

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

April 28, 2010
Room 144-S—Statehouse

Members Present

Senator Dwayne Umbarger, Chairperson
Representative Jo Ann Pottorff, Vice-chairperson
Senator Pat Apple
Senator Marci Francisco
Senator Laura Kelly
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative Mitch Holmes

Member Absent

Senator Jay Emler

Staff

Audrey Dunkel, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Matt Sterling, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferee

Richard Gaito, Deputy Secretary, Division of Facilities Management, Kansas Department of Administration

Others Attending

See attached sheet.

The Chairperson called the meeting to order at 12:16 p.m. and thanked John Federico (Federico Consulting) and Cindy Luxem (Kansas Health Care Association) for providing lunch.

Representative Bob Grant made a motion to approve the Committee minutes for December 16, 2009; January 20; February 3, 4, 10, 11, 15, 17, 24, 25; and March 2 and 17, 2010. The motion was seconded by Representative Feuerborn and passed unanimously.

The Chairperson welcomed Richard Gaito, Deputy Secretary, Division of Facilities Management, Kansas Department of Administration, who presented three proposed leases to the Committee (Attachment 1).

Mr. Gaito reviewed a lease approved by the Committee at the March 17 meeting, explaining that the landlord, in remodeling the office space according to the contract, discovered that extensive plumbing would be required to install a sink; as an alternative he offered the State Board of Indigents' Defense Services a larger space (1,350 additional square feet) in the same building for no additional cost. Answering a question, Mr. Gaito said reducing the per-square-foot (psf) cost rather than donating the additional space would cause the psf cost to be out of sync with comparable leases in the Wichita area. A member commented that lowering the psf cost would set a useful precedent for negotiating future leases. Mr. Gaito, responding to another question, replied that the agency requested a four-year lease rather than a longer one. Another member encouraged Mr. Gaito to find other agencies that might be able to utilize the additional space. *The motion was made by Representative Pottorff, seconded by Senator Kelly, and passed unanimously to approve the lease.*

Mr. Gaito presented a two-year lease with the current landlord for the Kansas Department of Social and Rehabilitation Services (SRS) in McPherson. He said that the \$8.16 psf lease includes taxes, insurance, and major maintenance with expense stop-loss, but excludes utilities or other maintenance. Noting the absence of an energy rating, he explained that the Energy Star Portfolio Manager cannot perform an audit on a free-standing building of less than 5,000 square feet of space. A member questioned a two-year lease with three one-year renewable options. Bobby Kosmala, Senior Manager of Accounting and Administrative Operations, SRS, replied that short-term leases give the agency more flexibility in relation to costs. *The motion was made by Senator Kelly, seconded by Representative Brunk, and passed unanimously to approve the lease.*

Presenting a proposed lease for the Kansas Bureau of Investigation's (KBI) laboratory facility in Pittsburg, Mr. Gaito commented that only the current landlord responded to the request for proposal (RFP), offering a five-year lease with two one-year renewal options at a fixed rate of \$8.75 psf for the office space (60 percent), \$3.75 psf for storage space, and \$4.25 psf for garage space (40 percent). He noted that the current lease is below market rate and that a market review will be performed in year five of the lease. He explained that the Energy Star Portfolio Manager does not provide ratings for laboratory space. Answering a question, David Hutchings, Special Agent in Charge of the Special Operations Division, KBI, replied that the laboratory response vehicle requires the garage to assure security for the vehicle. *The motion was made by Representative Grant and seconded by Senator Kelly to approve the lease. The motion carried.*

The meeting was adjourned at 12:37 p.m. The next meeting was scheduled for May 28, 2010, (*sine die*) in Room 144-S of the Capitol building.

Prepared by Gary Deeter
Edited by Audrey Dunkel

Approved by the Committee on:

July 14, 2010

(Date)

Lease Comparison Sheet
REVISED - SBIDS - Wichita
 April 28, 2010

A		B	C	D
		CURRENT LEASE	APPROVED LEASE	REVISED PROPOSED LEASE
GENERAL INFORMATION				
		SBIDS	SBIDS	SBIDS
1	State Agency			
2	Address	300 N Main	150 N Main	150 N Main
3	City Location (market)	Wichita	Wichita	Wichita
4	Building Name or Location (Landlord)	Occidental Property, LLC	Real Development	Real Development
5	Lease Space (sq. ft.)			
6	Office Sq. Ft.	1,863	1,640	2,990
7	Storage Sq. Ft.	0	0	0
8	Total Sq. Ft.	1,863	1,640	2,990
9	Full Time Equivalency (FTE) employees/workstations	6	6	6
10	Lease Begin Date	6/1/2008	7/1/2010	7/1/2010
11	Lease End Date	6/30/2010	6/30/2014	6/30/2014
12	Years of Lease	2	4	4
13	Space Standards Check (sq. ft. per FTE/workstation)	311	273	498
LEASE COSTS - provided by 1st Party Landlord within the lease				
14	Base Lease Cost (annual per sq. ft.)	\$14.28	\$10.95	\$10.95
15	Real Estate Taxes	inc in base	inc. in base	inc. in base
16	Insurance	inc in base	inc. in base	inc. in base
17	Major Maintenance	inc. in base	inc. in base	inc. in base
18	Utilities - total			
19	Electricity	inc. in base	inc. in base	inc. in base
20	Gas	inc. in base	inc. in base	inc. in base
21	Water/Sewer/etc.	inc. in base	inc. in base	inc. in base
22	Trash Pickup/Removal	inc. in base	inc. in base	inc. in base
23	Custodial/Janitorial	inc in base	inc. in base	inc. in base
24	Pest Control	not included	inc. in base	inc. in base
25	Grounds Maintenance (inc. snow removal)	inc. in base	inc. in base	inc. in base
26	Common Area	inc. in base	inc. in base	inc. in base
27	Other Services - Bldg Operating Expense Stops	n/a	n/a	n/a
28	Parking	inc. in base	inc. in base	inc. in base
29	No. of Parking Spaces included	5	7	7
30	SUBTOTAL - Lease Costs w/o Additional Services	\$14.28	\$10.95	\$10.95
31	Additional Services - Square Footage of 1,350			\$0.00
32	SUBTOTAL - Additional Services	\$0.00	\$0.00	\$0.00
OTHER BUILDING OCCUPANCY COSTS - funded by State Agency separate from the lease				
34	Building Operating Cost (not included in base rent)			
35	Utilities - total (estimated)			
36	Electricity			
37	Gas			
38	Water/Sewer/etc.			
39	Trash Pickup/Removal			
40	Custodial/Janitorial			
41	Pest Control			
42	Grounds Maintenance (inc. snow removal)			
43	Parking			
44	No. of Parking Spaces included			
45	Other Services			
46	Total Other Bldg Optg Costs (not included in lease)	\$0.00	\$0.00	\$0.00
IMPROVEMENTS				
48	Improvements - lump sum payment			
49	Subtotal - Improvements	\$0.00	\$0.00	\$0.00
50	Annual Cost per Sq. Ft. (estimated)	\$14	\$10.95	\$10.95
51	Annual Cost (estimated)	\$26,604	\$17,958	\$17,958
52	Total Cost of Lease (estimated)	\$53,207	\$71,832	\$71,832

**Lease Comparison Sheet
Social and Rehabilitation Services**

April 28, 2010

A		B	C	D	E
		CURRENT LEASE	PROPOSED LEASE	Other State Leases	
GENERAL INFORMATION					
1	State Agency	SRS	SRS	Corrections	Kansas Department of Labor
2	Address	218 East Kansas	218 E Kansas	113 W 1st St.	901 Westchester
3	City Location (market)	McPherson	McPherson	Hutchinson	Salina
4	Building Name or Location (Landlord)	KANSA Development Corp.	KANSA Development Corp.	State Parole Office	901 Westchester
5	Lease Space (sq. ft.)	Office Sq. Ft. 3,675	3,675	2,925	2,798
6		Storage Sq. Ft.			
7		Total Sq. Ft. 3,675	3,675	2,925	2,798
8	Full Time Equivalency (FTE) employees/workstations	17	17	10	4
9	Lease Begin Date	7/1/2008	7/1/2010	9/1/2009	7/1/2010
10	Lease End Date	6/30/2010	6/30/2012	8/31/2014	6/30/2015
11	Years of Lease	2	2	5	5
12	Space Standards Check (sq. ft. per FTE/workstation)	216	216	293	700
LEASE COSTS - provided by 1st Party Landlord within the lease					
13	Base Lease Cost (annual per sq. ft.)	\$8.16	\$8.16	\$10.00	\$10.00
14	Storage				
15	Real Estate Taxes	in base w/stop	in base w/stop	inc. in base	inc. in base
16	Insurance	in base w/stop	in base w/stop	inc. in base	inc. in base
17	Major Maintenance	in base w/stop	in base w/stop	inc. in base	inc. in base
18	Utilities - total				
19	Electricity	not included	not included	Inc. in base	inc. in base
20	Gas	not included	not included	inc. in base	inc. in base
21	Water/Sewer/etc.	not included	not included	Inc. in base	inc. in base
22	Trash Pickup/Removal	not included	not included	inc. in base	inc. in base
23	Custodial/Janitorial	not included	not included	Inc. in base	inc. in base
24	Pest Control	not included	not included	Inc. in base	inc. in base
25	Grounds Maintenance (inc. snow removal)	not included	not included	inc. in base	inc. in base
26	Common Area	not included	not included	Inc. in base	inc. in base
27	Other Services - Bldg Operating Expense Stops	n/a	n/a	n/a	n/a
28	Parking	n/a	n/a	inc. in base	inc. in base
29	No. of Parking Spaces included	n/a	n/a	7	10
30	SUBTOTAL - Lease Costs w/o Additional Services	\$8.16	\$8.16	\$10.00	\$10.00
31	Additional Services - Security				
32	SUBTOTAL - Additional Services	\$0.00	\$0.00	\$0.00	\$0.00
OTHER BUILDING OCCUPANCY COSTS - funded by State Agency separate from the lease					
33	Building Operating Cost (not included in base rent)	\$0.75	\$0.75		
34	Utilities - total (estimated)				
35	Electricity	\$0.87	\$0.87		
36	Gas	\$0.21	\$0.21		
37	Water/Sewer/etc.	\$0.11	\$0.11		
38	Trash Pickup/Removal	\$0.19	\$0.19		
39	Custodial/Janitorial	\$2.17	\$2.17		
40	Pest Control				
41	Grounds Maintenance (inc. snow removal)	\$0.23	\$0.23		
42	Parking				
43	No. of Parking Spaces included				
44	Other Services				
45	Total Other Bldg Optg Costs (not included in lease)	\$4.52	\$4.52	\$0.00	\$0.00
IMPROVEMENTS					
46	Improvements - lump sum payment				
47	Subtotal - Improvements	\$0.00	\$0.00	\$0.00	\$0.00
48	Annual Cost per Sq. Ft. (estimated)	\$12.68	\$12.68	\$10.00	\$10.00
49	Annual Cost (estimated)	\$46,601	\$46,601	\$29,250	\$27,980
50	Total Cost of Lease (estimated)	\$93,201	\$93,201	\$146,250	\$139,900

Lease Comparison Sheet
Kansas Bureau of Investigation

April 28, 2010

A		B	C	D	E
		CURRENT LEASE	CURRENT LEASE	PROPOSED LEASE	Other State Lease
GENERAL INFORMATION					
1	State Agency	KBI	KBI	KBI	KDHE
2	Address	821 N Boradway	821 N Broadway	821 N Broadway	4033 Parkview Dr.
3	City Location (market)	Pittsburg	Pittsburg	Pittsburg	Frontenac
4	Building Name or Location (Landlord)	Creel Enterprises	Creel Enterprises	Creel Enterprises	Creel Enterprises
5	Lease Space (sq. ft.)				
6	Office/Lab Sq. Ft.	2,040	4,005	6,045	5,000
7	Storage Sq. Ft.	1,000	0	1,000	
8	Garage Sq. Ft.	918	0	918	
9	Total Sq. Ft.	3,958	4,005	7,963	5000
10	Full Time Equivalency (FTE) employees/workstations	10	6	16	14
11	Lease Begin Date	3/1/2000	7/1/2005	7/1/2010	1/1/2009
12	Lease End Date	6/30/2010	6/30/2010	6/30/2015	12/31/2013
13	Years of Lease	10.25	10	5	5
14	Space Standards Check (sq. ft. per FTE/workstation)	396	668	378	357
15	LEASE COSTS - provided by 1st Party Landlord within the lease				
16	Base Lease Cost (annual per sq. ft.)	\$8.96	\$6.36	\$8.75	\$9.69
17	Storage	\$0.00	\$0.00	\$3.75	
18	Garage	\$8.96	\$0.00	\$4.25	
19	AVERAGE SQUARE FOOT COST				
20	Real Estate Taxes	inc in base	inc in base	inc. in base	inc. in base
21	Insurance	inc in base	inc in base	inc. in base	inc. in base
22	Major Maintenance	inc. in base	inc. in base	inc. in base	inc. in base
23	Utilities - total				
24	Electricity	not included	not included	not included	Inc. in base
25	Gas	not included	not included	not included	inc.in base
26	Water/Sewer/etc.	not included	not included	not included	inc. in base
27	Trash Pickup/Removal	not included	not included	inc. in base	inc. in base
28	Custodial/Janitorial	not included	not included	not included	inc. in base
29	Pest Control	inc. in base	inc. in base	inc. in base	inc. in base
30	Grounds Maintenance (inc. snow removal)	inc. in base	inc. in base	inc. in base	inc. in base
31	Common Area	n/a	n/a	not included	inc. in base
32	Other Services - Bldg Operating Expense Stops	n/a	n/a	n/a	n/a
33	Parking	n/a	inc. in base	inc. in base	inc. in base
34	No. of Parking Spaces included	n/a	20	20	35
35	SUBTOTAL - Lease Costs w/o Additional Services	\$8.96	\$6.36	\$7.60	\$9.69
36	Additional Services - Security				
37	SUBTOTAL - Additional Services	\$0.00	\$0.00	\$0.00	\$0.00
OTHER BUILDING OCCUPANCY COSTS - funded by State Agency separate from the lease					
38	Building Operating Cost (not included in base rent)				
39	Utilities - total (estimated)				
40	Electricity	\$0.86	\$4.16	\$2.52	
41	Gas	inc. other lease	\$0.63	\$0.63	
42	Water/Sewer/etc.	inc. other lease	\$0.06	\$0.06	
43	Trash Pickup/Removal	inc. other lease	\$0.08	\$0.08	
44	Custodial/Janitorial	\$1.59	\$1.09	\$1.26	
45	Pest Control				
46	Grounds Maintenance (inc. snow removal)				
47	Parking				
48	No. of Parking Spaces included				
49	Other Services				
50	Total Other Bldg Optg Costs (not included in lease)	\$2.45	\$6.03	\$4.56	\$0.00
51	IMPROVEMENTS				
52	Improvements - amortized over lease period		\$3.89		
53	Improvements - lump sum payment		\$260,309.00		
54	Subtotal - Improvements	\$0.00	\$408,313.78	\$0.00	\$0.00
55	Annual Cost per Sq. Ft. (estimated)	\$11.41	\$16.28	\$12.16	\$9.69
56	Annual Cost (estimated)	\$33,764	\$65,193	\$96,800	\$48,450
57	Combined Leases Annual Cost		\$98,946		
58	Total Cost of Lease (estimated)	\$335,437	\$912,237	\$484,001	\$242,250