

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Central Power Plant
Boilers 3 and 4 Efficiency and Reliability Improvements

Action
Requested: Approval to Proceed with Project

Background:

The Central Power Plant provides steam for the heating and cooling of buildings on Central Campus and the Medical Campus, and also uses the steam produced to generate electricity. This project will improve the operating efficiency and reliability for boilers 3 and 4 which represent approximately 45 percent of the steam-generating capacity of the facility. New variable-speed electric drives for the combustion air fans will use 10 percent less electricity than the current control elements resulting in a savings of approximately \$25,000 per year. This will support lower emissions (including greenhouse gas emissions) by providing the ability to more closely match air and fuel for optimum combustion. The project will also install new burner controls allowing for automatic switching between natural gas and fuel oil to provide increased reliability in the event of a disruption in the supply of natural gas. There will be no impact on parking from this project.

The estimated cost of the project is \$3,250,000. Funding will be provided from Utility resources. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. The firm Affiliated Engineers will design the project. The project is expected to provide an average of six on-site construction jobs. Construction is scheduled to be completed in the fall of 2017.

We recommend that the Board of Regents approve the Central Power Plant Boilers 3 and 4 Efficiency and Reliability Improvements project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

July 2016