



# St. Joseph County Career Hub

**4/15/2024 Public Hearing on Lease Approval**

# Career Hub Planning & Public Engagement

## Master Planning (Approved April 2023)

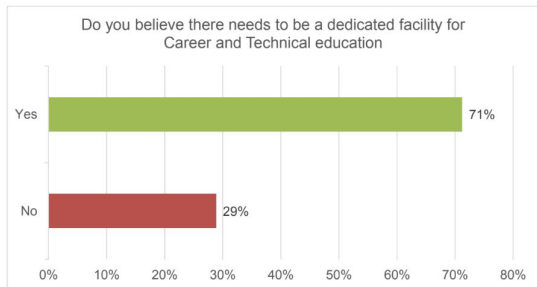
- Feasibilities Studies
- Public Engagement Sessions

## Leadership & Stakeholder Input

- School Board Sessions (*May & Sep 2023; 3 Executive Sessions*)
- Community Meeting (*March 11, 2024*)
- School Administrators, Directors, & Faculty
- Businesses and Community Partners
- Chamber of Commerce

## Internal Transition Team

SBCSC staff assigned to validate Career Hub planning and design aligned with Facilities Master Plan



## Collaborative Process

Steering Committee of Partner Schools discussed priority coursework and shared interests for a centralized Career Hub:

- Shared Governance
- Community Resources
- Centralized Facility
- Increased School Capacity
- Higher Education & Employer Partnerships
- WBL and Capstone Programs
- Diversity and Connectivity

## School Board Meetings

Public forums for planning approval and public engagement

- Site Selection
- Architect Approval
- CMc Selection
- Lease Negotiations



# Lease Approach

## Lease Approach

- Options for leasing mitigate risk with 60% rule and allow for expansion of facilities as student enrollment increases
- Lesser operating costs and significant maintenance avoidance reduces required funding and stewards taxpayer dollars
- Control and risk mitigation in lease terms to manage:
  - Timing
  - Quality/Performance
  - Operating costs
  - Alternatives for contingencies
  - Options for purchase
- Spatial designs by renovating within existing facility allow for lower costs to increase the amount of programs within the space

## Motivation for Leasing

- State of Indiana 60% utilization rule forces school districts to release ownership if building is not occupied fully
- Ownership of a large facility comes with significant operating costs
- Typical value of buildings does not translate to sale costs
- Combined risks of school enrollment and operating costs have plagued district facilities plans for years



# Lease Negotiation Process

## Structured Process

- Governmental lease
- SBCSC as a nonprofit entity and tax exemption
- Use of bond funds during lease period
- Requires public hearing to review in advance of Board decision
- Legal teams between SBCSC and Studebaker working on final revisions to lease document
- Posted lease 10 business days prior to public hearing
- Changes can be between public hearing and Board review
- Multiple versions of lease agreements have been reconciled
- Release of final version on Wednesday after input from public and school Board members
- Final lease will be executed and signed in June 2024



# Lease Details

- ★ Studebaker Building 84; approximately **40,000 square feet** for Phase 1
- ★ The final Schematic Design, Space Requirements and ultimately the final Construction Documents should be attached to the Final Lease Agreement
- ★ The cost associated with demising walls and common bathrooms will be the responsibility of the Studebaker Campus
- ★ Lease Term is **20 years** with various renewal, purchase, and right of refusal options
- ★ Rent will be **\$5.00 PSF with a 2% annual escalation** for the usable square feet (including the Common Area Maintenance) - see Exhibit B
- ★ Requirement for landlord to ensure space is **construction-ready by July 9, 2024** per SBCSC timeline

The SBCSC will be responsible for their utility costs including:

- Water and Sewer Service
- HVAC and Energy Release
- Electrical Costs

Other considerations include:

- Custodial Services
- Security
- Parking



# Lease Deliverables

## Updates on Specific Provisions

- **Parking** - finalize alternative location(s) for parking spots that are equal and accessible
- **Security Vestibule** - additional security for students to use secondary entrance leading to leased space
- **Real Estate Taxes** - SBCSC does not pay due to tax exemptions as an entity
- **Extension Term of Lease** - up to 10 year extension with one year notice required
- **Bus Drop Off** - agreed upon process and location for drop off
- **Bathrooms** - agreed upon prior terms as a part of common area; teacher bathrooms in leased space
- **Commencement Date** - finalized initial launch when premises substantially completed July 1st, 2025
- **First Right of Refusal (FRO)** - Expanded space (15,000 sq ft) offered to SBCSC as first right of refusal
- **Transfer of Ownership** - Lease terms honored if ownership/Landlord changes

*\*The final lease approval is contingent upon verifying that the costs to accomplish the scope of work will not exceed the proposed budget approved amount.\**



# Lease On-Going Considerations

## Input on Negotiation

- **Insurance** - in the event of complete or partial destruction of the leased premises, insurance will provide replacement value for items which are replaced. (if not replaced, insurance provides the depreciated value)
- **Core and Shell Differentiation** - Studebaker to be responsible for providing SBCSC with the “white box”; SBCSC will be responsible for HVAC preparation, will include cost limits on SBCSC contributions
- **Default/Lease Termination** - subject to annual appropriation by SBCSC, aiming for flexibility with any penalties
- **Substantial Completion** - considering penalties for failing to complete on time



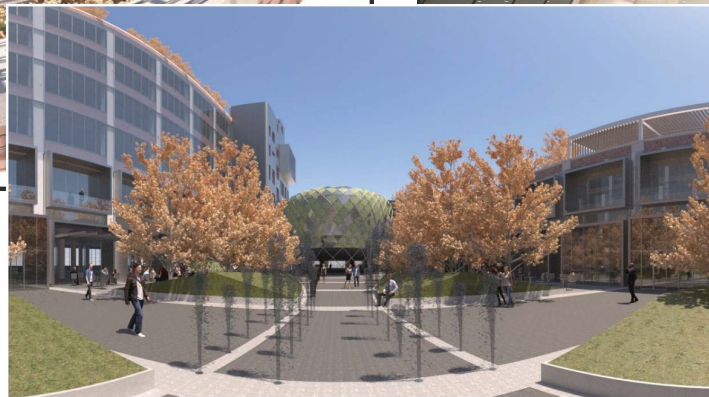
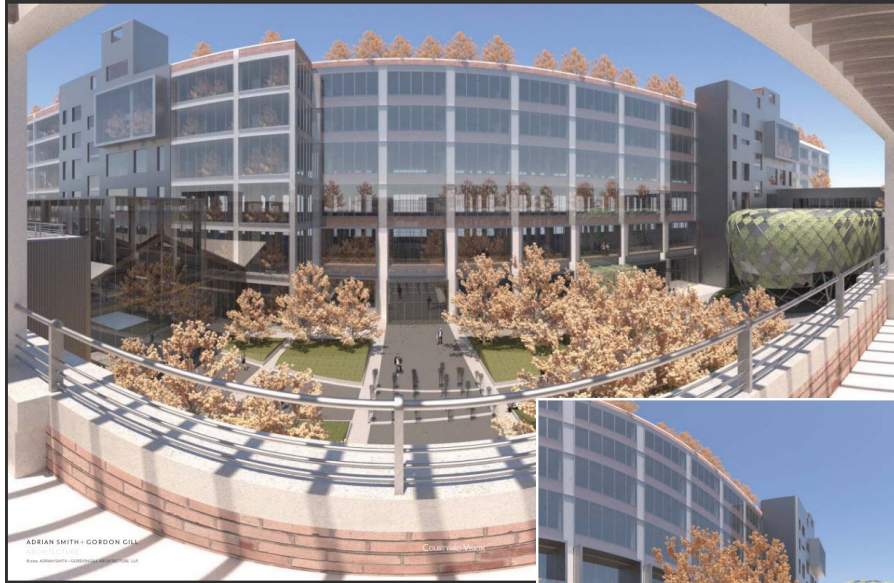
# What's Next?

- March 4th: Board Update in Executive Session
- March 11th: Informational Public Community Meeting  
Regarding the St. Joseph County Career Hub
- March 18th: Requesting Board Approval of Final Site Selection /  
Lease Negotiation / Architect Agreement / Construction  
Manager as Contractor
- April 17th: **Requesting Board Approvals of Final Lease**
- April - May: Employer & Trades Engagement; Design Development;  
Soft Groundbreaking (TBD); Consortium Agreement
- June 10th: Construction Documents
- July 1st: Bidding for General Contractor
- July 9th '24 - June 1st '25: Construction & Ongoing Public Engagement
- August '25: Opening Date





# Envisioning the Space





**Thank you!**