

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 18
DATE: September 22, 2009

RECOMMENDATION

EMU-BRIGHTON FACILITY LEASE AGREEMENT

ACTION REQUESTED

It is recommended that the Board of Regents authorize the President to enter into a ten year lease agreement commencing 7/1/2010 and ending 6/30/2020 between Eastern Michigan University and Contracting Resources Inc., of Brighton, to lease approximately 7,600 sq. ft. of space to house EMU's satellite location in Brighton.

STAFF SUMMARY

The University's Brighton location was opened in Fall 2003 and one year remains on the original seven year lease (8,500 sq. ft.). Visibility and ease of access are important factors in recruiting and retaining non-traditional students and EMU has an opportunity to relocate to a new site (not yet built) that offers an improved facility and far more visibility. Although both the existing and recommended new sites are on Grand River in Brighton, the existing site is part of a multi-building complex with EMU's building at the back of the location with no visibility from the road. The new site sits right on Grand River within one quarter mile of the exit off I-96.

With a ten year lease, EMU can secure this new location at a lower cost than the University is currently paying, and at a lower cost than is being offered for an extension at the current location.

EMU-Brighton serves approximately 300 students annually. At the time EMU opened the Brighton facility, Livingston County was the fastest growing county in Michigan. The Michigan economy has stifled that growth, but as the economy improves, Livingston is well positioned for the recovery. Central Michigan University, Ferris State University, and Washtenaw, Mott, and Lansing Community Colleges have operations in the county.

FISCAL IMPLICATIONS

In fiscal year 2008-09, revenue generated at the facility was \$1.0 million with a contribution margin of \$385,000. Average annual lease cost for the new facility would be \$170,865. Relocation costs are projected to be approximately \$30,000 and can be contained in the existing Extended Programs budget.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date