

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

February 17, 2006

ACTION REQUEST

Subject: Electrical Engineering and Computer Science Building
Solid State Electronics Lab Addition and Renovation

Action

Requested: Approval of Revised Project Scope and Budget, and Authorization to Issue
the Project for Bids and Award Construction Contracts

Background:

In February 2005, the Regents approved issuing the Electrical Engineering and Computer Science Building Solid State Electronics Lab (SSEL) Addition and Renovation project for bids and awarding construction contracts provided the bids were within the approved budget of \$28 million. Per our normal practice with phased projects, we received estimates in January 2005 from the construction manager and architect, including an independent cost estimator. The estimates were reconciled and the project was estimated to be within budget. Bids were issued, and the responses received would have put the project over budget because the estimates did not accurately reflect design complexity and market conditions for mechanical systems, process piping, steel, and some highly specialized laboratory equipment. Working closely with the College of Engineering, we decided design aspects related to safety, health, environmental protection, and quality of the research environment within SSEL could not be compromised in order to stay within the project budget. In addition, the scope could not be reduced due to the significant research activity occurring in the facility related to the \$70 million National Science Foundation grant that was received to support additional staff in nanotechnology research. Moreover, it was necessary to renovate an additional 6,300 gross square feet of existing laboratory space to accommodate further research activity that was solidified in the Summer of 2005.

The project includes an addition of approximately 37,000 gross square feet of space housing a class 100 clean room, chemical storage, and support space, and renovation of over 11,000 gross square feet of space, including construction work within the existing clean room. The project includes containment chambers, state-of-the-art exhaust systems, and air monitoring and control systems for "real-time" detection and mitigation of the hazardous materials used in the research and fabrication of microchips. We believe this project represents an important strategic investment in Michigan as it will support our new energy initiatives, nanotechnology, microchip fabrication, and other research initiatives.

The revised estimated cost of the project is \$48,000,000. Funding will be provided from College of Engineering resources, gifts, and investment proceeds. 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. Construction is scheduled to be completed in Fall 2007.

We recommend that the Regents approve the revised project scope and budget for the Electrical Engineering and Computer Science Building Solid State Electronics Lab Addition and Renovation project, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Timothy P. Slottow", written over a horizontal line.

Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2006