Oregon
Kate Brown, Governor

Higher Education Coordinating Commission
Ben Cannon, Executive Director
775 Court Street NE
Salem, OR 97301
(503) 378-5690
www.oregon.gov/HigherEd

December 11, 2015

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Peter Buckley, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request
The Higher Education Coordinating Commission (HECC) is requesting a capital project scope change for a previously approved Portland State University project (House Bill 5005, 2015) and two new capital projects, one XI-Q request at Oregon Institute of Technology and one XI-F request at Southern Oregon University. Project requests, as submitted by the institutions are appended to this letter.

Agency Actions
The HECC has worked with the universities through the Fall to identify projects that institutions would like to bring forward that meet criteria established by the Governor's Office and HECC policy. These include only General Fund projects which are "emergency" in nature, or technical adjustments to previously approved projects. The Commission, at its December 10, 2015 meeting, and upon advice of its Funding and Achievement Subcommittee approved the three projects for submission to the Governor's Office. These projects are as follows:

Scope Changes:

1. Portland State University – 2015 Chapter Law 685 Section (1)(9)(a)(B) – Broadway Housing Purchase. PSU is seeking a scope change to split the single $53.68M Broadway Housing Purchase into two separate projects: Broadway Housing Purchase at $48.58M and a new project, 2828 Corbett Building Purchase, at $5.1M. The total XI-F authorization would remain unchanged at $53.68M. By adjusting the scope PSU will be able to purchase two buildings that it currently leases and bring down its overall costs. This is inclusive of bond issuance costs.

New Projects:

1. Southern Oregon University – SOU/Jefferson Public Radio Addition. SOU is requesting $1.5M XI-F authority for an addition to SOU's theatre building to house Jefferson Public Radio's production studios. JPR has pledged its revenue to support debt service. This is not inclusive of bond issuance costs.

Oregon
Kate Brown, Governor

Higher Education Coordinating Commission
Ben Cannon, Executive Director
775 Court Street NE
Salem, OR 97301
(503) 378-5690
www.oregon.gov/HigherEd

2. Oregon Institute of Technology – North Utility Corridor and Storm Drainage Project. OIT is requesting $5,036,625 in XI-Q authority. OIT suffered significant infrastructure failures within the past 60 days around its College Union building relating to water drainage and electrical systems. This is not inclusive of bond issuance costs.

   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.

Action Requested
The HECC requests that House Bill 5005 (2015) be amended to accommodate PSU's scope change request and that OIT and SOU's requests be included in the 2016 Session bond bill.

Legislation Affected
The following statutory changes would be needed to take the actions requested by the HECC:

Amend Chapter Law 685 Section(1)(9)(a)(B) to allow the Broadway Housing Purchase project to be reduced to $48.58M in XI-F authorization.

Include the following projects in the 2016 Session bond bill:

Portland State University – 2828 Corbett Building Purchase project be approved for $5.1M in XI-F authorization.

Oregon Institution of Technology – North Utility Corridor and Storm Drainage Project be approved at $5.0M in XI-Q authorization of state paid debt. This XI-Q authorization would be state funded debt service.

Southern Oregon University - SOU/Jefferson Public Radio Addition project be approved at $1.5M in XI-F authorization.

Sincerely,

Ben Cannon

Ben Cannon
Executive Director

Enclosures (3)

cc: Doug Wilson, Legislative Fiscal Office
Bill McGee, Office of the Chief Financial Officer

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 gsf., 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.

Oregon Institute of Technology

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

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	

<u>College Union Building Storm Drainage System</u>

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

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

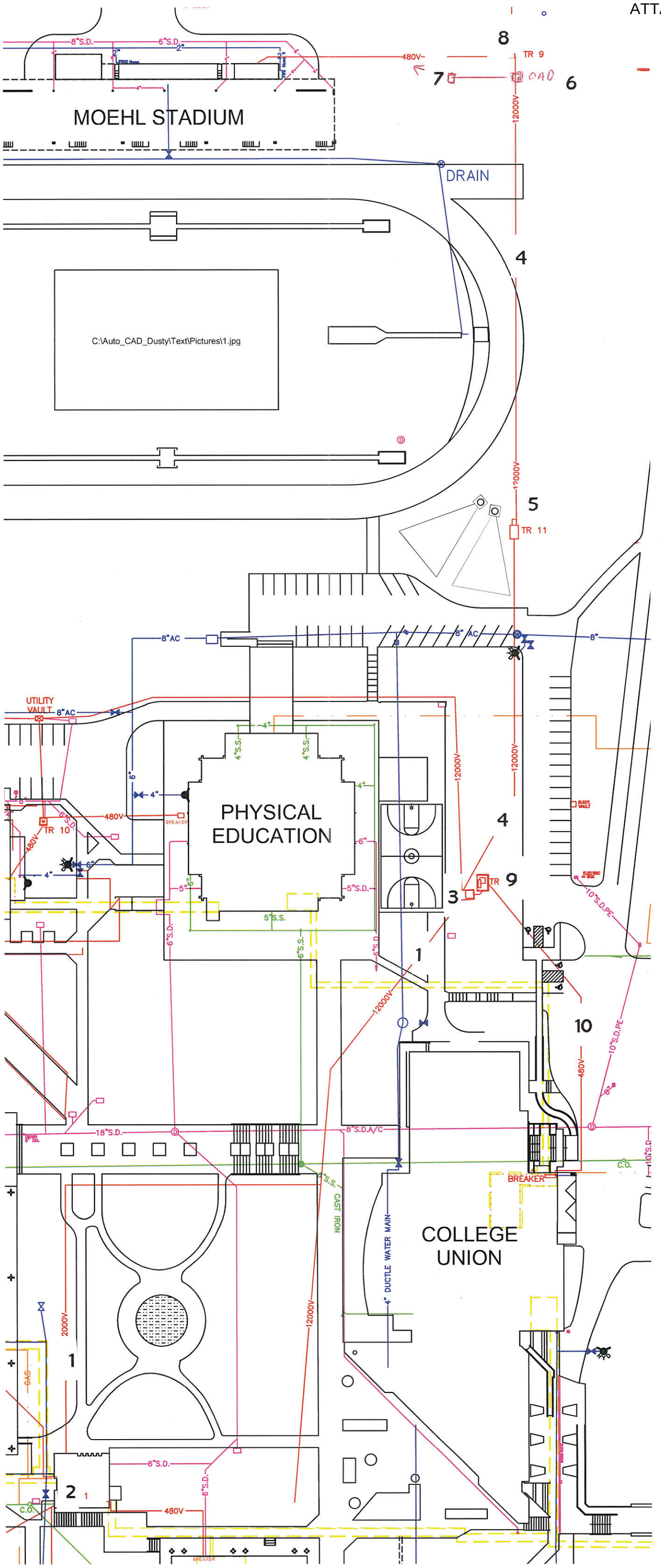
ATTACHMENT A

North 12KW Electrical Utility Corridor

The College Union & North Electrical Utility Corridor ❶12K supply feeders are newer conductors in concrete encased PVC conduit from the ❷Main Distribution area in the Campus Chiller Plant to the ❸sectionalizing switch located at the SE corner the Athletic Building. The ❹North 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 ❺sub 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 ❻open air disconnect cabinet where the 12KV phases split to the ❼Solar Supply re-closer cabinet and to ❽ 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 ❸sectionalizing switch to a '50's era ❾transformer with hard to find 40 amp fuses. The ❿480V 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 A



ATTACHMENT B

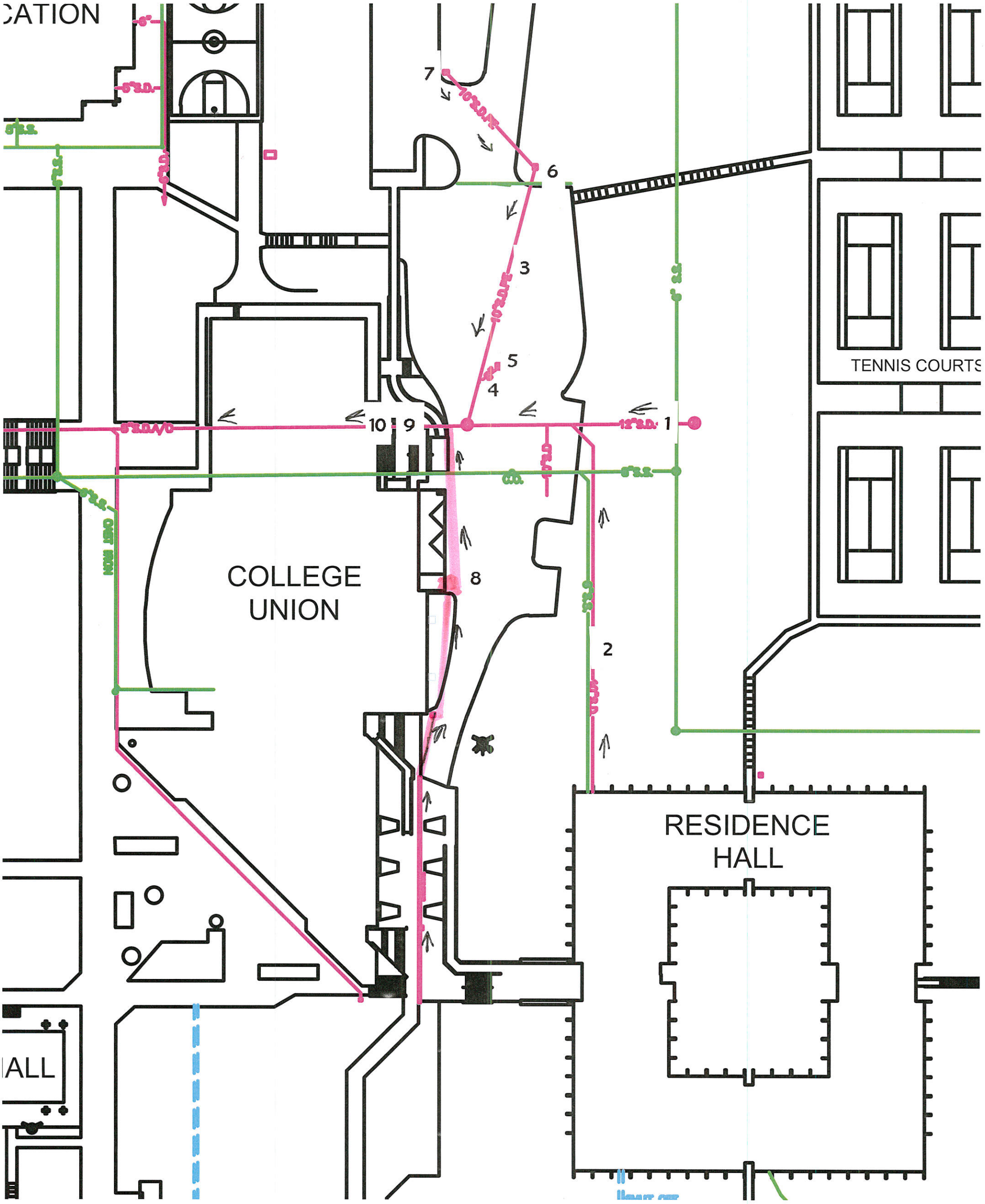
UPPER COLLEGE UNION / COLLEGE UNION STORM DRAINAGE

Installed in 1963 the College Union Storm drain system consists of a ❶12 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 were a ❷10" 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. ❸A 10" galvanized branch from the north has one ❹8" spur and ❺28" square catch basin connected to it as well as one ❻25" x 31" catch basin and one ❼27" x 32" catch basin. This branch and spur drains approx. 1.5 acres of asphalt and 3.5 acres of undeveloped hillside. ❽Another 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 ❾two 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 ❿2" 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.

ATTACHMENT B



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 an $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.
- 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.