

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

November 18, 2009
Room 143-N—Statehouse

Members Present

Representative Jo Ann Pottorff, Chairperson
Senator Dwayne Umbarger, Vice-chairperson
Senator Pat Apple
Senator Jay Emler
Senator Marci Francisco
Senator Laura Kelly
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant

Member Absent

Representative Jason Watkins

Staff

Audrey Dunkel, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Richard Gaito, Deputy Director, Division of Facilities Management, Kansas
Department of Administration
Colonel Cliff Silsby, Director of Facilities Management, Kansas Adjutant General's
Office
Gary Hibbs, Manager, Facilities Planning, Design and Construction, Kansas
Department of Administration
Bill Schafer, Chief Fiscal Officer, Kansas Department of Labor
Marilyn Jacobson, Director of Finance and Facilities Management, Kansas
Department of Administration

Sabrina Wells, Director of Financial Services, Kansas Insurance Department
Marshall Kennedy, Chief Fiscal Officer, Kansas Commission on Veterans' Affairs
Jim Hays, Superintendent, Kansas Veterans' Home
Steve Duncan, Superintendent, Kansas Soldiers' Home
Keith Bradshaw, Director of Operations, Kansas Juvenile Justice Authority
Madeleine Burkindine, Superintendent, Kansas School for the Blind
Robert Maile, Superintendent, Kansas School for the Deaf
Eric King, Director of Facilities, Kansas Board of Regents

Other Attending

See attached sheet.

The Chairperson called the meeting to order at 9:08 a.m. and welcomed Richard Gaito, Deputy Director, Division of Facilities Management, Kansas Department of Administration, who reviewed a proposed lease for a new training center for the Adjutant General's Office at Salina (Attachment 1). Mr. Gaito stated that the \$5.64 per-square-foot (psf) base rate for the five-year lease includes taxes, insurance, parking, and maintenance, but not utilities and ancillary maintenance. He noted that the agency will be responsible for remodeling (\$4.89 psf) and that the energy performance rating (EPR), presently 73, will be re-evaluated after remodeling is completed.

Answering questions, Mr. Gaito said he expects the EPR to be above 75 after remodeling is completed. He replied that the Adjutant General is starting a new training program, requiring additional space. Colonel Cliff Silsby, Director of Facilities Management, Kansas Adjutant General's Office, further explained that the training is a new mission for the Salina Schoolhouse, bringing in military members from across the nation for intensive two-week training; he stated that the building will be used full time and that the cost is being 100 percent federally reimbursed.

A motion was made, seconded, and passed to approve the lease. (Motion, Senator Emler; second, Senator Umbarger)

Gary Hibbs, Manager, Facilities Planning, Design and Construction, Kansas Department of Administration, presented two change orders for consideration. The first, a Kansas Department of Labor (KDOL) renovation in Topeka, accelerates the plan to replace a curtain wall at 2650 East Circle Drive South because of mold in the wall (Attachment 2). David Emig, an Emporia architect for the project, explained that the wall was originally a separate project, but the presence of mold makes any replacement delay counterproductive. Bill Schafer, Chief Fiscal Officer, KDOL, responding to a question, said that the office is the site of the call center. He replied that the renovation will provide for 60-80 additional staff to deal with the avalanche of unemployment claims triggered by the economic downturn. *A motion by Senator Umbarger, seconded by Representative Grant, recommended approval of the change. The motion passed unanimously.*

Mr. Hibbs presented a second change order to replace the heating/air conditioning/ventilation systems (HVAC) for two buildings at the Kansas Neurological Institute (KNI) in Topeka (Attachment 3). Chuck Connell, Director of Plant Management, KNI, explained that the present HVAC systems at Meadowlark and Cottonwood buildings are 40 years old and are nearly beyond maintenance. Replying to a question, he said two units have failed already and he cannot guarantee further maintenance for the present system. *A motion was made (Senator Umbarger), seconded (Senator Emler), and passed to approve the change.*

Marilyn Jacobson, Director of Finance and Facilities Management, Kansas Department of Administration, reviewed progress on the tunnel project that provides communications and heat to the four Capitol Plaza buildings. Illustrating the project with photographs, she said the project, started June 26, 2009, essentially will be completed by December 21, 2009. Answering a question, she replied that the primary cost was borne by the state, although some ancillary costs along easements were the responsibility of the City of Topeka and the utility companies. She stated that there was good cooperation between the state, the city, and the utility companies.

Various agencies presented their five-year capital improvement plans.

Sabrina Wells, Director of Financial Services, Kansas Insurance Department, commented that the Department's five-year plan was primarily maintenance until receipts to the State General Fund (SGF) improved (Attachment 4). She said that, besides debt service, the only notable project was to install a more energy-efficient HVAC system.

Marshall Kennedy, Chief Fiscal Officer, Kansas Commission on Veterans' Affairs, commented briefly on the agency's five-year capital improvement plan (Attachment 5). He then introduced Jim Hays, Superintendent of the Kansas Veterans' Home in Winfield, who requested use of an inactive fund to construct a memorial flag plaza (Attachment 6). He explained that \$30,000 remains in a \$17 million fund to rehabilitate the Winfield State Hospital into the Veterans' Home. He said the flag plaza will cost about \$20,000. Members discussed protocols for approving the funds for construction of the flag plaza. Mr. Hays, responding to questions, said the fund was created in 1999, that no deferred maintenance needed be done, and that federal grants provided for all needed upgrades. Members requested further information regarding the Committee's authority to authorize expenditures from the fund. *A motion was made and seconded to endorse the flag plaza project within the scope of statutory limitations. (Motion, Senator Umbarger; second, Senator Emler) After further discussion, the motion and second were withdrawn.*

Steve Duncan, Superintendent, Kansas Soldiers' Home, referencing Attachment 5, noted that the Kansas Soldiers' Home is a small city, with 7,000 feet of streets, sidewalks, and 100 structures. He commented on needed maintenance (street repair, roofing, window replacement, parking lot repair), explaining that a severe hailstorm last summer did significant damage to most buildings; roof repair will cost an estimated \$1.3 million. Members discussed the state's catastrophic insurance coverage and requested further details regarding insurance deductibles.

Keith Bradshaw, Director of Operations, Kansas Juvenile Justice Authority, submitted the agency's five-year capital improvements plan, a total of \$7.9 million for this fiscal year, and offered to respond to any questions (Attachment 7). He said the Atchison facility will be operated by G4S for 30 youths, who will transition to community release. He replied to a question that USD 409 in Atchison provides education for the residents.

Madeleine Burkindine, Superintendent, Kansas School for the Blind, reviewed the school's FY 2011 budget and its five-year capital improvements plan (Attachments 8 and 9). She commented that the Facilities Closure and Realignment Commission voted not to close or co-locate the school, then listed the school's maintenance priorities, including implementing a security system (\$105,236), repairing leaking areas of the Johnson Building roof (\$161,430), and repairing an asphalt driveway (\$42,042). She replied to a question that replacing the entire Johnson Building roof would cost \$430,000.

Robert Maile, Superintendent, Kansas School for the Deaf, presented the school's FY 2011 rehabilitation and renovation projects and its five-year capital improvement plan (Attachments 10 and 11). He commented on the need for continuation of the Roth Building renovation and noted other rehabilitation projects.

A motion was made, seconded, and passed to approve the Committee's October 21 minutes as printed. (Motion by Representative Grant, seconded by Senator Emler)

The Chairperson announced that the December 16 meeting will conclude about noon and that Representative Grant will provide lunch for the Committee.

Bill Schafer returned to report on the KDOL five-year capital budget plan (Attachment 12). He noted that energy audits have led to establishing a central control for HVAC systems located in separate buildings. He listed various renovation projects, which will total \$1.2 million, and he commented that the federal Reed Act and agency fee funds will cover all costs.

Marilyn Jacobson returned to brief the Committee regarding catastrophic insurance coverage for state buildings. She said that since 1993, after Hoch Auditorium (University of Kansas) was struck by lightning and burned, Kansas has carried catastrophic property insurance covering buildings valued above \$500,000 when the buildings are not covered by agency-specific policies. The present policy provides for \$100 million loss limits per occurrence with a \$5-million deductible per occurrence. An occurrence can be up to 72 hours in duration when caused by weather, and all buildings damaged in a certain area are included in the \$5 million deductible. The four buildings in the Capitol Complex have a \$200 million loss limit and a \$2 million deductible; the 2010 premium is \$310,520. Kansas also has a boiler/machinery policy covering explosions in 54 locations; the three-year policy provides for \$100,000 loss limits with a \$1,000 deductible and has a premium of \$31,295. She noted that bonding requirements necessitate variations in insurance coverage. Answering questions, Ms. Jacobson said the catastrophic policy includes any building or group of buildings affected by events such as a hailstorm, but since the cost of damage at the Soldiers' Home does not reach the \$5 million deductible threshold, no financial recovery from insurance is available from the state policy.

Jim Wilson, Office of the Revisor of Statutes, briefed the Committee regarding statutory and regulatory factors impinging on the use of idle funds by the Kansas Veterans' Home to construct a memorial flag plaza. Citing the savings paragraph of 2009 Sub. for HB 2354, Mr. Wilson explained that any unencumbered balance carried over from one fiscal year to another that has no otherwise appropriated limitations may be used for its designated purpose in subsequent years. Based on staff information, *Senator Umbarger made a motion, seconded by Senator Emler, to approve releasing the remaining funds up to the account balance to construct the flag plaza at the Kansas Veterans' Home. The motion passed.*

Eric King, Director of Facilities, Kansas Board of Regents, presented the Regents FY 2010 first-quarter report on deferred maintenance (Attachment 13). He stated that the total cost to date for deferred maintenance (including FY 2008) is \$48 million, a total which includes \$40 million from the SGF, \$7.9 million from university interest earnings, and \$39,162 from tax-credit donations. He commented on the Postsecondary Educational Institution bonds, which include the 19 community colleges, Washburn University, and the five technical colleges. Responding to a question, Mr. King replied that all tax-credit donations went to Fort Hays State University, but that, because the donations were channeled through the Kansas Department of Revenue, he could not give any details about the donations. A member noted that Revenue, while not giving out names, can provide Mr. King with the number of donors. Mr. King said the donations are all designated to renovate Picken Hall. He said he will provide more information about the tax-credit donations with his next report.

Mr. King offered Attachment 14 in response to a member's previous question (October 21) about how the Regents were complying with KSA 76-790, a statute that requires the Regents, when new construction is funded 51 percent or higher with private funds, to provide plans for future annual maintenance costs. He said the Board of Regents has been requesting and receiving this information, not only for new construction projects financed with private funds, but for all new construction projects. He offered excerpts from Board minutes to document these requests. A

member recommended that the Department of Administration's form DA 418 include a statement to show an agency is complying with KSA 76-790.

Several documents were submitted to the Committee to meet statutory requirements:

- Claims made against the State (Attachment 15);
- Regents change orders for rehabilitation and repair (Attachment 16); and
- Change orders and status of state construction projects under the jurisdiction of the Kansas Department of Administration (Attachments 17, 18, and 19).

Audrey Dunkel, Kansas Legislative Research Department, outlined possible Committee recommendations to the Kansas Legislature. The Committee recommends action for the following items:

- The Department of Administration's form DA 418 should include a statement to show that the Regents' institutions are complying with KSA 76-790.
- The Kansas Highway Patrol's Troop F, located in Wichita, is seriously hampered by crowded conditions. The Legislature needs to explore options and initiate action to alleviate conditions that hamper the troop from carrying out its duties.
- The Legislature should continue discussion with Westar Energy regarding its peak-load policy, which creates financial hardship for the Kansas State Fair Board, since the Fair's peak load is confined to one or two months of the year, creating an anomaly in relation to Westar's policy.
- Beginning in 1989, the state agreed to match up to \$300,000 the Kansas State Fair Board's capital improvement expenditures. For four years the state has failed to provide matching funds, creating a \$1.043 million deficit for the Board. The Committee recommends that the state fulfill its agreement to match capital improvement expenses, since, if the Fair Board cannot meet its bond payments (\$700,000 annually), the state will be responsible to make those payments.
- When agency satellite offices are in proximity to home offices (e.g., a satellite office in Lawrence with a home office in Topeka), the Committee recommends considering closure of the satellite office. Evaluation of such closure should include additional travel expenses for staff and clients.
- Presently the Kansas Bureau of Investigation is purchasing property adjoining its location at SW Tyler and SW 17 Street in Topeka in order to expand its laboratory space. The Committee recommends that the Legislature consider whether the optimum location for expansion is at its current location or whether, within the next five to seven years, the agency relocate to a new building at Forbes Field.

The meeting was adjourned. The next meeting is scheduled for December 16 at 9:00 a.m.

Prepared by Gary Deeter
Edited by Jonathan Tang

Approved by Committee on:

December 16, 2009

(Date)