

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

July 18-19, 2007
Room 123-S—Statehouse

Members Present

Representative Joe Humerickhouse, Chairman
Senator Dwayne Umbarger, Vice-Chairman (July 19)
Senator Pat Apple
Senator Greta Goodwin
Senator Laura Kelly
Senator Stephen Morris
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative Jo Ann Pottorff

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Helen Abramson, Committee Secretary

Conferee

Bill Shafer, Kansas Department of Labor
Terry Marmet, Kansas State Historical Society
Bob Maile, School for the Deaf
Bob Shaumeyer, School for the Blind
Madeleine Burkindine, School for the Blind
George Wells, Kansas Commission on Veterans' Affairs
Kafer Peele, Kansas Commission on Veterans' Affairs
Jim Hays, Kansas Veterans' Home
Bill Ramsey, Kansas Soldiers' Home
Sabrina Wells, Kansas Insurance Department
Russell Jennings, Juvenile Justice Authority
Richard Gaito, Department of Administration

Mark Stock, Department of Administration
Mack Smith, Board of Mortuary Arts
Carla Bishop, Kansas State University
Jim Moyer, Department of Social and Rehabilitation Services
Sheryl Weller, Kansas Highway Patrol
Joe Fund, Kansas Water Office
Trudy Benjamin, Emporia State University
Gary Hibbs, Department of Administration
Eric King, Kansas Board of Regents
Marilyn Jacobsen, Department of Administration

Morning Session

The meeting was called to order in Room 123-S at 8:10 a.m.

Mike Corrigan, Revisor of Statutes Office, reviewed a memorandum to the Joint Committee on State Building Construction (Joint Committee) from Jim Wilson, First Assistant Revisor of Statutes, that summarizes selected Kansas statutes which prescribe or relate to the powers, duties, and functions of the Joint Committee ([Attachment 1](#)). Topics included creation and organization, duties and responsibilities, advising and consulting with the Joint Committee as a condition precedent to some action, appropriation bill provisos, and other selected Kansas statutes.

Committee discussion followed concerning:

- Revenue in the Construction Defects Recovery Fund;
- The Joint Committee's responsibility to send annual reports to the Legislature through the Legislative Coordinating Council and other special reports to committees of the House of Representatives and the Senate as appropriate;
- Advising and consulting with the Joint Committee as a condition precedent to some actions;
- Provisos;
- Change orders for the Capitol Restoration Project; and
- Procedural consistencies.

Senator Morris requested that the Division of Facilities Management, Department of Administration, provide a list of cost overruns of the Capitol Restoration projects at the next Joint Committee meeting.

As a resource, Legislative Research staff distributed a summary of the Joint Committee's annual time line showing month-by-month events ([Attachment 2](#)).

Revisor of Statutes staff presented a memorandum to the Committee concerning statutory review provisions. KSA 75-3765(b) addresses state leases for more than 10,000 net assignable square feet or for a term longer than 24 months that cannot be entered into or approved by the

Secretary of Administration, unless the Secretary of Administration has first advised and consulted with the Joint Committee (Attachment 3).

Revisor of Statutes staff informed the Joint Committee that the Committee's motions should be worded as "passed out favorably" rather than "approved."

Legislative Research Department staff reviewed the Joint Committee's responsibilities under 2007 HB 2237, which created both the State Educational Institutions Long-Term Infrastructure Maintenance Program and the Postsecondary Educational Institution Infrastructure Finance Program (Attachment 4). The first program creates the mechanism for reporting and expenditure of appropriated funds to address deferred maintenance at the state universities. The second program provides for reporting and distribution of bond funds to Washburn University, as well as the state community colleges and technical colleges. Both programs include new responsibilities for the Joint Committee to review and oversee deferred maintenance of post secondary educational institutions, in addition to the Committee's existing statutory mandates.

The State Educational Institution Long-Term Infrastructure Maintenance Program requires the presentation of three types of reports to the Joint Committee for review. The three reports are:

- A quarterly report prepared by the Board of Regents (BOR) which outlines progress during the quarter toward reducing the building and infrastructure maintenance backlog;
- A biennial inventory report of buildings and utilization; and
- A biennial report concerning deferred and annual maintenance of buildings and infrastructure at each state education institution. These reports are due in January of 2009.

In addition to the reports, the BOR is required to advise and consult with the Joint Committee on each deferred maintenance project. Financing for deferred maintenance projects cannot be approved by the BOR unless they have been reviewed by the Joint Committee. The state universities can make no expenditures of funding provided by the program without review by the Joint Committee.

The third requirement under the program is that the Joint Committee must develop recommendations for a plan for the management and oversight of projects financed under the program. These recommendations must be submitted to the President of the Senate and the Speaker of the House on or before January 14, 2008.

The Postsecondary Educational Institution Infrastructure Finance Program requires a report by the BOR to the Joint Committee on or before January 14 of each year.

The Joint Committee has an additional responsibility under 2007 HB 2237. The bill creates a system of tax credits, beginning in tax year 2008 and ending in tax year 2012, for contributions earmarked for deferred maintenance at state universities, certain capital improvements at community colleges, and deferred maintenance and certain technology or equipment at technical colleges. New funding leverage with the tax credits by the state universities cannot be expended without review by the Joint Committee.

Legislative Research Department staff reviewed the State Educational Building Fund, the State Correctional Institutions Building Fund and the State Institutions Building Fund as of July 18, 2007 (Attachments 5, 6, and 7).

Bill Schafer, Budget Director, Kansas Department of Labor (KDOL) presented testimony regarding the sale of Wichita's KDOL local office that previously housed the Unemployment Insurance Call Center staff, appeals staff, and tax auditors, and which was previously brought before the Joint Committee (Attachment 8). In the past, when KDOL sold buildings that had federal equity, the equity from the building had to be used to purchase more space or build new office space within a year. Congress passed and the President signed Public Law 110-005 earlier this year. This law amended Section 193 of the Workforce Investment Act of 1998 to allow transfers to the states of the federal equity in real property that was acquired through Unemployment Insurance and Wagner-Peyser grants. The amendment states that disposition of property shall be carried out in accordance with procedures prescribed by the United States Secretary of Labor. KDOL is still waiting for the procedures for disposition. The equity will be able to be used for unemployment insurance administration purposes only.

Representative Feuerborn moved that the Committee pass out favorably the sale of the Kansas Department of Labor's local office in Wichita. Representative Pottorff seconded the motion. The motion carried.

Mr. Schafer presented the five-year (FY 2009-2013) capital improvement budget plan for KDOL (Attachment 9). Two items were listed for FY 2009: \$40,000 for rehabilitation and repair and \$1,615,417 funded by Reed Act funds for the second-phase renovation of the Eastman Building located on the State Hospital Grounds. This renovation will allow KDOL to move additional agency staff from leased space to agency-owned space.

Terry Marmet, Director of Historic Sites and Facilities, Kansas State Historical Society (KSHS), presented written testimony from Jennie Chinn, Executive Director of KSHS, (Attachment 10) and the agency's five-year (FY 2009-FY 2013) capital improvement budget plan (Attachment 11) together with a power point presentation.

Two items were very important in guiding the agency's capital improvement requests. The agency hired an engineering company to complete an engineering systems survey and plan. The study evaluated conditions of the entire heating, ventilating, air conditioning, electrical, lighting, plumbing, and other engineered systems, and recommended repairs or replacement, provided estimated costs, and prioritized projects. As a result, the Legislature appropriated funds to replace the roof, install a new cooling tower, and replace contaminated ducts in the museum.

Also, KSHS contracted with the Kansas Division of Facilities Management (DFM) to provide a similar engineering systems survey and plan that will analyze conditions and make recommendations for repairing or replacing engineered systems at the historic sites. The engineering recommendation will be combined with the architectural projects priorities in November 2007 and KSHS will be able to provide the integrated information during the 2008 Legislative Session.

Director Marmet updated the Joint Committee on current historic site projects in process, as follows:

- Raised more than \$1,200,000 of non-state funds to match \$100,000 of state funds for completion of the exterior restoration of the buildings and completion of the

interior rehabilitation of the east and north buildings to make site accessibility improvements at Shawnee Indian Mission;

- Raised \$330,000 of non-state funds to match \$4,500 of state funds for restoring the exterior and rehabilitating the interior for exhibit space at the Fort Hays Guardhouse;
- Raised more than \$300,000 of non-state funds to match \$30,000 in state funds for completion of the exterior restoration and rehabilitation of the interior at Grinter Place;
- Used \$632,248 of state funds to replace the roof cooling tower, and contaminated duct work at the Kansas Museum of History; and
- Used \$43,500 state funds for restoration of the exterior of the house in progress at Marais des Cygnes Massacre.

Director Marmet noted that there are over 50 projects shown on the five-year capital budget plan as a result of the intensive architectural study for Kansas historic sites and the Topeka facility. Many of the project requests will be privately funded. The total plan estimates that the agency would like to spend \$18.0 million over the next five years, of which almost \$10.5 million is for expansion to the museum. KSHS is committed at this time to raise at least 50 percent of the \$10.5 million in private funds. The agency requests \$1,157,720 for FY 2009; \$853,520 funded by the State General Fund (SGF) or \$615,335 SGF by deferring 50 percent of the funding for the museum humidification system to FY 2010 and \$304,200 non-state funds (plus \$20,000 in the current fiscal year). The top priorities requested in FY 2009 that would be funded from the SGF are:

- \$125,000 for ongoing emergency repairs;
- \$93,275 for the Goodnow House exterior, structural stabilization;
- \$61,500 for the Goodnow House interior, finishing restoration; and
- \$476,370 for the Kansas Museum of History humidification system.

Director Marmet updated the Committee on the Grinter House.

Chairman Humerickhouse recessed the Committee at 11:50 a.m. until 1:30 p.m.

Afternoon Session

Chairman Humerickhouse called the meeting to order at 1:30 p.m.

Legislative Research Department staff distributed a list of the 2007 interim topics approved by the Legislative Coordinating Council (LCC) and a schedule of the meetings dates (Attachments 12 and 13). The Joint Committee requested 13 days; however, the LCC only authorized eight days.

The Joint Committee proposed that the September 26 and 27 days be dropped from the Joint Committee's tentative schedule. Also, Chairman Humerickhouse instructed the Legislative Research Department staff to request from the LCC three additional interim meeting days. The requested three meeting days will cover the unexpected Joint Committee meeting held in June 2007 and allow for

two days of additional meetings, because the LCC gave the Joint Committee two extra assignments. These two assignments concern the state's process for estimates and bids for building renovations, including the BOR's deferred maintenance and repair program, and to conduct a study of fees for engineering and architectural services on state improvement projects, including the effect of increasing cost of construction.

Bob Maile, Superintendent, School for the Deaf, presented the agency's five-year (FY 2009-FY 2013) capital improvement budget plan including a schematic design plan of the first, second, and third floors of the west wing of the Roth Administration Dormitory building renovation ([Attachment 14](#)). Project requests for FY 2009 totaling \$1,031,787 include:

- Architects' fees, electrical utility distribution upgrades, and removal of asbestos and lead paint for the Roth Administration west dormitory renovation; and
- Routine rehabilitation and repairs (fire and safety code compliance).

Superintendent Maile informed the Joint Committee that the present day occupancy is 40 to 50, but if one more floor was added it would accommodate 18 more students. The school is also used for the summer program and special training seminars; tuition fees apply for non-School for the Deaf students.

Bob Shaumeyer, Business Manager, School for the Blind, introduced Madeleine Burkindine, the new Superintendent of the School for the Deaf.

Mr. Shaumeyer presented the agency's five-year capital improvement budget plan (FY 2009-FY 3013) and reviewed the current fiscal year projects ([Attachment 15](#)).

For FY 2008, major maintenance project requests for \$70,823 were approved and the agency is currently working with architectural services regarding the \$83,263 re-roofing of the Brighton Building. The underground drain installation project for \$57,150 was approved for FY 2007 and the preliminary contract was approved just prior to the end of the fiscal year, so a portion of that will already be expended and some will be carried over.

Capitol improvement requests for FY 2009 include \$74,361 for major maintenance and \$219,472 for a proximity-card access system. Because of the multiple key systems on campus and the number of visitors, it is very difficult to keep doors locked and unlocked when people need access. This project will entail some computer work (hardware and software). It will allow the teachers, and in some cases students, to have access to these buildings without leaving everything open. A multiple key system also will allow for an immediate campus-wide lock down in case of emergencies. In the out years, the agency's requests are for a driveway replacement and re-roofing of the maintenance, health center, and Johnson buildings.

Mr. Shaumeyer remarked that there is no waiting list for students and the present population is 55 to 60. There is physical space for more students; however, with any population increase, the present 148 staff members also would need to be increased.

George Webb, Executive Director, Kansas Commission on Veterans' Affairs (KCVA), stated there are three areas in the KCVA (Veterans Cemetery Program, Kansas Soldiers' Home, and the Kansas Veterans' Home) which interact with the Joint Committee. The KCVA has reviewed and approved the five-year (FY 2009-FY 2013) capital budget plan ([Attachment 16](#)).

The Fort Riley Cemetery is on track and the Kansas Soldiers' Home is progressing, but old facilities will always need aggressive maintenance and the Kansas Veterans' Home is getting ahead of the power curve. Federal grants for the homes ranked 4th, 9th, and 13th by the United States Department of Veterans Affairs (VA) out of 160 nationwide. One Kansas Soldiers' Home grant has bids exceeding approved estimates. There is a great partnership with the Division of Facilities Management on grants.

Kafer Peele, Cemetery Program Director at KCVA, updated the Joint Committee on the cemetery project. Cemeteries at WaKeeney and Winfield are operating without any need for State Institutions Building Fund funding. Regarding the Kansas Veterans Cemetery at Fort Riley, the construction-for-bid documents were forwarded to the VA for approval and a response is expected by the end of July 2008. Bids will be accepted in late August or September 2008 with construction to start in September or October 2008. The construction process will last about 12 months. The project is estimated at \$6.8 million, with \$5.8 million to be spent in 2008 and \$500,000 in 2009. All of this is federal dollars, no state dollars, to build and construct a cemetery or to buy the equipment or become operational. Once the cemetery is opened, it needs to be operated and maintained. The planning dollars of \$455,000 furnished by the state will be returned to the state once the construction project is finished.

Mr. Peele noted that funding fell through last year at the VA level for the project to repair the old stone wall around the Fort Dodge Cemetery. Presently, funding is being sought to repair the wall. Recently, a review package was presented to the Kansas Historic Sites Board for nomination to have the wall placed in the *Register of Historic Kansas Places*. The meeting will take place in August 2007. If it is nominated as a Kansas historic site, it will open up some doors for funding to repair the wall.

Jim Hays, Superintendent, Kansas Veterans' Home, Winfield, presented the Veterans' Home five-year (FY 2009 - FY 2013) capital improvement budget plan ([Attachment 17](#)). Superintendent Hays reviewed various grant requests that are federally and state funded.

The Veterans' Home rehabilitation and repair item requests, totaling \$540,380 for FY 2009, were as follows:

- \$25,000 for possible inflation amounts for a pneumatic control replacement that was requested last year;
- \$38,000 for replacement of carpet with tiles in Peden Wing; and
- \$52,531 for preventative and emergency repairs.

Cost of rehabilitation and repair items for FY 2008 was much higher than for FY 2009 and is expected to remain on a downward glide path, as no major mechanical, plumbing, or electrical upheavals are anticipated in the out years.

Since 1988, the Veterans' Home strategy has been to take advantage of the VA federal grants and the grants awarded to the Veterans' Home have saved the state almost \$15.0 million dollars.

Superintendent Hays remarked that under the current situation, the Veterans' Home receives back-up power from the Department of Corrections and also, all the utilities are paid by them. The Veterans' Home's existing back-up generator is very small and only powers the telephones and some lights, but cannot power up the HVAC systems. The Department of Corrections is going under a

power redistribution project. They will continue to provide the Veterans' Home's power but they cannot provide the emergency back-up power needed for the HVAC systems.

Bill Ramsey, Superintendent, Kansas Soldiers' Home, Fort Dodge, presented the Soldiers' Home's five-year (FY 2009-FY 2013) capital improvement budget plan ([Attachment 18](#)).

For FY 2007, the Kansas Soldiers' Home request for capital improvements was for a back-up generator that was budgeted for \$617,500, but the bids came in higher at \$764,026 ([Attachment 19](#)). The project now is over budget by \$146,526. For FY 2008, the Kansas Soldiers' Home requests an additional \$51,284 to meet the 35 percent state funding for higher back-up generator requirements and \$20,000 for fire damage in a cottage. Superintendent Ramsey presented background information on the cottage fire. The federal funding for the additional costs of \$95,242 for the generator project have been approved.

Capital improvement repair and rehabilitation request for FY 2009 totals \$540,380 for:

- Major routine maintenance;
- Street replacement work;
- Air conditioning and heating for the Post Office;
- Stone wall (tuck pointing) and foundation repair;
- Heating system for the Storeroom/Carpentry Shop;
- Domiciliary room bathroom remodeling;
- Roof and guttering replacement for Pershing Hall; and
- Engineering study on the waste water collection system.

Superintendent Ramsey informed the Joint Committee that in FY 2010, another Health and Safety Matching Grant will be proposed for \$4,810,63 for the Kansas Soldiers' Home; however, the amount is contingent upon the information that is received from the architectural engineering study. If the grant is approved, there will be a federal match.

Superintendent Ramsey remarked that there are 100 buildings on the Soldiers' Home campus, almost all of which are in use. The present occupancy is 186. He also explained the criteria for admission to the Soldiers' Home.

Sabrina Wells, Director of the Financial Services Division, Kansas Insurance Department, presented the agency's five-year (FY 2009-FY 2013) capital improvement budget plan ([Attachment 20](#)). The request for FY 2009 for building rehabilitation and repairs projects, and ongoing maintenance was \$60,000 and for debt service \$123,054. There are two components to the request that remain the same throughout FY 2013. About one and one-half years ago, a new HVAC system was installed that much improved the air quality of the building for the employees. Energy savings are about \$6,000 yearly and the comfort level flexibility is great.

Another rehabilitation and repair project the Insurance Department is planning on completing is a brick retaining wall around the building. The wall was commenced but ceased when it was thought that the City of Topeka was going to do something with Ninth Street, but did not. The wall will keep the lawn from washing down onto the sidewalk. The Insurance Department also is considering a second women's restroom on the first floor. A new relay system is needed on the elevator.

Russell Jennings, Commissioner, Juvenile Justice Authority (JJA), presented the agency's five-year (FY 2009-FY 2013) capital improvement budget plan ([Attachment 21](#)). For FY 2009 requested projects totaled \$219,000 for:

- Phase II upgrade HVAC controls in school, activity therapy, and dietary;
- Installation of additional security lighting; and
- Phase IV for repaving of roads, Sycamore section.

Commissioner Jennings also requested the razing of two Topeka JJA dorms (Arapaho/Cheyenne and Chippewa/Jayhawk living units) which the Joint Committee toured last month, and the razing of the Atchison Juvenile Correction Facility maintenance building ([Attachment 22](#)). The maintenance building is currently being used for storage, since it is a safety hazard. Construction process of the new maintenance building is ongoing with bids to be received in the near future.

Representative Grant moved that the Committee pass out favorably the razing of the dorms at Topeka Juvenile Correctional Facility and the maintenance building at the Atchison Juvenile Correctional Facility. Representative Pottorff seconded the motion. The motion carried.

Discussion followed concerning the juvenile occupancy of each juvenile correctional facility. Commissioner Jennings stated that the present total capacity of four juvenile facilities is 714 males and 100 females. Should there be any kind of disaster that would cause a facility to be uninhabitable, there would be bed capacity in the old campus capable of absorbing the youths by the use of cots from any of the other three facilities. Also, Commissioner Jennings informed the Joint Committee that the old Topeka JJA dorms are being maintained minimally to ward off mold and further deterioration.

Chairman Humerickhouse recessed the Committee until 9:00 a.m. July 19, 2007.

July 19 Morning Session

Chairman Humerickhouse called the meeting to order at 9:10 a.m. and recognized Richard Gaito, Deputy Director, Division of Facilities Management, Department of Administration (DOA), who introduced Mark Stock, Real Estate Manager for the DOA.

Mr. Stock presented testimony and a power point presentation of the modified real estate training process regarding leases. Copies of the Department's real estate leasing handbook (on file with the Legislative Research Department) were distributed, as well as a lease training outline ([Attachment 23](#)). The handbook contained information on non-occupied leases, improvements under and higher than \$5,000, office leases of less than 5,000 square feet with lease terms less than and longer than 24 months, office leases of 5,000 square feet or greater but less than 10,000 square feet with lease terms less or greater than 24 months, and office lease of 10,000 square feet or greater. The handbook also contained a lease process flow chart, various forms, office space standards, training tips and frequently asked questions, Kansas statutes, and a glossary of terms.

Mr. Stock summarized the role of DOA in the state leasing process. He remarked that DOA is hitting the highlights of the training process and informed the Committee that there are leasing checks and balances that the state goes through. Through the leasing shared services team the leasing process has been gone over from top to bottom. All the forms, the mapping out of the flow chart, and the development of the website are new items to help the flow of leases through the process. There are approximately 500 leases statewide, and the state pays \$22.0 million for state-leased office spaces. Statutory authority for entering into leases rests with the Secretary of

Administration and that authority is set forth in the leasing statutes: KSA 75-3739 and KSA 75-3765(b). The most important thing about state real estate leasing is communication between DOA and state agencies. A pilot program is being tested where DOA places leasing advertisements by way of broadcast e-mails to present DOA markets. Another website work-in-progress concerns state property for sale.

Senator Umbarger suggested that local units of government be included in leasing broadcast e-mails and he also expressed the Joint Committee's frustration at times when leases are not being presented to the Joint Committee before a lease's expiration date. Deputy Director Gaito remarked that this situation should improve as agencies are still playing catch up. Also, some leases fall apart at the last moment resulting in renegotiations which may create delays in bringing them before the Joint Committee.

Mr. Stock explained reasons why some leases go beyond the acceptable square footage guidelines.

Committee members expressed approval of the DOA's updated leasing procedures.

Deputy Director Gaito presented six leases for review as follows:

A five-year lease for the Board of Mortuary Arts in Topeka at an annual cost of \$12 per square foot (Attachment 24). The Board has been in its current location since 1992. The current lease expires on August 31, 2007. This lease was advertised for three days and one proposal was received from the current landlord. The base rate of the proposed lease includes a \$1 per square foot increase over the current lease and is a full service lease with expense stops for taxes, insurance, and utilities. The current lease does include the same expense stops and in the previous five-year period, but the Board of Mortuary Arts has never exercised that additional cost for those expense stops. The proposed lease exceeds the space standard of 250 square feet per person; however, they have been in this location since 1992. DOA is supportive of this lease and the negotiating process, but since the space standards are exceeded, the DOA does not support that section of the lease.

Mack Smith, Executive Secretary, Board of Mortuary Arts, informed the Joint Committee there is a pool in the main reception area, two offices with a secretary in the reception area, and the conference room is called a conference room because there is a 40-year-old conference table located there where meetings are held, but people have to get up to let another person get by. The break room is basically the conference room. The facility has been good to the agency and people know its location. There is a lot to be said about consistency. The agency is a state regulatory agency and happy with the location.

Mr. Smith stated the new leasing procedures are much better and the web site is wonderful.

Representative Brunk moved that the Committee pass out favorably the Board of Mortuary Arts five-year lease in Topeka. Representative Grant seconded the motion. The motion carried.

The Committee then considered two-year lease for the Kansas State University (KSU) continuing education office in Manhattan. The continuing education office has been at its current location since 1998 (Attachment 25). The lease is with the Kansas State University Foundation and expired on June 30, 2007. The lease is a renewal of the present lease, except for two minor changes. The first lease was for a three-year period, while the proposed lease is for a two-year period. Also, there is an increase in the base cost of 30 cents per square foot. The proposed lease requires that Continuing Education pay all the utilities and insurance payments during the lease

period. The leased square footage is within the established space standards and the lease negotiating process followed previous accepted practices. DOA is supportive of this lease.

Deputy Director Gaito explained that this lease has expired but with the new implemented process this should not happen again with this agency.

Carla Bishop, Director of Purchasing, KSU, noted the lease is for two years instead of the previous three years, because the KSU Foundation is in the process of building a new building for their operation, and when they move out, it is possible that Continuing Education may move into what is known as the old Farm Bureau Building. Ms. Bishop remarked that it was their fault for not presenting this lease prior to its expiration.

Representative Grant moved that the Committee pass out favorably the two-year lease for the Kansas State University Continuing Education office in Manhattan. Senator Morris seconded the motion. The motion carried.

A ten-year lease for the Department of Social and Rehabilitation Services (SRS) office in Junction City (Attachment 26). SRS has been at its current location since 1971 and this lease is for a new location at 1010 West 6th Street in Junction City. In January 2007, an RFP was posted with the DOA's purchasing web site. The RFP included SRS and a possible location for the State Board of Indigents' Defense Services. The RFP closed on March 9 with three proposals being received. Only one proposal included the option for the State Board of Indigents' Defense Services; however, it was determined by DOA that this was a cost prohibitive option. DOA began final negotiations with the next lowest bidder which resulted in the lease being presented today. The lease comparison sheet normally contains two comparable leases; however, the sheet presented to the Joint Committee today lists only one and this is due to the other agencies in the Junction City area renting space at greatly reduced rates or for free from other agencies or local units of government. This was not included since it would not be a value gauge for the Committee. In order to confirm this lease rate, the DOA contacted the Junction City Development Department which provided a lease cost rate of \$14 to \$16 for a full service lease. The lease being presented to the Committee today is comparable to that rate. The lease does contain a number of items requested by the agency that are not found in a normal lease, such as a filing system, kitchen appliances, ceiling fans, and a safe room for tornado weather. The DOA is supportive of the lease negotiation process and the base lease, and has no position about the agency's requested items.

John Moyer, Lease Administrator, SRS, stated that due to the growth of Junction City, their social services case loads have grown. The new lease has an increase of employees from 32 to 50 and an increase in the square footage from 9,034 to 11,889. These increases are needed, as SRS is transferring some of its other offices, and as positions become open and attrition occurs, those positions are moving to Junction City. The Junction City office also has about seven or eight people that travel who need office space. The previous landlord was contacted and given the agency's needs. The current landlord submitted a couple of proposals for construction at another location, as the current site could not meet the lease space requirements.

Mr. Moyer noted that the Manhattan SRS office anticipates increases in cases and also may need to expand.

Senator Apple moved that the Committee pass out favorably the SRS ten-year lease in Junction City. Senator Umbarger seconded the motion. The motion carried.

A one-year lease was considered for the Kansas Highway Patrol (KHP) Headquarters office in Topeka. The KHP has been at its current location since 1997 and the lease expired on June 30, 2007 (Attachment 27). The lease being presented is a renewal of the current lease, with two

changes. There is an increase in the base lease cost by 36 cents per square foot and in addition, the length of the lease will change to a year-by-year indefinite lease. This will allow the KHP to align all the downtown leases in Topeka to expire in 2009. The proposed lease exceeds the recommended space standards; however, the agency has been at this location since 1997. DOA is supportive of this lease by the KHP.

Sheryl Weller, Chief Fiscal Officer, KHP, informed the Joint Committee that it is the superintendent's desire to eventually consolidate the Patrol's downtown office space. The KHP is fortunate to be located in the Elks Building that is in fairly close proximity to the KPERS and Jayhawk Tower buildings. Without the Patrol's lease terms coming together, it will be difficult to accomplish consolidation. Some KHP employees are in other buildings, which presents some logistical issues. The superintendent would like for everyone to be housed together if that option would present itself, and a year-to-year indefinite lease will be easier to negotiate than a two-year lease. Ms. Weller stated she takes responsibility for the lease being past due.

Senator Morris requested that the superintendent of the KHP appear before the Committee to present the consolidation plan.

Representative Feuerborn moved that the Committee pass out favorably the one-year lease for the KHP office in the Elks Building. Senator Umbarger seconded the motion. The motion carried.

A one-year lease amendment was presented for the Kansas Water Office in Topeka (Attachment 28). The Water Office has been in its current location since 1999 and the lease is for a 15-year period. The current lease requires the agency to pay all utilities and custodial services. The proposed amendment is for an amount not to exceed \$30,000 for the construction of an addition for two more offices, and the lowering of an entry foyer ceiling for additional energy savings. The construction of the two offices is required due to the creation of a new engineering position and the relocation of staff from the current office, which will be converted to a file storage area. The DOA is supportive of this lease amendment.

Joe Fund, Chief Fiscal Officer, Kansas Water Office, stated that the Water Office is located at 9th and Kansas Avenue, which was formally a department store (built in 1912) and is co-located with the State Conservation Department and the Department of Agriculture. The Water Office is on the first floor. There are some unique circumstances with the entry way. The entry way is approximately 19 feet by 73 feet. The ceiling in the entry way where the receptionist and administrative support are located is much higher than anywhere else in the rest of the office space. Dropping the ceiling by three feet will reduce the volume of the space being heated and will bring some energy efficiencies. The south ceiling is needed due to the fact that in the foyer perimeter offices the walls did not extend all the way to the legacy windows when the space was renovated for the Water Office in 1997. Therefore, the perimeter offices are subject to air, sound, and travel noises, and other employees' conversations. The agency will operate more efficiently with the combination of the sound proofing and the addition of the two offices.

Senator Morris expressed disappointment at the additional renovation costs at the agency's present location after previous extensive renovation was done to the Mills Building. Senator Morris requested that the agency do some research to find out what the stipulations were when those leases were entered into, as the owner may have some responsibility.

Mr. Fund noted that there is some urgency with this amendment being passed out favorably by the Committee, as a staff position has already been advertised as a vacancy and the computer equipment has been ordered. The building has changed hands three times since 1978 and the new building owner is in California. Therefore, any hard and fast improvements would be hard to attain from the new owners.

Representative Feuerborn moved that the Committee pass out favorably the one-year lease amendment for the Kansas Water Office in Topeka. Representative Grant seconded the motion. The motion carried.

The Joint Committee next considered two-year lease for Emporia State University (ESU) in Leavenworth ([Attachment 29](#)). This is for a talent search and upward bound program. The two programs currently are located in Leavenworth and St. Joseph, Missouri, respectively. The proposed lease will combine the two programs at a new location in Leavenworth. In August 2006, ESU advertised in the Leavenworth newspaper and received one proposal. However, the proposal was rejected due to the build-out cost. In October 2006, ESU again advertised, at which time two proposals were received. Again, both were rejected because of the build-out cost. A third advertisement was initiated in May 2007, at which time one proposal was received, which is the lease before the Joint Committee today. The lease space exceeds the space standard of 250 square feet, with 492 square feet per person. The lease amount in the lease negotiations process is acceptable to DOA.

Trudy Benjamin, Director of both programs for ESU, informed the Committee that ESU is providing the two programs at the same site, as it will be more beneficial for both the programs because of the extra space that is available for a large classroom. ESU is required by the federal government to do workshops and offer tutoring to the students, so instead of trying to find another space for those services, space at this site will be used. This also will afford student tutoring in the evening. Also workshops are done for the students during the week for ACT preparation, as well as time management and study skills that are required because of a federal grant.

Deputy Director Gaito remarked that the additional cost for the build out is the reason for the additional square footage lease cost.

Ms. Benjamin remarked that each federal grant is for four years. The talent search grant has three more years to go and the upward bound grant was just refunded for four years; therefore, ESU opted for a three-year lease because if the talent search grant is not refunded, all the space would not be necessary.

Representative Grant moved that the Committee pass out favorably the three-year lease for ESU for the upward bound and talent search programs. Senator Umbarger seconded the motion. The motion carried.

Gary Hibbs, Manager, Facilities Planning, Design, and Construction, presented an overview of the history and role of the DOA Facilities Planning Division, which is a section of the Division of Facilities Management in the DOA ([Attachment 30](#)) and its organizational chart ([Attachment 31](#)).

The key role of the Division of Facilities Management (DFM) is to assist the State Advisory Commission in its duty to select architectural and engineering design firms for the capital improvement projects authorized to be constructed for the various state agencies. Another role is to provide a standardized process for the agencies, the design team, and the contractors as they work on capital improvement projects.

DFM also serves in the role of the authority having jurisdiction in code compliance matters for capital improvement projects.

The design services role of the State Architect's office is maintained by the Division with the in-house design services available to agencies for small projects.

The last broad role of the Division is to provide a central archive for the project plans, specifications, and project files for the agencies.

Facilities Planning, Design, and Construction (FPD&C) does not set the priorities for the capital improvement projects for the agencies, nor does it approve the projects. The role of the Division is to improve the process of accomplishing the project through design and construction. All projects are treated equal, regardless of the funding source, and the primary roles of the Division do not change. The FPD&C is organized into four units: planning, design, compliance, and support documents. The FPD&C's responsibilities are grouped into three areas: project state fiduciary responsibilities; project the public health, safety, and welfare; and prevent disruptions to agencies.

The FPD&C has in-house architects and engineers that work on design projects, and do overall planning. The official code person is an architect. The Division also hires architects and engineers for special projects. The majority of the projects, especially the large ones, done for agencies, use a private sector architectural engineering firm. The FPD&C competition is with the on-call architects that are hired on an annual basis with renewability in the coming years, and those firms do small projects as an add basis. They may not complete projects or they may do several projects for the agency for whom they may be under contract.

The FPD&C does a significant amount of work for the Department of Transportation with its building construction. A lot of roofing work is done for agencies.

Mr. Hibbs noted that because of the uniqueness of the State Capitol Restoration project, the FPD&C does not have any responsibility in the hiring process and the only thing it is specifically involved in is code compliance.

The State Building Advisory Committee (SBAC) is a group consisting of the Dean of Architecture at KU, the Dean of Architecture at KSU, the Secretary of State, and private sector citizens (one representing the labor trades, one representing the building contractor association, and an architect from the private sector). SBAC's role does not include approving capital improvement projects. Lists are assorted by the project size, by architect or engineer projects, or architect and engineer projects. The projects are looked at and accepted as submitted. Their position is that the agencies have more expertise and have the funding. Almost every month there are submissions from design firms to be selected for interview work for design of capital improvement projects. The SBAC has the responsibility to nominate from three to five applicants, assuming there are at least three proposals. SBAC's role is for any project that requires an architect or engineer.

SBAC will play a role in deferred maintenance projects or proposals that require architects or engineers. SBAC perspective is no different, whether it is deferred maintenance, state money, or federal grant money as SBAC looks at what the project is, who is involved with the project, signage, and code issues. Funding and other nomenclature is not factored into how SBAC does business.

Chairman Humerickhouse recessed the Committee at 11:35 a.m. until 1:30 p.m.

Afternoon Session

Chairman Humerickhouse called the meeting to order at 1:30 p.m. and recognized Eric King, Director of Facilities, Board of Regents (BOR), who presented testimony related to the BOR deferred maintenance projects ([Attachment 32](#)). 2007 HB 2237 included several sources of funding over

multiple years: State General Fund, university interest earnings, tax credits, and bonding authority. Director King reviewed the five-year deferred maintenance project list that was developed by the state universities, and approved by the BOR at its meeting on June 28 ([Attachment 33](#)) and also a list of the state universities' five-year maintenance plan allocations that are funded by the infrastructure maintenance program (IMP) fund and estimated university interest (UI) earnings ([Attachment 34](#)).

Director King remarked that today the Legislative Research Department staff pointed out Section 5 of 2007 HB 2237, which states that projects cannot be approved until the Joint Committee has advised and consulted. Therefore, another meeting is necessary, whereby, the institutions will present these same projects to the Joint Committee.

Director King stated that the BOR's staff and the institutions have a meeting set up next Wednesday with the Department of Revenue, the institutions, and KDFR, to discuss the tax credits and bonding.

Chairman Humerickhouse explained that the Joint Committee will have another chance to look at the universities' projects and approve or disapprove of them when the individual universities appear at the Joint Committee's next meeting and present their five-year capital improvement and deferred maintenance plans.

Director King stated that the projects were prioritized based on conditions determined to be the worst in the fall 2006 audit of state university buildings, utilities, and infrastructure. The universities developed plans for implementation based on available funding over a five-year period. Priority decisions were further influenced by determinations such as buildings that serve the academic mission, serve the largest number of students, and so forth. He believes that the projects contained in the five-year maintenance plan represent the projects that have the worst conditions identified in the BOR's 2006 fall report. The universities developed their plans then also took into consideration how the funds would be available, because all the funds are not available in one given year.

The allocation of state general funds was formulated per 2007 HB 2237, based on a formula that included square footage, age, and complexity.

Legislative Research Department staff explained why various universities receive different amounts from the university interest earnings source. Director King will secure information regarding the universities' interest earnings source and present it to the Joint Committee.

Director King also reviewed a preliminary draft quarterly reporting format ([Attachment 35](#)) and asked for the Joint Committee's input as to whether this format provides the level of accountability envisioned by 2007 HB 2237. Two prime considerations in preparing the spreadsheet were to: (1) ensure that the funds are being spent where they were intended; and (2) ensure that reasonable progress is being made in completing the work.

The form will be completed each quarter by the institutions and will be accompanied by a summary sheet prepared by the BOR staff and submitted to the Joint Committee. The original budget will appear throughout the life of the initiative and revisions tracked as projects are bid and as budgets change. Revisions will require approval by the BOR. The Joint Committee will be notified of all changes.

Director King pointed out Section 3 of the general principles for deferred maintenance reporting states the parameters approved by the BOR on January 18, 2007, shall be adhered to as follows:

- Projects must be a deferred maintenance initiative, not a capital improvement initiative;
- The proposed projects shall not provide for additional space requirements;
- The proposed projects shall not reflect new program requirements; and
- The proposed projects shall not include exceptional levels of finish, equipment, and other like items.

Director King stated that the budget cost of every deferred project on the list is an estimate at this point until bids are accepted, so some budgets may need to be revised. The BOR will need some flexibility to revise the estimates, but the original budget should be retained throughout the initiative in order to track it. Revisions also come with an approval process. On the list of \$663.0 million deferred maintenance projects, some systems are in unsatisfactory condition (totally worn out) and some are in poor condition but still functioning. Some items need attention fairly soon and others need relatively minor work. The BOR has focused on the ones in the worst category.

Committee discussion followed concerning in what fiscal year the universities may use the funds from the universities' interest earnings in a specific fiscal year. Also discussed was what is the difference between deferred projects and regular ongoing annual maintenance projects.

The Joint Committee requested from the BOR a total list all deferred maintenance projects, not just a partial list of the projects the funding stream will allow.

Representative Feuerborn suggested that the list of deferred maintenance items be part of the Joint Committee minutes.

Representative Grant requested that the institutions need to go back and look at some of the deferred projects to see how much each university can do, and back out that part of the deferred maintenance. He also requested the BOR to put together a list of items of dire deferred maintenance needs and other ones in degrees of need.

The Committee suggested other items to be shown on the reporting form format might be a column showing the percentage of the project completed or showing an actual timeline on projects, a date showing when other projects were adopted that were not included in the original backlog, and an explanation on any revised projects.

Legislative Research Department staff informed the Joint Committee that if a project amount allocated in FY 2008 is not spent in that year, then it can be spent in FY 2009.

Senator Umbarger informed the Joint Committee that new Section 2 of 2007 HB 2237 outlines what are considered eligible projects and non-eligible projects. The Joint Committee will be able to scrutinize these projects on the BOR's quarterly reporting format.

Senator Umbarger said there is a perception that there has not been any accountability or oversight on the State Capitol Restoration Project and he can supply a list of various oversight agencies. Approval of five or six entities is necessary before expenditures take place. There are also other entities that make reviews and recommendations.

Senator Umbarger requested that the BOR prepare a blueprint for deferred maintenance projects similar to the ones that were prepared by the DOA for the Landon Building, Docking Building, and Dillon House.

Director King stated he would take into consideration the Joint Committee's suggestions and bring back to them a revised quarterly reporting format.

Chairman Humerickhouse said that there should be a benchmark of the preventive maintenance projects no matter what the expense, and other capital improvement budgets. Then, between the Governor's recommendations, the Committee, and the budgeting process, if they are funded by the end of five years, the Committee will know that the projects were not completed due to lack of funding.

Representative Grant moved to approve the April 3, April 25, and June 6, 2007 Joint Committee minutes. Representative Pottorff seconded the motion. The motion carried.

Committee discussion followed concerning what the Joint Committee's recommendation will be as an oversight committee. Some suggestions were:

- Another oversight committee could be the State Building Advisory Committee;
- Consult with the Research and Development group that was an oversight committee for the bonding of the bioscience and research projects at KSU and KU regarding their expertise in bids;
- Getting a dollar worth for a dollar spent; and
- Looking at a decrease of the deferred list instead of an increase.

Marilyn Jacobsen, Director of Facilities, Department of Administration, informed the Joint Committee that she looks at in-house architects and engineers who actually do that work for advice on estimates and audits about systems that are worn out or are of concern. Senator Umbarger suggested that Marilyn Jacobsen be considered for use as a double check over the universities' architects and engineers.

Representative Feuerborn believes that the Joint Committee's main oversight duty is to make sure that the projects are completed and that in five years there is not another deferred maintenance list. His main concern is not about the information presented to the Joint Committee about its reliability as much as it is about accountability that this is what is reported: here is what needs to be done and here is the time frame to get it done. Then the projects that need to be completed are completed and the deferred maintenance list is not growing.

Senator Umbarger said he believes the Joint Committee has the accountability expertise to be the oversight committee for the deferred maintenance projects as outlined by Representative Feuerborn.

Representative Grant remarked that the Joint Committee oversaw the Crumbling Classrooms Projects, and what the Committee needs to be concerned about is where the money is being spent, and that the state is not adding or remodeling buildings, but is taking care of deferred maintenance. This Joint Committee has the expertise to do that.

Chairman Humerickhouse adjourned the meeting at 3:15 p.m.

The next Committee meeting is scheduled for August 22 and 23, 2007.

Prepared by Helen Abramson
Edited by Audrey Dunkel

Approved by Committee on:

August 23, 2007

(Date)