

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Observatory Lodge Renovation

Action

Requested: Approval of Project and Authorization to Appoint an Architect

Background:

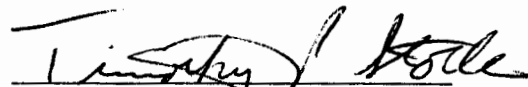
Observatory Lodge was built in 1930 as an apartment building to serve faculty and staff working at the University Hospital, and is an outstanding example of the Tudor Revival style. It operated for thirty-six years as a private facility until the University purchased it in 1966. The University used it for family housing from 1987 until 2001, when the building was vacated. The operation of a small apartment building housing approximately forty students was not cost-effective, and therefore the Residential Life Initiative focused resources on updating residence halls and construction of a new residence hall. Observatory Lodge has not undergone a comprehensive upgrade since it was constructed.

We propose to renovate the 30,600 gross square foot Observatory Lodge Building to house office and classroom spaces for the Division of Kinesiology. The division's federal research funding has grown tenfold in six years, with non-federal research activity also showing substantial increases, with yearly growth averaging fifteen percent. The renovation will be sensitive to the building's historic character, and many of its defining features will be restored. The project will address infrastructure improvements as well as existing code and accessibility requirements. The renovated building will provide approximately 18,000 net square feet of space for the Division of Kinesiology. The scope of this project includes the architectural, mechanical, and electrical work necessary to accomplish these improvements. The impact on parking will be the loss of three spaces due to mechanical and electrical equipment that must be located outside the building.

The estimated cost of the project is \$11,500,000. This project is part of the Fiscal Year 2005 Supplemental Capital Outlay Request to the State of Michigan. If approved by the State, the State Building Authority will fund approximately two-thirds of the project, and the University will fund the balance with Division of Kinesiology resources and investment proceeds. The construction cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents. The architectural firm of Einhorn Yaffee Prescott will design the project. Construction is scheduled to be completed in Fall 2007.

We recommend that the Regents approve the Observatory Lodge Renovation project as described and authorize commissioning Einhorn Yaffee Prescott for its design.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

April 2005

APPROVED BY THE REGENTS ON

APR 21 2005