

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

JUL 20 1999

Subject: The University of Michigan-Flint
Professional Studies and Classroom Building

Action Requested: Authorization to Increase Project Budget
and Award a Construction Contract

Background:

At the February 1998 meeting, the Regents approved the design for the new Professional Studies and Classroom Building. The 177,400 gross square foot building will house a variety of academic and outreach programs, including the School of Health Professions and Studies, School of Management, Visual Arts, Telecommunications (including the PBS WFUM-28/WFUM-AM stations), Communications, an urban health center, a childcare center, a multi-media instructional center, student computer classrooms and general classrooms.

At the April 1999 meeting the Regents approved issuing the project for bids and awarding a construction contract providing the project remained within the budget. The total project budget approved was \$33,123,000, comprised of \$25.9 million funded by the State of Michigan, and \$7.2 million by the UM-Flint campus. Two grants totaling \$6.2 million made available by the Charles S. Mott Foundation for developing this site were approved to be used toward the Flint portion of the funding. Flint resources were approved to fund the approximate \$1,000,000 remaining.

Bids were received in June 1999 and the lowest bid amount, submitted by the firm of Sorenson Gross Construction Company, Inc., of Flint, Michigan, exceeded the approved budget.

Below is a description of the budget that includes an increase of \$2.5 million over the previously approved amount of \$33,123,000. The recommended new budget will be \$35,623,000 as follows:

Construction	\$28,760,000
Furnishings and Equipment	2,393,000
Professional Fees	2,631,800
Contingency	<u>1,838,200</u>
TOTAL	\$35,623,000

Finally, as the bid results were opened and the budget impact ascertained we began a dialog with the Charles S. Mott Foundation for possible assistance in meeting our financial needs. We did this in order to minimize the impact that delaying the schedule could have on the project scope and budget, long-term. Through its continuing support and generosity, the Mott Foundation has pledged to grant the Flint campus another \$1.9 million toward the project. In addition, the Flint campus has identified, internally, another \$600,000 to fully fund the recommended increase to the project.

APPROVED BY THE REGENTS ON

JUL 15 1999

Subject to State approval of the new budget and not needing to rebid the entire project.

We recommend the Regents approve the revised budget and authorize the award of a construction contract to Sorenson Gross Construction Company, Inc.

Respectfully submitted,



Beverly J. Schmoll, Interim Chancellor
University of Michigan-Flint



Robert Kasdin, Executive Vice President
and Chief Financial Officer

July 1999