

# BUDGET NARRATIVE

---

## 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). Proceeds generated by COP's 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 Agency Request Budget.

#### How Achieved

The 2009-11 Legislatively Adopted Budget included \$135,042,223 General Fund and \$2,910,092 Other Funds for Debt Service on COP's issued to finance projects approved prior to June 30, 2009 and those sold or authorized to be sold during the 2009-11 biennium. Included are the 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 2009-11 Budget also included Debt Service on new COP sales related to finance approved deferred maintenance projects to correct facility deficiencies in many institutions. In addition, the 2009-11 Emergency Board established \$1 Federal Funds as a placeholder for the Build America Bond repayment program.

The 2011-13 Base Budget is increased to \$143,225,678 General Fund to include all existing COP sales including the ongoing Debt Service obligations resulting from a full biennium of payments for the sales in 2011-13.

Policy Package #151, Deferred Maintenance LD Positions, requests \$350,956 General Fund Debt Service related to COP's to fund Limited Duration (LD) positions to work on deferred maintenance projects.

## BUDGET NARRATIVE

---

Policy Package #152, Continued Deferred Maintenance Funding, requests \$652,146 General Fund Debt Service related to COP's to fund the ongoing deferred maintenance projects that were approved in the 2007-09 biennium.

Policy Package #153, Junction City Construction, requests \$2,183,558 General Fund Debt Service related to COP's for the on-going Capital Construction of the infrastructure for the minimum-custody men's facility in Junction City.

Policy Package #157, Core Staffing, requests \$363,515 General Fund Debt Service related to COP's for Construction, Accounting, and Facilities Services staff related to constructing new prisons.

Policy Package #402, Corrections Information System Replacement, requests \$464,933 General Fund Debt Service related to COP's for gap analysis, preparation for procurement of system, and implementation planning for replacement of the Department's Corrections Information System.

### Agency Request Budget

#### Staffing

None

#### Revenue Source

General Fund	\$147,240,786
Federal Funds	1

# STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES  
PROGRAM FOR REAL PROPERTY AND EQUIPMENT FINANCING

---

## *CERTIFICATE OF PARTICIPATION (COP) FINANCING REQUEST*

---

Please return your response to this Survey by May 14, 2010

---

**AGENCY:** Oregon Department of Corrections

**DIVISION:** Capital Construction, General Services, and Central Administration

**CONTACT PERSON:** Nathan Allen

**TITLE:** Planning and Budget Administrator

**ADDRESS:** 2575 Center St. NE, Salem, OR 97301

**TELEPHONE:** 503-945-9007

**ALTERNATE CONTACT:** Martha McDaniel, Budget Manager 503-945-0999





# BUDGET NARRATIVE

---

## Debt Service

### 151 Deferred Maintenance LD Positions

#### Package Description

##### Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing 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 five to twenty-five years, depending on the nature and value of the project.

##### How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance eight Limited Duration (LD) positions. These positions are needed to support the various deferred maintenance projects of the Department of Corrections (DOC). This package is directly linked to the Capital Construction Package 151 that requests funding for the deferred maintenance LD positions.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

#### Agency Request Budget

##### Staffing Impact

None

##### Revenue Source

General Fund	\$350,956
--------------	-----------

##### 2013-15 Fiscal Impact

Because of the phase-in impact for the proposed sale schedule related to new projects, the Debt Service liability will reflect the cost of a full 24 month debt Service schedule in 2013-15 with an estimated cost of \$698,869.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 151 - Deferred Maintenance LD Positions

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	350,956	-	-	-	-	-	350,956
<b>Total Revenues</b>	<b>\$350,956</b>	-	-	-	-	-	<b>\$350,956</b>
<b>Debt Service</b>							
Principal - COP	280,000	-	-	-	-	-	280,000
Interest - COP	70,956	-	-	-	-	-	70,956
<b>Total Debt Service</b>	<b>\$350,956</b>	-	-	-	-	-	<b>\$350,956</b>
<b>Total Expenditures</b>							
Total Expenditures	350,956	-	-	-	-	-	350,956
<b>Total Expenditures</b>	<b>\$350,956</b>	-	-	-	-	-	<b>\$350,956</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

---

## Debt Service

### 152 Continued Deferred Maintenance Funding

#### Package Description

##### Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing 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 five to twenty-five years, depending on the nature and value of the project.

##### How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance continued deferred maintenance projects approved by the 2007 Legislature. This package is directly linked to the Capital Construction Package 152 that requests continued funding for the deferred maintenance projects.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

#### Agency Request Budget

##### Staffing Impact

None

##### Revenue Source

General Fund	\$652,146
--------------	-----------

##### 2013-15 Fiscal Impact

Because of the phase-in impact for the proposed sale schedule related to new projects, the Debt Service liability will reflect the cost of a full 24 month debt Service schedule in 2013-15 with an estimated cost of \$1,298,576.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 152 - Continued Deferred Maintenance Funding

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	652,146	-	-	-	-	-	652,146
<b>Total Revenues</b>	<b>\$652,146</b>	-	-	-	-	-	<b>\$652,146</b>
<b>Debt Service</b>							
Principal - COP	520,000	-	-	-	-	-	520,000
Interest - COP	132,146	-	-	-	-	-	132,146
<b>Total Debt Service</b>	<b>\$652,146</b>	-	-	-	-	-	<b>\$652,146</b>
<b>Total Expenditures</b>							
Total Expenditures	652,146	-	-	-	-	-	652,146
<b>Total Expenditures</b>	<b>\$652,146</b>	-	-	-	-	-	<b>\$652,146</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

---

## Debt Service

### 153 Junction City Construction

#### Package Description

##### Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing 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 five to twenty-five years, depending on the nature and value of the project.

##### How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance new Junction City Construction projects requested for the 2011-13 biennium. This package is directly linked to the Capital Construction Package 153 that requests continued funding for the construction of the men's minimum correctional facility in Junction City.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

#### Agency Request Budget

##### Staffing Impact

None

##### Revenue Source

General Fund	\$2,183,558
--------------	-------------

##### 2013-15 Fiscal Impact

Because of the phase-in impact for the proposed sale schedule related to new projects, the Debt Service liability will reflect the cost of a full 24 month debt Service schedule in 2013-15 with an estimated cost of \$10,927,612.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 153 - Junction City Construction

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	2,183,558	-	-	-	-	-	2,183,558
<b>Total Revenues</b>	<b>\$2,183,558</b>	-	-	-	-	-	<b>\$2,183,558</b>
<b>Debt Service</b>							
Interest - COP	2,183,558	-	-	-	-	-	2,183,558
<b>Total Debt Service</b>	<b>\$2,183,558</b>	-	-	-	-	-	<b>\$2,183,558</b>
<b>Total Expenditures</b>							
Total Expenditures	2,183,558	-	-	-	-	-	2,183,558
<b>Total Expenditures</b>	<b>\$2,183,558</b>	-	-	-	-	-	<b>\$2,183,558</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

---

## Debt Service

### 157 Core Staffing Debt Service

#### Package Description

##### Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing 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 five to twenty-five years, depending on the nature and value of the project.

##### How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance core staff related to ongoing construction projects. The staff includes New Prison Construction workers, as well as Facilities Services and Accounting staff.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

#### Agency Request Budget

##### Staffing Impact

None

##### Revenue Source

General Fund	\$363,515
--------------	-----------

##### 2013-15 Fiscal Impact

Because of the phase-in impact for the proposed sale schedule related to new projects, the Debt Service liability will reflect the cost of a full 24 month debt Service schedule in 2013-15 with an estimated cost of \$1,455,245.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 157 - Core Staffing Debt Service

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	363,515	-	-	-	-	-	363,515
<b>Total Revenues</b>	<b>\$363,515</b>	-	-	-	-	-	<b>\$363,515</b>
<b>Debt Service</b>							
Principal - COP	290,000	-	-	-	-	-	290,000
Interest - COP	73,515	-	-	-	-	-	73,515
<b>Total Debt Service</b>	<b>\$363,515</b>	-	-	-	-	-	<b>\$363,515</b>
<b>Total Expenditures</b>							
Total Expenditures	363,515	-	-	-	-	-	363,515
<b>Total Expenditures</b>	<b>\$363,515</b>	-	-	-	-	-	<b>\$363,515</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

---

## Debt Service

### 402 Corrections Information System Replacement

#### Package Description

##### Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing 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 five to twenty-five years, depending on the nature and value of the project.

##### How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance the replacement of the Corrections Information System (CIS). This package is directly linked to the General Services Division Package 402 that requests funding for the replacement of CIS.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

#### Agency Request Budget

##### Staffing Impact

None

##### Revenue Source

General Fund	\$464,933
--------------	-----------

##### 2013-15 Fiscal Impact

Because of the phase-in impact for the proposed sale schedule related to new projects, the Debt Service liability will reflect the cost of a full 24 month debt Service schedule in 2013-15 with an estimated cost of \$934,280. In addition, a supplemental package will be presented in 2013-15 for phase 2 of the project that will require additional Debt Service.

**ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY**

Corrections, Dept of  
Pkg: 402 - Corrections Information System Replacement

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	464,933	-	-	-	-	-	464,933
<b>Total Revenues</b>	<b>\$464,933</b>	-	-	-	-	-	<b>\$464,933</b>
<b>Debt Service</b>							
Principal - COP	370,000	-	-	-	-	-	370,000
Interest - COP	94,933	-	-	-	-	-	94,933
<b>Total Debt Service</b>	<b>\$464,933</b>	-	-	-	-	-	<b>\$464,933</b>
<b>Total Expenditures</b>							
Total Expenditures	464,933	-	-	-	-	-	464,933
<b>Total Expenditures</b>	<b>\$464,933</b>	-	-	-	-	-	<b>\$464,933</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

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

Corrections, Dept of  
2011-13 Biennium

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

<i>Source</i>	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
<b>Other Funds</b>						
Interest Income	332,843	2,910,092	2,910,092	-	-	-
Transfer In - Intrafund	5,560,099	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$5,892,942</b>	<b>\$2,910,092</b>	<b>\$2,910,092</b>	-	-	-
<b>Nonlimited Other Funds</b>						
Cert of Participation	-	-	105,089,299	-	-	-
<b>Total Nonlimited Other Funds</b>	-	-	<b>\$105,089,299</b>	-	-	-
<b>Nonlimited Federal Funds</b>						
Federal Funds	-	-	1	1	-	-
<b>Total Nonlimited Federal Funds</b>	-	-	<b>\$1</b>	<b>\$1</b>	-	-

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

Source	Fund	ORBITS Revenue Acct	2007-2009 Actual	2009-11 Legislatively Adopted	2009-11 Estimated	2011-13		
						Agency Request	Governor's Recommended	Legislatively Adopted
Certificate of Participation	Other	0580	0	0	1,262,824	0		
Interest Income	Other	0605	332,843	2,910,092	2,877,118	0		
Movement of revenues between organizational units.	Other	1010	5,560,099	0	808,709	0		
Movement of revenues between organizational units.	Other	2010	0	0	(2,038,559)	0		
Build America Bonds (placeholder)	Federal	0995	0	0	0	1		

Program Unit Appropriated Fund Group and Category Summary  
 2011-13 Biennium  
 Debt Service

Version: V - 01 - Agency Request Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
<b>DEBT SERVICE (Excluding Packages)</b>						
<b>DEBT SERVICE</b>						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	-	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	-	-
<b>TOTAL DEBT SERVICE (Excluding Packages)</b>						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	-	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	-	-
<b>DEBT SERVICE (Current Service Level)</b>						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	-	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	-	-
<b>DEBT SERVICE (Policy Packages)</b>						
<b>PRIORITY 0</b>						
<b>151 DEFERRED MAINTENANCE LD POSITIONS</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	350,956	-	-
<b>152 CONTINUED DEFERRED MAINTENANCE FUNDIN</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	652,146	-	-

Program Unit Appropriated Fund Group and Category Summary  
 2011-13 Biennium  
 Debt Service

Version: V - 01 - Agency Request Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
<b>153 JUNCTION CITY CONSTRUCTION</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	2,183,558	-	-
<b>157 CORE STAFFING DEBT SERVICE</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	363,515	-	-
<b>402 CORRECTIONS INFORMATION SYSTEM REPLAC</b>						
<b>DEBT SERVICE</b>						
General Fund	-	-	-	464,933	-	-
<b>TOTAL DEBT SERVICE (Policy Packages)</b>						
General Fund	-	-	-	4,015,108	-	-
<b>TOTAL DEBT SERVICE (Including Packages)</b>						
General Fund	126,575,804	135,042,223	130,860,333	147,240,786	-	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	147,240,786	-	-
<b>DEBT SERVICE NONLIMITED (Excluding Packages)</b>						
<b>DEBT SERVICE</b>						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	-	-
All Funds	-	-	105,089,300	1	-	-
<b>TOTAL DEBT SERVICE NONLIMITED (Excluding Pac</b>						

Program Unit Appropriated Fund Group and Category Summary  
 2011-13 Biennium  
 Debt Service

Version: V - 01 - Agency Request Budget  
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	-	-
All Funds	-	-	105,089,300	1	-	-
<b>DEBT SERVICE NONLIMITED (Current Service Level)</b>						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	-	-
All Funds	-	-	105,089,300	1	-	-
<b>TOTAL DEBT SERVICE NONLIMITED (Including Pack</b>						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	-	-
All Funds	-	-	105,089,300	1	-	-
<b>TOTAL BUDGET</b>						
General Fund	126,575,804	135,042,223	130,860,333	147,240,786	-	-
Other Funds	3,549,487	2,910,092	107,999,391	-	-	-
Federal Funds	-	-	1	1	-	-
All Funds	130,125,291	137,952,315	238,859,725	147,240,787	-	-