

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
July 20, 2017

ACTION REQUEST

Subject: Central Power Plant
Chimney Stack Refurbishment

Action Requested: Approval to Proceed with Project

Background:

The Central Power Plant (CPP) 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. In June 2016, the Board of Regents approved a project to invest \$1,200,000 to repair the north and south chimney stacks. This project will allow a continuation of that effort and address remaining issues that could only be identified by completing the work from the first project. The 185-foot south chimney stack, constructed in 1914, is original to the building. The plant's 238-foot north chimney stack was constructed as part of the 1924 addition to the plant. The next phase of this restoration work should extend the stacks' useful lives for another 30 years and allow continued high reliability of CPP operations. The scope of this project includes the architectural, electrical, and mechanical work necessary to accomplish these improvements. There will be no impact on parking from this project.

The estimated cost of the project is \$1,500,000. 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 specialty firm Gerard Chimney and the forensic engineering firm of Simpson Gumpertz and Heger will provide engineering support for the project. The project is expected to provide an average of three on-site construction jobs. Construction is scheduled to be completed in the fall of 2018.

We recommend that the Board of Regents approve the Central Power Plant Chimney Stack Refurbishment 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 2017