

MINUTES

CAPITOL RESTORATION COMMISSION

September 3, 2009
Room 143-N—Statehouse

Members Present

Senator Stephen Morris, Chairperson
Representative Mike O'Neal, Vice-chairperson
Senator Anthony Hensley
Senator Laura Kelly
Senator Jay Emler
Representative Paul Davis
Representative Bill Feuerborn
Representative Ray Merrick
Representative Jo Ann Pottorff
Representative Arlen Siegfried
Carol Foreman, Department of Administration
(Representing Secretary of Administration Duane Goossen)
David Fritchen, Manhattan
Steve Porter, McPherson
Ronald Chandler, Salina

Members Absent

Senator Dwayne Umbarger
Representative Bob Grant
Representative Kevin Yoder
Dennis McKinney, State Treasurer

Staff Present

Jeff Russell, Legislative Administrative Services
Alan Conroy, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Gordon Self, Office of the Revisor of Statutes

Others Present

See attached list.

The meeting was called to order by Chairperson Morris at 9:06 a.m. Chairperson Morris called upon Barry Greis, Statehouse Architect, who introduced Don Heiman, the Legislative Chief Information Technology Officer (CITO). Mr. Greis noted that in addition to the duties of Legislative CITO, Mr. Heiman's duties included Capitol restoration oversight.

Mr. Heiman provided to Commission members resource materials which were referenced during his presentation on Capitol restoration oversight (Attachment 1).

Among the items referenced during Mr. Heiman's presentation were the "Project Oversight Objectives and Assessments." These were as follows:

- Ensure project is meeting stated goals and objectives;
- Ensure that project satisfies historic preservation guidelines and design requirements;
- Provide reports that properly measure the achievement of program goals to the Capitol Restoration Commission (CRC), the Legislative Coordinating Council, and Legislative and Executive Branch leadership;
- Make sure all stakeholders in the Legislative and Executive Branches comply with contracts; and
- Make sure all providers of services, including Treanor Architects, JE Dunn, DISC Telecommunications, and all vendors, comply with contract terms and applicable laws and regulations.

Individuals responsible for oversight must document allocation and use of resources. Documentation shows how well the project performs against budgets/schedules and how well program goals are achieved for preserving an historic structure. Oversight ensures that the building is properly designed and supports modern technologies for voice, data, and video.

Mr. Heiman continued his presentation by reviewing the "Assessments and Reporting by Individuals Involved in Oversight." The report indicates that those involved with oversight:

- Conduct a thorough assessment of the project to ensure the State and contract providers perform their roles and responsibilities as established by the CRC;
- Report and immediately correct deviations from standard industry practices; and
- Make sure that performance evaluations follow proper controls and include sufficient documentation to confirm controls are implemented regarding:
 - Contract changes;
 - Expenditure approvals and reporting;
 - Cost estimating throughout the design and build process (60 percent and 100 percent drawing completion benchmarks);
 - "Red line" drawings and punch lists for substantial completion;
 - Value engineering;
 - Progress reporting;
 - ADA compliance; and
 - Segregation of duties.

Mr. Heiman noted that he first reviewed contracts for the project in 2001. The contracts were amended with the assistance of staff of the Revisor of Statutes Office and brought into compliance with industry "best practices."

Mr. Heiman then reviewed the major components of each of the sections of Attachment 1. This included project manager roles and responsibilities, quarterly reports by deliverable, the time line by deliverable, an example of how an addendum or amendment approval is documented, a time line of inflation factors for construction materials, an expedited decision approval process, quarterly status reporting requirements, key legislative decisions for the Capitol restoration project, and information about the competitive bid process.

The Chairperson recognized Mr. Greis to review several issues regarding the restoration project. One issue was the total cost of the project. He noted that the total cost currently is \$249 million. Approximately 3.29 percent of the total is cost overrun through August of 2009. Another issue is "value added engineering" which describes items which are included with the project, but were not originally requested. Generally, these are items that are identified after the bids are let. A third issue was a legislative decision to provide for exceptions to the competitive bid process.

Mr. Greis concluded his presentation by reviewing questions and concerns contained in the last portion of Attachment 1. These concerns involved whether the architectural design and construction management contract were competitively selected. Mr. Greis explained that it was and described the process. He also explained how architectural and engineering fees were negotiated. Finally, Mr. Greis noted that the project not only involves restoration of the Statehouse, but also the addition of about 150,000 square feet of new space.

The Chairperson recognized Mr. Heiman to conclude the presentation. He stated that the project has been subject to ongoing Legislative and Executive Branch oversight. The Legislative oversight included:

- Contract amendments and compliance;
- Budget and expenditure reports;
- Sequence of work, debt service, and program statements;
- Contract change control;
- Cost estimates;
- Expedited decisions;
- Assessment and preservation of over 15,000 pages of documentation;
- Reports to Legislative Leadership and Executive Branch officials; and
- Telecommunications IT and data center project plans.

The Chairperson opened the floor to questions from the Commission members. One member asked if it was normal practice for state-funded projects to pay sales taxes. Mr. Greis responded in the affirmative and explained that in this way local units of government benefit from the project.

A member asked about the final phase of the project, and was told that in December bids will be accepted for the last phase.

A member asked about the chart showing construction inflation estimates. He wondered if there were any opportunities to take advantage of current prices which may be reduced due to the economy. Mr. Greis said there were opportunities to lock in advantageous prices on construction materials.

A member asked about items of expenditures that were approved by the Speaker of the House or the President of the Senate. The member was referred to the list in Section 7 of Attachment 1.

The Chairperson adjourned the meeting at 10:05 a.m.

Prepared by Raney Gilliland

Approved by Commission on:

December 10, 2009

(date)

50167-December 22, 2009 (2:00pm)