

# BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 21

DATE:

October 30, 2012

## RECOMMENDATION DETROIT SITE LEASE AGREEMENT

### ACTION REQUESTED

It is recommended that the Board of Regents approve a five year and three month lease agreement with College Park RCO, LLC for a new Eastern Michigan University Detroit campus location at 7800 W. Outer Drive under the lease terms outlined below.

### STAFF SUMMARY

Eastern Michigan University offers a wide range of courses and degrees in convenient, flexible and innovative formats — both online and at locations throughout Michigan, including the city of Detroit. Since 2000, the University has leased 6,251 sq. ft. of space at 18100 Myers (Northwest Activities Center) as the site for its Detroit campus. Student credit hours at EMU-Detroit have fallen in recent years from the peak of 2,035 hours in FY01 to 870 in FY12 in part due to deteriorating conditions at the Northwest Activities Center.

Eastern is committed to grow enrollment in Detroit and relocating our campus site to 10,983 sq. ft. of space at 7800 W. Outer Drive will be instrumental in that effort. The proposed new site is across the street from Wayne County Community College's Northwest Campus, is convenient for students and faculty, and will heighten awareness of EMU-Detroit. At 10,983 sq. ft., the proposed Detroit site is about half the size of Livonia, but the additional 4,700 sq. ft. in classroom space will allow expanded programming. Also, adequate parking is available. The space was previously occupied by Wayne State University.

The proposed lease with College Park RCO, LLC would commence December 1, 2012 and terminate February 28, 2018 with an option to renew for another five year term on or before February 28, 2017. In the interim until December 1, 2012, Eastern's classrooms will be located in different space at the new site under a month-by-month rental arrangement with College Park RCO, LLC. Under the proposed agreement, the landlord is to provide and pay for approximately \$118,000 in improvements prior to December 1, 2012.

Over the five year and three month period, the average lease rate is \$15.36/sq. ft. compared with the \$16.60/sq. ft. Eastern is currently paying at the Northwest Activities Center. Although the rate per square foot is lower, the \$168,652 average annual lease cost at the new Outer Drive site represents a \$65,000 average annual increase in Eastern's costs reflecting the increased square footage at the new site.

### FISCAL IMPLICATIONS

The \$65,000 increase in annual lease cost of the new Detroit campus site is more than offset by the savings realized in the Livonia campus site lease extension.

### ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date