



KATE BROWN
Governor

December 4, 2017

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Nancy Nathanson, 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 request:

This letter is to request that the Interim Joint Committee on Ways and Means recommend that the 2018 Joint Committee on Ways and Means approve bonding authority for the construction of facilities at three of Oregon's public universities: Eastern Oregon University, Oregon State University Cascades Campus, and University of Oregon. All projects have been reviewed by the Higher Education Coordinating Commission and were included in the 2017-19 Governor's Recommended Budget.

Background and agency action:

In August 2016, the Higher Education Coordinating Commission (HECC) forwarded Governor Brown a ranked list of Oregon public university capital construction project requests for the 2017-19 biennium. These projects were evaluated and prioritized based on a rubric developed by agency staff and approved by the Commission. Included in this list were requests for academic building II at Oregon State University's Cascades Campus, the science campus at the University of Oregon, and a fieldhouse facility at Eastern Oregon University. The 2017 Legislatively Adopted Budget allocated only partial funding for the project at the University of Oregon, and did not fund the academic building at OSU-Cascades or the fieldhouse facility at Eastern Oregon University.

This package of projects represents multiple opportunities for Oregon. Each institution has committed to using Oregon manufactured wood products—particularly cross-laminated timber (CLT)—in construction. Moreover, these projects serve a high-need, growing communities outside of the Portland-metro area.



The veneer and engineered wood products industry is the second-largest manufacturing industry in the state, employing more than 8,500 Oregonians. By investing in higher education projects and creating additional demand for the industry, the state will create jobs in the communities where these products are manufactured and support the construction jobs needed to construct the buildings. Furthermore, this investment will demonstrate new applications and uses for CLT to the world, particularly in the case of the Science Campus at the University of Oregon as CLT has never been used in a laboratory building in the United States.

The combination of these investments will create immediate and sustained demand for Oregon producers of CLT, requiring the addition of new shifts in mills in rural Oregon.

Project Descriptions:

Academic Building 2 – Oregon State University-Cascades:

Bond Issuance:

XI-Q Bonds: \$29.0 million

XI-G Bonds: \$10.0 million

Matching / Gift Funds: \$10.0 million

Project Total: \$49.0 million

OSU-Cascades' (OSU-C) Academic Building 2 will provide spaces critical to support OSU-Cascades' growing STEAM-focused programs, including expanded engineering offerings, digital arts, media, and technology. In addition, the building will provide spaces for programs for health-related professions, teaching, and research lab space for the kinesiology program and newly designed programs like an undergraduate degree in Outdoor Products.

A new 55,000 square foot academic building will include laboratories, general purpose classrooms, faculty offices, and other learning support and research spaces. Labs and general-purpose classrooms are needed to assist the growth of general education requirements and regional-specific programs. The project will also include associated utilities and surface parking required per local development code.

Utilization of Oregon Wood Products & Cross-Laminated Timber:

OSU-Cascades is committed to creating buildings that showcase building technologies and materials developed and manufactured in the state of Oregon and Pacific Northwest. The established wood products industry in Oregon is a prime example of how local resources can provide essential structural technologies and finish materials, as well as meet a fundamental goal for the OSU-Cascades campus to provide connection to the region through the design of its buildings. Use of regional wood products would vary from incorporating mass timber structural components, such as CLT, to the use of juniper for aesthetic applications while supporting rural economic development initiatives in central and eastern Oregon and local mills. OSU-Cascades is working in collaboration with Sustainable Northwest Wood to identify a network of mills

located in John Day, Bend, Burns, Ritter, Fossil, Spray, and Dayville to source regional wood product materials.

Science Campus – University of Oregon:

Bond Issuance:

XI-G Bonds: \$40.0 million

Matching / Gift Funds: \$135.0 million

Project Total: \$225.0 million (Includes \$50 million authorized in 2017 legislative session)

In October 2016, the University of Oregon launched a \$1 billion initiative to establish the Phil and Penny Knight Campus for Accelerating Scientific Impact. With 30 world-class principal investigators, research faculty members and their teams, the Campus is designed to fast-track scientific discoveries into life-changing innovations. The campus will train new generations of scientists, forge tighter ties with industry and entrepreneurs, create new opportunities for students, and enhance collaboration among Oregon's universities. When fully operational, it will drive nearly \$80 million in annual economic activity statewide and directly support more than 750 jobs. In addition to private funds, the UO is seeking a partnership with the State of Oregon. The 2017 LAB included \$50 million in Article XI-G bonds.

The University is seeking an additional \$40 million in Article XI-G bonds to fulfill its request for the Campus. By providing the bonds in the 2017-19 biennium, the University is able to reduce its Phase II request from \$50 million to \$40 million, without significantly impacting academic programs or construction efforts.

Utilization of Oregon Wood Products & Cross Laminated Timber:

The University of Oregon will break ground on the project in spring of 2018, with the building scheduled to open early in 2020.

The University's general contractor, architecture, and design teams have met with Oregon manufacturers of CLT to determine how the technology can be incorporated into the design and construction of the buildings. UO will incorporate a minimum of 20,000 board feet in the public-facing areas of the building, including the structure that connects the two towers.

This order will be made in 2017, creating immediate demand for the industry.

Fieldhouse Facility at Eastern Oregon University:

Bond Issuance:

XI-G Bonds: \$2.0 million

Lottery Bonds: 7.0 million

Matching / Gift Funds: \$2.0 million

Project Total: \$11.0 million

A new Fieldhouse will provide Northeastern Oregon a flexible space unavailable anywhere else in the region. It will be home for physical activity, exercise labs, and instructional space for the Physical Activity and Health degree program, as well as winter weather practice space for outdoor sports and support the re-introduction of a historically successful wrestling program.

Construction of the fieldhouse provides significant economic impact for La Grande and the region. Once constructed, it will offer a venue that is unique to the eastern region of Oregon. There is simply no other venue of this kind within several hundred miles of the University. The Fieldhouse will support area K-12 schools, community access, intercollegiate, regional events, camps, games, and even statewide and national athletic playoffs for high schools as well as universities. Conferences, concerts, and trade shows may also access the venue, bringing significant economic benefits to the local and nearby communities.

Utilization of Oregon Wood Products & Cross-Laminated Timber:

The use of CLT, at a minimum level of 20,000 square feet, will constitute a primary construction methodology used in the building.

Action Requested:

Governor Brown requests that the Legislature include funding for the following three projects in the bonding bill during the 2018 Legislative Session, utilizing bonding capacity as a mechanism to invest in rural Oregon and an emerging, homegrown timber market.

- Academic building 2 at OSU-Cascades: \$29 million in Article XI-Q bonds and \$10 million in Article XI-G bonds;
- Phase II of the Science Campus at the University of Oregon: \$40 million in Article XI-G bonds; and
- Fieldhouse at Eastern Oregon University: \$2 million in Article XI-G bonds and \$7 million in lottery bonds.

Sincerely,

A handwritten signature in black ink, appearing to read "Kate Brown", with a long horizontal flourish extending to the right.

Governor Kate Brown