

Capital Project Stage Gate I: Fairbanks Hall Renovation

BACKGROUND

The Fairbanks Hall Renovation 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 Board to advance this project to the next phase of development pursuant to the [Approval of Capital Projects policy](#). The design development phase includes completion of project drawings and possible minor early work such as utility improvements, selective demolition and site preparation.

PROJECT SUMMARY

 <p><i>Front Entrance of Fairbanks Hall on the Corvallis Campus</i></p>	Gross Square Feet Renovated	37,946
	Estimated project budget	\$16,000,000
	State-paid bonds	\$11,000,000
	Capital Renewal Funds	\$5,000,000
	Deferred maintenance reduction	\$11,000,000
	Estimated project completion	Fall Term 2022
	Location	220 SW 26th Street, Corvallis

Fairbanks Hall is OSU's second oldest building and one of the most historic, enduring, and iconic buildings on the Corvallis campus. It is, however, many decades past due in receiving critically needed renewal.

The College of Liberal Arts (CLA) is the current and expected long-term occupant of Fairbanks Hall. CLA delivers the highest number of credit hours in the university and graduates over 1,000 students per year. Specific benefits of the project include:

- Vastly improved teaching and learning spaces;
- Additional showcase and gallery spaces for arts students and their activities;
- Improved student access to faculty and innovative learning technologies;
- Broadened and enhanced arts experiences for all students; and
- Improved safety and health by upgrading the building seismic, access and HVAC systems to meet current code requirements.

The following key project goals will be addressed in the design process:

Accessibility for all: The first floor is the only floor currently ADA compliant. The project will introduce an elevator that provides full access to the basement and all four floors of the building, opening access to studios and a general-purpose classroom. Additionally, site improvements will include fully integrated exterior access to the building.

Seismic, fire and life safety: This all-wood structure will receive substantial seismic strengthening as well as improvement and expansion to the fire protections systems, and improved fire and life safety egress. The project will introduce a fire rated interior stair, replacing the outdated exterior fire escapes.

Building interior and systems: The introduction of the elevator, interior rated stairs, and seismic improvements will necessitate the replacement of much of the interior. This will afford the opportunity to improve the functionality and efficiency of the interior layout as well as renewing heating, plumbing, electrical, lighting, ventilation and other systems. While Fairbanks Hall is not an intensive energy consumer, there are some expected energy savings with the replacement of these systems.

Fourth floor reopening: The building's top floor, which currently has over 6,000 square feet of floor space and natural-light dormer windows throughout the entire floor, has been sealed from public access since the 1960s. The project will reclaim and make accessible this valuable space, readying it for future use.

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>This project will substantially improve the student experience at OSU, particularly in baccalaureate core courses and undergraduate instruction.</p>	<p>The current state of Fairbanks Hall related to accessibility and matters of life, health, and safety, does not meet the university's desired standards. The project will provide safe and accessible space for students, faculty, staff, and visitors.</p>	<p>The fine arts are an economic driver in Oregon and beyond. Fairbanks Hall will be a catalyst for the radical enhancement of opportunities for our students. It will attract a community of artists and others who support art, leading to economic activities and job creation.</p>	<p>An improved historic building with an improved interior configuration creates a sense of place and belonging while supporting innovative and collaborative teaching and research.</p>

IDENTIFICATION OF RISKS AND MITIGATION STRATEGIES

The following risks have been identified for the project. Given these risks, the construction, owner, and design contingencies have been set at 3%, 7%, and 10%, respectively.

Risks	Consequences	Mitigation Strategy
<i>Undiscovered conditions</i>	Renovations carry an inherent risk of the actual construction or conditions being different from archived documents or even explorative inspection and testing. Unexpected conditions could present a risk to final cost, schedule, and/or the quality and scope of the project.	Studies were conducted by consultants to assess existing conditions and acknowledge the age of the building. The contingencies noted above will be in place to cover unexpected costs.
<i>Labor and materials availability</i>	Availability of resources presents risk to cost, schedule, and possible scope, especially given potential impacts of COVID.	This risk is mitigated in part by the contingencies stated above and through contractual language that allows COVID-related schedule issues without incurring additional costs.
<i>Higher than expected construction market escalation and/or COVID implications</i>	This risk is based on national/regional economics more than labor availability (above), but these risks are similar and interconnected. Cost estimates and bids will include cost implications related to COVID impacts.	This risk is mitigated by an annual escalation factor of 7%.
<i>Project delay</i>	Funding, permitting, logistical, contractual, or any reason for substantial delays in construction present not only schedule vulnerability, but also subject the project to further escalation in materials and labor costs. Stretching the construction period would likely increase the cost for the contractor to manage the project and pay for general conditions.	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 Fairbanks Hall Renovation Project are summarized in the following table.

Forecasted Total Cost of Ownership Fairbanks Hall Renovation	
ITEM	COST
Net Project Cost	\$ 16,000,000
Total Cost Avoidance	(\$11,000,000)
Removal of deferred maintenance	(\$11,000,000)
Lifecycle Ownership Costs – Net Present Value (NPV)	\$14,736,000
Operations and Maintenance (50 yrs @ \$305K – escalated 3% annually)	\$14,736,000

RECOMMENDATION

Staff recommend that the Board approve advancing the Fairbanks Hall Renovation project to the next phase of design development.