

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Ypsilanti Health Center Adolescent Partial Hospitalization Program
300 W. Michigan Avenue, Ypsilanti, Michigan

Action Requested: Approval of Leasehold Improvements

Background:

On June 20, 2024, the Regents approved an 8,000-square-foot lease at 300 W. Michigan Avenue in Ypsilanti, to create space for an Adolescent Partial Hospitalization Program (PHP), with the goal of enhancing access to care for individuals with emotional and behavioral health challenges. With this lease, the total leased space at the 300 W. Michigan Avenue site increased to 52,000 square feet, necessitating regental approval.

In accordance with the University of Michigan Real Estate Policy, we are required to seek approval when leasehold improvements exceed \$3,000,000. To accommodate the desired partial hospitalization program within the building, a leasehold improvement project is required. The leasehold improvements will include therapy rooms, group activity spaces, administrative offices, and common areas designed for safety and functionality. The design will incorporate anti-ligature features, ADA-compliant restrooms, upgraded systems, and secure technology infrastructure. An outdoor courtyard for recreation will also be included, enhancing the therapeutic environment for patients.

The estimated cost of the leasehold improvements is \$4,190,500 and with furniture, fixtures, and equipment, the total project cost is estimated to be \$6,200,000. Funding will be provided from a cost-reimbursable grant received from the State of Michigan Department of Health & Human Services and University of Michigan-Health resources. 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. Construction will be managed by the landlord and is scheduled to be completed in the spring of 2025.

We recommend that the Board of Regents approve the leasehold improvements as described.

Respectfully submitted,



Marschall S. Runge, M.D., Ph.D.
Executive Vice President for Medical Affairs
and Dean, Medical School



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

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