

Capital Project Change to Approved Budget: Finley Hall

BACKGROUND

The \$10.5M budget for the Finley Hall housing renovation project was approved by the Board on July 30, 2018¹. The project was substantially completed on schedule last September and the renovated residence hall was fully occupied and utilized by student residents throughout this academic year. Final completion of the project, with full and final acceptance of all remaining project punch list items, is expected by the end of June.

PROPOSED BUDGET ADJUSTMENT

The estimated final cost of the project decreased from the approved budget of \$10.5M to \$10.1M. The original source of funding for this project was University Housing & Dining Services (UHDS) cash reserves. However, due to financial impacts of COVID-19, the university is proposing to change the source to OSU-paid bonds (as shown in the table below).

This past spring, in response to the COVID-19 pandemic, UHDS released from their contracts all student residents who wanted to leave their spring term housing assignment. As a result, UHDS is estimated to lose \$18M of revenue and \$13M of net revenue (net of \$5M in cost savings) relative to the UHDS Q4 (spring term) budget revenues. Given this revenue shortfall, the university is proposing to shift the project to OSU-paid bonds. The 2019 bond issuance has \$45M available for Board allocation, inclusive of the uses approved at the April 3, 2020, Board meeting. The 2019 bond issuance was informed by the capital forecast but did not specify use for individual projects of the \$140M proceeds to create flexibility as university needs shift over time.

Capital Project	Total	State-paid Bonds	OSU-paid bonds	Gifts/grants	OSU Funds
2018 Approved Budget	\$10,500,000	\$0	\$0	\$0	\$10,500,000
Proposed Budget Change	\$10,100,000	\$0	\$10,100,000	\$0	\$0

RECOMMENDATION

Staff recommend that the Finance & Administration Committee recommend to the Board approval of the budget change for the Finley Hall project.

¹ The Board review of this project predates the stage gate approach set forth in the Board’s Approval of Capital Projects Policy.