

**STEM INNOVATION LEARNING CENTER
CONSTRUCTION AUTHORIZATION INCREASE**

Recommendation

It is recommended that the Board of Governors authorize the President or his designee, to increase the current budget for the STEM Innovation Learning Center contingent upon State of Michigan approval of the appropriation of the requested increased project budget. In June 2018, the Board authorized \$40M in construction spending. It is recommended that the Board of Governors authorize additional spending of up to \$9.5M for a total project \$49.5M. The project will be funded by two sources? \$14.75M by State of Michigan appropriation and \$34.75M by University bond funds.

Background and Project Description

In June 2018, the Board of Governors approved the construction authorization for the STEM Innovation Learning Center project. The capital request was specifically for the construction of a Science, Technology, Engineering and Math (STEM) Innovation Learning Center in the form of a comprehensive renovation of the existing underutilized Science and Engineering Library. In June 2018, the State of Michigan approved the construction appropriation for this project via Public Act 207 of 2018.

The current Detroit construction market has posed major challenges to the cost effective timely delivery of the project, as seen in the recent increased costs of construction and low turnout of contractors bidding work on campus. The availability of manpower, cost fluctuation of materials and equipment, and material lead times are the major areas of concern. Cost increases in materials and equipment reflect the current industry uncertainty related to future market swings. Specifically, costs are greater in the areas of lab casework, mechanical systems and electrical systems as the cost of metals increases. Conversations with the State of Michigan Budget Office confirms that the increases in construction cost are being felt across the board in State-managed projects.

To mitigate the effect of these obstacles, WSU hired a construction manager to further assist in the development of the estimates for construction. The result of this effort was the recommendation that the budget of the STEM project be increased from \$40M to 49.5M. This construction authorization amendment has been forwarded to the Department of Technology, Management and Budget for approval, to increase the University's contribution to the project.

All contracts for this project will be awarded in accordance with University policies and procedures, and with a focus on sustainability.

Submitted by: William R. Decatur, Vice President, Finance and Business Operations

Project Budget

Funding Sources	
State of Michigan appropriation	\$14,750,000
Bond Funds	\$34,750,000
TOTAL Sources	\$49,500,000
Expenditures Plan	
Design and Relocation Fees	\$3,200,000
Construction	\$38,280,000
Furniture, Fixtures, Equipment	\$4,500,000
Project Management Fees	\$720,000
Contingency	\$2,800,000
TOTAL Expenditures	\$49,500,000