

Approved April 27, 2006

MINUTES OF THE JT. COMMITTEE ON STATE BUILDING CONSTRUCTION

The meeting was called to order by Chairman Joe Humerickhouse at 12:15 a.m. on January 17, 2006 in Room 123-S of the Capitol.

Members present:

Senator Dwayne Umbarger  
Senator Stephen Morris  
Senator Greta Goodwin  
Senator Pat Apple  
Representative Joe Humerickhouse  
Representative Steve Brunk  
Representative Melvin Neufeld  
Representative Bill Feuerborn  
Representative Bob Grant

Committee staff present:

Deb Hollon, Michele Alishahi, Legislative Research Department  
Jim Wilson, Mike Corrigan, Office of the Revisors  
Helen Abramson, Committee Secretary

Conferees appearing before the committee:

Mark Stock, Department of Administration  
Gerald Schneider, Department of Labor  
Keith Lawing, Department of Commerce

Others attending:

See Attached List

Chairman Humerickhouse called the meeting to order. The first order of business was the election of officers for 2006.

**Senator Apple moved to elect Senator Dwayne Umbarger as Chairman of the Joint Committee of State Building Construction. Representative Neufeld seconded. Motion passed.**

The newly elected Chairman opened nominations for Vice-Chairman of the Committee.

**Representative Grant moved to elect Representative Joe Humerickhouse as Vice-Chairman of the Joint Committee of State Building Construction. Representative Neufeld seconded. Motion passed.**

Staff distributed to Committee members copies of tentative Committee meetings to be held from 12:15 pm - 1:30 pm in Room 123-S. Dates selected were: February 6, 8, 9 and 13.

Staff also distributed to Committee members copies of change orders of less than \$75,000 during the month of December 2005 which have been approved by the Department of Administration.

Staff informed Committee members that the agenda item - State Park 24: Mike Hayden, Secretary, Department of Wildlife and Parks - has been deferred until a later time.

Mark Stock, Department of Administration, presented a 5-year lease for the Kansas Department of Commerce at a cost per square feet of \$10.95 for 15,817 square feet of office space at 150 North Main, Wichita, KS 67202 (Attachment 1)

Mr. Stock explained that the Kansas Department of Commerce (KDOC) is responsible to the U.S. Department of Labor for administration of the Workforce Investment Act (WIA) program in the State of Kansas. All Workforce Center operating costs are federally funded. WIA regulations require comprehensive One-Stop Workforce Centers in certain areas and that certain mandatory partners including KDOC be co-located in these One-Stop Centers. Wichita is one such area. The Workforce Alliance serves as the Local Workforce Investment Board (LWIB) for the Wichita area and manages the One-Stop Workforce Center including the location of the Center. The Workforce Alliance determined that the current location did not meet the needs of the mandatory partners and therefore was not adequate for a One-Stop Center. As a mandatory partner, failure to co-locate KDOC with the Workforce Center could result in the loss of \$20 million in federal funds to the State of Kansas. Using the required federal/state procurement process, the Workforce Alliance leased approximately 59,000 square feet at 150 N. Main as the location for the Wichita One-Stop Center and then subleases portions of this space to the mandatory partners including KDOC. This proposed lease represents KDOC's sublease with the Workforce Alliance. This sublease also includes all office furniture/furnishings and telecommunications equipment. KDOC is also relocating its Wichita Business Development and Trade Division office to this location resulting in the addition of the three FTE.

The current facility is owned and partially occupied by the Kansas Department of Labor. Department of Labor is in the process of developing a strategy for the future use/occupancy of this facility. Currently the KDOC occupies 11,000 square feet at 402 East 2<sup>nd</sup> in Wichita. The actual lease called for 22,615 square feet, but part of that space is sub-let to agency partners for the one-stop shop. There is an increase in rent cost to the agency. The current lease calls for them to pay 62 percent of the building cost. The Department of Commerce's business development trade office formally located in Sutton Place will be moving to this location. There are 158 parking spaces at the new location.

The renewal option for the proposed sub-lease is for two one-year options at the same terms and conditions as the five-year lease. There is a 180 day notice for an early termination. The location of the one-stop Workforce Center is dictated by the local Workforce Investment Board. They have the regulatory authority from the federal government as to the locations. The KDOC doesn't have an option for other locations. According to the federal requirements, even

though there is an increase in the cost, they have to pay 100 percent of that. The Kansas Department of Labor at 402 East 2<sup>nd</sup> is aware of the sub-lease and that the Department of Commerce is moving out of their location.

Representative Neufeld remarked that he and Representative Brunk personally inspected the Wichita facilities in question. It became apparent that the exit strategy for the Department of Labor is to find something else as this building is a liability on the state rolls. Also, the building should be sold before new roofs are installed.

Gerald Schneider, Fiscal Officer, KDOL, stated that, when property purchased with federal funds is sold, the agency is required to put the funds into acquisition of a new building or else the proceeds go back to the federal government.

Mr. Stock replied that the Department of Labor's current operating cost is about \$3.24 a square foot, however, part of the building can be shut off and utilities closed down to bring down the total cost. Then, in a year's time, the KDOL could do something different. One option would be to do a backfill, but there are some federal requirements as to who could occupy the space. The KDOL indicated they would probably part with the property.

Representative Brunk said it was his understanding there would be some kind of proposal presented that would move everybody out of the older building on East Second Street. Mr. Stock replied that he didn't know of such a plan and it was his understanding that the KDOL thought it was going to be much cheaper to stay put. Rep. Brunk said it seems logical to move the remaining people out of the 2<sup>nd</sup> Street Building into the Commerce Building and fill it up. That way the state is not operating two separate building and two different leases.

Keith Lawing, Executive Director of the Workforce Alliance, stated that they do have a memorandum of understanding with the Department of Labor that they are not going to physically relocate staff, but they will have access to the U.I. Call Center. Workforce Alliance will be training staff so that questions about unemployment insurance can be answered.

Representative Humerickhouse moved for Committee's recommendation to approve the 5-year lease for the Kansas Department of Commerce at 150 N. Main, Wichita, KS for Workforce Alliance of SCKs. Representative Grant seconded

Discussion continued about the committee's comfort level with the proposed lease.

Representative Brunk said he wanted a specific proposal before the end of the 2006 session that would deal with the disposition of the 2<sup>nd</sup> street building in order that resources could be pooled so that the state is not operating out of two separate buildings.

Representative Humerickhouse moved a substitute motion for Committee's recommendation to approve the 5-year lease for the Kansas Department of commerce at 150 N. Main, Wichita, KS for Workforce Alliance of SCK's with the provision that the Department of

Labor provide plans to the Committee prior to the first adjournment of the 2006 legislature session for future use of the building. Representative Grant seconded. Carried.

Mr. Stock presented a lease for the Department of Corrections for a location in Kansas City, KS. It is an eight-year, 6,808 square foot lease for \$11.00 per square foot for years one and two; \$11.50 per square foot for years three and four, \$12.00 per square foot for years five and six, and \$13.00 per square foot for years seven and eight. Improvements and telephone is estimated at \$26,875.00 (Attachment 2).

With the original lease set to expire on June 30, 2004, DOC published an advertisement for space in the Kansas City Star on February 12, 13, and 14, 2004. Two proposals were received, however, one was rescinded by the prospective bidder. The remaining proposal was from the former (at that time current) landlord. Negotiations ensued with this landlord and continued after the lease expiration of 6/10/04; which put DOC in a month-to-month tenancy during negotiations. During this time the Consolidated Government of KCI/Wyandotte County was considering the former/current location as a potential site for the Children's Campus Project (ultimately another site was selected) which delayed negotiations for a period of time. Negotiations failed and reached an impasse in April 2005. DOC then started looking for other alternative space. On April 16, 2005 the former/current landlord sent at 30-day eviction notice to DOC for them to vacate by May 26, 2005. The South 18<sup>th</sup> Street Building was identified as a possible location for immediate occupancy. On May 24, 2005, the DOC moved to this location under a temporary lease while details of a long term lease were negotiated. The temporary lease is currently in effect until the long term lease is approved.

Discussion followed concerning the length of this lease without any termination. In response to a question, the conferee remarked that the length and term of the lease were due to intense negotiations as the landlord wanted a higher price.

Representative Feuerborn moved for Committee's recommendation to approve the 8-year lease for the Department of Corrections at 155 S. 18<sup>th</sup> St., Kansas City, KS. Senator Goodwin seconded. Carried.

Representative Grant moved to approve the November 2005 Building Committee minutes. Senator Apple seconded. Carried.

Chairman Umbarger announced that the next meeting will be January 24, 2006. At that time, the Committee will hear a presentation from the Kansas Wildlife and Parks and also state agencies will present their requests for capital improvement projects for FY 2006 and FY 2007.

Prepared by Helen Abramson, Committee Secretary  
Edited by Deb Hollon, Legislative Research  
Department