**Minnesota HomeCare Association Office Space Proposal**

Jan and Kathy met with the LeadingAge CEO and Board Chair and have the following proposal for consideration.

**LEASE/RENT**

* MCCA (umbrella organization) is signing a 7 year lease and is requesting the same of MHCA.
* The space would be available for a late January or February move-in and our lease expires February 29th.
* This would include the space that was discussed (L-shape area, identified on attached blueprint). A building beam would prevent us from opening up the two smaller offices. The plan includes: using largest office for a small MHCA conference room (4-6 people) and possible work space. The smallest office could be used for touch-down/temporary office and storage (we currently have a storage closest in our conference room).
* A discounted rate had been on the table in the past because space was available. At this point in time, MHCA moving in will require additional space. MCCA is requesting that MHCA pay the same lease rate as MCCA (see comparison chart below). The actual cost would be split into a base (net) rate and an operational/tax rate that can fluctuate each year. We currently have the same split in our lease expenses but I have combined them for ease in comparison. The operational portion is usually fairly accurate.

**CONFERENCE ROOMS**

* MHA has begun utilizing Conference Room E more and is not willing to give MHCA full access. There is a building conference room on the first floor that would work for any/all of our meetings. It is on a first come first serve basis and we would be able to reserve the room 6 months in advance. We could reserve that room for most meetings and then switch to a MCCA conference room 30 days prior to meetings, if one is available. There is a chance that the first floor room will be utilized by another building tenant. This could also cause confusion among MHCA members – as we would be changing the room location often. This option would require that MHCA staff monitor the rooms 30 days prior to all of our meetings, which will be cumbersome and subject to error.

As for the conference space in the office suite, we have been given a few options:

* + Pay a fee that is based on our square footage within the office suite. Our share of the projected office space represents 3% of the total office suite. Using that ratio for the common areas, MHCA’s share would be 420 sq ft. Paying our full share for this space would be an additional $10,000/year. MCCA is willing to discount our share by 25%, bringing our “conference room” cost to $7,800. MCCA would provide us with priority reservations for board meetings but other meetings could only be booked 30 days in advance.
  + Pay by usage with a $50/hour fee. With the team meeting schedule changing, it’s difficult to determine how many hours would be needed, but it’s roughly 225 hours, bringing this cost to $11,250. All meetings would have the restriction of 30 days advance booking.

**OTHER COSTS**

* There would be one-time expenses that could be $20,000 (identified in chart below). This number is a rough estimate, as I have not priced out moving (contingent on what we move) and we do not yet know what office furnishings will be needed.
* MCCA would be partially subsidizing the hosted network and phone infrastructure, receptionist, production and webinar room for the first few years of the contract but would like to study the usage and re-visit this in 3 years. In the early years, MHA subsidized LeadingAge in a similar way. They then began paying according to usage, which would be the end goal. This leaves somewhat of an unknown during our 7 year lease. I recommend we ensure that there is language in the agreement that any change would need to be mutually agreed upon.
* It appears that some of the office furniture could remain but we should anticipate needing to purchase some office furnishings. Our current/large office desks would not fit into these spaces.
* With the office configuration, we may be able to avoid external storage (not confirmed).

**SAVINGS**

This proposal includes annual savings of approximately $21,000. Once re-negotiated in three years, that savings would diminish but would remain at approximately $15,000.

* Rental Rates (including some overhead) $4,500
* IT Support (hosted server, etc) $5,400
* Phone/IT Service $7,200
* Printer Lease/copying $3,900
* Postage Meter Lease $ 300

**TOTAL Annual Savings $21,300**

**OVERVIEW**

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| --- | --- | --- |
| **Expense** | **Wellington** | **MCCA** |
| **Lease**  *Leases include a base rate that is guaranteed in the contract and an operating expense that is based on actuals each year. These figures include the two combined.* | *1,675 square footage*  *(with add’l office)*  Year 1: $18.27 psf / $30,602   * $8.50 psf / $14,238 * $9.77 psf / $16,365   Year 2: $18.52 psf / $31,021  Year 3: $18.77 psf / $31,440  Year 4: $19.02 psf / $31,859  Year 5: 19.27 psf / $32,277 | 1,046 square footage (offices and 75% of shared common space)  *Year 1:* $24.73 psf $25,868   * $13 psf * $11.73 psf   Year 2: $25.20 psf $26,359  Year 3: $25.67 psf $26,851  Year 4: $26.14 psf $27,342  Year 5: $26.61 psf $27,834  Year 6: $27.08 psf $28,326  Year 7: $27.55 psf $28,817 |
| **IT/office services** | New Expenses:   * Furniture $3,000   (new office) | The following will be included in the above “lease package.”   * Hosted network infrastructure * Helpdesk (per hour charge for more than 15 minute increments) * Hosted phone service * Receptionist – phone triage * Production room overhead; we could pay a per copy expense.   Expenses not included in lease rate:   * Cost of build-out/office prep (should be minimal & MCCA may use some lease upgrade dollars for this) * Office furnishing (approximately $5,000; not yet fully researched) * PCs and computer equipment * Software ($1,100 one-time cost) * Phone equipment ($2,500 one-time cost) * Add’l voice mail licenses ($1,200) * Conference Call services (currently in our budget) * Moving expense (cost unknown) * Off-site storage, if needed |

**OTHER**

I have asked about the possibility of MHCA joining *The Imperative* in the future. This is a joint collaboration between LeadingAge and CareProviders that focuses on shared advocacy issues. I believe being a part of this coalition would reflect our desire to remain independent and would bring more voice to the table for Community and Home Based Services. LeadingAge is willing to bring this idea to *The Imperative* retreat in August.

**ACTION NEEDED:**

* Vote on whether or not to accept proposal and move forward with plans to co-locate with LeadingAge Minnesota and the MN Hospital Association.
  + Cost
  + Conference Room availability
* Discuss confidentiality and announcement timeline/steps.
  + Messaging: The savings is not as significant as once anticipated.
  + MHCA member communication – when and messaging
  + Other stakeholders

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