

ACTION ITEM #1

WSU Tri-Cities, Leased Space for Nursing Program (Roger Patterson, Dick Pratt and Mel Taylor)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Tri-Cities, Leased Space for Nursing Program

PROPOSED: That the WSU Board of Regents delegate authority to the President or his designee to enter into and execute a lease and any related transactional documents for 1268 Lee Boulevard, in Richland, Washington.

SUBMITTED BY: Roger Patterson, Vice President for Business and Finance

BACKGROUND: Currently, WSU Tri-Cities' nursing program utilizes old equipment in a general classroom that was partially renovated to create a nursing lab. The space does not resemble a "realistic" clinical setting. Additionally, the space for teaching faculty is inadequate. Seven nursing faculty members share one office, and the nursing program shares a suite with an unrelated WSU entity.

In response to these challenges, Kadlec Regional Medical Center (Kadlec) offered to lease 10,000 square feet of space at one of its downtown facilities to house the WSU Tri-Cities nursing program. The space is located at 1268 Lee Boulevard, in downtown Richland (**Attachment A**), which is approximately 4.5 miles or an 11 minute drive from the WSU Tri-Cities campus.

While the program would be housed a few miles from the Tri-Cities Campus, nursing students would retain connections with and a presence on the campus through inter-professional and extra-curricular experiences on the home campus.

Relocating the nursing program to the leased space would provide a number of benefits:

- Improved and modern classrooms with videoconferencing capabilities.
- State-of-the-art simulation labs for WSU nursing courses.

- Improved “physical” environment for nursing and freeing up space for other needs on the Tri-Cities campus.
- Close proximity to Columbia Basin College’s (CBC) associate degree program, the primary feeder program to WSU’s RN to BSN program in the Tri-Cities.
- Research and clinical experience opportunities would increase due to the close proximity to a number of health care clinicians and entities.

The key financial terms under the proposed lease agreement are as follows:

- Base Lease Rate: \$1.00 per year for the 20-year term of the lease, with an option to extend for an additional 10 years at the same rate.
- Tenant Improvements: WSU to provide an amount not to exceed \$1.0 million for tenant improvements. *[Note: Base rent for similar properties in the Richland area is approximately \$19.00 per square foot annually or \$190,000 per year. The present value of annual payments of \$190,000 over 20 years equals roughly \$2.4 million and over 30 years equals roughly \$3.0 million.]*
- Operations & Maintenance: payment of an annualized rate of \$5.00 per square foot for building and property operation and maintenance (e.g. taxes, insurance, maintenance/repairs, sewer/water, trash removal, ambulance, street, janitorial, snow removal, grounds). *[Note: Comparable O&M costs for similar properties in the Richland area equals approximately \$7.62 per square foot]*
- Internet & Utility: WSU Tri-Cities to pay internet costs estimated at \$20,000 annually and metered utility costs estimated at \$13,000 annually.

WSU Tri-Cities is mid-way through a two-phase plan to raise approximately \$980,000 to equip and furnish the space, including AMS classrooms and specialized simulation laboratories.

The Phase 1 costs, estimated at \$580,000, represent the specialized equipment necessary to make the space operational. The remaining equipment and furnishings in Phase II totals roughly \$400,000.

To date \$700,000 has been pledged from local health care entities and community donors. These pledges are sufficient to cover the Phase I costs, with the remaining balance of \$120,000 available to be applied toward the Phase II costs.

Existing self-sustaining local funds have been set-aside by the WSU Tri-Cities campus to backfill any unrealized pledges.

Attachment A: Site Photographs

Kadlec Building - 1268 Lee Blvd. Richland, WA –



Kadlec Building - 1268 Lee Blvd. Richland, WA

BOARD OF REGENTS
WSU Tri-Cities, Leased Space for Nursing Program
Resolution #130125-448

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the WSU Board of Regents delegate authority to the President or his designee to enter into and execute a lease and any related transactional documents for 1268 Lee Boulevard, in Richland, Washington.

DATED this 25th day of January, 2013.

Chair, Board of Regents

Secretary, Board of Regents