THE UNIVERSITY OF MICHIGAN REGENTS COMMUNICATION ACTION REQUEST

Subject: Horace H. Rackham Educational Memorial 100 Farnsworth Street, Detroit Michigan

Action Requested: Approval of Project and Authorization to Appoint an Architect

Background:

The Horace H. Rackham Educational Memorial opened in 1942 and has not received major infrastructure updates since its opening. We propose addressing infrastructure needs throughout the building and a renovation of approximately 70,000 square feet of the total 121,000 gross square feet to create space for Admissions, research activities and outreach currently at the Detroit Center, and programs such as A. Alfred Taubman College of Architecture and Urban Planning Michigan Architecture Preparatory (ArcPrep), College of Engineering's Michigan Engineering Zone (MEZ), College of Literature, Science, and the Arts Semester in Detroit, and the School for Environment and Sustainability Clinic.

This proposed long-term investment in university-owned space reaffirms our continued growth in and deep commitment to the City of Detroit and the State of Michigan to grow the economy and improve the quality of life through teaching and research in collaboration with the community. The renovated Rackham Memorial will enable us to broaden educational and career horizons for university students and local K-12 students who will attend programs at this location. This Midtown Detroit location is directly across Farnsworth Street from the Detroit Institute of Arts, is close to other cultural destinations, and is enhanced with the Q-Line for transportation along Woodward Avenue and the adjacent 300 space parking deck at Rackham.

The proposed project will replace the roof, mechanical, electrical, and plumbing infrastructure, and repair exterior masonry walls. Energy efficiency improvements include adding insulation to exterior walls, architecturally appropriate interior storm windows, energy efficient lighting, and other building improvements. Updated fire detection, alarm, and fire suppression will be installed throughout the building to comply with state requirements for instructional use. The renovated space will include reconfigurable classrooms/multipurpose rooms and maker spaces that support active and engaged learning with total capacity for approximately 500 students.

The estimated cost of the project is \$40,000,000. Funding will be provided from investment proceeds. 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 net increased facility operating expenses of approximately \$300,000 per year for the 121,000 gross square feet includes expense reduction by not renewing two leases located further south on Woodward Avenue (reduced annual leasing costs of \$500,000 and annual property operating costs of \$170,000 - \$670,000 in total). The architectural firm of Integrated Design Solutions in association with Quinn Evans will design the project. The project is expected to provide an average of 33 on-site construction jobs. We will return with a construction schedule when we seek approval of schematic design anticipated in the spring of 2022.

<u>We recommend</u> that the Board of Regents approve the Horace H. Rackham Educational Memorial Renovation project as described and authorize commissioning Integrated Design Solutions in association with Quinn Evans for its design.

Respectfully submitted,

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Geoffrey S. Chatas Executive Vice President and Chief Financial Officer

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