

Capital Project Change to Approved Budget: Kelley Engineering District Utility Plant

BACKGROUND

The \$12M budget for the Kelley Engineering District Utility Plant was approved by the Board of Trustees in August 2023. Staff are requesting a budget increase of \$11.1M to reach a total budget of \$23.1M. The budget increase is due to project scope changes (described below) to realize future capital and energy cost savings. The budget increase exceeds the 15% limit requiring board approval under the [Approval of Capital Projects policy](#).

PROPOSED BUDGET ADJUSTMENT

The Kelley Engineering District Utility Plant (KDUP) is intended to replace the aged-out chiller system in Kelley with an upsized plant that will serve Kelley, Johnson Hall and future loads including the Jen-Hsun and Lori Huang Collaborative Innovation Complex and a coming renovation to Plageman Hall. The KDUP is also intended to have capacity to add equipment for future buildings on the loop such as Gleeson, Gilbert, and Dearborn Halls as they are renovated throughout the rest of the decade. The KDUP will also share heat and balance heating and cooling loads on the buildings connected to its loop.

During design, we found it practical and necessary to move this planned future expansion for additional buildings into the current project. The scale and invasiveness of the construction and the economies of scale gained, as well as providing system redundancy, were compelling factors in this decision. Additionally, continuing design work on the Huang Collaborative Innovation Complex has driven increased demand and modification of the KDUP systems as well as upgrades to the power service.

Capital Project	Total	State Capital Improvement and Renewal (CIR) Funds	OSU Capital Improvement and Renewal (CIR) Funds	OSU Revenue Bonds (for electrical infrastructure)
As presented to the board August 2023	\$12,000,000	\$11,000,000	\$1,000,000	\$0
As presented to the board April 2024	\$23,100,000	\$12,900,000	\$7,200,000	\$3,000,000

RECOMMENDATION

Staff recommend that the Finance and Administration Committee recommend to the board approval of the budget increase for the Kelley Engineering District Utility Plant project to bring the total project budget to \$23,100,000.