

## Capital Project Stage Gate II: Dixon Recreation Center Improvements


### EXECUTIVE SUMMARY

This project provides updates and system renewals to the Dixon Recreation Center in order to better serve student health and wellbeing with enhanced safety and accessibility. Board of Trustee approval is required for capital projects when the projected budget exceeds the \$10M threshold. The estimated budget for this capital renewal project is \$11.5M. The Finance and Administration Committee approved this project at Stage Gate I during its March 2025 meeting. The project has progressed and is now ready for Stage Gate II approval – budget approval and advancement to the construction phase.

### BACKGROUND

The Dixon Recreation Center Improvements project is included in the Ten-Year Capital Forecast. The following information is provided for consideration by the Finance and Administration Committee to advance this project to the construction phase pursuant to the board’s [Approval of Capital Projects policy](#).

### PROJECT SUMMARY

 <p style="text-align: center;">DIXON RECREATION CENTER IMPROVEMENTS</p>	<b>Floor Area (SF)</b>	<b>~8,000</b>
	<b>Estimated project budget</b>	<b>\$11,500,000</b>
	Rec Sports Building Reserves	\$11,500,000
	<b>Deferred maintenance reduction</b>	<b>~\$7,700,000</b>
	<b>Estimated carbon reduction</b>	<b>No effect</b>
	<b>Estimated project completion</b>	<b>Fall 2026</b>
	<b>Location</b>	<b>425 SW 26th St., Corvallis</b>

The Department of Recreational Sports (Rec Sports) enriches students' health and well-being through a variety of facilities, services and programs, including fitness classes, intramural sports, sport clubs and adventure-based learning. By fostering a sense of community and connection, Rec Sports has helped over 18,000 unique students (79% of the on-campus student body) thrive physically, socially and academically.

The project includes:

- Updated and improved life-safety features and accessibility with new emergency generator, egress pathways and lighting on the north side of the basketball gym.
- Replacement of the roof, skylights, and HVAC over Dixon Recreation Center Administration offices.
- Replacement of the climbing gym surfaces and reconfigured east entry.
- Retrofit and improvements to racquetball and squash courts, to optimize space utilization.
- Interior improvements to the east entry of the building and remodel of an existing racquetball court to provide new Athletic Training Center space.

The project seeks to optimize space utilization for the nearly 800,000 annual recorded distinct visits to Dixon Recreation Center, accommodating high usage and enhancing entry and exit flow beyond the original design.

**ADVANCING OSU'S STRATEGIC GOALS**

<p><b>Goal 1</b>  <b>A university focused on big discoveries that drive big solutions</b></p>	<p><b>Goal 2</b>  <b>A university where every student graduates</b></p>	<p><b>Goal 3</b>  <b>A university that fuels a thriving world</b></p>
<p>This project extends and optimizes the operational lifespan and enhances the life safety of Dixon Recreation Center, a facility crucial to improving the overall campus experience and supporting the wellbeing of the OSU Community.</p>	<p>The Dixon Recreation Center plays a vital role in supporting student health and wellness, which is closely tied to academic success. An Inside Higher Ed survey<sup>1</sup> revealed that many students believe their physical health and wellness significantly affects their academic performance. Engagement around the Recreational Sports program builds a strong sense of community and belonging. When students feel connected to their campus, they are more likely to stay engaged, overcome challenges, and achieve higher retention and graduation rates.</p>	<p>Participants and student employees in the Recreational Sports program at Dixon gain valuable technical skills, discover their passions, and form strong affinity groups. This project will create more opportunities, helping to prepare OSU students to contribute and excel in an ever-evolving world.</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 5%, 3% and 5%, respectively.

<b>Risks</b>	<b>Likelihood</b>	<b>Severity</b>	<b>Consequences</b>	<b>Mitigation Strategy</b>
<i>Discovery of unforeseen building issues</i>	Medium	Medium	Use of contingency funds and the possible extension of the project scope to include additional systems.	The building has been renovated several times and record drawings are available. The project also provided a construction scan of the affected building areas during design development to ensure accurate design information.
<i>Systems and materials manufacturing delays</i>	Medium	Low	Delayed schedule due to long lead items.	The project plans to do early procurement on large equipment and long lead items.
<i>Tariffs on imported construction materials could increase the cost of construction projects</i>	High	Medium	The effects of tariffs and when they might occur is yet unknown. Tariffs may drive up the availability and cost of construction materials.	Consider source of materials specified. Early purchase of as many construction materials as possible. Extra contingency has been added to the project in anticipation. In worst case, project can reduce scope to stay in budget.

<sup>1</sup> [Physical Health and Wellness Linked to Student Success](#), Inside Higher Ed, May 31, 2023

**TOTAL COST OF OWNERSHIP**

The estimated life cycle ownership costs for the Dixon Recreation Center Improvements project are summarized in the following table. A pro forma is not included, as the project is not utilizing revenue financing.

Forecasted Total Cost of Ownership Dixon Recreation Center Improvements	
ITEM	COST
<b>Total Project Cost</b>	<b>\$11,500,000</b>
Rec Sports Building Reserves, including Student Building Loan/Debt Fee Cash Funding	\$11,500,000
<b>Total Cost Avoidance</b>	<b>(\$7,700,000)</b>
Removal of Deferred Maintenance	(\$7,700,000)

**RECOMMENDATION**

Staff recommend that the Finance & Administration Committee recommend to the board approval of a capital project budget of \$11.5M for the Dixon Recreation Center Improvements Project and advancement of the project to the construction phase.