

Docket Item:

Strategic Capital Development Plan (2019-2029)

Summary:

In response to requests from Governor Brown, the Commission, and other state leaders, HECC staff is seeking a long-term public university capital need framework with assistance from outside experts. Staff has prepared the necessary materials for issuance of a request for proposals (RFP) or request for information (RFI) to determine the viability and potential cost of such a project. If completed, the work will inform, but not replace Commission evaluation of capital project requests advanced by the public universities for inclusion in the 2019 Agency Request Budget.

Background:

During the development of the 2017-19 Agency Request Budget, Governor Brown issued a letter (June 7, 2016) to the Commission requesting that certain considerations be made in the review of capital project proposals. Included in the letter was restatement a long-term need to, "take a broad view of higher education investments—both operating and capital investments—as we continue along the path to meet the state's 40/40/20 goal."

In response to Governor Brown's letter and other calls for a long-range view of state investments in public university capital projects, HECC staff prepared a request for proposals (RFP) that was issued on Feb. 15, 2017 and closed on March 15, 2017 with two proposals. The RFP sought a projection of degree output by Oregon public universities to meet the demands of the future Oregon economy and a related translation of that projection into an ideal capital portfolio among the seven public universities. Despite significant follow-up with one of the respondents, HECC staff determined that the proposals could not provide the required information within the constraints of the biennial calendar.

Since that original RFP, HECC staff has sought greater opportunity to incorporate existing workforce, demographic, and capital facilities data and projections into a revised RFP/RFI, while also seeking to leverage related work that already is underway, including an update to the Oregon Talent Plan. Staff has also sought to

better connect the expected deliverable of any potential consulting engagement to state higher education goals and the HECC strategic plan. The results of these effort to streamline and focus the vision of this potential work has resulted in a new procurement request for an RFP/RFI.

Generally, the requested work will contemplate the capital needs of the state. If those needs are met through sustained or additional investment, the requested work will consider how the finished capital portfolio can contribute to the educational, civic, cultural, and research goals of Oregon. This work will differentiate between new investments and the maintenance and appropriate utilization and productivity of the current array of university capital assets.

Staff's revised framework for the project has been presented to the public universities and input received from the public universities has been incorporated into the project proposal.

What the project is:

Staff anticipates the project will provide a target public university capital portfolio through 2029. This will be a high-level summary of capital need based on demographic, economic, industry, and other environmental factors. It will divide the targeted portfolio by region of the state. It will divide the existing and potential future capital portfolio according to ideal usage and utilization, estimating space need for different academic disciplines, perhaps by degree levels, and space function (education versus research, for example). It will require collaboration between the HECC, the selected contractor, and the public universities to ensure availability of data for analysis and a common understanding of the results of any analysis. The final deliverable and the data and analysis behind it will guide Commission decisions on the prioritization of capital project requests to enable a more complete view of investment in higher education. It may also represent a valuable perspective for consideration in the master planning efforts of individual universities, though it is important to recognize the project is focused on state goals for higher education and is to be guided by the concepts and content included in the HECC strategic plan.

What the project is not: Staff does not expect this project or its results will supplant current capital planning efforts by individual public universities. The project deliverables will not present specific construction or renovation projects, rather it will indicate if additional square footage or other capital investments may be needed, taking into account utilization and condition of the existing capital footprint. Additionally, the work will quantify any such need. The project is not a replacement for a Commission prioritization of capital project proposals from the universities, but

will be a tool that the Commission may use in its evaluation and prioritization of projects to be included in future Agency Request Budgets. The project is not a specific effort to quantify deferred maintenance or evaluate the cost of remediating deferred maintenance of existing public university facilities. The project is not directly connected to institution strategic plans but may consider the missions of institutions in determining an ideal capital footprint. The project is not expected to inform the 2019-21 Agency Request Budget process.

Timeline: Staff has prepared a procurement request document, which was submitted to agency procurement staff on February 15. Once the request has been processed the RFP/RFI will be opened. Once closed, evaluation of any proposals or information will take place and staff will evaluate the availability of resources to begin an engagement. Staff expects any work authorized as a result of this RFP/RFI process will conclude by the end of 2018.

Staff Recommendation:

This is an information item only. No staff recommendation.