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JCSBC TESTIMONY
September 22, 2020

Office of the Kansas Attorney General
Topeka, Kansas

Bobby Kosmala
Deputy Director of Leasing & Real Estate
Office of Facilities & Property Management

My last presentation is for the proposed lease for the Office of the Kansas Attorney General in Topeka, Kansas.

Currently, the Office of the Kansas Attorney General (OAG) is centrally located in Memorial Hall - a building it shares with the Secretary of State - with additional space on multiple floors in the Landon State Office Building (first, second, fifth, sixth, tenth and storage on the eleventh) and one Division located in the Curtis State Office Building. As none of the current OAG locations can accommodate the Office of the Medicaid Inspector General (OMIG) in a single, contiguous location and the recently authorized increase in staff of the Medicaid Fraud Control Unit (MFCU) and there was no additional space becoming available in any of the current state office buildings, the OAG for the first time in a decade had to seek to lease space outside state ownership. A space search was conducted by the OAG, and DofA assisted in the leasing process and the lease for consideration before you regarding the seventh floor in the Mills Building was the result of that search.

The space presented for the committee's consideration will provide multiple advantages to the existing operational footprint for both the OMIG and MFCU. First and foremost, would be the ability to house both of these entities in a single space. Currently the OMIG staff is housed in two different locations in the LSOB because the lack of available contiguous space mentioned earlier. The MFCU is housed on the fourth floor of Memorial Hall in office space that was previously storage space and has no windows. Closely co-locating these two Divisions of the OAG, both of which oversee aspects of the Medicaid program, will produce efficiencies as they routinely interact with each other.

The OAG will work in combination with all parties to ensure the leased space is suitable for the specific needs of the MFCU and the OMIG and the unique requirements of each. The desired occupancy date is on or before April 1, 2021. The lease is for 12,260 square feet for a term of ten years. The OMIG will make up approximately 1,100 square feet, the MFCU will take up approximately 7,200 square feet, and the remaining approximately 3,900 square feet will be shared use space between the two divisions, floor entry common areas and restrooms. The initial base lease rate is \$14.50 per square foot and increases to \$16.50 per square foot in years nine and ten. Thereafter, two five-year renewal options are available, at the discretion of the Department; rates are to be determined. The OAG will make an initial payment of \$400,000 for MFCU space-specific layout and design, paid by a combination of 75% federal funding and 25% state match litigation recovery funding, to the Lessor for facility improvements and will work closely with the Lessor's contractor to ensure the leased space is suitable for the specific needs. The remaining balance of improvement costs estimated at \$550,000 will be amortized by the Lessor over the ten-year lease term. The proposed lease rate is within the market range of properties within the area. If the first five-year renewal option is exercised by the OAG, then the Lessor will paint and re-carpet the leased space at no additional cost to the OAG.

An energy efficient program has been completed through the EPA Energy Star Portfolio Manager, and the building received a better than average score.

The Department of Administration is supportive of this lease.

I am available to answer your questions as is a representative from the OAG. Thank you

Lease Comparison Sheet
Office of the Kansas Attorney General-Topeka
September 22, 2020

A	C
GENERAL INFORMATION	OAG LEASE (Proposed)
State Agency	OAG
Address	901 S. Kansas Ave.
City Location (market)	Topeka
Building Name or Location	Mills Bldg
Lease Space (sq. ft.)	
Office Sq. Ft.	12,260
Storage Sq. Ft.	0
Total Sq. Ft.	12,260
Energy Audit	Better than average
Full Time Equivalency (FTE) employees/workstations	27
Lease Begin Date	4/1/2021
Lease End Date	6/30/2031
Years of Lease	10.3
Space Standards Check (sq. ft. per FTE/workstation)	454
LEASE COSTS - provided by 1st Party Landlord within the lease	
Base Lease Office Cost (annual per sq. ft. average)	\$15.50
Storage (per sq. ft.)	
Real Estate Taxes	inc. in base
Insurance	inc. in base
Major Maintenance	inc. in base
Utilities - total	
Electricity	inc. in base
Gas	inc. in base
Water/Sewer/etc.	inc. in base
Trash Pickup/Removal	inc. in base
Custodial/Janitorial	inc. in base
Pest Control	inc. in base
Grounds Maintenance (inc. snow removal)	inc. in base
Common Area	inc. in base
Other Services - Bldg Operating Expense Stops	inc. in base
Parking	inc. in base
No. of Parking Spaces included	4
SUBTOTAL - Lease Costs w/o Additional Services	\$15.50
Additional Services	
SUBTOTAL - Additional Services	\$0.00
OTHER BUILDING OCCUPANCY COSTS - funded by State Agency separate from the lease	
Building Operating Cost (not included in base rent)	
Major Maintenance	
Electricity	
Gas	
Water/Sewer/etc.	
Trash Pickup/Removal	
Custodial/Janitorial	
Pest Control	
Grounds Maintenance (inc. snow removal)	
Parking (annual per sq. ft. average)	
No. of Parking Spaces included	
Total Other Bldg Optg Costs (not included in lease)	\$0.00
IMPROVEMENTS	
Improvements	\$0.63
Subtotal - Improvements	\$0.63
Annual Cost per Sq. Ft. (estimated)	\$16.13
Annual Cost (estimated)	\$197,753.80