

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

February 12, 2015

TOPIC: Community College of Aurora (CCA, Lease Agreement Amendment for Centennial Campus

PRESENTED BY:

Dr. Mordecai Brownlee, President, CCA

RELATIONSHIP TO THE STRATEGIC PLAN:

Redefine our value proposition through accessibility, affordability, quality, accountability, revenue development, and operational excellence.

EXPLANATION:

The Community College of Aurora (CCA) seeks approval for an amendment to its lease, renovation, and furnishing of its comprehensive training and education space for students and industry partners located in the City of Centennial.

After receiving Board approval, CCA entered into a lease agreement for a third location to transition our nursing, health science and public service programs from our Lowry location for our Center for Nursing, Health Sciences and Public Service (the Center) to a location on east Arapahoe Road in Centennial.

In May, 2023, the General Assembly of the State of Colorado enacted House Bill (HB) 23-1246, Colorado Revised Statutes, 23-60-214 to appropriate \$5 million dollars from the general fund to establish two new short-term nursing program degrees at community colleges (see, Appendix A). The Community College of Aurora (CCA/the College) was selected as one of the two community colleges to establish a new short-term Nursing Education Program, receiving \$2.5 million dollars on November 30, 2023. The Center will feature nursing, emergency medical technician, paramedic, fire science, behavioral health, phlebotomy, and other health sciences credential. To develop a Nursing Education Program, CCA must meet the Board of Nursing and national nursing accreditation academic facility requirements. This includes nursing general use classrooms, skills laboratories, simulation labs, conference rooms and Faculty offices. In addition, the new building will house student service representatives, such as Financial Aid.

The Center directly aligns with the Department of Housing and Urban Development's priorities of expanding economic opportunities for low to moderate income individuals through the development of a public workforce and education training facility. The new Center will allow for high-quality programming including the ability to interact with industry partners, participate in simulations, upgrade outdated laboratories, and give access to high-quality equipment in the health sciences, nursing, and public service programs at CCA. In

addition, the new building will better leverage the expertise and resources of employer partnerships in these industry sectors at various clinical sites. The Center will strengthen the economic development and workforce training ecosystem of the Aurora and Metro Denver region. Over the life of the lease, CCA estimates total tuition revenues of \$13.9 million generated from the programs in the leased space. The revenue projections are in alignment with CCA's 2022-2023 enrollment numbers.

CCA has been working with the landlord, an architect, and a general contractor on redesigning the space of the 33,743 square feet building to accommodate the needs for the programs that will occupy the space. The improvement costs will include such things as constructing walls to separate programs, adding electrical power drops, IT hookups, and upgrades to HVAC and ventilation systems. The tenant improvement allowance CCA received from the landlord is \$1,602,795.50. The cost of the improvements needed for space came in over the tenant allowance by \$920,568.32. After value engineering the initial proposal of the general contractor, the cost of the redesign is still over budget by \$737,924.32. Working with the State of Colorado's Real Estate Broker, Jones Lang LaSalle Brokerage, Inc. (JLL), CCA was able to receive an additional \$253,072.50 for tenant improvements from the landlord, which increases the annual rental amount by \$33,743.00, or \$337,280.18 over the 10-year contract originally approved by the Board. Even after CCA applies the additional tenant improvement allowance funding, and a benefit rent credit of \$189,804.38 as a term of CCA's contract, the improvements are still over budget by \$325,784.44 (including spending authority for two add alternates that total \$30,737).

CCA is requesting to amend the contract to increase spending authority to cover the additional \$337,280.18 in rent costs and to accept the additional tenant improvement allowance funding and receive approval to utilize its reserves to cover the cost of the remaining balance of the budget overage of \$325,784.44.

RECOMMENDATION:

CCCS staff recommends the Board approve the lease amendment and authorize CCA to expend the funds outlined above and delegate signature authority of the Board to the CCCS Vice Chancellor for Finance and Administration to enter into a lease agreement and any associated lease documents, provided all Board and state fiscal processes are followed.