

IT Systems Infrastructure

BACKGROUND

The University will be investing \$10M in information technology (IT) infrastructure over the next three years. The focus of this investment will be fiber optic- and copper-based utility construction for communications systems, including internet access, telephone services, and fire/life-safety alarms. These investments are critical for maintaining current University operations and for program growth in areas such as “OSU Ecampus” that are entirely online. This investment will improve learning and research at OSU by ensuring stability and resilience for continuous access to online resources and increasing performance of online systems.

In its May 2015 meeting, the OSU Board of Trustees approved the 2015-17 Biennium Capital Plan, which included the \$10M project. For the OSU-paid debt-financed projects included in the 2015-17 Biennium Capital Plan, staff proposed, and the Trustees agreed, that staff would provide a financial pro forma to the Finance & Administration Committee prior to starting the project. Staff intend to bring a resolution to issue debt for this project to the Committee and Board for approval in spring 2016.

The \$10M in bond proceeds will be used to make investments in three main infrastructure areas:

1. Outside Cable Plant. Underground conduit to connect a new west-campus communications point of presence (PoP), located in the Agricultural Systems Management Center (ASMC), to the existing campus underground conduit system, and fiber optic and copper communications cable to connect 12-15 key facilities (TBD) to help ensure continuous/uninterrupted operations.
2. In-building Cable Upgrades. Fiber optic cable within buildings will be upgraded to the new campus standard that enables higher network speeds. We will also make needed upgrades to the network cable plant in multiple buildings (such as Nash, Snell, and Weniger halls).
3. Long Distance Fiber. Construction of fiber optic paths to Newport and Bend to service branch campuses and ensure comparable network speeds and overall performance to that which is available on the Corvallis campus. These routes will be an extension of existing regional partnerships with the other Oregon public universities and select private partners.

FINANCIAL PRO FORMA

The OSU Network department that manages and operates University IT infrastructure is currently funded through an internal cost distribution model based on full time equivalents (FTE), where operating costs are distributed to all university operating units. FY2016 departmental budgets include the incremental first-year costs for a phased-in debt service over three years. By FY2018, the estimated \$800,000 in annual debt service will be fully budgeted into the overall \$9M annual networking budget.

The impacts of this project’s financing on the University’s debt policy ratios will be combined and evaluated in conjunction with the OSU-Cascades Residence Hall and Dining/Academic Center review, which will be sent under separate cover prior to the October 2015 Board meetings.