

Potential Acquisition of Real Property

SUMMARY

Oregon State University has the opportunity to profoundly shape the future of OSU-Cascades and the university’s impact in Central Oregon by expanding the primary footprint of the campus. At hand are two distinct acreage options, both of which incorporate sites adjacent to our current 10-acre campus. Each option comes with challenges and opportunities, and differing capacities to fulfill:

- The State of Oregon’s educational, environmental, and economic goals;
- OSU’s Strategic Plan 3.0 goals; and
- OSU-Cascades’ goals to serve the educational, economic and cultural needs of a growing, but largely rural region.

Land Option One: 56-acre campus

The 56-acre campus option extends the 10-acre campus onto the adjacent 46-acre pumice mine owned by OSU-Cascades. It provides for the necessary built environment to accommodate 5,000 students, including 354,000 sf of academic and research space; 147,000 sf for campus life; housing for 40% of the 5,000 students; a 65,000 sf recreation facility; and one multi-use field. Development of this site requires significant fill material to be imported at a high cost, with associated significant truck traffic that may negatively impact the local transportation system and public perception of OSU-Cascades. This option also requires the development of structured parking instead of surface parking.



Land Option Two: 128-acre campus

The 128-acre option incorporates the 10-acre campus, the 46-acre pumice mine and the 72-acre Deschutes County Demolition Landfill (landfill). Remediation of the landfill not only results in an additional 36 acres for facilities development and 36 acres for low-intensity uses such as surface parking, athletic fields and solar power

arrays, it also provides a significant environmental benefit from cleaning up a brownfield¹ site. Incorporating the landfill also provides the opportunity to use some of the recycled material from the landfill to fill and grade the pumice mine, rather than having to import material from off-site.

Benefits of a 128-acre campus

Multiple technical experts have contributed to the analysis of the two options. Both campus options allow OSU-Cascades to grow to an enrollment of 5,000 students and serve many of the higher education needs of the region and state.

The following analysis will focus only on the *additional* benefits of a 128-acre campus vs. a 56-acre campus. In addition to the environmental benefit of cleaning up a brownfield site, other benefits include:

- Educational assets, such as a natural learning laboratory for students and co-location of industry or public research partners;
- The opportunity to develop a public-private innovation district;
- Repurposing material from the landfill to be used in reclaiming the pumice mine;
- Additional housing for students and staff;
- On-campus opportunities for recreation and athletic facilities to serve 5,000 students;
- Development oversight of a neighboring property that otherwise might be developed for another purpose and present future conflicts with campus operations;
- On-site energy facilities (contributing to a net zero campus energy goal); and
- Construction of less expensive surface parking instead of structured parking.

1. Educational and experiential benefits

The development of the 128-acre campus would provide student experiential learning opportunities that “foster intellectual, professional and personal development to prepare OSU graduates for life and careers in a global society” (SP3.0 Goal 1). These transformational experiences include educational benefits from the development of this larger campus as a natural learning laboratory and personal development through expanded athletic and recreation activities.

The 128-acre campus option would provide a natural laboratory for many of our majors. For example, Natural Resources students could study the restoration of a brownfield site, and impacts on plant and animal communities. Energy Systems Engineering students could study alternative energy possibilities, including solar, biomass, geothermal, and methane gas. Business students could be involved in the innovation district, partnering with entrepreneurs and start-ups. Kinesiology students could use the expanded recreational facilities to study health and wellness. Students studying early childhood development could participate in a childcare/early learning facility that wouldn’t be possible on the 56-acre campus.

¹ The Oregon Department of Environmental Quality (DEQ) defines a brownfield as "a real property where expansion or redevelopment is complicated by actual or perceived environmental contamination."

2. Innovation district

The 128-acre option would enable the development of an innovation district, integrating university academic programs with industry. This supports Goals 1 and 3 of OSU's strategic plan by providing "opportunities for industry partnerships and commercialization that showcase the quality of our students, faculty, and facilities while promoting economic development and growth in Oregon and beyond." The Brookings Institute defined innovation districts as "geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators and accelerators. They are also physically compact, transit-accessible, and technically-wired, and offer mixed-use housing, office and retail" (www.brookings.edu/wp-content/uploads/2016/07/InnovationDistricts1.pdf). These innovation districts attract companies in the knowledge economy that want to be near other companies, universities, and research labs to share ideas and spur innovation.

An innovation district would leverage the fast-growing and entrepreneurial economy of Central Oregon with a dynamic university. It could be developed in a public-private partnership to share costs and revenues. At this conceptual stage, estimating the revenue potential is difficult, but initial calculations suggest that there could be a master lease potential of \$1M-2.2M per year.

3. Repurposing fill

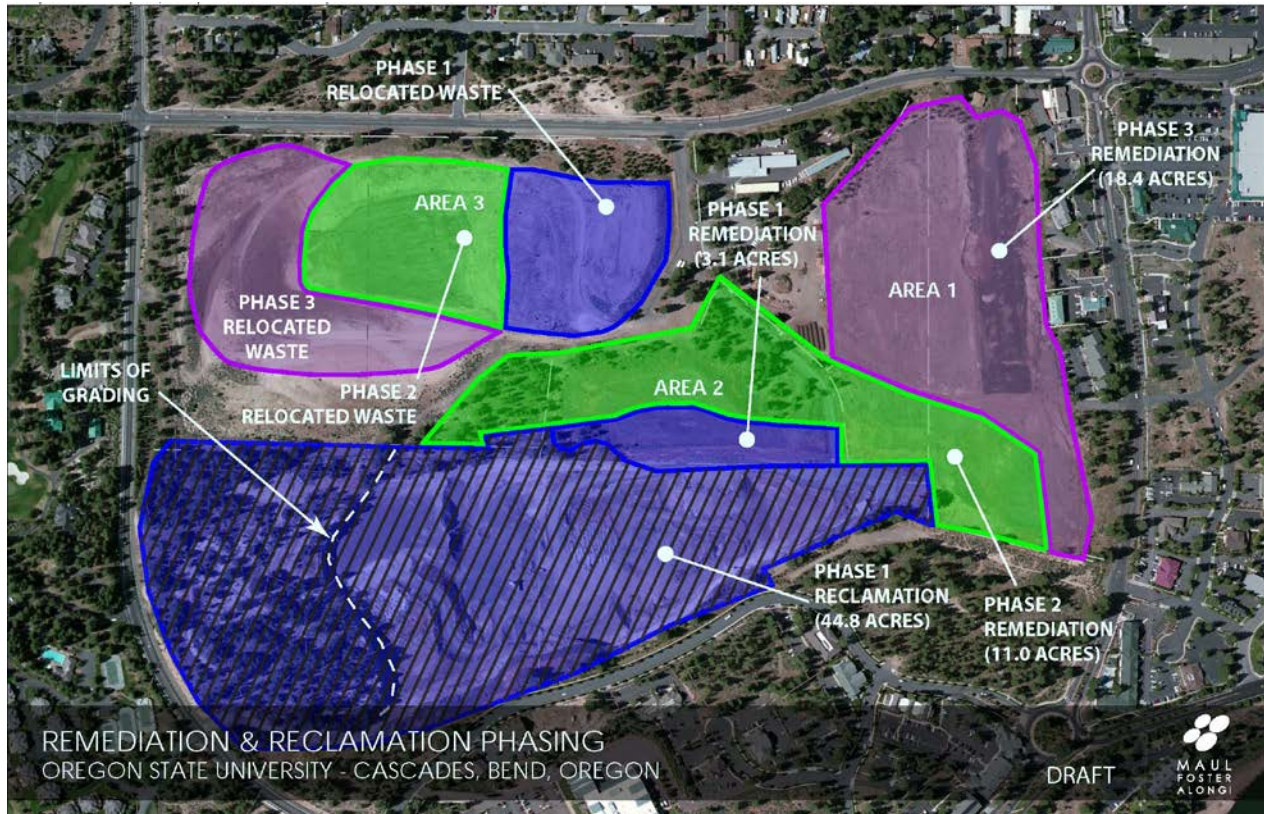
OSU-Cascades originally estimated \$9M for reclamation of the pumice mine as a stand-alone project, assuming that we would need to import significant amounts of fill from external sources. That would require over 30,000 truckloads of material, with associated social costs on traffic, noise and road wear. However, OSU-Cascades' engineering consulting team, led by Maul Foster Alongi, has developed a strategy to remove waste from parts of the landfill, resulting in unencumbered buildable land. The waste would be screened and blended with clean fill sources to create structural backfill for the pumice mine. The originally estimated \$9M could be used to not only fill and grade the pumice mine but also remediate 3-acres of the landfill. The use of fill material from the landfill would allow OSU-Cascades to avoid the importation of material. The reduction in CO₂ emissions from eliminating 30,000 truckloads is equivalent to taking 651 cars off the road for a full year or preserving 24.5 acres of forests from conversion to cropland.

4. Additional housing and control over neighboring land uses

The acquisition of the demolition landfill and subsequent management of this property would enable OSU-Cascades to better manage neighbor relations. While OSU-Cascades puts substantial energy and resources into building strong relationships with the community, town and gown tensions have been experienced in the past. Concerns about student rentals and parking in neighborhoods are well-known issues when residential areas adjoin university campuses. If OSU-Cascades develops this land – and accommodates student and faculty-related uses, such as workforce housing, parking, retail/service amenities and innovation partnerships – it will help to support positive community relations. The ability to design adequate buffers between residential communities and permeability with the commercial district would allow OSU-Cascades to minimize the negative impact of development on the surrounding community and integrate more closely into Bend's Central Westside.

Business Plan

In August 2015, OSU-Cascades and Deschutes County signed a letter of intent that provides OSU-Cascades with the right to acquire the landfill until August 2017. The letter outlines a



purchase price equal to Fair Market Value (FMV) less the costs of remediation. If the cost of remediation is greater than the value of the land, the county would sell the land to OSU-Cascades for \$1.

One element of consideration is the potential savings associated with the additional land from the 128-acre campus which allows the substitution of surface parking for structured parking. According to the Bend Development Code, a 5,000-student campus would require 900 to 1,000 parking stalls. OSU-Cascades would need to accommodate at least 540 stalls using structured parking in the 56-acre campus. This would total \$29.2 million at a per-space cost of \$54,000. Alternatively, the 540 parking stalls could be built as surface lots within the 128-acre campus at a cost of \$5,400 per stall or a total expense of \$2.9 million.

In summary, the additional 72 acres (i.e., the landfill site) will cost an additional \$13.4M.

Option	56-acre	128-acre	Difference
Reclamation/remediation	\$9.0M	\$48.7M	
Parking	\$29.2M structured	\$2.9M surface	
Total	\$38.2M	\$51.6M	\$13.4M

CONCLUSION

Development of the full 128 acres would:

- Best serve Oregon’s educational attainment goals;
- Provide an opportunity to develop an innovation district with a statewide economic impact;

- Align with the university's strategic plan to provide students a transformational educational experience through enhanced educational and engagement opportunities;
- Enable on-campus solar energy and infrastructure to support OSU-Cascades' net neutrality goals;
- Support additional community partnerships, such as early learning/child care, recreation, arts and culture;
- Expand on-campus housing for both students and staff; and
- Remediate a currently unused brownfield site and transform it for beneficial university purposes.

The associated costs of the full 128-acre campus can be managed through the university draft 10-year capital forecast for OSU-Cascades, and we will seek to manage risks through legal agreements and other strategies, such as proactive public affairs, community engagement and communications.

Given the benefits associated with the 128-acre campus option, the university is proceeding with efforts to acquire the property and will seek to mitigate the risks associated with the property. The university needs to submit campus master planning land use documents to the city of Bend in the spring and intends to submit plans for the 128-acre campus option (and hold required public information/feedback sessions). Any final agreements would be presented to the Board for approval at a future meeting.