

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents  
April 19, 2007

Subject: New Construction and Renovation Projects

Action

Requested: Approval to Increase Dollar Threshold Requiring Regental Approval

Background:

At the October 1997 meeting, the Regents increased to \$500,000 the threshold requirement for obtaining Regental approval for new construction and renovation projects. The policy also included a provision for quarterly reporting of projects between \$400,000 and \$500,000.

We now propose modifying the policy to increase to \$1,000,000 the threshold for obtaining Regental approval for new construction and renovation projects, and to report projects costing between \$500,000 and \$1,000,000 quarterly in an item for information.

Of the 65 projects in the \$500,000 to \$1,000,000 dollar range approved in the past five fiscal years, more than half were for capital infrastructure maintenance items, such as replacing elevators, upgrading mechanical and electrical systems, and replacing roofing material. The remainder were small renovation projects mostly driven by programmatic needs. A \$1,000,000 threshold is aligned with public and private peer institutions.

Therefore, we recommend the following revisions to the Regental policy approved in 1997:

*Construction and Renovation Project Approvals – It is the Board of Regents policy that all new construction and renovation projects which exceed \$1,000,000 shall be submitted to the Board of Regents for approval prior to entering into the project except in emergency situations.*

*All such projects which fall between \$500,000 and \$1,000,000 shall be submitted in an Item for Information to the Board of Regents on a quarterly basis.*

We recommend that the Regents approve modifying the Regental policy for new construction and renovation project approvals and reporting as described.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

April 2007