

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
December 13, 2012

ACTION REQUEST

Subject: Central Power Plant
Feed Water System Deaerator Upgrade

Action
Requested: Approval to Proceed with Project

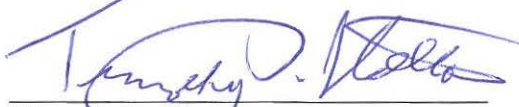
Background:

The Central Power Plant (CPP) provides steam for the heating and cooling of many buildings on Central Campus, and also uses the steam produced to generate electricity. This co-generation allows for a very efficient operation and the Environmental Protection Agency has recognized our efforts in efficiency, fuel energy savings, and greenhouse gas emission reduction. The CPP's feed water system includes deaerators that remove oxygen from water as part of the steam generation process. This project will replace two 1940's deaerators with two modern deaerators meeting current industry standards. Each deaerator weighs approximately 140,000 pounds when filled, measuring 18 feet in diameter and 20 feet in length. An existing decommissioned boiler will be removed, including abatement of lead and asbestos, to provide space for the new system. The new equipment will yield higher-quality water and increase boiler system efficiency, reliability, life expectancy, and redundancy. It will also result in reduced boiler corrosion, component failure, and maintenance. The scope of this project includes the architectural, mechanical, and electrical work necessary to accomplish these improvements. There will be no impact on parking from this project.

The estimated cost of the project is \$5,750,000. 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 engineering firm Burns & McDonnell has designed the project. The project is expected to provide an average of 17 on-site construction jobs. Construction is scheduled to be completed in fall 2014.

We recommend that the Board of Regents approve the Central Power Plant Feed Water System Deaerator Upgrade project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2012