

**JCSBC Testimony
Kansas Department of Revenue
Mills Building
Topeka, KS
June 26, 2015**

My next presentation is for the new proposed lease for the Kansas Department of Revenue, in downtown Topeka, at the Mills Building. The agency has been in the Docking State Office Building since an estimated 1957.

The new full service lease is for 25 years, with a rate of \$15.50 per square foot. The rate will increase to \$22.16 per square foot in year 2040. Additionally, the lease has an escalation clause to cover operating expenses. After the base year, which is the first year of occupancy, the escalator is capped at .25 cents per square foot with increases to .60 cents per square foot by year 2034. Two five-year renewal options are available. The lease includes \$100,000 allowance for moving and other associated expenses.

The Mills Building, former home of the Department of Agriculture, will undergo extensive interior remodeling which will include a new mechanical system, HVAC, fire sprinkler and fire alarm systems, restrooms, and controlled access. The Lessor will also attempt to maintain and restore certain architectural features contained in the building during the remodeling process.

An Energy Audit will be performed after twelve (12) months of energy usage has been established.

The Department of Administration is supportive of this lease.

I am available to answer your questions.

Thank You.

Attachment 6
Joint Committee on State Building
Construction
Date 6-26-15

Lease Comparison Sheet
Kansas Department of Revenue

June 26, 2015

A	B	C	D	E
GENERAL INFORMATION	CURRENT LEASE	ORIGINAL PROPOSED LEASE Mills Building	PROPOSED LEASE Mills Building	LEASE COMPARABLE
State Agency	Kansas Department of Revenue	Kansas Department of Revenue	Kansas Department of Revenue	Department for Children and Families
Address	915 SW Harrison	901 S Kansas	901 S Kansas	555 S. Kansas Ave.
City Location (market)	Topeka	Topeka	Topeka	Topeka
Office Function	Administrative Offices	Administrative Offices	Administrative Offices	Administrative Offices
Lease Space (sq. ft.)				
Office Sq. Ft.	155,808	59,853	59,853	86,700
Storage Sq. Ft.	23,489	0	0	0
Common Space Sq. Ft.	0	0	0	0
Total Sq. Ft.	179,297	59,853	59,853	86,700
Parking Stalls	open lot	20	20	16
Energy Audit	No Record	Pending	Pending	Better than average
Full Time Equivalency (FTE) employees/workstations	897	231	231	250
Lease Begin Date	1957	8/1/2015	7/1/2016	4/1/2015
Lease End Date	6/30/2016	7/31/2040	6/30/2041	3/31/2040
Years of Lease	58	25	25	25
Space Standards Check (sq. ft. per FTE/workstation)	200	259	259	347
LEASE COSTS				
Base Lease Office Cost (annual per sq. ft.)	\$19.40	\$15.75	\$15.50	\$15.25
Storage (per square foot)	\$0.00	\$0.00	\$0.00	\$0.00
Common Area	\$0.00	\$0.00	\$0.00	\$0.00
Additional Services	\$0.00	\$0.00	\$0.00	\$0.00
AGENCY FUNDED OCCUPANCY COSTS				
Real Estate Taxes	n/a	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Insurance	n/a	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Major Maintenance	n/a	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Utilities				
Electricity	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Gas	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Water/Sewer/etc.	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Trash Pickup/Removal	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Custodial/Janitorial	inc. in lease	\$1.75	\$1.40	\$1.03
Pest Control	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Grounds Maintenance (inc. snow removal)	inc. in lease	inc. in lease w/cap	inc. in lease w/cap	inc. in lease w/ no cap
Parking	inc. in lease	n/a	n/a	n/a
Other Miscellaneous Expenses	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Bldg Optg Costs (not included in lease)	\$0.00	\$1.75	\$1.40	\$1.03
IMPROVEMENTS				
Improvements	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal - Improvements	\$0.00	\$0.00	\$0.00	\$0.00
Annual Cost per Sq. Ft. (estimated)	\$19.40	\$17.50	\$16.90	\$16.28
Annual Cost (estimated)	\$3,478,362	\$1,047,428	\$1,011,516	
Total Cost of Lease (estimated)	\$201,744,984	\$26,185,688	\$25,287,893	