

Capital Project Change to Approved Budget: Cordley Hall Renovation

BACKGROUND

The \$158.8M budget for the Cordley Hall Renovation project was approved by the Board on October 18, 2019. Construction on the west side and the district chilled water plant are expected to start in October 2020. The east side construction will follow in summer 2022 under a separate construction contract with overall project completion expected in spring 2024.

PROPOSED BUDGET ADJUSTMENT

The estimated final cost of the project remains the same as the original approved project budget of \$158.8M. However, funding decisions by the state legislature and OSU’s response to the financial situation from the COVID-19 pandemic have compelled a proposed change in the composition of the funding.

Due to revenue shortfalls from the COVID-19 pandemic, the university is proposing to preserve OSU funds by removing E&G Capital Improvements and Renewal (CIR) program funds from the project and instead use OSU-paid bond funds from a future bond issuance. The change of fund source also reduces dependence on the use of state-paid bonds. The proposed budget adjustment is detailed in the the following table:

Capital Project	Total	State-paid Bonds	OSU-paid bonds	OSU CIR Funds
2020 Approved Budget	\$158,800,000	\$110,800,000	\$20,000,000	\$28,000,000
Proposed Budget Change	\$158,800,000	\$101,820,000	\$48,000,000	\$8,980,000

As a reminder, the Board reviewed this project within the university’s proposed FY2021-2023 Capital Funding Request to the state Higher Education Coordinating Commission (HECC) in April 2020. In its official request to the HECC in May 2020, OSU combined Cordley Hall phases II and III, requesting a total of \$86M in state-paid bonds and \$48M in OSU-paid bonds. Cordley Hall is ranked second overall in the HECC’s 2021-2023 capital project list to the governor and legislature.

RECOMMENDATION

Staff recommend that the Board approve the funding source change for the Cordley Hall Renovation project.