

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Institute of Science and Technology (IST) High Bay Building Addition

Action Requested: Approval of Revised Budget, and Authorization to Award a Construction Contract

Background:

Subsequent to the June 2000 meeting, the University of Michigan requested bids for the IST High Bay Addition. The approved project budget of \$9.7 million includes approximately 30,000 square feet of new space, renovation of 2,000 square feet of existing space, and fire suppression sprinklers in the existing IST building. This project budget was supported by two written estimates.

Bids were received from six construction companies on December 7, 2000. The low bid was provided by DeMaria Building Co., Inc. We have analyzed DeMaria's bid detail and find the figures to be higher than the estimates in several specific categories. After lengthy analysis, we have concluded that the pricing is a reflection of the current market activity levels in these categories and this was not adequately perceived by Jickling Lyman Powell Associates, Inc. and Jeffsan, Inc. in their respective estimates.

Because of the important nature of the functions to be housed in the addition, the College of Engineering would like to proceed with construction even at the higher cost established by bidding. Additionally, the College of Engineering has decided to include a number of additional items for which we requested separate prices. Therefore, we are recommending a revised budget of \$12,600,000.

As stated previously, this project will have minimal impact on parking since faculty and staff will be relocating from other College of Engineering buildings in this area. Construction will take approximately 14 months to complete.

Funding will be provided primarily from College of Engineering funds in addition to a gift of \$5 million from the Gerstacker Foundation, and central administration sources. 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 budget for the IST High Bay Building Addition. If approved, the University of Michigan would award a construction contract to DeMaria Building Co., Inc.

Respectfully submitted,



Robert Kasdin
Executive Vice President and
Chief Financial Officer

February 2001

APPROVED BY THE REGENTS D.
FEB 16 2001