

Office of Facilities & Property Management
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JCSBC TESTIMONY
September 22, 2020

Kansas Insurance Department
420 SW 9th St
Topeka, Kansas

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

I am providing an update on the proposed sale of the property located at 420 SW 9th Street in Topeka, Kansas. This property is owned by the Kansas Insurance Department (KID) and according to agency staff has been occupied since October 1991. After a request by the Kansas Insurance Commissioner, Vicki Schmidt, to declare the property surplus, the Department of Administration determined the property would be sold via public auction. A survey, a Phase 1 environmental assessment, and an appraisal were ordered and completed for the property.

The property built in 1924 formerly known as the Topeka Women's Club contains office, storage, and basement space. The three-story structure contains approximately 27,507 square feet on a site of 23,845 square feet (0.55 acres). According to the appraisal report completed in January 2020, the property is zoned O&I-2, office and institutional district.

The property was advertised for sale via the Kansas Register, the Department of Administration Listserv (direct email notification system) to approximately 300 registered participants, by the state contracted auctioneer via various mediums including newspapers, television, and radio, and signage posted on the building grounds. Additionally, two separate open houses were held prior to the auction for potential buyers to view the building and ask questions.

The property was appraised at \$1,160,000 and the highest bid at the public auction held on September 2, 2020, was \$535,000. The highest bidder, a private individual, presented the auctioneer/State of Kansas with a \$58,850 earnest money check to hold in escrow until the sale is approved by the State Finance Council.

The Insurance Department is still responsible for upkeep and maintenance until the building is sold. The estimated monthly expenses for utilities (electricity, gas, water & elevator phone line) is \$2,395 or \$28,741 annually. They typically budget \$35,000 for annual repairs, not including capital improvements, so the total annual cost would be approximately \$63,741 or \$5,312 a month. The Department of Administration also maintains the grounds.

The proceeds, minus fees paid by the Department of Administration, will be deposited accordingly per statutes. We plan to close on this property immediately, once we have received approval from the State Finance Council.

Thank you