

## Capital Project Change to Approved Budget: Burt Hall II Reconstruction

### BACKGROUND

The budget for the Burt Hall II Reconstruction project was approved by the Board on October 18, 2019, at \$9.5M, with the entirety of the funding coming from the expected insurance settlement following a 2018 fire. As the Burt Hall II Reconstruction project nears completion, additional costs are anticipated and staff is requesting approval from the Executive & Audit Committee for an updated budget amount.

### PROPOSED BUDGET ADJUSTMENT

On February 26, 2020, the budget for this project was increased from \$9.5M to \$10M to allow various upgrades beyond the insurance repairs to enhance the research capabilities of the facility. This increase did not necessitate Board approval, as it was less than 10% of the approved budget. However, as the project nears completion, an additional \$450,000 in costs is expected due to recent code interpretations by the City of Corvallis building department along with increased labor costs and overtime associated with maintaining the schedule after delays caused by wildfire-related closures and COVID-19 impacts. Combined, the total expected project cost is now \$10.45M, necessitating approval of a budget change by the Board. Some of the additional code-related expenses are expected to be covered by insurance. While the project costs are still being reconciled with the insurance company, OSU anticipates a reimbursement of \$9.76M, with the remainder of the costs covered by OSU capital improvement and renewal (CIR) funds.

The proposed budget adjustment is detailed in the following table.

Capital Project	Total	Insurance Valuation	OSU-paid bonds	Gifts/ Grants	OSU CIR
2019 Approved Budget	\$9,500,000	\$9,500,000	\$0	\$0	\$0
Proposed Budget Change	<b>\$10,450,000</b>	<b>\$9,756,000</b>	\$0	\$0	<b>\$694,000</b>

The Board’s policy for Approval of Capital Projects allows the Executive & Audit Committee to review and approve changes to a capital project budget where there is urgency or need. With the project currently in its final stage, waiting until the January Board meeting to seek budget approval could delay the project’s completion, negatively impacting users and potentially adding costs.

### RECOMMENDATION

Staff recommend that the Executive & Audit Committee approve a budget change to the Burt Hall II Reconstruction project to a total of \$10.45M.