

COMMISSION FOR HIGHER EDUCATION

Friday, October 8, 2010

DECISION ITEM B-5: Lease of Space – 2039 North Capitol Avenue for Indiana University – Purdue University Indianapolis

Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee of the project *Lease of Space – 2039 North Capitol Avenue for Indiana University – Purdue University Indianapolis*, as described in the project description and staff analysis October 8, 2010.

Background

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$500,000, regardless of the source of funding. Each repair and rehabilitation project must be reviewed by the Commission for Higher Education and approved by the Governor, on recommendation of the Budget Agency, if the cost of the project exceeds seven hundred fifty thousand dollars (\$750,000) and if any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students. Such review is required if no part of the project is paid by state appropriated funds or by mandatory student fees and the project cost exceeds one million dollars (\$1,000,000). A project that has been approved or authorized by the General Assembly is not subject to review by the Commission for Higher Education. However, the Commission for Higher Education shall review a project approved or authorized by the General Assembly if the review is requested by the Budget Agency or the Budget Committee. This project was not authorized by the General Assembly.

Indiana University seeks authorization to enter into a lease on behalf of and for the use of the Indiana University school of Health and Rehabilitation sciences. Annual rent is \$114,530 with a cost of renovations not to exceed \$245,000.

Supporting Document

Lease of Space – 2039 North Capitol Avenue for Indiana University – Purdue University Indianapolis, October 8, 2010.

**LEASE OF SPACE – 2039 NORTH CAPITOL AVENUE FOR INDIANA UNIVERSITY –
PURDUE UNIVERSITY INDIANAPOLIS**

Project Description and Staff Analysis

SUMMARY

Indiana University seeks authorization to enter into a lease on behalf of and for the use of the Indiana University school of Health and Rehabilitation sciences. The premises consist of 8,810 square feet which, when renovated, will house office, exam and classroom space for the school of Health and Rehabilitation Sciences. Annual rent is \$114,530 with a cost of renovations not to exceed \$245,000. Rent and cost of renovation payments will be made for the school of Health and Rehabilitation Sciences Accounts.

DESCRIPTION OF THE PROJECT

Located at 2039 North Capitol Avenue in Indianapolis is a building owned by Clarian Health Partners. This is a five year lease beginning December 1, 2010 and expiring November 30, 2015. There is an option of renewal after the term of the lease. There is 10,000 GSF of building and 8,810 ASF of lease. The building will be reconfigured to create three dedicated classrooms, one multi-purpose skills laboratory, five examination rooms, and seven faculty/staff offices. Under the lease agreement, the landlord is responsible for contracting all work, which shall be in compliance with all applicable codes, at a cost to Tenant not to exceed \$245,000.

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

The mission of Indiana University - Purdue University Indianapolis (IUPUI) is to be "Indiana's urban research and academic health sciences campus." According to the IUPUI Academic Plan, "graduate education is critical to the campus mission, with more graduate and professional students completing their degrees at IUPUI than at any other Indiana campus." A graduate professional degree program in Physician Assistant offered by the School of Health and Rehabilitation Sciences is aligned with the research mission of the campus and the campus' goal to attract high quality faculty and graduate students.

The Physician Assistant Studies Program supports and facilitates the mission of IUPUI by providing a high quality educational experience, which prepares physician assistant graduates for leadership roles in rural and urban healthcare settings. The program will be committed to providing an environment of academic freedom in which students learn from faculty members who have expertise in the profession. Excellence in teaching will be enhanced by faculty engaged in research and creative activities as well as specialized service to the profession.

ALTERNATIVES CONSIDERED

None of the other rental properties we considered met our requirements. We selected proposed property because of its size and proximity to IUPUI and Methodist Hospital.

STAFF ANALYSIS

Indiana University, through IUPUI is requesting approved to enter into a lease for the newly created Master of Physician Assistant program at IUPUI. Due to a lack of space on the IUPUI campus and the need to have the program housed next to and partnered with a hospital, IU has opted to lease space next to Methodist Hospital.

The lease would be for 5 years, with a one time option to renew for up to 5 years and will have an annual cost of \$114,530. In addition, the annual operating cost for the lease would be approximately \$57,000, bringing the total 5 year cost to \$857,650. Also there is a remodeling component to the lease, which cannot exceed \$245,000.

Since the Master of Physician Assistant program is new it is estimated that 35 students will enroll in the program at the start and eventually ramp up to 50 as the program matures. In addition to students at the leased space, it will also include space for faculty and staff, which is estimated at seven when the program starts. The space will include office areas, classrooms, a multi-purpose skills lab and exam rooms.

Funding for the lease will come from the academic program's general fund which includes tuition paid by students enrolled in the program. IU will continually evaluate the program during its start up period to determine if the program is bringing in students and increasing enrollment. If for any reason the program is not garnering the level of enrollment projected, IU will reevaluate the program and make changes. If the program begins to expand outside of the current leased space, IU will look to leasing additional space in the same area or potentially move to the IUPUI campus if space becomes available.