company?

"Absolutely," said Steve Wolfe, the company's vice president. "It's very competitive in our market. Any job we get is going to help us save jobs right now. I can't speak for anybody else, but it's helping us."

Robert Lloyd Sheet Metal of Independence got a smaller project. Budgeted at \$50,000, it involves higher-efficiency electric motors in Rice Auditorium and installation of equipment that will allow WOU greater control of energy consumption.

"We put people to work, and they are going to save 15 percent to 20 percent on their utility bills, so it's a win-win situation," said John Lloyd, its vice president. "Putting people to work is a good thing. If that money wasn't spent, it would be one less project we would have right now."

Meanwhile, demolition will begin within a week or two to clear the way for work on a three-in-one project at WOU worth more than \$30 million.

The old physical education building, dating back to the 1930s, will be remodeled, reinforced against earthquakes and made more energy-efficient. A health and wellness center, paid for entirely from student fees, will be built. Classrooms and offices will be built.

Opsis Architecture of Portland is designing the project, and Hoffman Construction of Portland will build it starting in late summer or early fall.

"We're getting out these projects as quickly as possible, and getting contractors on board," said Tom Neal, WOU's physical-plant director.

### **Getting started**

With last fall's collapse of financial markets and home construction dependent on that financing, Lloyd said, "There was a lack of projects for four or five months."

The financial collapse occurred about the same time that Senate President Peter Courtney, D-Salem, proposed state bonds to pay for public works projects. The package became law 25 days into the 2009 session, largely with Democratic votes and a few Republicans. Democrats have 60 percent majorities in both chambers.

Slightly more than half of the \$175 million package consists of "certificates of participation," a form of short-term bonding that can be used only on state agency projects. Of the rest, \$49 million is from lottery-backed bonds — mostly for community college projects — \$16 million from energy bonds, and the rest in state bonds for universities and community colleges.

State Treasurer Ben Westlund said Friday all the bonds have been sold, except for the energy bonds, at relatively favorable interest rates between 4 and 4.5 percent.

The Department of Administrative Services, which oversees budget and management for the governor, monitors progress on the projects. But its report Friday was based on information submitted by state agencies as of April 8, less than a week after DAS released its first progress report last month.

Courtney said Friday that he started making his own telephone calls after April 8 to find out for himself what was going on.

"I wanted everything under way as quickly as possible," he said. "When we made our calls, many projects had not been started. So I was unhappy."

Courtney said he wants a full accounting by agencies Wednesday at a meeting of a joint budget subcommittee that he leads along with Rep. Larry Galizio, D-Tigard.

"Our unemployment rates are continuing to rise, so I need to put people to work," he said. "That was the whole idea. We do know that where the money does open up, people are going to work. That we know — we know it creates jobs in Oregon."

Courtney acknowledged that the estimated 3,000 jobs created or saved are a fraction of Oregon's unemployed — the statewide rate in March reached a record-tying 12.1 percent. But high-paying construction jobs usually support jobs in other sectors.

The agency did report that more than 90 percent of the initial jobs went to Oregonians, and more than 90 percent of the labor and materials were purchased in Oregon.

### **Progress tracked**

House Speaker Dave Hunt, D-Gladstone, visited projects last week at **Clackamas Community College**, which is in his district. He said construction costs are less than first estimated, but full-time construction jobs are being sustained, and future utility bills will be reduced by \$106,000 annually.

"The job impacts are just beginning to be evident," Hunt said. "I remain confident that we made smart choices on projects that are creating both a short-term economic stimulus and a long-term benefit to Oregon."

House Republicans proposed an alternative in the form of a tax credit, subtracted directly from income taxes owed, for individuals and businesses to pay for property improvements including energy-efficiency or renewable-energy projects. Their bill died in committee, although lawmakers are considering other ways of financing incentives.

House Republican Leader Bruce Hanna of Roseburg argued that the tax credit would create 6,000 jobs, but Democrats said the breaks would have gone to those able to finance their own projects.

Courtney said lawmakers may propose more public works through bond sales, although far less than the limits of \$1.1 billion in new bonds repaid from the tax-supported general fund and \$400 million in new bonds repaid from lottery proceeds that a state panel recommended Jan. 20. Since then, projections for both sources have dropped, and the February package counts against the limits.

Other work is proposed for the Supreme Court Building and the Labor and Industries Building, both on the Capitol Mall, Hillcrest Youth Correctional Facility in Salem, and MacLaren Youth Correctional Facility in Woodburn.

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## **Additional Facts**

Link

DEPARTMENT OF ADMINISTRATIVE SERVICES

May 2009 report on public works projects:

[http://oregon.gov/recovery/docs/progress\\_report\\_050109.pdf](http://oregon.gov/recovery/docs/progress_report_050109.pdf)