

KALHD Lease Situation

Current Situation (LKM Building, Topeka)

- Annual rent is \$12,660.24 (\$1,055.02/month)
- Annual parking is \$1,080.00 (\$45/month/spot, 2 spots)
- Current direct space consumed: 453 sq. ft.

Notes: The Kansas Association of Counties (KAC) is who KALHD sublets from at the LKM (League of Kansas Municipalities) building across from the Capitol. Current KAC rent is \$14.50/sq. ft./year on a space of 4,940 sq. ft. KAC is in the process of determining if they will stay with LKM, as LKM indicated in 2018 a desire to raise the rent to \$15.50/sq. ft. and then to \$16.50/sq. ft. three years after the first change. LKM only leases whole floors out and cannot be negotiated with for a partial space to KALHD's knowledge.

Scenario 1 (KAC stays with LKM)

- KALHD can shrink its footprint and reduce the lease size. As KALHD staff works remotely most of the time already, the KALHD offices could double as storage space, thereby liberating space for KAC to lease to someone else.
- *Recommendation:* Ask for a total lease amount (parking excluded) of \$7,000/year. Parking to continue as-is at the current rate of \$1,080/year.
- Reviewing the current lease with KAC, the amount of direct space does not tie out at \$14.50/sq. ft. As such, while we would reduce direct space, we'd basically be demanding less communal space charges against KALHD. Based off conversation's with KAC's interim executive director I think this strategy has a high chance of success. KAC cannot afford the space without sub-letting it and they are very concerned about finding enough tenants. KAC is aware of KALHD considering going to full virtual officing and would likely make concessions to KALHD in order to keep some level of rent funding flowing in.

Scenario 2 (KAC moves to the KNEA Building)

- KAC staff wants to move.
- KNEA rent is \$10/sq. ft.
- There is room for KALHD. There would be a significant footprint reduction. KALHD would likely be given two cubicles rather than offices, plus some level of storage.
- *Recommendation:* Worth doing if under \$5000. If KALHD's current direct space was provided (453 sq. ft.) estimate would be under \$5,000.
- No parking costs at KNEA
- Note: moving and set-up expenses would hit in late 2019 to do this.



Scenario 3 (Fully Virtual)

- No rent costs. Will require KALHD to budget more significantly for Topeka travel, and parking around the city.
- Requires addressing a phone system change that can be provided as an office number, and some sort of postage arrangement.
- Moving costs associated with vacating the LKM space.
- Requires dealing with KALHD supplies (housing them). Possible penalties for breaking agreements (e.g., Canon copier lease).
- Requires budgeting for external production costs, mostly around MYM (e.g., Kinko's).
- *Recommendation:* Pursue only if Scenario 1 and 2 fail. While working remotely is not a problem for KALHD, going fully virtual raises a number of logistical challenges, and the initially apparent savings will be notably less once the travel impacts to reimburse for Topeka trips are factored in.

--Dennis Kriesel, KALHD Executive Director

