

**PROSPECTUS – ALTERATION
985 MICHIGAN AVENUE
DETROIT, MI**

Prospectus Number: PMI-1951-DE15
Congressional District: 14

FY2015 Project Summary

The General Services Administration (GSA) proposes a repair and alteration project to consolidate federal agencies into 985 Michigan Avenue in Detroit, Michigan. The consolidation of federal agencies will decrease reliance on leased space, improve space utilization and incorporate alternative workplace solutions. The building's systems will also be renovated to extend service life and improve operational efficiency.

The building was constructed in 1995 as a build-to-suit lease to be occupied by the Internal Revenue Service (IRS). GSA intends to execute an existing purchase option in the lease, and purchase the building for \$1 with a transfer of ownership occurring April 2015.

FY2015 Committee Approval and Appropriation Requested

(Design, Construction, M&I)\$74,913,000

Major Work Items

Interior construction; HVAC, electrical and plumbing upgrades, fire and life safety upgrades; elevator repairs; exterior construction and parking garage repairs

Project Budget

Design	\$7,834,000
Estimated Construction Cost (ECC)	61,073,000
Management and Inspection (M&I)	<u>6,006,000</u>
Estimated Total Project Cost (ETPC)*	\$74,913,000

*Tenant agencies may fund an additional amount for tenant improvements above the standard normally provided by the GSA.

Schedule

	Start	End
Design and Construction	FY2015	FY2018

Building

The office building is 10-stories above grade with a basement and has approximately 484,000 rentable square feet. The majority of the mechanical equipment is housed in a 3-story structure adjacent to the building. The building has a 10-story parking garage with approximately 850 spaces.

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Tenant Agencies

IRS, Department of Justice, Department of Homeland Security, Department of Labor, State Department, GSA, U.S. Air Force Reserves, U.S. Office of Special Counsel, Social Security Administration

Proposed Project

Upon receipt of ownership, GSA proposes to renovate the 985 Michigan Avenue building to extend the useful life of the building and consolidate federal agencies from leased locations within Detroit, MI. Renovation of the building systems includes improvements to the HVAC systems that will result in energy savings, repairs to the passenger and freight elevators, replacement of the roof, repairs to the building's windows and façade, upgrades to the fire alarm and sprinkler systems, repairs to the plumbing system and public restrooms, improvements to the electrical infrastructure, and repairs to the parking garage and site.

The IRS is currently located at the 985 Michigan Avenue building and two other leased locations. Interior alterations will be made to allow for the reconfiguration of IRS space and consolidation of federal agencies into space released by IRS. Other proposed backfill agencies are in leased facilities.

Major Work Items

Interior Construction	\$17,725,000
HVAC Upgrades	17,189,000
Exterior Construction and Parking Garage Repairs	7,384,000
Electrical Upgrades	6,676,000
Fire and Life Safety Upgrades	6,642,000
Elevator Repairs	4,206,000
Plumbing Upgrades	<u>1,251,000</u>
Total ECC	\$61,073,000

Justification

This project will create a multi-tenant building by significantly reducing the IRS' footprint in the building and relocating a number of federal agencies (including the IRS) from leased facilities into the Federally owned facility. The government is expected to achieve savings due to lease cost avoidance, of approximately \$11,000,000 per year, the saving estimate includes the costs that would be associated with relocating the IRS from

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985 Michigan Avenue to leased space in the event that funds for this project are not appropriated. The strategy to convert the asset to a multi-tenant federal building is consistent with the June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate* and the Office of Management and Budget (OMB) Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*.

The building is approximately 20 years old and many systems are inefficient and are approaching the end of their useful lives. Upgrades to the building's infrastructure are required to extend service life, reduce energy consumption and operating expenses, and ensure long-term occupancy of federal tenants. Mechanical, electrical, elevator and plumbing systems have operated 24/7, 365 days/year since the building was constructed in 1995. The HVAC system is inefficient and oversized for office use. Fire and life safety systems are not compliant with current code. Additionally, the building envelope and parking structure are showing signs of deterioration.

Summary of Energy Compliance

This project will be designed to conform to requirements of the Facilities Standards for the Public Buildings Service and will implement strategies to meet the Guiding Principles for High Performance and Sustainable Buildings. GSA encourages design opportunities to increase energy and water efficiency above the minimum performance criteria.

Prior Appropriations

None

Prior Committee Approvals

None

Prior Prospectus-Level Projects in Building (past 10 years):

None

Alternatives Considered (30-year, present value cost analysis)

Alteration:	\$267,023,000
Lease	\$618,338,000
New Construction:	\$410,178,000

The 30-year, present value cost of alteration is \$143,155,000 less than the cost of new construction with an equivalent annual cost advantage of \$7,304,000.

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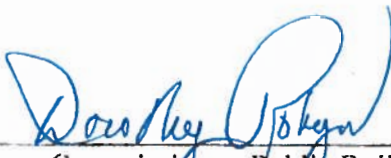
Recommendation


ALTERATION

Certification of Need

The proposed project is the best solution to meet a validated Government need.

Submitted at Washington, DC, on March 6, 2014

Recommended: 
Commissioner, Public Buildings Service

Approved: 
Administrator, General Services Administration