

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: S.T. Dana Building - School of Natural Resources and Environment
Phase II Renovation Project

Action Requested: Approval of Revised Budget and Authorization to Issue the Project
for Bids and Award a Construction Contract

Background:

At the February 1998 meeting, the Regents approved Phase I of the Dana Building renovation project. Phase I involved the enclosure of the interior courtyard to create 11,000 square feet of program space, and modification of the existing roof and attic to provide 2,250 square feet of mechanical support space. Phase I work was intended as preparation for a more extensive renovation project that was to be carried out in Phase II. Phase I has been successfully completed.

At the March 1999 meeting, the Regents approved Phase II renovation of the Dana Building and authorized appointment of Quinn Evans/Architects as architect in association with William McDonough + Partners, Architects and Planners. The Phase II project has been approved as a FY2000 Capital Outlay project by the State of Michigan. The state, through the State Building Authority, will fund seventy-five percent of the original \$15,000,000 cost of the project while the University will fund the balance from Central Administration sources and gifts. The primary thrust of this project is the renovation and rehabilitation of 104,000 square feet of space.

When this project was put out to bid last Spring, the project cost was estimated at approximately \$15,000,000, but the degree of confidence in cost estimates was not as high as normal. Since emptying the building during renovation is not an option, the project will be done in a number of phases that add expense. Additionally, a significant number of "green" features had been included in the building by Mr. McDonough, since Dana houses the school of Natural Resources and the Center for Sustainable Systems.

Unfortunately, the number of contractors willing to undertake significant green projects is small and identifying the comparable similar rehabilitation projects to serve as the basis for estimates is difficult. Bids ultimately received were more costly than expected due to the perceived complexity of a "green" building construction, and proposed construction schedule.

APPROVED BY THE REGENTS ON

DEC 14 2000

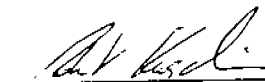
After reviewing the bids, the project was evaluated for potential reductions in scope, a number of which have been made. In the course of this evaluation, central administration decided that it would pay to have the fourth floor of Dana rehabilitated, an effort that would otherwise be out of scope, and that space would be taken from SNRE for use as surge space for various moves over the intermediate term. Ultimately, SNRE would receive the space back for its own use. This decision, in conjunction with a decision to retain a number of important green projects, results in the current \$17.7 million project scope being proposed.

Construction of the Dana Building Phase II Renovations Project is proposed to begin in May 2001, with completion scheduled for late fall of 2002. Three stages of construction are proposed, which will allow construction to take place without displacing the School of Natural Resources and Environment during the construction period.

The construction cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents.

We recommend the Regents approve the revised project budget at \$17,700,000 and authorize issuing the project for bids and awarding construction contracts providing the overall project remains within the approved budget, and the State approves the adjusted scope.

Respectfully submitted.



Robert Kasdin
Executive Vice President
and Chief Financial Officer

December 2000