



Oregon Institute of Technology

FINANCE AND ADMINISTRATION

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Co-Chairs Senator Girod and Representative Holvey
Joint Committee on Ways and Means
Subcommittee on Capital Construction
900 Court Street
Salem, OR 97301

Co-Chairs Girod, Holvey, and Members of the Committee:

For the record, my name is John Harman and I serve as the Vice President of Finance and Administration at Oregon Institute of Technology, aka *Oregon's Polytechnic University*. I am here to testify about our emergency geothermal renovation project request.

Oregon Tech's Klamath Falls campus has been heated entirely by naturally occurring geothermal energy for sixty years. Our campus was moved to its current location in 1964 because of the abundance of this natural resource. Geothermal water comes out of the ground at 198 degrees and provides our only source for campus heating and hot water and saves us nearly \$1.4 million per year in energy costs.

The system is comprised of series of geothermal source wells, reinjection wells, an extensive delivery network of pipes and tunnels as well as heat exchangers in 17 buildings totaling 900,000 sqft. This system has been very efficient over the years. However, after 60 years of continuous use, the system is in need of critical renovations. We been forced to take buildings offline with increasing frequency due to system failures. Oregon Tech has spent millions of dollars over the past few years on piecemeal repairs.

Last year, we explored submitting our funding request as a HECC-scored capital project. After conversations with HECC staff, it was clear the HECC scoring rubric is not appropriate for this type of project. Although Capital Improvement and Renewal (CIR) funds, are important in supporting routine repairs, CIR was never intended to support a renovation project of this scale.

The HECC encouraged Oregon Tech to seek legislative support for this urgent request without going through the university capital project request process.

As part of our due diligence, an engineering firm completed a thorough geothermal system analysis last summer. That analysis confirmed that Oregon Tech's geothermal heating and hot water system is at imminent risk of complete and total catastrophic failure. It was also determined that shifting to an alternative energy source (natural gas or electric) is not financially feasible and would cost much more than repairing the existing geothermal system.

Klamath Falls is below freezing seven months out of the year. A complete failure of our heating and hot water system would be devastating and would displace students and require a campus closure for an indeterminate amount of time.

Adjusted for inflation, the system emergency renovations will cost nearly \$18 million. We are requesting Q bonds to support this critical project. Although we submitted capital projects to the HECC last year for consideration in this session, we understand this is a tough budget cycle and we are not advocating for our HECC-submitted projects. The emergency geothermal renovation request is by far our institution's top priority, and the only capital project that we are asking for you to support.

Oregon Tech is the home of the Oregon's Renewable Energy Center. Our university has long been a champion for renewable energy technologies both in study and in practical application.

We have submitted our Capital Project Information Form for our project and the engineering analysis along with several letters of support, for the record.

We would greatly appreciate your support for this essential investment in Oregon Tech. Please let me know if I can answer any questions about this project.

Very best regards;

A handwritten signature in blue ink, appearing to read 'John Harman', with a stylized flourish at the end.

John Harman, MBA, CGMA, CMPE
Vice President for Finance and Administration