FY2017 Capital Plan Amendment

SUMMARY

The 2015-17 Capital Plan that was approved by the Board of Trustees in May 2015 totaled $257,985,000. The table below summarizes the sources of funds to be used for the 2015-17 capital projects.

	Total	State-Paid Bonds	Gifts	OSU Funds	OSU-Paid Revenue Bonds
Capital Projects	$257,985,000	$79,000,000	$108,625,000	$18,360,000	$52,000,000

In the following narrative we provide an update on the Oregon Forest Science Complex, where an additional $8M has been added to the project cost, which will be funded by incremental gifts. We also propose that the 2015-17 Capital Plan be amended to include the Complex for Resilient Infrastructure and Safety, a $10M capital project.

UPDATE

Oregon Forest Science Complex

The 2015-17 Capital Plan that was approved by the Board of Trustees in May 2015 included the Forest Science Complex for a total project of $60M. Thirty million dollars was approved from state-paid bonds, to be matched by gifts toward the project. Additional gifts of $8M are being secured to cover the current full scope of the capital project that now totals $68M.

AMENDMENT

Complex for Resilient Infrastructure & Safety

The Complex for Resilient Infrastructure and Safety (CRIS) facility is a new high bay laboratory that directly supports the strategic direction of the University and the College of Engineering, provides experiential learning through the Student Competition Workshop, improves the research infrastructure for a sustainable future, and strengthens ties to industry through continued engagement. The $10M project was reviewed by the Infrastructure Work Group along with other 2017-19 Capital Projects and was recommended to be approved as a priority project. The present need for the research, space and programs the building will provide, along with the College of Engineering's success in raising gift funding for the building, compels OSU administration to request the addition of this project to the 2015-17 Capital Plan approved by the Board of Trustees in May 2015, rather than including the project in the 2017-19 draft Integrative Capital Plan.

Project Narrative

The College of Engineering seeks to build a 40,000-square-foot Complex for Resilient Infrastructure & Safety (CRIS) facility in support of research and education across the College. This facility is to complement the College's growing research enterprise adjacent to the O.H. Hinsdale Wave Research Laboratory. This new 40,000-square-foot project will consist of 25,000 square feet of high bay laboratory space to house the facilities mentioned below, as well as 15,000 square feet of essential office and support space. This project will aid the teaching mission of the University and increase research space for several efforts including:

- "Large-Scale Resilience Testing Facility" in support of the "Cascadia Initiative on Resilient Infrastructure and Earthquake" engineering;
- Support of the "Development and Assessment of Tools to Evaluate and Predict the Service Life of Aging Infrastructure" project as well as the "Development of Sustainable Infrastructure Materials" program;
- "Virtual Construction and Transportation Safety Laboratory" funded by a $1M gift from MDU/Knife River adding to our driving and cycling simulator displaced from Graf Hall;
- "Reactor Systems Experimental Facility" for nuclear energy funded by a $1 million estate gift from the Schuette family;
- Student competition workshop for undergraduate students who are currently moved to a different location each year on campus; and
- "Trucking Research Laboratory" supporting research efforts with truck manufacturing partners such as Daimler.

This proposed facility also complements the College of Forestry's "Oregon Forest Science Complex." While a component of both facilities will be a structural strong floor and reaction wall, the CRIS facility will be capable of sustaining much higher load demands associated with steel/concrete materials and seismic testing. The laboratory will also work to simulate environmental conditions experienced by many of our legacy materials in terms of salt use in highways and coastal structures, water in terms of soil-structure or building façade applications and wet/dry/freeze/thaw conditions. In order to take full advantage of the potential synergy between these two world-class facilities, the College of Engineering and the College of Forestry are developing an MOU to cross-train technical staff and share unique equipment and instrumentation associated with large-scale structural testing.

Funding Strategy

Project	Total	State-paid Bonds	Gifts	OSU Funds	OSU-paid Revenue Bonds
Complex for Resilient Infrastructure and Safety	$10,000,000	$0	$5,000,000	$5,000,000	$0

The $5 million of OSU funds will be provided to the College of Engineering via a loan from the University's Internal Bank.

RECOMMENDATION

Staff propose that the Finance & Administration Committee recommend to the Board that the Board approve the FY2017 Capital Plan Amendment.

Appendix 1. Pro Forma for the Complex for Resilient Infrastructure and Safety

Complex for Reslient Infrastructure and Safety Pro Forma	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Revenues										
Funding released from current COP payments*	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207	$ 701,207
Increased F&A recovery**	259,300	518,600	777,900	801,237	825,274	850,032	875,533	901,799	928,853	956,719
Total Revenues	$ 960,507	$ 1,219,807	$ 1,479,107	$ 1,502,444	$ 1,526,481	$ 1,551,239	$ 1,576,740	$ 1,603,006	$ 1,630,060	$ 1,657,926
Expenses										
Debt Service (10 years, 3.5%)	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207	$ 601,207
O&M on 40,000 gsf incremental space	266,500	273,163	279,992	286,991	294,166	301,520	309,058	316,785	324,704	332,822
Building Reserves (Depreciation/Renewal Funding)	387,174	387,174	387,174	387,174	387,174	387,174	387,174	387,174	387,174	387,174
CoE is providing $100,000 of this amount as part of the $701,207 released from current COP payments										
Total Expenses	$ 1,254,881	$ 1,261,543	$ 1,268,372	$ 1,275,372	$ 1,282,547	$ 1,289,901	$ 1,297,439	$ 1,305,166	$ 1,313,085	$ 1,321,203
Net Income(Loss)	$ (294,374)	$ (41,736)	$ 210,735	$ 227,072	$ 243,934	$ 261,338	$ 279,301	$ 297,841	$ 316,975	$ 336,723
Accumulated Balance		$ (336,110)	$ (125,375)	$ 101,697	$ 345,631	$ 606,969	$ 886,270	$ 1,184,111	$ 1,501,086	$ 1,837,809

*$825,000 in annual debt payments ending in FY17 to be redirected to project

**assumes 35% average recovery on additional $3M of research revenues by FY20