

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

August 7, 2024

TOPIC: Community College of Aurora (CCA) Spending Authority Request for the Lease Agreement for a New Center for Nursing, Health Sciences and Public Service

PRESENTED BY: Dr. Mordecai Brownlee, President, Community College of Aurora

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 contracting a lease, renovating, and furnishing a comprehensive training and education space for students and industry partners.

The College currently has two campus locations, our main Centre Tech Campus and a Lowry Campus location that opened after the Air Force Base closed in 1994. In accordance with the expiring of the 30-year deed to the Community College of Colorado System, CCA will relocate all program offerings other than the Cinematic Arts by August 20, 2025. One of the first of those to transition are our nursing, health science and public service programs which beginning January 1, 2025 the Department of Nursing and Health Sciences will occupy CCA's new third building, Center for Nursing, Health Sciences and Public Service (the Center) 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.

With the need for a larger location to meet the needs of CCA's Center for Nursing, Health Sciences and Public Service, the College has been working with the State of Colorado's Real Estate Broker, Jones Lang LaSalle Brokerage, Inc. (JLL) to acquire 33,743 square feet of space at a third location.

The College has been working closely with JLL and the property owner's broker to finalize general lease terms. The basic terms of the draft lease for a hundred-twenty (120) month term with an initial base rental rate of \$21.52 per square foot for the first twelve (12) months. The College will receive a property tax adjustment but is unknown at this time. Once known, the initial base rental rate will be reduced. The rental rate increases two-point forty-five (2.45%) percent each year. The College will also be responsible for all operating expenses and any College initiated improvements.

Based on the above terms, the College will spend approximately \$8,125,918.00 in base rent over the one hundred-twenty (120) month term. We are currently estimating operating expenses at \$9.08 per square foot with an annual escalation not to exceed five (5) percent each year. Based on this, the College can expect to spend no more than \$4,352,766.94 in operating expenses over the same one-hundred twenty (120) month period. Operating expenses include utilities, maintenance/repairs, owner's insurance, snow removal, etc. Please note operating expenses are our best estimate at this time but appear very reasonable based on information from the owner and JLL. In addition, the College will receive a rebate of real estate commissions and is estimating it will spend approximately \$189,804.38 in tenant improvements. 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.

RECOMMENDATION: CCCS staff recommends the Board approve the lease proposal outlined above, 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.