

Capital Project Status Report

BACKGROUND

This report is intended to provide transparency and accountability for the major capital projects at Oregon State University that have been approved by the board. There are over 172 active major and minor capital projects in progress. The Finance and Administration Committee reviews and recommends to the board the approval of major capital projects with budgets of more than \$10M.

MAJOR CAPITAL PROJECTS UPDATE

Attachment 1 provides a status report of all active major capital projects approved by the board. This includes projects on the Ten-Year Capital Forecast that have entered project development.

Attachment 2 offers definitions of the university's different funding sources for capital projects.

NEXT STEPS

The Finance and Administration Committee will discuss the annual capital project status report at its October 2023 meeting.

Status of major capital projects (over \$10.0M). Project budget reflects amounts as approved at appropriate stage gate by the board.

Project Name	Stage of Development ¹ (Approval Date by Board)	Estimated/Actual Completion Date	Project Budget (million)	Estimated Final Cost (million)	Funding Sources	Comments
Reser Stadium West Grandstands & Student Health Center	Substantial Completion Stage Gate II (May 2021)	Summer 2023	\$160.9	\$160.9	Gifts, OSU-paid State XI-F bonds, OSU paid revenue bonds, Partner funds	
Cordley Hall - East Side	Construction Stage Gate II (October 2019)	Spring 2024	\$82.6	\$82.6	State paid bonds & OSU funds & OSU paid revenue bonds	
Patricia Valian Reser Center for the Creative Arts (PRAx)	Construction Stage Gate II (January 2021)	Spring 2024	\$73.3	\$73.3	State-paid bonds, gifts	
PacWave (Grid-Connected Wave Energy Test Facility)	Construction Stage Gate II (April 2020)	Spring 2025	\$82.5	\$81.1	DOE grant, gifts	
Upper Division and Graduate Student Housing	Construction (Project was approved by the board in 2018 prior to the Stage Gate process. Latest budget approved January 2022.)	Summer 2024	\$56.0	\$56.0	OSU-paid revenue bonds	
Washington Way Improvements	Construction Stage Gate II (October 2019)	Fall 2024	\$29.0	\$28.2	OSU-paid revenue bonds	City has agreed to waterline cost sharing (\$1M)
OSU-Cascades Campus Phase II Innovation District Land Development	Construction Stage Gate II (August 2023)	Spring 2025	\$36.0	\$36.0	State general funds, OSU-paid bonds	
OSU-Cascades Student Success Center	Construction Stage Gate II (April 2023)	Spring 2025	\$21.6	\$21.6	State-paid bonds, OSU-paid bonds	

October 19-20, 2023 Board of Trustees Meeting

Project Name	Stage of Development ¹ (Approval Date by Board)	Estimated/Actual Completion Date	Project Budget (million)	Estimated Final Cost (million)	Funding Sources	Comments
Kelly Engineering District Utility Plant (DUP)	Construction Stage Gate II (August 2023)	Fall 2024	\$12.0	\$12.0	CIR Funds	
Ship Operations Dock Upgrade and Renewal	Construction Stage Gate II (October 2022)	Fall 2023	\$13.0	\$12.8	OSU-paid revenue bonds. CIR funds	
Withycombe Hall Renovation with Oregon Quality Food and Beverage (dairy portion)	Construction Stage Gate II (October 2022)	Winter 2025	\$71.0	\$71.0	OSU-paid revenue bonds, gifts, state-paid bonds, CIR funds	
Gilkey Hall Renovation	Construction Stage Gate II (May 2022)	Summer 2025	\$16.5	\$16.5	State-paid bonds, OSU-paid revenue bonds, CIR funds	Delayed due to occupant relocation
Jen-Hsun and Lori Huang Collaborative Innovation Complex	Construction Stage Gate II (June 2023)	Winter 2026	\$213.0	\$213.0	State-paid bonds, gifts, CIR funds	
Newport Student Housing	Construction Stage Gate II (June 2023)	Winter 2025	\$16.5	\$16.5	OSU-paid revenue bonds and State general funds	
Heat Plant Repurpose (Physics Building)	Programming	Summer 2027	\$78.0	\$78.0	State-paid bonds, CIR funds	
Plageman Repurpose	Pre-Planning	Summer 2027	\$18.0	\$18.0	State-paid bonds, CIR funds	

¹ Stages of development:

- Date represents approval of Stage Gate by the board
- Pre-planning and project development: Initial determination of occupants, funding strategy, building size and functions, and risk/opportunity analysis.
- Programming phase: The scope (building and user requirements) is determined, building area is established, and project cost estimating begins during this phase.
- Schematic design phase: During schematic design, the project scope is translated into physical drawings of space that include floor plans, site plans and building elevations. Major projects require BOT approval at Stage Gate I to move to Design Development phase.
- Design development phase: Schematic plans are expanded to include details and specifications required for construction. This includes size, function, configuration, equipment and materials for the building structure and systems. Construction documents are completed at the end of this phase to ensure compliance with codes, statutes, and university standards. This phase also includes quality controls and estimates of all project costs. Major projects require BOT approval at Stage Gate II to move to Construction phase.
- Construction phase: Consists of two primary phases: pre-construction and bidding; and construction. The first phase procures labor, materials, and finalizes the budget, while the second completes the building and scope of the project.
- Substantial completion (assume occupancy): When work is complete to allow satisfactory operation of the building and construction and other documents are completed to occupy and maintain the facility.

CAPITAL PROJECT FUNDING SOURCES

State Capital Improvements and Renewal (State CIR)

- About \$30M per legislative biennium

Guidelines

- OSU must own the asset
- Must be capitalized (\$100K for buildings, \$50K for Infrastructure)
- Must renew/prolong the life of an existing asset
- Can be used to bring asset to code compliance (emphasis on ADA and Safety)
- Can't pay for Project Management Fee, Bureau of Labor and Industries (BOLI) labor, Shop Labor, pure studies, interest, etc.

E&G (“General Funds”) Capital Improvements and Renewal (E&G CIR)

- Significant component of funding for major renovations/renewals
- Supplements State CIR funding to pay for expenses ineligible for State CIR
- Enables private use (taxable) of building assets

Guidelines

- OSU applies similar guidelines as State CIR, though exceptions can be made if no other option (i.e., too small to capitalize)

State-paid Bonds

- Usually approved by state legislature through Higher Education Coordinating Commission (HECC)-prioritized submittal (during even years of a biennium)
- Awarded in last quarter of biennium
- XI-G Bonds – matched and spent down with OSU match (i.e., gift, revenue bonds etc.)
- XI-Q Bonds – not matched

Guidelines

- Use must meet proposed use from HECC Submittal/Bond Application

OSU-paid Bonds

- Must be assigned in Capital Forecast/Stage Gate with Board
- Major Component of large projects (Major renovations and renewals)
- Debt is retired in various ways
 - Carbon Reduction debt retired by energy savings
 - Auxiliaries retire debt using revenue from specified asset
 - Education and General funded projects retire debt using general revenues, tuition and state funds
- Project budget pays interest until bond is spent or project is closed
 - Interest is on spent amount

Guidelines

October 19-20, 2023 Board of Trustees Meeting

- Must match the use proposed to the Board of Trustees (Capital Forecast or Stage Gate)

OSU-paid State Bonds (“X1-M Bonds”)

- Rare (Usually OSU Internal Bank Loan is more attractive)
- Applied for with HECC submittal

Guidelines

- Must match Bond Application Use

OSU Internal Bank Loan

- Used as bridge loans (project budget pays interest)
- Used by departments (usually department pays interest)

Foundation Gifts Loan

- Repayment terms are included in Gift Agreements (from Foundation)
- Foundation Fee must be determined (project cost or owner cost)
 - Lower of 5% or \$200K per gift

Other Funds

- Building Use Credits (BUC) – Distributed per BUC agreements with Research Office
- Department/College funds – Per project agreement
- Carry Over Funds (OSU department reserved funds)
- Grants – per grant proposal and grant rules
- State Operating Funds (very rare – OSUC Land Remediation, HMSC Housing) – per allocation language