UO, other schools get building bonanza

The campus construction budget, the state's largest, will fund nearly 50 projects.

Legislators laid the foundation for a statewide campus building boom Wednesday by approving one of the largest university construction budgets in state history.

The legislation will fund almost 50 university and community college projects ranging from plumbing and wiring upgrades to major academic buildings. Altogether, the projects will cost a little more than $600 million using a mix of state bonds, gifts and other funding.

The University of Oregon will get $50 million in state construction funding, a record amount. In addition, the legislature also allows the UO to proceed with $49 million more in self-funded projects.

Oregon University System officials said the budget rivals the spending plans of the 1960s, a high-water mark for university construction as campuses scrambled to accommodate a record bulge in enrollment fed by the baby boom generation.

"I think it's probably the biggest capital budget in the history of OUS," said Jay Kenton, vice chancellor for administration. "In real dollars, it's probably the largest ever."

The budget for the first time chips away at a huge deferred maintenance backlog, covers a larger piece of repair needs and funds numerous construction projects. The measure passed the Senate last week and was approved by the House, sending it, along with other education budgets, to Gov. Ted Kulongoski for a signing ceremony at the Capitol steps.

In addition to the OUS projects, the bill also contains funding for eight community college projects. They include $6.75 million to Lane Community College to help finance a new health professions building.

The state pays for college and university construction through a variety of mechanisms. They include direct funding to the general fund and bonds or certificates of participation that are repaid from different sources, including general fund allocations, private gifts, lottery revenues and revenues generated by the project itself, such as rent from student housing.

Buildings financed with bonds repaid from the general fund usually require at least a 50 percent match from other sources. This allows projects to receive additional state funding.

"It's a solid budget that addresses the needs of the campuses," said Eugene Rep. Mike Nearman, who co-sponsored the legislation with Sen. Peter Courtney. "It's the most secure piece of money for the campuses."
Less than half of the construction in the bill, about $273 million, will be financed with state dollars. The rest comes from self-supporting projects and private matching gifts.

Still, the state's share of the bill is more than double what was provided in the current biennium, which was one of the best capital construction budgets in many years. In terms of total spending, the 2007-09 capital construction measure is up 37 percent from the current biennium.

Other than sheer size, the measure is notable for some of the problems it tackles. It includes $90 million for deferred maintenance and $50 million for current repairs, two needs university officials have been pressing for at least three biennia with little success.

It is the first time the deferred maintenance backlog, now at $640 million, will be reduced in several decades, said. The net reduction will be $60 million because the measure falls $30 million short of what's needed for repairs, he said.

The UO's share of the construction pie also is a record. It includes $30 million in general obligation bonds for the Integrated Sciences Complex, the first new science buildings on campus in more than a decade.

The first phase of the project, the underground Lorry Lokey Lab, already is under construction between H Deschutes halls on East 13th Avenue. The second building will go up just north of Deschutes Hall and add 100,000 square feet to the campus.

UO President Dave Frohnmayer said the project is essential to university efforts to do advanced research with federal funding. He said existing labs are overused and some lack up-to-date equipment.

"To be competitive in the next generation of federal science research funding we need to have a facility of this kind," said.

"So the state funding couldn't be more timely."

The university still needs to raise about $10 million in gifts to meet its funding goal, but Frohnmayer said the state share "puts the wind at our back on this."

Although bonds for critical repairs will be sold early in the biennium, most of the bonds won't go on the market until in the two-year budget period. That's to push the initial debt service cost into the 2009-11 biennium.

CAMPUS CONSTRUCTION

UO projects in $600 million budget for college construction:

Integrated Sciences Complex: $30 million; total cost $65 million with balance from private donations

Fenton Hall: $5 million for deferred maintenance and seismic upgrades

Hayward Field: $2.5 million for upgrades for Olympic Trials

Gilbert/Peterson halls: $6 million; bonds repaid with private donations

Riverfront Research Park: $19.25 million for new building; bonds repaid from building revenues

Riverfront Research Park: $14.37 million to purchase existing building at 1600 Mill Race Drive; bonds repaid from building revenues

Classroom upgrades: $5 million; financed with certificates of participation

Anthropology museum: $3.5 million for renovations; bonds repaid with federal funding, gifts

Maintenance: $12.7 million (estimated UO share) for building system upgrades
Lane Community College project included in the $600 million budget for college construction:

Health and Wellness Building: $6.75 million; total estimated cost $13 million to $15 million, rest from donations and grants.

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