


Capital Project Stage Gate I: Reser Stadium West Grandstands

BACKGROUND

The Reser Stadium West Grandstands project 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 Finance & Administration Committee to advance this project to the next phase of design 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 style="text-align: center;"><i>Rendering of proposed west elevation of Reser Stadium</i></p>	Gross square feet new construction	227,000
	Estimated project budget	\$153,000,000
	Gifts	\$85,000,000
	Article XI-F (1) Bonds	\$40,000,000 ¹
	University Revenue Bonds	\$28,000,000 ²
	Deferred maintenance reduction	\$70,000,000
	Estimated project completion	Spring 2023
	Location	700 SW 26th St, Corvallis

The completion of Reser Stadium, originally constructed in 1967 and remodeled in 1991, would provide much-needed space for year-round use for student services, university programs and public-private entities; implement seismic and safety improvements; provide new donor and revenue opportunities; and address significantly undersized westside stadium current features, such as concourse space, restrooms, concession areas and accessibility standards.

The university is deeply engaged in advancing efforts to complete Reser Stadium into a best-in-class, year-round university facility to more significantly contribute to the excellence of Oregon State University and its athletics program. Evolving Reser Stadium into a year-round facility to benefit students, staff, faculty and the public will showcase OSU as a national leader in:

- Success and community wellness for all students, faculty and staff
- Faculty engagement

¹ Debt service totaling \$2.6M to be paid through incremental Athletic revenues. As XI-F(1) bonds are based on pending legislative action, the mix between XI-F(1) and University Revenue Bonds may shift.

² Debt service totaling \$1.8M annually will be paid by Student Health Service and health partner revenues (\$1.1M), E&G funds for the OSU Visitor and Experience Center (\$554K) and university-wide conference revenues (\$130K).

- Athletic achievement for all student-athletes
- Fan experience and engagement
- Philanthropy for academic, faculty and athletics excellence

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

Accessibility: The project will replace the aging and accessibility-challenged westside bowl seating and improve fan experience for all stadium attendees, including continuous main concourse circulation around the entire stadium. Additionally, site improvements on the west side will include exterior access to the building to meet and exceed code requirement.

Year-round use by university programs: Approximately 35,000 gross square feet of medical office space will be constructed as part of the project for a collaborative network between OSU Student Health Services. We are also pursuing possibilities for - a private partner within the space. Other multi-use spaces within the stadium will serve year-round conference services needs and provide for an OSU Visitor and Experience Center.

Outreach to a broader community: Space within Reser Stadium for conference services will bring visitors from across the nation to the Corvallis campus and increase the number and size of regional and national conferences that the university offers. With the incorporation of the OSU Visitor and Experience Center, prospective students, their families, and guests on site for campus tours, conferences and game days will learn about the impact that OSU’s teaching, research, community outreach and athletics contributes to the state, nation and world.

Building interior and systems: Restroom and concession facilities will be improved and increased, which are currently inadequate to serve attendees and do not meet industry standards for such amenities. Press box, television and broadcast facilities will be replaced and modernized, as well as audio/visual and connectivity technology will be provided throughout the stadium.

ADVANCING OSU’S STRATEGIC GOALS

Goal 1 Preeminence in Research, Scholarship and Innovation	Goal 2 Transformative Education That is Accessible to All Learners	Goal 3 Significant and Visible Impact in Oregon and Beyond	Goal 4 A Culture of Belonging, Collaboration and Innovation
The addition of an “experience center” will provide opportunities for OSU to share with visitors the university’s history; important advancements in research, teaching, community outreach, and accomplishments of all student athletes,	The current west side of Reser Stadium needs upgrades to improve accessibility and matters of health and safety. The project will provide accessible space, designed to support safety and well-being for students,	Year-round use of the stadium will broaden opportunities to bring people to OSU from around the country, as well as improve the visiting experience for prospective students and their families. Improved fan	A modern Student Health Services center, in partnership with a local health care provider, improves healthcare services on campus to serve students, faculty and staff.

and news of our alumni.	athletics fans, other visitors, faculty and staff.	experience will draw attendees for more than game day.	
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IDENTIFICATION OF RISKS AND MITIGATION STRATEGIES

The following risks have been identified for the project. Given these risks, the design build and owner contingencies have been set at 10% and 5%, respectively. If provided final approval, the project is scheduled to go to bid in August 2021, with construction commencing after completion of the 2021 football season.

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 the project’s final cost, schedule, and/or the quality and scope of the project.	The design-build team conducted a full assessment of the stadium’s existing structure. All major structural elements on the west side will be replaced with careful consideration of connectivity to the rest of the stadium.
<i>Labor and materials availability</i>	Availability of resources presents risk to cost, schedule and possible project scope, especially given potential impacts of the COVID-19 pandemic.	This risk is mitigated in part by the contingencies stated above and through contractual language that will accommodate COVID-19-related schedule changes 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 impacts of the COVID-19 pandemic.	Escalation factors have been built into the project’s construction cost estimate. A third-party cost estimator, hired directly by OSU, is running concurrent estimates with the design-build team. OSU has engaged industry trade partners to assist in early phases with both design and cost estimating of the project.
<i>Project delay</i>	Funding, permitting, logistical, contractual, or any other reasons 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	The design-build team provides OSU with regular schedule updates based on continuous fine tuning of how the stadium can be constructed around two football seasons and opening prior to the 2023 season. The team projects completion of the project in May 2023 to allow for

	<p>period would likely increase the cost for the contractor to manage the project as well as lost revenue to OSU.</p>	<p>ample time to commission the stadium and run all technology installations.</p>
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TOTAL COST OF OWNERSHIP

The estimated life cycle ownership costs show the incremental cost, revenue and expenses of the Reser Stadium West Grandstands project and elimination of deferred maintenance estimated at \$70,000,000.

<p align="center">Forecasted Total Cost of Ownership Reser Stadium West Grandstands Project</p>	
<p>ITEM</p>	<p>COST</p>
<p>Project Cost</p>	<p>\$153,000,000</p>
<p>Total Cost Avoidance</p>	<p>(\$70,000,000)</p>
<p>Deferred Maintenance eliminated</p>	<p>(\$70,000,000)</p>
<p>Net Lifecycle Costs and Revenue – Net Present Value (NPV)</p>	<p>\$160,100,000</p>
<p>Lifecycle Ownership Costs – Net Present Value (NPV)</p>	<p>(\$156,600,000)</p>
<p>Incremental Operations and Maintenance (50 yrs. @ \$729K – escalated 3% annually) NPV</p>	<p>(\$35,400,000)</p>
<p>Debt Service on XI-F Bond (\$40M @ 30 yrs.) NPV</p>	<p>(\$50,700,000)</p>
<p>Debt Service on Revenue Bond (\$28M @ 30 yrs) NPV</p>	<p>(\$35,500,000)</p>
<p>Mid Life Renewal (25 yrs.) NPV</p>	<p>(\$35,000,000)</p>
<p>Lifecycle Revenue – Net Present Value (NPV)</p>	<p>\$316,700,000</p>
<p>Revenue from Health Care Partner for 10,000 SF (50 yrs. @ \$360K) NPV</p>	<p>\$17,500,000</p>
<p>Revenue from Student Health Services (50 yrs. @ \$900K) NPV</p>	<p>\$43,700,000</p>
<p>Revenue from Conference Services and Student Recruiting (50 yrs. @ \$623K) NPV</p>	<p>\$32,200,000</p>
<p>Athletics Revenue Proportional to Premium Seating (50 yrs. @ \$4.6M) NPV</p>	<p>\$223,300,000</p>

RECOMMENDATION

Staff recommend that the Finance & Administration Committee approve advancing the Reser Stadium West Grandstands project to the next phase of design development.