

Capital Project Stage Gate I: Withycombe Hall East and West Renovation

BACKGROUND

The Withycombe Hall Renovation Project is included in the Ten-Year Capital Forecast and the university has completed the schematic design phase. The following information is provided for consideration by the Finance & Administration Committee to advance this project to the next phase of design development pursuant to the [Approval of Capital Projects policy](#). The design phase includes completion of project construction documents in preparation for bid and construction.

PROJECT SUMMARY

 <p style="text-align: center;">WITHYCOMBE HALL RENOVATION</p>	Floor Area (SF)	80,368
	Estimated project budget	\$51,000,000
	State Paid Bonds	\$3,000,000
	Gifts	\$3,000,000
	OSU Revenue Bonds – retired by E&G funds	\$27,000,000
	E&G CIR	\$18,000,000
	Deferred maintenance reduction	\$17,000,000
	Estimated project completion	Spring 2024
	Location	2921 SW Campus Way, Corvallis

The Withycombe Hall Renovation project will upgrade, renew and modernize the programs of this 1950 building, which has never undergone a major renovation. Upgrades will include seismic strengthening, modernization of building systems, and connecting the building to the newly created District Utility Plant. The project will also focus on universal access and accessibility.

Withycombe Hall hosts several academic departments, including departments from the Colleges of Agricultural Sciences (CAS) and Liberal Arts (CLA). Most of the CLA space, including the theater, will be vacated when the Arts and Education Complex is constructed. The removal of the theater (constructed in 1990 as a temporary theater in what was once a dairy) allows this section of the building to return to its original purpose and host a dairy processing pilot plant as well as a wine processing pilot plant.

Building improvements include:

- Seismic strengthening, universal access and accessibility, mechanical systems, electrical systems and standby power, fire sprinkler and alarm systems, lighting, interior finishes, and complete reroofing. Also included is the replacement of exterior windows and the repair of some crumbling brick and glass block as part of a general exterior renewal.
- Changes to the building’s functional arrangement to consolidate the Departments of Animal and Rangeland Sciences (AnRS) and Food Science and Technology (FST) and encourage collaboration.
- Addition of a retail space for Beaver Classic cheese, ice cream, and meat lab sales, and the creation of new shared teaching lab and commercial kitchen.
- Pilot plant expansions for the Dairy Processing Facility and the Wine Processing Facility.

ADVANCING OSU’S STRATEGIC GOALS

<p>Goal 1 Preeminence in Research, Scholarship and Innovation</p>	<p>Goal 2 Transformative Education That is Accessible to All Learners</p>	<p>Goal 3 Significant and Visible Impact in Oregon and Beyond</p>	<p>Goal 4 A Culture of Belonging, Collaboration and Innovation</p>
<p>OSU hosts one of the largest dairy foods research programs in the nation. This renovation will enlarge the dairy plant and allow for better training of students for careers in the industry. The wine processing plant will also be similarly expanded. Laboratory space will be expanded for both AnRS and FST, with the addition of several new labs and teaching spaces. Shared AnRS and FST spaces will provide opportunities to collaborate and encourage a systems approach to complex research challenges. Such collaboration is key to obtain future federal research funding.</p>	<p>With access to state-of-the-art equipment, students will be better positioned to pursue careers in the food, animal, and rangeland science industries. Expanded spaces allows for universal access in areas that previously had barriers. The renovation will provide a food-safe laboratory space for use in teaching and for student teams participating in product development competitions. Experiential learning opportunities will be greatly enhanced in the creamery, winery, store and in AnRS laboratories.</p>	<p>This renovation will expand OSU’s ability to provide critical research in sustainability, dairy and food innovation and product quality, and animal sciences. The new FST space will serve as a regional innovation center for the dairy and wine industry. Industry partners will work with the FST and AnRS departments, who will have access to state-of-the-art laboratories that support research and will provide opportunities for collaboration across the state.</p>	<p>Beaver Classic cheeses are already produced in Withycombe, and the new facility allows the addition of new products such as ice cream and meats, allowing students to gain experiential learning in food and meat sales. The newly renovated building will provide inviting learning and research environments that attract students and faculty and provide a welcome ‘home’ for those in the agricultural sciences. It will also serve as the epicenter for convening important stakeholder groups such dairy, beef, wine, and rangeland groups.</p>

IDENTIFICATION OF RISKS AND MITIGATION STRATEGIES

The following risks have been identified for the project. Given these risks, the owner, design, and construction contingencies have been set at 10%, 10% and 5%, respectively.

Risks	Likelihood	Severity	Consequences	Mitigation Strategy
<i>Higher than expected material availability and construction market escalation</i>	High	High	Market disruptions due to COVID shutdowns in China, the war in Ukraine, disruption to the world fuel market and significant inflation have caused contractors and suppliers to add significant escalation factors for materials.	This risk is partially mitigated by an annual escalation factor 5% to midpoint of construction and will be reevaluated at Stage Gate II.
<i>Labor availability</i>	Medium	Medium	Limited availability of resources in the saturated construction market presents a risk to cost and schedule.	This risk is mitigated by the contingencies stated above and contractual language as well as advanced planning with our trade partners.
<i>Undiscovered conditions</i>	Medium	Low	A renovation carries an inherent risk of the actual construction or conditions being different from archived documents or even explorative inspection and testing.	The contingencies noted above will be in place to cover unexpected costs.
<i>Project delay</i>	Low	Low	Delays in funding, permitting, logistics, or contract disputes present a risk to schedule and the costs associated with an extended construction period.	This risk is mitigated by having a team in place that considers critical activities, appropriate timelines, and measures to avoid and accommodate delays.

TOTAL COST OF OWNERSHIP

The estimated life cycle ownership costs for the Withycombe Hall Renovation Project are summarized in the following table. A *pro forma* is not included as the project is not utilizing revenue financing. The debt service related to the OSU-paid bonds, along with projected material impacts to utilities and maintenance costs is included in projected E&G budget projections in the ten-year budget forecast.

Forecasted Total Cost of Ownership Withycombe Hall East and West Renovation Project	
ITEM	COST
Total Project Cost	\$51,000,000
Capital Improvement and Renewal (CIR) Funds	\$18,000,000
State Paid Bonds	\$3,000,000
Gifts	\$3,000,000
OSU-Paid Bonds	\$27,000,000
Total Cost Avoidance	(\$17,000,000)
Removal of Deferred Maintenance	(\$17,000,000)

RECOMMENDATION

Staff recommend that the Finance & Administration Committee approve advancing the Withycombe Hall Renovation Project to the next phase of design development.