

Docket Item:

University Capital Recommendations

Summary:

At the HECC's November 2015 Funding and Achievement Subcommittee meeting the Subcommittee outlined its process for developing university and community college capital recommendation for the 2016 Legislative Session. This process comports with the budget development calendar produced by the CFO of the Department of Administrative Services (DAS) and by the Legislative Fiscal Office (LFO), as well as guidance from the Governor's Office. This guidance and capital submission timelines were distributed to institutions in order to allow evaluation of projects and possible advancement of projects that met the established criteria. The deadline for project submissions has closed and four projects were submitted by three institutions.

Oregon Institution of Technology (Oregon Tech), Southern Oregon University (SOU), and Portland State University (PSU) submitted proposed projects. Each project submission is outlined below, along with the staff recommendation. Institutional submissions are attached in appendices, along with the November 2015 HECC Capital Process guidance and HECC University Capital Prioritization Policy Statement. The HECC guidance and policy statement are the basis for staff recommendations.

Docket Material:

Evaluation Criteria:

Appendix I and II include the guidance received from the Governor's Office, which was incorporated within the Commission's submission process, as well as the HECC policy guidance on university capital recommendations, as adopted by the Commission in July 2014. These two documents provide were the criteria by which HECC Staff developed recommendations for the Commission. The decision framework developed by staff was as follows:

- Whether a project fall within the guidance established in the 2016 Short Legislative Session Capital Process docket item. Specifically; if the project include new state-funded capital, whether it is "emergency" in nature If the project does not include new state-funding whether it is a technical adjustment to the previously approved project scope.

- Whether the project fall within the guidelines established by the HECC is its policy on university capital projects.

HECC recommendations are made to the Governor's Office. The Governor's Office will elect whether to advance or not advance a project to the Legislature.

Projects:

Information for requested projects, as summarized by HECC Staff, can be found below. Staff recommendations, based on the application of guidance included in Appendix I and II, are included here and summarized under the Staff Recommendation section. Full project descriptions, as provided by the institutions, are appended to this document.

Oregon Institute of Technology

NORTH UTILITY COORIDOR AND STORM DRAINAGE PROJECT

Size: \$5,036,625

Bond Type: XI-Q

Fund Source: General Fund

Narrative: Within the past 60 days OIT "has experienced two separate imminent life-safety incidents affecting critical student services facilities. The two separate life-safety incidents involve the 1) North Utility Corridor Electrical Supply Feed, and 2) College Union Building Storm Drainage System."

The North Utility Corridor provides electricity from Oregon Tech's Solar Field, experienced a power failure. This power failure necessitated the immediate closure of the College Union, which serves as a student support hub and kitchen for students living on campus. Subsequent investigation revealed additional electrical issues which require immediate repair without which future failures are expected to occur. Oregon Tech's "primary concern with the College Union electrical supply is unreliable supply feed, vulnerabilities to outages and impact on crucial student services. Additionally, water is able to enter the College Union electrical supply feed, immersing high voltage cables causing short circuits and an electrocution hazard. The staff of Oregon Tech staff believes the severity of these findings necessitate immediate action or we risk major disruptions to educational programs, greater future damage costs, campus closures, and potential injury or death to students and staff."

The College Union Storm Drainage System lies directly below the Campus Union Building. In October 2015, the drainage system was “compromised and exposed, leading to the discovery that the drainage system is severely corroded and contains voids. The corrosion and voids could cause severe damage in the near-future to the interior spaces, disrupting operations of the College Union. Another life-safety concern is that any major water intrusion may find its way to nearby building electrical mains that are located sub grade, immersing high voltage cables causing short circuits and an electrocution hazard. Oregon Tech engaged a civil engineering firm to run a camera through the portion of the drainage system that lies beneath the Campus Union building. The staff of Oregon Tech believes the severity of these findings necessitate immediate action or we risk major disruptions to educational programs, greater future damage costs, campus closures, and potential injury.”

Project totals are estimates, given the compressed timeline, but are based on recent prior work on Oregon Tech’s Klamath Falls campus. If the project is approved Oregon Tech will retain engineers to refine estimated project costs.

Analysis: The requested North Utility Corridor and Storm Drainage Project requires additional General Fund supported debt service. However, the project meets the criteria set regarding an emergency need, as it relates to imminent life and safety needs of the institution in a core student support and student service building. Thus, the project comports with HECC policy and guidance from the Governor’s Office.

Staff Recommendation: Staff recommends the Commission advance the North Utility Corridor and Storm Drainage Project at \$5.04M to the Governor’s Office for consideration.

Southern Oregon University

McNEAL HALL BUILDING PROJECT

Size: \$2.0 million

Bond Type: Article XI-Q

Fund Source: General Fund

Narrative: SOU is requesting an increase in Article XI-Q, General Fund supported bonding authority beyond its previously approved \$21.3M (2014) for this project. The original project was brought forward to “remedy failing structural steel columns and concrete walls, address fire and HVAC deficiencies, replace and upgrade external and internal systems, fixtures, and other building components.” It was subsequently concluded by

project engineers and architects that the extent of the structural failure was greater than originally anticipated and that a complete rebuild would be necessary. This project is combined with, but separate and distinct from, a student fee funded recreation center development project.

According to SOU, after reducing the scope of the project it remains “over budget by approximately \$2M.” SOU further states that “any further [reductions] would mean to eliminate the competitive gym and the associated sports of basketball and volleyball entirely.” The institution is committing fund-raising and/or institution paid debt to fund up to \$1M in development of coaches offices and locker rooms which have been scoped out of the current project due to cost constraints.

Analysis: In evaluating the McNeal Hall Building Project expansion staff finds that:

- a. The project requires additional General Fund debt service,
- b. The project does not meet the definition of “technical adjustment,” as it requires new state funding,
- c. The project does not meet the definition of “emergency,” though the initial project scope is related to the structural integrity of the building, the current need is related to the project being over budget,
- d. The primary use of these funds would be related to an athletic venue, a use not included in the Commission’s adopted principles regarding university capital projects¹. Only “class, lab, research or student services needs” are allowed uses under HECC policy.

Staff Recommendation: Given the project’s use of additional state resources, non-emergency status and that funds are directed towards an athletic venue HECC staff does not recommend advancing the McNeal Hall Building Project to the Governor’s Office for consideration.

SOU/JEFFERSON PUBLIC RADIO STATION ADDITION

Size: \$1.5 million

Bond Type: XI-F(1)

Fund Source: Institutional Funds

Narrative: Southern Oregon University hosts a “public radio network, Jefferson Public Radio (JPR), [which] extends SOU’s regional educational mission by promoting lifelong learning, providing access to diverse arts and cultural programming, and fostering the intellectual growth and civic engagement of Southern Oregon

¹ Higher Education Coordinating Commission “Principles to Guide the Prioritization of State General Obligation and State Backed Debt Financed Projects” July 2015. <
http://www.oregon.gov/HigherEd/Documents/HECC/FA/2014/07_Jul-3-14/2.0_HECCCapitalPrioritizationPolicy.pdf>

communities.” JPR is a large and successful public radio station, yet is operating in “4,500 square-foot studio facility created when it first signed-on its 10-watt flagship station, KSOR, in 1969. Located in the basement of one of SOU’s oldest buildings, Central Hall, this facility no longer serves JPR’s and the University program needs[.]” As a part of the expansion of SOU’s Theatre Renovation and Expansion Project, SOU wishes to add a \$2.5M total, \$1.5M XI-F(1) funded, expanded studio facility for the use of JPR. The JPR Foundation will be responsible for the debt service payments assumed by SOU for this project, and will provide direct funding of \$1M for the project.

Analysis: The project incurs no new state funded debt and comports with HECC policy.

Staff Recommendation: Staff recommends the Commission advance the SOU/Jefferson Public Radio Station Addition project at \$1.5M in XI-F bonds to the Governor’s Office for consideration.

Portland State University

BROADWAY HOUSING PURCHASE and 2828 CORBETT BUILDING PURCHASE

Size: \$53.68 million (\$48.58M Broadway Housing Purchase and \$5.1M 2828 Corbett Building Purchase)

Bond Type: XI-F(1)

Fund Source: Institutional Funds

Narrative: Portland State University (PSU) seeks a change in project scope for the Broadway Housing Purchase project. HB 5005 (2015) approved \$53.68M in Article XI-F(1) debt for the purchase, by PSU, of the Broadway Housing building from the Portland State University Foundation, thus securing a lower interest rate and concomitantly lower operating cost for the building. In addition, PSU is currently leasing the 2828 SW Corbett Building to operate its “nationally recognized Portland State Business Accelerator entrepreneurial program. The Accelerator provides office and lab space plus various optional services for technology and science focused business startups. PSU acquired the building through lease in 2004, and has been operating the facility as a business accelerator since that time. PSU has the opportunity to purchase facility, terminate the lease relationship, and generate savings in excess of \$100K annually through direct ownership. Annual debt service on the Article XI-F(1) bonds will be paid through revenues generated by PSU.”

PSU believes it can purchase both the Broadway Housing building and the 2828 Corbett Building for the total approved by the 2015 Legislature, and reduce its total operating costs for both buildings. PSU seeks a separation of the single \$53.68M Broadway Housing project into two separate projects, \$48.58M for the

Broadway Housing Purchase and \$5.1M for the 2828 Corbett Building Purchase, at the same aggregate total funding level of \$53.68M.

Analysis: The project incurs no new state funded debt and comports with HECC policy.

Staff Recommendation: Staff recommends the Commission advance a reduced funding total for the Broadway Housing Purchase project at \$48.58M in XI-F bonds and a new 2828 Corbett Building Purchase project at \$5.1M in XI-F bonds project to the Governor's Office for consideration.

Staff Recommendation:

Staff recommends the Funding and Achievement Subcommittee advance to the full Commission at its December 10, 2015 meeting the following projects for recommendations to the Governor's Office for consideration and submission to the 2016 Legislative Session, with project scopes as described by the institutions in the respective addenda;

Oregon Institute of Technology:

NORTH UTILITY COORIDOR AND STORM DRAINAGE PROJECT

Size: \$5,036,625

Bond Type: XI-Q

Southern Oregon University:

SOU/JEFFERSON PUBLIC RADIO STATION ADDITION

Size: \$1.5 million

Bond Type: XI-F

Portland State University:

BROADWAY HOUSING PURCHASE and 2828 CORBETT BUILDING PURCHASE

Size: \$53.68 million (\$48.58M Broadway Housing Purchase and \$5.1M 2828 Corbett Building Purchase)

Bond Type: XI-F

**Appendix I: 2016 Short Legislative Session Capital Process (Funding and Achievement
Subcommittee 11-5-2015)**

Docket Item:

2016 Short Legislative Session Capital Process

Summary:

The HECC, in conjunction with the Governor's Office has developed a process to invite limited capital request submissions to the 2016 Legislative Session. The docket provides guidance to institutions on the limitations provided to the HECC and a calendar for submission for consideration by the Commission in December for recommendation and eventual hearing before the January Joint Ways and Means Committee.

Docket Material:

HECC Short Session Capital Process

The Governor does not intend for the HECC to bring forward a capital request list for state-funded capital in 2016 (outside the regular budget process).

Exceptions:

- Technical adjustments to previously-approved projects (not requiring new state funding).
- Emergency capital needs.

The Governor expects that colleges and universities will not advocate separately and independently for new state-funded projects. They should be working together (and with the HECC) on the 2017 request list.

Definitions:

- Technical Adjustment is defined as a change to a project scope requiring legislative approval, but not including additional resources.
- Emergency is defined as needed any item requiring eminent life or safety needs or needs arising from a catastrophic incident.

Process for technical adjustments and emergency capital needs:

Any campus with a technical adjustment or emergency capital need should submit to the Commission such a need by Friday, November 13th.

The Funding and Achievement Subcommittee will vet any projects upon staff recommendation at its Dec. 3rd meeting, and bring forward any recommendations to the Commission at its Dec. 10th meeting for action at that time.

These submissions will be submitted to DAS-CFO for submission to January Joint Ways and Means, per 2015-17 Emergency Board and Interim JW&M submission calendar/process found [here](#). The Governor will decide what projects move forward from those recommended by the HECC.

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November 5, 2015

It is important that the HECC receive timely notice of projects or it may jeopardize the opportunity for a request to be considered during February.

For universities the Commission's policy guidance on university capital allocation issued during 2014 stands and can be found [here](#).

Staff Recommendation:

Informational purposes only. No action required at this time.

**Appendix II: HECC Statement on Principles for University Capital Projects (Funding and
Achievement Subcommittee Docket 7-3-2014)**

Principles to Guide the Prioritization of State General Obligation and State Backed Debt Financed Projects

The Higher Education Coordinating Commission (Commission) is tasked by ORS 351.735 to evaluate and prioritize capital investments of the state of Oregon in its higher education enterprise for recommendation to the Governor for inclusion in the Governor's Recommended Budget. The Commission recognizes that the most cost-efficient means of meeting the State's ambitious 40-40-20 goal is to maintain and increase the utilization and productivity of the current array of university-related capital assets. As necessary in order to meet the education, civic, cultural and research needs of Oregon and Oregon students, the Commission will recommend that additional state capital resources be deployed to support the renovation of existing facilities and the addition of new facilities.

On a biennial basis the Commission will receive from each institution requesting state-backed capital investments a report including how these investments, along with their current capital portfolio, unite the mission and strategy of the institution to key outcomes measures established by the HECC. To these ends the Commission adopts the following statement of principles.

- All state backed debt prioritized and approved by the Commission will support the Commission's strategic plan as well as class, lab, research or student services needs identified by the public university from which the request was received.
- A plan for supporting the ongoing operational and maintenance needs of current and proposed capital assets, including deferred maintenance and building renewal, must be in place if an institution seeks to expand their capital portfolio.
- General Obligation debt incurred by the state on behalf of institutions for the construction, purchase, or refurbishment of real property will principally serve either to (a) ameliorate constraints within the post-secondary system of higher education by expanding institutional capacity to support student access and completion; (b) extend the useful life of capital assets; or (c) develop or extend key competitive advantages that comport with the state's education, civic, cultural, and economic needs.
- The HECC will encourage projects that generate operational cost savings through the refurbishment or repurposing of existing facilities or the construction of new facilities.
- The HECC, in conjunction with the institutions, will evaluate the efficient utilization and proper maintenance of current capital assets in determining the need for the purchase or construction of additional capital assets.
- Collaboration between multiple educational, civic, state and private institutions will be encouraged.
- Where possible the leveraging of non-state resources will be encouraged in order to maximize mission attainment.
- The HECC will advocate for a level of state-paid capital debt that is adequate to provide institutions with the most cost-effective means of addressing deferred maintenance, life-safety, and code compliance needs that rise to the level of capital expenditures.

The Commission will explore the development of a mechanism for rationalizing the total investment of state resources, capital and operating through the state's funding allocation model to institutions. Only state-paid capital debt authorized during the 2015 legislative session or after will be incorporated into this mechanism. A workgroup including representatives of the HECC and institutions will be convened in July of 2015 for the purposes of developing this mechanism, exploring its potential consequences and reporting on its feasibility to the Commission.

On a biennial basis, the Commission will produce a scoring rubric designed to incorporate and operationalize the principles enumerated above.

Appendix III: Oregon Tech – North Utility Corridor and Storm Drainage Project Request

Date: November 13, 2015

From: Mrs. Michelle Meyer
Interim VP of Finance & Administration
Oregon Tech, Klamath Falls

To: Higher Education Coordinating Committee
Mr. Brian Fox, Director Public University Budget & Finance

Dear Mr. Fox:

The Oregon Institute of Technology (Oregon Tech) has experienced two separate imminent life-safety incidents affecting critical student services facilities. The two separate life-safety incidents involve the 1) North Utility Corridor Electrical Supply Feed, and 2) College Union Building Storm Drainage System. Each of these incidents have occurred in the prior 60-days as to the date of this letter. The College Union building is in imminent risk of a repeated electrical failure and is in significant imminent risk to water damage.

The College Union building (College Union) provides crucial student support services: Admissions, Campus Life, Financial Aid and the Student Affairs Office. The College Union building also houses the kitchen and servery for resident-student dining. When school is in session, the College Union is open seven days a week from 8am to 10pm. The College Union is an integral part of the educational life on the Klamath Falls campus.

The dollars estimated below are Oregon Tech's best estimates given similar work conducted on the Klamath Falls campus. Upon project approval, Oregon Tech will engage engineers for the respective projects and will be able to refine estimated project costs.

North Utility Corridor Electrical Supply Feed

The main purpose of the North Utility Corridor is to provide a supply corridor for the power generated by the Solar Field. On October 15, 2015 the North Utility Corridor electrical supply feed experienced a power failure which caused the loss of power to the College Union and Solar supply. The failure necessitated the immediate closure of the College Union kitchen and servery causing cancellation of resident-student meal service and delivery of crucial student services. The Solar Field was brought off-line resulting in increased electrical costs to the University. Fortunately no students, staff, or workmen were injured during the event. The failure prompted an immediate investigation and analysis of the entire College Union and Solar electrical supply feed system. This investigation revealed additional electrical issues requiring immediate repair to avoid continued electrical failures and potential accidents. Additionally, the conducted analysis has shown that the College Union

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electrical supply feed system is no longer reliable. Future failures are expected as a result. Our primary concern with the College Union electrical supply is unreliable supply feed, vulnerabilities to outages and impact on crucial student services. Additionally, water is able to enter the College Union electrical supply feed, immersing high voltage cables causing short circuits and an electrocution hazard. The staff of Oregon Tech staff believes the severity of these findings necessitate immediate action or we risk major disruptions to educational programs, greater future damage costs, campus closures, and potential injury or death to students and staff.

Attachment A provides a technical description and map of the North Utility Corridor Electrical Supply Feed failure and College Union building.

Oregon Tech Action

The attached drawing identifies the damaged areas as 1 through 10. Oregon Tech has engaged an outside electrical contractor to evaluate and test these areas. These areas have been closed to the public. The electrical evaluation and analysis has been temporarily funded through previously obligated deferred maintenance funds. With emergency funding, Oregon Tech will reimburse the deferred maintenance accounts and repair the damaged areas during the 2016 construction season.

Action Requested

Oregon Tech is requesting \$763,125 in emergency repair funds to pay for the engineering analysis, emergency electrical repair and replacement of our failing College Union electrical supply feed.

NORTH UTILITY CORRIDOR ELECTRICAL REPAIR COST ESTIMATE 11.13.2015		
Construction costs	\$625,000	
A & E costs @ 11%	\$68,750	
Contingency @ 10%	\$69,375	
Total	\$763,125	

College Union Building Storm Drainage System

Portions of the storm drainage system lie directly beneath the Campus Union building. During October 2015, the College Union Building Storm Drainage System was compromised and exposed, leading to the discovery that the drainage system is severely corroded and contains voids. The corrosion and voids could cause severe damage in the near-future to the interior spaces, disrupting operations of the College Union. Another life-safety concern is

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that any major water intrusion may find its way to nearby building electrical mains that are located sub grade, immersing high voltage cables causing short circuits and an electrocution hazard. Oregon Tech engaged a civil engineering firm to run a camera through the portion of the drainage system that lies beneath the Campus Union building. The staff of Oregon Tech believes the severity of these findings necessitate immediate action or we risk major disruptions to educational programs, greater future damage costs, campus closures, and potential injury.

Attachment B provides a technical description and map of the College Union Building Storm Drain System.

Oregon Tech Action

The attached drawing identifies the damaged areas as 1 through 10. Oregon Tech has engaged a civil engineering firm to provide video analysis of the affected portion of the drain that runs underneath the Campus Union Building. This areas have been closed to the public. The civil engineering analysis has been temporarily funded through previously obligated deferred maintenance funds. With emergency funding Oregon Tech will reimburse the deferred maintenance accounts and repair the damaged areas during the 2016 construction season.

Action Requested

Oregon Tech is requesting \$4,273,500 in emergency repair funds to pay for the engineering analysis, emergency storm drainage repair and replacement of our failing College Union storm drainage system.

STORM DRAINAGE COST ESTIMATE 11.13.2015		
Construction costs	\$3,500,000	
A & E costs @ 11%	\$385,000	
Contingency @ 10%	\$388,500	
Total	\$4,273,500	

Sincerely,

Michelle Meyer

Michelle Meyer
Interim VP of Finance and Administration
Oregon Institute of Technology

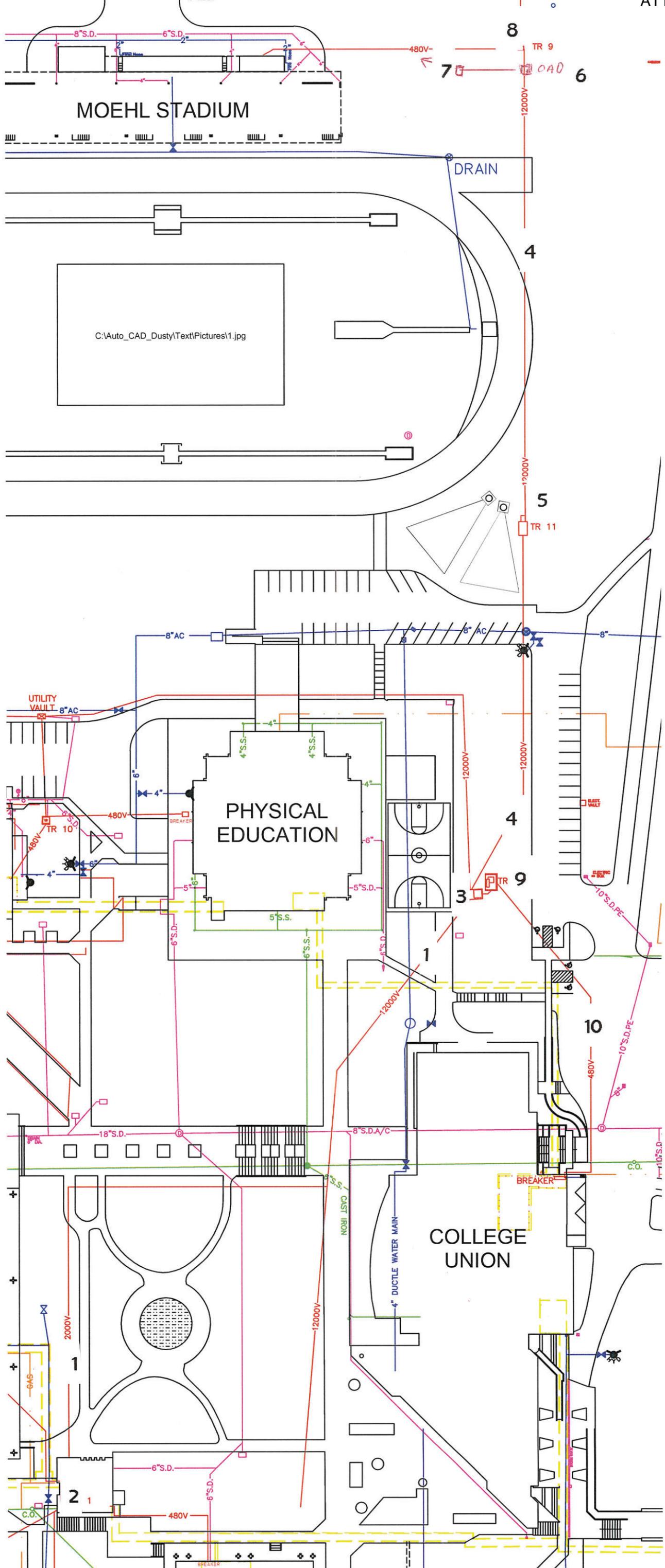
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ATTACHMENT A

North 12KW Electrical Utility Corridor

The College Union & North Electrical Utility Corridor ① 12K supply feeders are newer conductors in concrete encased PVC conduit from the ② Main Distribution area in the Campus Chiller Plant to the ③ sectionalizing switch located at the SE corner the Athletic Building. The ④ North Electrical Utility 12K feeders that leave the switch to the north side of campus are 36 years old and are of a conductor size and type that is no longer manufactured. *This cable has no long term reliability in terms of maintaining a closed circuit to the College Union and Solar Supply back to the sectioning switch.* This run is interrupted approximately halfway to North University Drive at a ⑤ sub grade connection vault for the purpose of splitting out the 480V for the field lights. *A feed in this run was tested on 11-12-2015 was found to be close to going to ground (230KW @ 370V). So in addition it is believed this is directed buried cable.* On 10-15-2015 a 12KV connection boot failed which resulted in a loss of supply to the College Union and from the Solar Supply. *Because the connection vault is sub grade it usually partially filled with water which is a potential safety and system hazard. The 480V to the field lights aren't fused which leaves the College Union and Solar Supply vulnerable to outages should there be an open circuit.* The outdated conductors arrive near North University Drive to an ⑥ open air disconnect cabinet where the 12KV phases split to the ⑦ Solar Supply re-closer cabinet and to ⑧ Transformer #12 that supplies power to features such as the city water tank and roadway lights. *Transformer #12 is unreliable as in annual testing it is found to have excess moisture. There is no fusing present between Transformer #12 and the open air disconnect. In the event of an open circuit in the Solar Supply this has the potential to interrupt power to the College Union which again will interrupt critical services to our campus population.*

The College Union 480V building supply is fed from afore mentioned ③ sectionalizing switch to a '50's era ⑨ transformer with hard to find 40 amp fuses. The ⑩ 480V supply feeders are newer conductors in PVC conduit but no concrete encasing. On 9-29-2015 the 480V supply feeders were damaged during a construction project which the 40amp fuses blew causing an entire loss of critical services to the campus population. *Although the damaged was repaired and the 480V supply restored this nonetheless creates a weak link in maintain a closed circuit to the College Union that is vital to campus student operations. Reliability is further complicated due to the aged transformer.*



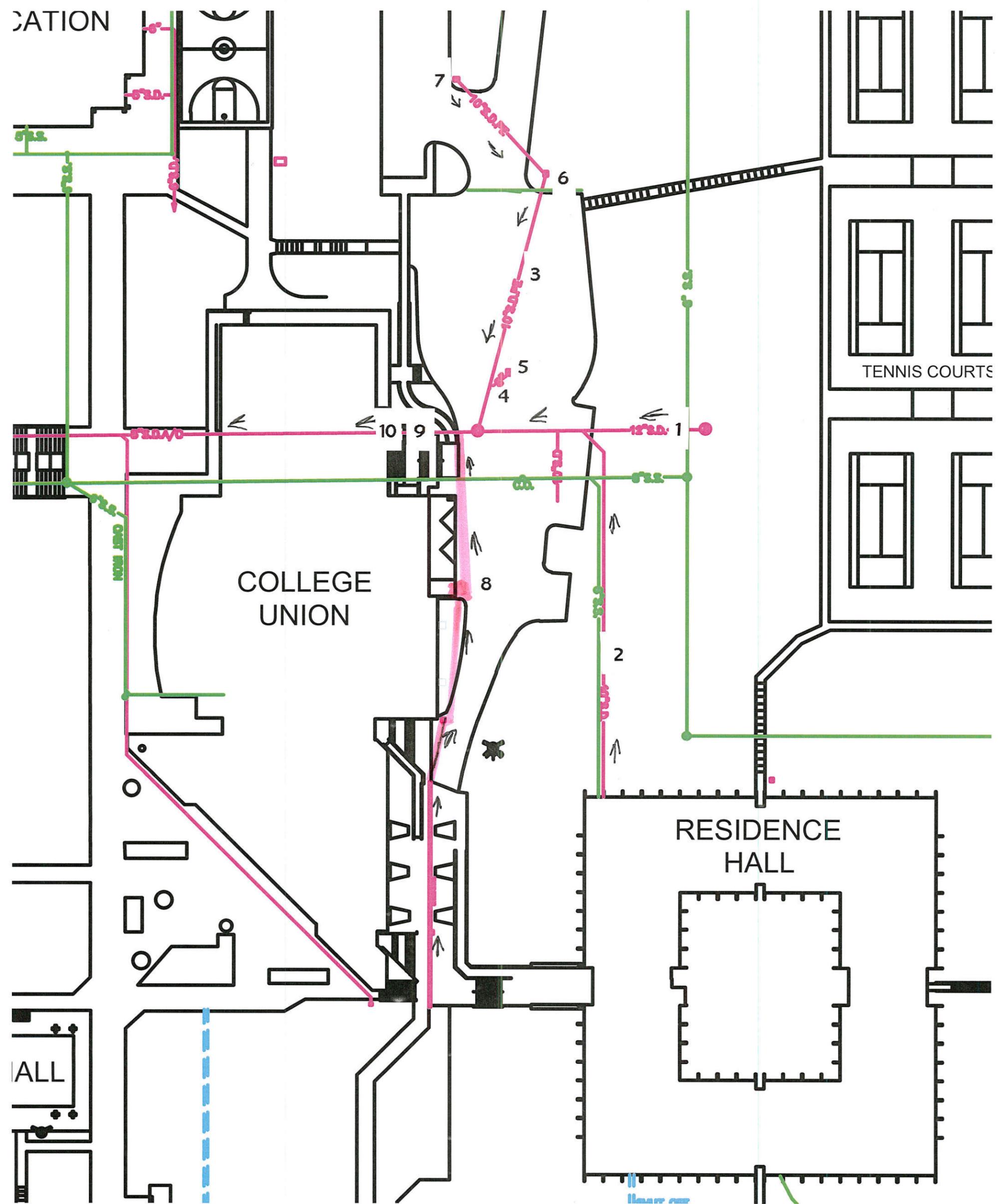
ATTACHMENT B

UPPER COLLEGE UNION / COLLEGE UNION STORM DRAINAGE

Installed in 1963 the College Union Storm drain system consists of a ① 12 inch galvanized main trunk that begins at a manhole vault located 60ft up the embankment above the College Union building. The main runs west across the parking lot where a ② 10" galvanized branch is connected from the Residence Hall to the south that is drainage for approx. 18,000 sq./ft. of roof run-off and an undetermined amount from the Residence Hall quad. ③ A 10" galvanized branch from the north has one ④ 8" spur and ⑤ 28" square catch basin connected to it as well as one ⑥ 25" x 31" catch basin and one ⑦ 27" x 32" catch basin. This branch and spur drains approx. 1.5 acres of asphalt and 3.5 acres of undeveloped hillside. ⑧ Another 10" galvanized branch drains in from the south that drains approx. 20,000 sq. /ft. of College Union roof run-off and a ½ acre of hard surface.

The main 12" main line descends under the stairs and College Union building and as in the 1970 stairs and a building addition was built over the 12" galvanized trunk line. The 12" trunk line transitions into an 18" galvanized pipe. There are ⑨ two 8" galvanized branches that Y at the point of the stairs that are of unknown origin and that are assumed abandoned. At the bottom of the stairs there is a ⑩ 2" branch drain that drains the approx. 1400 sq. /ft. of stair surface area. Recently the 12" main, 8" Y and 2" branch drain running under the stairs were compromised and exposed. It revealed that all these components were severely corroded. And one can only assume that similar corrosion as the 12" galvanized main continues under the College Union building.

In sum the corroded 12" main is attempting to handle storm run-off from 5.5 total acres of combined hard/soil surface and 39,500 sq. /ft. of roof run off. Recently a local civil engineering firm ran a camera in throughout the system and it revealed major corrosion and voids which could cause severe damage to the interior spaces interrupting operations. Another concern is that any major water intrusion may find its way to nearby building electrical mains that are located sub grade.



Appendix IV: Southern Oregon University – McNeal Hall Building Project**Request: An additional \$2M allocation of XI-Q bonds for SOU McNeal Hall Building Project**

In June of 2013, former OUS Vice Chancellor for Finance and Administration, Jay Kenton, testified to the Ways and Means Sub-committee on Capital Construction regarding the urgency and necessity of the SOU McNeal Hall building project from a life-safety standpoint. In his testimony he stated that this project would be brought forward in the February 2014 session. SOU agreed with that assessment.

The project was brought forward in February 2014 and approved as follows: McNeal Hall deferred maintenance and seismic upgrades: approved \$21.3M of Article XI-Q bonds to remedy failing structural steel columns and concrete walls, address fire and HVAC deficiencies, replace and upgrade external and internal systems, fixtures, and other building components. Debt service on the Article XI-Q bonds will be paid with General Fund.

When project got underway, it was determined by architects/engineers that due to the deteriorating concrete walls and further code compliance needs that were previously unknown, the building would need to be torn down and completely rebuilt.

The project is currently over budget by approximately \$2M. The over budget projection is based entirely on a very hot construction market and associated escalating construction costs. We have substantially cut back the square footage of the project and still find ourselves projecting costs that exceed the funds allocated. To cut any further would mean to eliminate the competitive gym and the associated sports of basketball and volleyball entirely. Staff does not recommend taking that option.

We urgently need the additional allocation at this time. It is critically important that we move forward with this project. The building remains unsafe as it stands and we have a sensitive construction timeline to ensure completion by Fall 2017.

Additionally, the cuts that we have already taken eliminate locker rooms for both men's and women's outdoor sports (i.e. soccer, football). Our intention is to build these locker rooms, as well as some coaches offices that were eliminated, under the stadium. The preliminary cost is \$.5M - \$1M.

SOU requests only the \$2M needed to finish the McNeal Hall building project. Fund-raising and institution paid debt will be used to cover the additional stadium work.

Appendix V: Southern Oregon University – SOU/Jefferson Public Radio Station Addition

Request: \$1.5M Allocation of XI-F Bonds for SOU/Jefferson Public Radio Studio Addition to Theatre Renovation and Expansion Building Project

Southern Oregon University's (SOU) public radio network, Jefferson Public Radio (JPR), extends SOU's regional educational mission by promoting lifelong learning, providing access to diverse arts and cultural programming, and fostering the intellectual growth and civic engagement of Southern Oregon communities. JPR serves the institutional goals of SOU as a signature outreach program, an effective marketing resource establishing brand awareness for SOU, as a source for paid student internships in broadcasting, and a highly-respected national leader in providing public radio service to citizens.

JPR operates one of the most extensive networks of transmitters and translators in U.S. public radio, enabling it to serve nearly 1.5 million potential listeners. Audience ratings consistently place JPR as one of the most successful public radio organizations in the U.S.

Yet, despite JPR's success and growth, it still operates from the cramped 4,500 square-foot studio facility created when it first signed-on its 10-watt flagship station, KSOR, in 1969. Located in the basement of one of SOU's oldest buildings, Central Hall, this facility no longer serves JPR's and the University program needs for the following reasons:

- Installation of expanded equipment essential to JPR operations has created significant new heat loads that can't be cooled adequately by the current Central Hall HVAC system.
- It lacks backup electrical power, rendering JPR ineffective to the community as a vital source of information during public emergencies. JPR is required by the FCC to participate in Oregon's emergency alert system, which it does.
- JPR is currently in the process of upgrading its studio equipment to new digital broadcast standards and the current wiring infrastructure doesn't support operation of this new equipment.
- It lacks ample studio, production and office space necessary for JPR's current operations and planned program growth. JPR's current newsroom is 150 square feet and houses 5 journalists. JPR/SOU plan to develop additional experiential student learning opportunities in the JPR newsroom and adequate space is currently not available.

In planning for a new JPR studio facility, SOU has explored several partnerships with other campus programs in an effort to leverage the impact a new facility could create for both SOU academic programs and the community. Following extensive program assessment, a plan has been developed to construct a new 6,500 square-foot JPR studio facility that would be part of the 50,000 square-foot Oregon Center for the Arts Complex (OCA) at SOU. The OCA facility will be extensively remodeled and expanded during a \$11.5 million renovation that will take place in 2016-17. The partnership between JPR and the OCA will create the following benefits:

- It will add a dynamic new program element to the OCA as the arts and culture hub on the SOU campus.

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December 3, 2015

- It will create new learning opportunities for SOU students by utilizing shared facilities such as a music recording studio designed for JPR which can be utilized by students during times it is not needed by JPR.
- It will build the capacity for JPR to mentor students, enabling them to develop employable skills in areas such as news writing, voice work, sound engineering, audio editing and digital media content creation.

The total cost of the JPR studio addition is \$2.5 million. \$1 million has been raised for this project by the JPR Foundation, a non-profit support group established in 1998 to support JPR's public service mission. The remainder of the funding needed to complete the project is requested in this bond financing request. The JPR Foundation passed a resolution at its December 11, 2015 meeting to cover all debt service payments assumed by SOU for this project.

Appendix VI: Portland State University – Broadway Housing Purchase and 2828 Corbett Building Purchase

Portland State University scope reduction for the Broadway Housing Purchase from 53,680,000 Article XI-F(1) as authorized in HB 5005 (2015) to \$48,580,000 Article XI-F(1), and the inclusion of the 2828 Corbett Building Purchase for \$5,100,000 Article XI-F(1)

The current authorization for the Broadway is \$53,680,000 including bond costs. PSU requests this authorization be reduced by \$5,100,000 for a resulting authorization for the Broadway Building Purchase to stand at \$48,580,000 including cost of issuance. PSU also requests an additional project, the "2828 Corbett Avenue Purchase", to be a supplementary authorization in the amount of \$5,100,000 in Article XI-F(1). The aggregate request for authorization of both projects does not exceed the original authorization of related article XI-F(1) for PSU in HB 5005 (2015).

Portland State University is currently lessee of the Corbett Building. The facility is a 62,706 sq. ft., two-story brick and concrete structure with a basement level garage also housing laboratories. Located a short distance off PSU campus at 2828 SW Corbett and Kelly Avenues, the Corbett Building is home to the nationally recognized Portland State Business Accelerator entrepreneurial program. The Accelerator provides office and lab space plus various optional services for technology and science focused business startups. PSU acquired the building through lease in 2004, and has been operating the facility as a business accelerator since that time. PSU has the opportunity to purchase facility, terminate the lease relationship, and generate savings in excess of \$100K annually through direct ownership. Annual debt service on the Article XI-F(1) bonds will be paid through revenues generated by PSU.