2021-23 Biennial Capital Funding Request to HECC

BACKGROUND

Every other year, the Board reviews the university’s biennial budget request to the Higher Education Coordinating Commission (HECC). Requests for capital project funding for the 2021-23 biennia are due to the HECC by April 15, 2020. This docket provides a summary of the university’s prioritized proposed capital requests for the 2021-23 biennium for Board consideration. Projects that were previously approved by the Board for the 2019-21 biennium are also carried forward and remain under consideration by the legislature.

The list of proposed projects is consistent with the Ten-Year Business Forecast.

PROPOSED CAPITAL PROJECTS

Table 1 summarizes the proposed capital request to the HECC for the 2021-23 biennium, based on preliminary project costs.

### Table 1

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Estimated total (million)</th>
<th>State-paid bonds (million)</th>
<th>OSU-paid bonds (million)</th>
<th>Gift or other funds (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSU-Corvallis Major Capital (≥$5.0 M)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaborative Innovation Complex Phase I</td>
<td>$100.0</td>
<td>$25.0</td>
<td>$0.0</td>
<td>$75.0</td>
</tr>
<tr>
<td>Cordley Hall Renovation Phase III</td>
<td>$78.0</td>
<td>$58.0</td>
<td>$20.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Reser Stadium West Grandstands*</td>
<td>$175.0</td>
<td>$0.0</td>
<td>$30.0</td>
<td>$145.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$353</strong></td>
<td><strong>$63.0</strong></td>
<td><strong>$55.0</strong></td>
<td><strong>$235.0</strong></td>
</tr>
</tbody>
</table>

* The $30.0M in OSU-paid bonds for Reser Stadium West Grandstands would be XI-F bonds, issued by the state, but retired by OSU.

Table 2 summarizes the proposed capital request to the HECC for the 2019-21 biennium, which remains under consideration by the legislature.

### Table 2

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Estimated total (million)</th>
<th>State-paid bonds (million)</th>
<th>OSU-paid bonds (million)</th>
<th>Gift or other funds (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSU-Corvallis Major Capital (≥$5.0 M)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts and Education Complex</td>
<td>$70.0</td>
<td>$35.0</td>
<td>$0.0</td>
<td>$35.0</td>
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<tr>
<td>Cordley Hall Renovation Phase II</td>
<td>$59.7</td>
<td>$31.7</td>
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<td>$28.0</td>
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<tr>
<td>OSU-Cascades Major Capital (≥$5.0 M)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Success Center</td>
<td>$17.9</td>
<td>$12.9</td>
<td>$5.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Land Development</td>
<td>$17.5</td>
<td>$16.7</td>
<td>$0.8</td>
<td>$0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$165.1</strong></td>
<td><strong>$96.3</strong></td>
<td><strong>$5.8</strong></td>
<td><strong>$63.0</strong></td>
</tr>
</tbody>
</table>

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1 If Cordley Hall Phase II is moved by HECC to the 2021-23 biennium, the university will consider proposing a change in the mix of funding.

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April 3, 2020 Board of Trustees Meetings

Full Board - revision shown in red text
Major Capital Projects for the 2021-2023 Biennial Funding Request

CORVALLIS CAMPUS

Collaborative Innovation Complex (CIC) Phase I: $100.0 million
(State-paid bonds of $25.0 million and Gift funds of $75.0 million)

The Collaborative Innovation Complex (CIC) is a key component in realizing OSU’s research, education and campus renewal goals. Powered by the tools of data science and artificial intelligence, the CIC will bring multidisciplinary teams together to pursue big ideas in engineering and the materials, marine, and health sciences. The complex connects the resources of academic research, government funding, and private sector investment to make scientific breakthroughs and translate them into innovations that address issues faced by today’s world.

The CIC will be developed in two phases of $100M each. The proposed site, near Campus Way and 30th Street, connects OSU’s two signature greenspaces that run along the campus’s north-south and east-west axes. The site links two science-heavy zones on campus to form a center of integration and interaction that will ultimately become known as OSU’s Innovation Quad.

The CIC’s research complex together with the renewal of Cordley Hall will serve as flagship centers and catalyze the renewal of OSU’s aged research infrastructure. The CIC’s synergistic and state-of-the-art research buildings will provide OSU with the flexibility to re-imagine and renew every aged research and education building on campus. The CIC will directly enable future projects on the capital forecast and beyond. These projects include the demolition of Weniger Hall and the repurposing of Gilbert Hall, as well as renovations for Burt (1) Hall, Gilmore Hall, Gleeson Hall, Kidder Hall, Milam Hall, the Pharmacy Building, Wilkinson Hall and Weigand Hall over the next two decades. The combined effect of these future demolitions and renovations will eliminate approximately $250M in deferred maintenance. The CIC will propel the renewal of OSU’s research enterprise while allowing for its physical re-organization, as programming and priority for the renovations of the older science buildings will complement the core research capabilities realized with the CIC. Phase two is planned for the 2023-25 biennium with plans to request $50M from the state, backed with $50M in gifts.

Cordley Hall Renovation Phase III: $78.0 million
(State-paid bonds of $58.0 million, OSU-paid bonds of $20.0 million)

Cordley Hall is a 236,317 square foot teaching and research building, home to a large proportion of OSU’s life-science research enterprise for the colleges of Science and Agricultural Sciences.
Constructed in two phases in the early and mid-1950s, the building’s systems are well past their expected life and pose a significant challenge and expense to maintain. The current condition of the building is detrimental to student and faculty recruitment and retention and teaching and learning, and it is negatively impacting the university’s ability to conduct research in the biological sciences and agriculture. This third and final project phase will renovate the east side of Cordley Hall’s (130,000 square feet) research laboratories and infrastructure, teaching facilities, offices, and other programmatic spaces for increased flexibility, increased efficiency, and greater functionality.

**Reser Stadium West Grandstands: $175.0 million**
*(State Issued, OSU retired XI-F bonds of $30.0 million and gifts and partnership funds of $145.0 million)*

The Reser Stadium West Grandstand project (also referred to as the Completing Reser project) replaces the west-side grandstands of OSU’s football stadium. The West Grandstand was constructed in 1967, remodeled in 1991, and currently serves as a primary seating and amenity area for fans attending football games and other events. The seating bowl on the west side has a risk of diminished structural capacity over time due to weather exposure of reinforced steel within the concrete. The west side in its current state has undersized amenities, such as concourse space, restrooms, and concession areas, and it does not meet updated construction and accessibility standards. Retrofitting the existing facility to meet modern standards, including seismic standards, is disproportionately expensive and would not address the lack of amenities, nor modernize seating quality and options, accessibility and circulation.

OSU is studying opportunities to partner with private or non-profit entities that could provide for full-year utilization of Reser Stadium (e.g., medical services, childcare, etc.).

**Capital Improvement and Renewal Projects**

The seven public universities are collectively asking the HECC to continue the pooled Capital Improvement and Renewal funding. This funding for minor deferred maintenance has been allocated historically to Oregon’s public universities based on the square footage of Education and General (E&G) buildings.

For the 2019-21 biennium, the universities were appropriated $65 million and Oregon State’s share is estimated to be about $23 million.

**Projects approved by the Board for the 2019-2021 biennium (which remain under consideration by the legislature)**

**CORVALLIS CAMPUS**

**Educational Performing Arts Center: $70.0 million**
*(State-paid bonds of $35.0 million and Gifts of $35.0 million)*

The Arts and Education Complex (AEC) project will construct a new 49,000 square foot academic facility that will serve primarily as educational space for performing arts classes,
programs and performances. The project will also renovate and make seismic safety improvements to the neighboring 1910 Heat Plant building that recently was recently used as a target range, to provide spaces for music practice and teaching. The AEC will bring together programs in the arts, including music, theater and the visual arts, resulting in a thriving center of creativity infused with the latest science and technology for teaching, rehearsing and performing music and theater. This project will enable Oregon State University to fulfill its strategic mission by bringing the arts to all people of Oregon through teaching, research, performance, and community outreach and engagement.

The AEC will allow for the relocation of performing arts venues and facilities away from of Community and Withycombe Halls, freeing up space in these buildings for other programs. Key components of the AEC project include teaching and performance spaces designed for collaboration in technology, along with media-rich environments: a recital hall with an acoustically superior concert hall that doubles as a classroom, a black box performance space that can be used for education and theater in multiple configurations, and a separate music practice/teaching facility with support space. The project also includes art gallery space and back-of-house support areas as well as a reception area and a box office.

**Cordley Hall Renovation Phase II: $59.7 million**  
*(State-paid bonds of $28.0 million, OSU-paid bonds of $28.0 million and State-paid bonds dedicated to CIR of $3.7 million)*

Cordley Hall is a 236,317 square foot teaching and research building, home to a large proportion of OSU’s life-science research enterprise for the colleges of Science and Agricultural Sciences. Constructed in two phases in the early and mid-1950s, the building’s systems are well past their expected life and pose a significant challenge and expense to maintain. The current condition of the building is detrimental to student and faculty recruitment and retention, and teaching and learning; and is negatively impacting the university’s ability to conduct research in the biological sciences and agriculture. This phase will renovate the west side of Cordley Hall’s (105,000 square feet) research laboratories and infrastructure, teaching facilities, offices, and other programmatic spaces for increased flexibility, increased efficiency, and greater functionality.

**OSU-CASCADES**

**Student Success Center: $17.9 million**  
*(State-paid bonds of $12.9 million, Accumulated Student Fees and Student Fee Paid OSU bonds of $5.0 million)*

The Student Success Center (SSC) will house a variety of vital programs focused on helping
students complete their degrees and successfully enter their careers. The SSC will house internship coordination, career advising, academic advising, tutoring, disability access service, mental health counseling, health wellness center, student life, and study and gathering spaces to support multicultural students, veterans and transfer students. With about a third of students being first-generation college students and almost half Pell Grant eligible (indications of financial need), these services are especially critical to the student population at OSU-Cascades. In just one year, the caseload for the Student Care Team at OSU-Cascades—a web of support for students facing serious challenges—increased by 200 percent, highlighting the urgent need for these support services. The Student Success Center has been the top priority for the OSU-Cascades campus and is a carry-over project from the 2017-19 legislative session.

With a 28% increase in new first-year students, OSU-Cascades’ growth is continuing. The campus was one of two institutions identified by the HECC as having a current net deficit of 28,000 square feet in student support space. To meet this need, students voted to tax themselves through student fees, pledging $5M toward matching state funds for the project. The Student Success Center will be constructed parallel to Academic Building 2 at the campus core.

**Land development: $17.5 million**
*(State-paid bonds of $16.7 million and OSU-paid bonds of $0.835 million)*

The development of the OSU-Cascades campus has been called one of the most innovative university development projects in the nation. The campus is being created by remediating a former demolition landfill and reclaiming a former pumice mine, with goals for the campus to be net-zero energy, water and waste. Redevelopment of a formerly unusable brownfield site puts 72-acres of land back into productive use for the state, and it serves as a model of sustainability.
and green business practices for Oregon and the nation.

Investment in infrastructure is necessary to advance the physical development of OSU-Cascades’ campus in support of the growing academic and campus life needs. Rather than seeking state funds to purchase land, OSU-Cascades was able to secure the 72-acre site for $1 and is now seeking state funds to make that land usable. The final cost to the state will be comparable to the market value of the remediated land.

The project will include landfill remediation, compacting and grading the site for future building pads, roads, sewer, water and IT infrastructure. The work will result in buildable land and infrastructure for Academic Building 3 and a health and recreation building. Additionally, development of these properties by OSU-Cascades into a fully accessible campus open to the public will provide a tangible benefit to the City of Bend and the Central Oregon region.

RECOMMENDATION

Staff recommend that the Board approve the 2021-23 Capital Funding Request as presented in Table 1 to guide the development of the capital request for HECC submittal. Projects included in the previously Board-approved 2019-21 biennium request will remain under consideration by the legislature.