

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

February 7, 2008
Room 123-S—Statehouse

Members Present

Senator Dwayne Umbarger, Chairperson
Representative Joe Humerickhouse, Vice-Chairperson
Senator Pat Apple
Senator Greta Goodwin
Senator Laura Kelly
Representative Steven Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative Jo Ann Pottorff

Members Absent

Senator Stephen Morris - excused

Staff Present

Mike Corrigan, Office of the Revisor of Statutes
Audrey Dunkel, Kansas Legislative Research Department
Kimbra Caywood McCarthy, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Helen Abramson, Committee Assistant

Conferees

George Webb, Kansas Commission on Veterans' Affairs

Others Attending

See attached list.

The meeting was called to order by Chairperson Dwayne Umbarger at 12:25 p.m. on February 7, 2008 in Room 123-S of the Capitol.

Legislative Research Department staff presented an overview of the capital improvements for Kansas State University ([Attachment 1](#)), Kansas State University-Veterinary Medical Center ([Attachment 2](#)), and Kansas State University-ESARP ([Attachment 3](#)) for FY 2008 and FY 2009. For FY 2009 there are no requests as generally those moneys go into Kansas State University's main budget and are then distributed.

Looking at Kansas State for FY 2008, the agency estimates capital improvements expenditures of \$25.3 million, including \$189,446 from the State General Fund (SGF). There are about \$5 million in rehabilitation and repair projects. The estimate includes \$4.3 million for debt service principal payments and \$11.4 million for deferred maintenance projects, including \$9.1 million of the \$30.0 million appropriated by the 2007 Legislature for the Infrastructure Maintenance Fund.

The Governor concurs with the agency's estimate for FY 2008.

The agency requests FY 2009 capital improvements expenditures of \$12.3 million, including \$189,446 from the SGF. The request includes deferred maintenance projects totaling \$3.6 million, all from the Deferred Maintenance Support Fund. The request does not reflect funding from the Infrastructure Maintenance Fund or the Educational Building Fund. Those funds are appropriated in the Board of Regents budget, and then distributed to the institutions.

The Governor concurs with the agency request for FY 2009.

For the KSU Veterinary Medical Center, the agency estimates FY 2008 capital improvements expenditures of \$200,000 for deferred maintenance.

The Governor concurs with the agency estimate for FY 2008.

The agency requests no capital improvements expenditures for FY 2009. Capital improvements for this institution are instead included in the Kansas State University main campus budget.

The Governor concurs with the agency request for FY 2009.

For KSU-ESARP, the agency estimates FY 2008 capital improvements expenditures of \$2.4 million, split between debt service principal payments of \$1.4 million and deferred maintenance projects of \$1.0 million.

The Governor concurs with the agency estimate for FY 2008.

The agency requests no capital improvements expenditures for FY 2009. Capital improvements for this institution are instead included in the Kansas State University main campus budget.

The Governor concurs with the agency request for FY 2009.

Staff directed the Committee's attention to the document received yesterday from Eric King. There are two projects that were actually included in the Governor's budget that were on the document ([Attachment 4](#)). One is for improvements to Bramlage Coliseum and Bill Snyder Family Stadium. This is a \$45 million project that will be financed by revenue bonds to be repaid from athletics revenue and private gift funds. The Department of Intercollegiate Athletics will pay all

additional utilities, custodial, routine and special maintenance costs associated with the project. The other project is for enhancement of the Peters Student Recreation Center. This is a \$24 million project that will be financed by special revenue bonds to be repaid with a dedicated student fee. Consistent with Board policy, operating and maintenance costs associated with the addition will be funded by restricted fee revenue generated by the facility.

Representative Feuerborn moved that the Committee concur with the Governor's recommendations for FY 2008 and FY 2009 Kansas State University, Kansas State Veterinary Medical Center, and the Kansas State ESARP budgets. Representative Pottorff seconded. Motion carried.

Staff presented an overview of the State Hospitals and the Department of Social and Rehabilitation Services FY 2008 and FY 2009 capital improvement requests (Attachment 5).

The agency estimates \$7.7 million, including \$7.5 million from the State Institutions Building Fund (SIBF) for FY 2008 capital improvements. This amount includes \$3.0 million for debt service principal payments, \$1.4 million for rehabilitation and repair projects at state hospitals, and \$200,000 for rehabilitation and repair at the Chanute Service Center. In addition, the agency submitted a supplemental request for \$360,000 from the SIBF to expand the Larned State Hospital (LSH) Adult Treatment Center Building to replace the Hospital Building. The "Hospital" building at Larned State Hospital was, until recently, used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that the Hospital Building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated structural design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment. LSH has made adjustments in its Sexual Predator Treatment Program (SPTP) to temporarily free up space for the 19 patients served in the Hospital Building. However, these patients cannot indefinitely stay in space that will be needed by the ever growing SPTP. To address this eventuality, this supplemental was requested to plan a building addition to LSH's Adult Treatment Center to house and treat patients displaced from the Hospital Building. Construction funds are included as an FY 2009 enhancement request.

The Governor recommends FY 2008 capital improvements of \$7.3 million, including \$7.1 million from the SIBF. The recommendation is a decrease of \$360,000, or 4.7 percent, below the agency's estimate. The Governor does not recommend the agency's supplemental of \$360,000 to plan an addition to the Adult Treatment Center.

For FY 2009 the agency estimates \$21.0 million, including \$20.8 million from the SIBF for FY 2009 capital improvements. The agency submitted three enhancement packages which total \$16.2 million, all from the SIBF. The enhancements include:

- \$2.1 million, all from the SIBF, for State Hospitals' rehabilitation and repairs;
- \$8.9 million, all from the SIBF, for State Hospitals' major repairs and renovation. Items include projects that address critical health and safety issues identified by facility surveyors; replacement of 30-year-old heating, ventilation, and air conditioning units; and replacement of old, deteriorating low pressure steam lines with modern high pressure lines; remodeling residential cottages not included in earlier remodeling projects; and
- \$5.3 million, all from the SIBF, to expand Larned State Hospital Adult Treatment Center Building to replace the Hospital Building.

The Governor recommends \$4,730,500 for FY 2009 capital improvement expenditures. The recommendation is a decrease of \$2,578,685, or 35.3 percent, below the FY 2008 recommendation. The FY 2009 recommendation is a decrease of \$16,221,380, or 77.4 percent below the agency's request. The Governor's recommendation does not include any of the agency's enhancement requests but does include debt service principal payment, rehabilitation and repairs at state hospitals, and the Chanute Service Center repairs.

Discussion followed concerning the rollover of \$2,700,000 from FY 2007 to FY 2008 for the Osawatomie State Hospital remodel.

Vice-Chairperson Humerickhouse moved that the Committee concur with the Governor for FY2008 and FY2009 Social and Rehabilitation Services capital improvement request. Senator Kelly seconded. Motion carried.

Staff presented an overview of the Kansas Department of Labor's FY 2008 and FY 2009 capital improvement requests (Attachment 6).

The Kansas Department of Labor (KDOL) estimates FY 2008 capital improvement expenditures of \$263,316, a decrease of \$17,014, or 6.1 percent, below the approved amount. The reduction reflects Federal Reed Act funds totaling \$40,000 for general rehabilitation and repair of all KDOL buildings. The estimate also includes debt service principal payments totaling \$223,316. Of the debt service principal, \$155,000 is attributed to the 401 SW Topeka building remodel. The remaining \$68,316 is attributed to paying a Department of Administration lease for the equipment installed as part of the Eastman Building Phase I remodel. All expenditures in capital improvements for FY 2008 would be funded by special revenue funds.

The Governor concurs with the agency's current year capital improvement estimate.

The agency requests FY 2009 capital improvements expenditures of \$1,887,160, an increase of \$1,623,844, or 616.7 percent, above the revised current year estimate. The increase reflects \$40,000 for general rehabilitation and repair of all KDOL buildings. The estimate also included debt service principal payments totaling \$231,743. Of the debt service principal, \$160,000 is attributed to the 401 SW Topeka Building remodel. The remaining \$71,743 is attributed to paying a Department of Administration lease for equipment installed as part of the Eastman Building Phase I remodel.

The agency's request includes \$1,615,417 to move forward with Phase II of the Eastman Building remodel. Phase II consists of finishing the remaining portion of the sub-level, replacing windows, and re-roofing the building. The agency notes Phase II will be the final phase of the Eastman Building remodeling effort.

The Governor concurs with the agency's FY 2009 capital improvement request.

Committee discussion followed concerning Phase I and II of the Eastman Building which was remodeled for a call center.

Representative Grant moved the Committee concur with the Governor's recommendations. Senator Kelly seconded. Motion carried.

Staff presented an overview of the FY 2008 and the FY 2009 Kansas Commission on Veterans' Affairs (KCVA) for capital improvement requests (Attachment 7) as well as status reports of ongoing grant projects for the Kansas Veterans' Home, FY 2008-FY 2013 (Attachment 8).

The agency estimates FY 2008 capital improvement expenditures of \$9,913,791. The estimate included \$8,081,327 from federal funds and \$1,832,464 from the State Institutions Building Fund (SIBF). The capital improvement estimate is composed of:

- Veterans' Cemeteries
 - \$5,795,531 from the Veterans Cemeteries Federal Construction Fund to build the cemetery at Fort Riley. The construction is entirely federally funded, but the state will fund operating costs upon completion. The Fort Riley Cemetery is expected to be completed in FY 2009.

- Kansas Soldiers' Home
 - \$329,780 from the SIBF for the Kansas Soldiers' Home for various rehabilitation and repair projects.
 - \$20,000 from the SIBF for the Kansas Soldiers' Home to repair damage caused by a domiciliary fire. The funding will restore the entire domicile.
 - \$1,396,209 for the Backup Generator Grant for the Kansas Soldiers' Home. KCVA was awarded a federal grant July 2007. The funding will come from both federal funds, \$1,344,925, and SIBF, \$51,284.
 - \$32,500 from the SIBF to build a HIPAA compliant nursing station for the Kansas Soldiers' Home. This project is included as part of the renovation related to the Department of Administration task force.

- Kansas Veterans' Home
 - \$271,875 from the SIBF for the Kansas Veterans' Home for various rehabilitation and repair.
 - \$12,000 from the SIBF for the Kansas Veterans' Home for Emergency Exit sidewalks.
 - \$1,446,827 for the Kansas Veterans' Home for the Backup Generator Grant. KCVA was awarded a federal grant July, 2007. The funding will come from both federal funds, \$940,871, and SIBF \$505,956.

The Governor concurs with the agency estimate.

The agency requests FY 2009 capital improvement expenditures of \$1,155,911. The request includes \$500,000 in federal funds for the Veterans Cemeteries program for the cemetery at Fort Riley, while the remainder would fund general rehabilitation and repair for the Kansas Soldiers' Home and the Kansas Veterans' Home.

The Governor concurs with the agency's FY 2009 request and adds \$38,000 to replace carpet in a domiciliary in the Kansas Veterans' Home.

Staff said that the agency has requested \$125,000 for the cemetery enhancement program for operating expenses.

George Webb, Executive Director, Kansas Commission on Veterans' Affairs, remarked that the total budget for FY 2009 for all four cemeteries is \$720,000.

Senator Goodwin moved the Committee concur with the Governor's recommendation for FY 2008 and FY 2009. Senator Kelly seconded. Motion carried.

Committee discussion followed concerning the Expanded Lottery Act Revenue Fund.

Staff stated that the Joint Committee on State Building Construction expresses concern over the use of Expanded Lottery Act Revenue Fund (ELARF) dollars for debt service principal payments and capital improvements projects in the state. The ELARF is a new fund, and as such, revenue estimates for the Fund are little more than speculation. In addition, pending legal action regarding the Expanded Lottery Act casts further doubt on the revenue to the ELARF. Given these concerns, the Joint Committee on State Building Construction recommends the shift of expenditures from the ELARF to the State General Fund for the (agency's name) in FY 2009 and recommends review of this shift at Omnibus.

Chairman Umbarger remarked that the Committee's thoughts are that the Committee supports projects, but not the funding, subject to the House Appropriations and Senate Ways and Means committees specifying the type of funding.

Chairman Umbarger adjourned the meeting at 1:45 p.m.

Prepared by Helen Abramson
Edited by Audrey Dunkel

Approved by Committee on:

July 10, 2008

(Date)