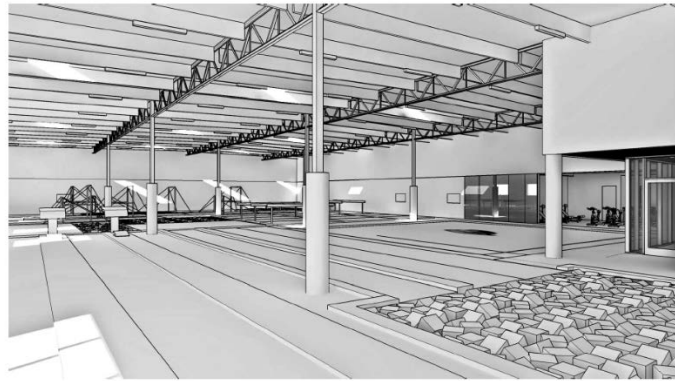


Capital Project Stage Gate II: Gymnastics Practice Facility

BACKGROUND

The Gymnastics Practice Facility is included in the Ten-Year Capital Forecast. At its January 2020, meeting, the Finance & Administration Committee advanced the project to the design development phase, which the university has now completed. The following information is provided for the committee’s consideration of advancing this project to construction phase pursuant to the [Approval of Capital Projects policy](#).

PROJECT SUMMARY

| | | |
|--|---|--|
|  <p style="font-size: small; margin-top: 5px;">© 3D VIEW - PRACTICE STUDIO NOT TO SCALE</p> <p style="font-size: x-small; text-align: right; margin-top: 5px;">WOOFER ARCHITECTURE</p> <p style="text-align: center; margin-top: 5px;"><i>Architect's rendering of the gymnastics practice floor</i></p> | Gross square feet purchased/renovated | 39,900/ 21,120 |
| | Estimated project budget purchase/renovation | \$3,500,000/ \$8,650,000 |
| | OSU-paid bonds ¹ | \$7,150,000 |
| | State-paid bonds | \$0 |
| | Gifts ² | \$2,000,000 |
| | Other ³ | \$3,000,000 |
| | Deferred maintenance reduction | N/A |
| | Estimated project completion | Spring Term 2021 |
| | Location | 4100 SW Research Way, Corvallis |

In April 2020, the university purchased the building at 4100 SW Research Way to serve as a replacement for the Gladys Valley Gymnastics Center. Nearly half the space will be renovated to accommodate the Gymnastics Practice Facility. The remaining area will continue to be leased to two current tenants who will pay rent to OSU.

The design concept for the new Gymnastics Practice Facility was developed in collaboration with the Women's Gymnastics Program. The new facility will increase the usable practice studio area from 6,000 square feet (SF) in the existing building to approximately 15,400 SF. This larger facility will allow expansion of the program’s training capabilities to be on par with peer universities. The facility will include a practice studio, which will more effectively accommodate all apparatus and training activities. The renovation also includes improved support spaces, including locker rooms and meeting spaces for the team and coaches, areas for therapy and cardio, a lobby, restrooms and utility rooms.

The following modifications to the building are required to meet the needs of the Women's Gymnastics Program:

¹ Internal bank loan supported by unallocated bond revenue.

² \$1.1M raised toward this goal to date.

³ OSU leasing revenue account. The building remains an Education and General Fund asset.

- Removal and lowering of portions of the existing floor slabs, along with shoring of affected footings, to accommodate training apparatus landing pits and equipment.
- Full replacement of existing mechanical, plumbing, and electrical systems within the area of work to accommodate the new use.
- Removal of existing interior construction within the area of work to allow for the new layout.
- Changes to site and parking lot to meet accessibility requirements.

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>The reputation a school earns from athletics programs draws students, both athletes and non-athletes. A strong gymnastics program helps draw students to the life-changing scholarship, research and innovation that OSU offers. The new practice facility will aid in recruiting gymnasts and will provide an improved atmosphere for these athletes to reach their potential.</p> | <p>The new facility with space for integrated onsite support functions will save time for our athletes, allowing them to remain competitive while preserving time for their academics.</p> | <p>The added capabilities provided by the new facility will enhance the image and impact of the program on Beaver Nation.</p> | <p>The new, expanded facility supports Title IX initiatives to provide equitable facilities for women's and men's sports.</p> |

IDENTIFICATION OF RISKS AND MITIGATION STRATEGIES

The following risks have been identified for the project. Given these risks, the owner and design contingencies have been set at 7% and 10%, respectively. As the construction will be through a firm fixed price contract, the construction contingency is at the bidder's discretion and will be within the price offered.

| <p>Risks</p> | <p>Consequences</p> | <p>Mitigation Strategy</p> |
|---------------------------------------|---|---|
| <p><i>Undiscovered conditions</i></p> | <p>Renovations carry an inherent risk of the actual construction or conditions being different from</p> | <p>A thorough due-diligence inspection of the building was made before purchase to understand the</p> |

| | | |
|--|---|--|
| | 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. | condition of the building and its systems. |
| <i>Labor and materials availability</i> | Availability of resources presents risk to cost, schedule, and possible scope. | This risk is mitigated by the contingencies stated above. |
| <i>Higher than expected construction market escalation</i> | This risk is based on national/regional economics more than labor availability (above), but these risks are similar and interconnected. | 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. |
| <i>COVID-19 Effects</i> | Construction delays due to possible disruption to supply chain, construction inefficiencies from worker availability and social distancing requirements. | OSU is working with contractors on social distancing practices during construction. OSU managers, designers and the contractor will make extra efforts to mitigate supply chain disruptions by being flexible with alternate materials and schedule. |

TOTAL COST OF OWNERSHIP

The estimated life cycle ownership costs for the Gymnastics Practice Facility are summarized in the following table.

| Education and General Fund – Forecasted Total Cost of Ownership | |
|--|--------------------------|
| ITEM | COST |
| Net Project Cost | \$11,955,000 |
| Total Initial Project Costs | \$12,150,000 |
| Purchase | \$3,500,000 |
| Renovation | \$8,650,000 |
| Stewardship Set Aside | (\$195,000) ¹ |
| | |
| Lifecycle Ownership Costs – Net Present Value (NPV) | |
| Income from leased space (50 yrs @ \$250k – escalated 2% annually) | (\$9,651,000) |
| Operations and Maintenance (50 yrs @ \$338K - escalated 3% annually) | \$11,651,000 |
| Mid-life Capital Renewal at 25 years | \$8,729,000 |

¹ OSU reserves project funds to defray future repairs and major system upgrades.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee recommend to the Board approval of a total capital project budget of -\$12,150,000 for the Gymnastics Practice Facility project and advancing of the project to construction phase.