



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES**

ANDY BESHEAR
Governor

SAM RUTH
Commissioner

**Division of Real Properties
Bush Building, 3rd Floor
403 Wapping Street
Frankfort, Kentucky 40601
(502) 564-2205
Fax: (502) 564-8108**

HOLLY M. JOHNSON
Secretary

SCOTT AUBREY
Director

April 9, 2020

Senator Rick Girdler, Co-Chair
Representative Walker Thomas, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building, Room 34
702 Capital Avenue
Frankfort, Kentucky 40601

Dear Chairs Girdler and Thomas:

Thank you for allowing me to present agenda item 6 in writing today in lieu of reporting this lease modification in person during this difficult time.

Today I am reporting on a lease modification for the Transportation Cabinet in Warren County. Prior to this modification, the Transportation Cabinet, by and through the Finance and Administration Cabinet, entered into a lease agreement in March of 2019 at their current location. The owner spent approximately \$120,000.00 on improvements to the 1,726 square feet of space in order to meet their needs. The lease is being modified to accommodate additional staff in order to meet the federal Real ID Act requirements. There is no additional vacant space adjacent to their current space; however, the owner offered alternative space in the current facility to which they could relocate their existing office. The owner is estimating the fit up of this space to be approximately \$200,000.00. The new suite is 3,852 square feet and costs \$21.37 per square foot for a total annual cost of \$82,317.24 with a new expiration date of June 30, 2027.

Thank you again for allowing this alternative reporting. Please let me know if you or any of the committee members have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Scott Aubrey".

Scott Aubrey, Director
Division of Real Properties





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MEMORANDUM

TO: Katherine Halloran, Committee Staff Administrator
Capital Projects and Bond Oversight Committee

FROM: Brien S. Hoover, Leasing Manager 
Division of Real Properties

DATE: March 11, 2020

SUBJECT: PR-5574, Warren County
Transportation Cabinet
Lease Modification Exceeding \$50,000.00

As outlined, attached please find notification of a lease agreement modification being processed by our Division's Leasing Branch.

If you have any questions or require additional information concerning this matter, please advise.

BSH/bh

CC: Capital Construction Log
OSBD
PR-5574 File
BSH

Attachment

REPORT TO CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

LEASE MODIFICATION EXCEEDING \$50,000.00

Lease No.: PR-5574		County: Warren	
Using Agency: Transportation Cabinet			
LESSOR (identify all parties having 5% or more ownership): Attached extra sheet if necessary		Warren County Downtown Economic Development Authority	
Property Location: 360 East 8th Street, Bowling Green, KY			
Check One: <input type="checkbox"/> New Lease <input type="checkbox"/> Renewal <input checked="" type="checkbox"/> Modification			
Type Space: Office		Cost Per Square Foot: \$21.37	
Annual Rental Cost: \$82,317.24		Average Cost Per Square Foot of Leased-In Space in County: \$ 11.56	
Utilities Included: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Cancellation Clause:	<input checked="" type="checkbox"/> Yes If yes, explain terms: 30 Days		<input type="checkbox"/> No If no, explain why not:
Effective Date: To be determined		Expiration Date: June 30, 2027	
Justification for Lease: Please see attached			
Has the Finance & Administration Cabinet complied with statutory requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain:			
Explain why the Finance & Administration Cabinet chose this lessor (see attached approval memo and modification): Please see attached			



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MEMORANDUM

TO: Scott Aubrey, Director
Division of Real Properties

FROM: Brien S. Hoover, Leasing Manager 
Division of Real Properties

DATE: March 11, 2020

SUBJECT: PR-5574, Warren County
Transportation Cabinet

The Transportation Cabinet currently occupies 1,726 square feet of space leased at a rental rate of \$16.50 per square foot (\$28,479.00 annually), excluding utilities and janitorial services, with a term expiring June 30, 2026. The current leased premises was renovated for the Cabinet in 2019 and occupied on or about October 1. The Cabinet recently submitted a request to obtain supplemental and/or replacement space to accommodate implementation of the Real ID Act, same indicating a need for approximately 3,506 square feet. It should be noted that our space allocations are based on the employee classification and count; however, the Cabinet will utilize specially designed license issuance workstations. Space planning considerations relative to efficient functionality are therefore expected to result in square footage deviations that would warrant additional review in regular lease projects. We are noting the deviation herein in lieu of attempting to define a workstation specific space standard that will vary based on the actual dimensions of each proposed property. A review of properties currently leased by the Commonwealth indicated that suitable space to accommodate this request was available in alternate space in the existing leased facility. Subsequent to review of plans and specifications for the proposed supplemental space the lessor proposed to lease 3,852 square feet of space at a rental rate of \$22.99 per square foot (\$88,557.48 annually), excluding utilities and janitorial services. The lessor (i.e., Warren County Downtown Economic Development Authority) noted expenditures of approximately \$120,000.00 for the suite the Cabinet would vacate and anticipated expenditures in excess of \$200,000.00 for the proposed replacement space. Efforts to negotiate more favorable terms for the agency resulted in a proposal to reduce the proposed rental rate to \$21.37 per square foot and to extend the term through June 30, 2027. The Transportation Cabinet has accepted the revised terms described herein.

In accordance with applicable provisions of KRS 56.805(2), the attached lease agreement therefore provides for the \$4.87 increase in the per square foot rental rate; from \$16.50 to \$21.37; for the 2,126 square foot increase in the area under lease; from 1,726 square feet to 3,852 square feet; for the addition of fourteen (14) parking spaces; from six (6) to thirty (30); and for the addition of one automatic extension period resulting in the new final expiration date of June 30, 2027. Capital Projects and Bond Oversight Committee reporting is required prior to execution of the lease modification pursuant to applicable provisions of KRS 56.823(11). Your approval of the attached lease modification is recommended to secure appropriate supplemental/replacement space as requested by the Transportation Cabinet.

Should you require additional information, please advise.

JSA/BSH/BGR/br
Attachment

APPROVED:


Scott Aubrey, Director

COMMONWEALTH OF KENTUCKY LEASE MODIFICATION AGREEMENT

LESSOR	Warren County Downtown Economic Development Authority	PR NUMBER, COUNTY	PR-5574, Warren County
ADDRESS	1025 State Street Bowling Green KY 42101	VENDOR NUMBER	KY0048643
		AGENCY/DEPARTMENT	Transportation Cabinet
		DIVISION	Division of Drivers Licensing
		DATE	March 11, 2020
		BUILDING CODE #	91743001

1. Lease Agreement number PR-5574, Warren County, dated October 1, 2019, is hereby modified as set forth in Paragraph Two.

2. This Lease is modified as follows:

1. To increase the per square foot rental rate by \$4.87 per square foot; from \$16.50 per square foot to \$21.37 per square foot.
2. To increase the leased space by 2,126 square feet; from 1,726 square feet to 3,852 square feet; at the revised terms and conditions reflected herein, resulting in an annual rental increase of \$53,838.24 from \$28,479.00 to \$82,317.24.
3. To increase the number of parking spaces by 24; from 6 to 30 spaces.
4. To add one (1) automatic extension periods, at the revised terms and conditions, resulting in a new lease expiration date of June 30, 2027.
5. The effective date will be established by signature of the Director, Division of Real Properties, upon the modification once verification that all renovations have been satisfactorily completed is received.

3. All other terms and conditions of the lease remain unchanged.

4. The Lessor is required to sign this document and return all copies for further processing.

5. The Lessor certifies by his signature hereinafter affixed that he ("he" is construed to mean "they" if more than one person is involved; and, if a firm, partnership, corporation, business trust or other organization is involved, then "he" is construed to mean any person with an interest therein) is legally entitled to enter into contracts with the Commonwealth of Kentucky and that by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330 - 45A.340 or 45A.990) of the Executive Branch Code of Ethics, KRS Chapter 11A, or any other applicable statute or principle by the performance of this Lease, or will he realize any unlawful benefit or gain directly or indirectly from it. The Lessor further certifies that he has not knowingly violated any provision of the campaign finance law of the Commonwealth, and that by entering into this Lease Modification Agreement he will not be in violation of the campaign finance laws of the Commonwealth.

STATE LEASING AGENCY REPRESENTATIVE _____ Date _____

LESSOR _____ Date _____

ANALYST, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

ATTORNEY, FINANCE & ADMINISTRATION CABINET _____ Date _____

MANAGER, LEASING BRANCH, DIVISION OF REAL PROPERTIES _____ Date _____

DIRECTOR, DIVISION OF REAL PROPERTIES _____

SECRETARY, FINANCE & ADMINISTRATION CABINET _____ Date _____

APPROVED THIS _____ DAY OF _____, 20____

All correspondence and inquiries regarding this Lease Modification Agreement are to be directed to the Division of Real Properties, Suite 300, 403 Wapping Street, Frankfort, Kentucky 40601-2607, phone 502/564-2205. BGR

FILE COPY