

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

April 29, 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
Senator Stephen Morris
Representative Jo Ann Pottorff

Members Absent

Representative Steve Brunk- excused
Representative Bill Feuerborn- excused
Representative Bob Grant- excused

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
Kimbra Caywood McCarthy, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Mike Corrigan, Office of the Revisor of Statutes

Conferees

J. Michael Hayden, Department of Wildlife and Parks
Eric King, Kansas Board of Regents
Howard Smith, Pittsburg State University
George Webb, Kansas Commission on Veterans' Affairs
Jennie Chinn, Kansas State Historical Society
Dan Prosser, Kansas State Historical Society
Richard Gaito, Department of Administration

Morey Sullivan, DISC
Chris Rieger, Department of Corrections
J. Russell Jennings, Juvenile Justice Authority

Others Attending

See attached list.

Staff presented copies of reports of change orders less than \$75,000 for the months of December 2007, January 2007, and February 2008.

Staff presented an update of the ending balances of the Educational Building Fund for FY 2007 - 2008. For FY 2007, the ending balance was \$13,772,498 and for FY 2008, the ending balance was \$5,815,882. After adjustments, the balance for FY 2008 was \$5,815,882. For FY 2009, the Governor recommenced an ending balance of \$8,857,883 ([Attachment 1](#)).

Staff presented the ending balances for FY 2007 - 2008 for the State Institutions Building Fund. The actual ending balance for FY 2007 was \$12,813,716 and the Governor recommended \$11,159,501 for FY 2008. After adjustments, the balance for FY 2008 was \$10,759,501. For FY 2009, the Governor recommended a \$10,273,044 ending balance. After the Building Committee's adjustments, the ending balance was \$10,273,044. After Conference Committee adjustments, the balance was \$7,791,955. After House Appropriations Omnibus adjustments, the balance was \$4,791,955, and after Senate Ways and Means Omnibus adjustments, the balance was \$7,585,054 ([Attachment 2](#)).

Staff also presented the ending balances for FY 2007 and FY 2008 for the Correctional Institutions Building Fund. The FY 2007 balance was \$1,513,101. The Governor recommended \$30,450 for FY 2008. For FY 2009, the Governor recommended an ending balance of \$26,450. The balance was the same after adjustments ([Attachment 3](#)).

J. Michael Hayden, Secretary of the Kansas Department of Wildlife and Parks (KDWP), presented testimony concerning the issue of flood repair at state parks ([Attachment 4](#)). Secretary Hayden noted that when the FY 2008 session commenced, the agency gave the Committee an update on the flood damage at the state parks from the damage from last summer. At that time, the agency asked for \$2.5 million to cover the flood damage. The Governor recommended \$1 million.

During calendar year 2007, KDWP experienced severe flooding at numerous state parks. In the fall of 2007, the KDWP prepared an estimate of damage that totaled \$2,500,000. The Governor, in the *FY 2009 Governor's Budget Report*, recommended an amount of \$1,000,000 from the Expanded Lottery Act Revenue Fund (ELARF). This recommendation was not approved by the 2008 Legislature during the regular session. The Building Committee did not recommend that funding source, but did recommended the flood damage expenditures from the State General Fund. The KDWP is still \$1 million short for flood damage repair from last summer's floods.

The office and visitor's center at Crawford State Park was flooded. The old structure was damaged, but it is in the floodplain and needs to be removed rather than rebuilt. It would cost \$380,000 to move the visitor's center and park office to higher ground. There is a long list of campground repairs at various parks such as in Park City, where all the electrical wiring was under water for 15 days and everything has to be replaced. A \$750,000 bridge was lost on the Prairie Spirit Trail, which is eligible for a FEMA match. The state match is \$250,000. In addition, because there were some emergency repairs that had to done to get the parks open again, the agency took \$250,000 out of the capital improvement fund which was going to be spent on equipment for repair.

The KDWP is asking that the Committee consider the items for \$1,080,000 for flood damage that occurred in 2007. Since ELARF is no longer available and the park fee balances are very low, the only opportunity to repair the damages is from the State General Fund, and KDWP is asking for the Committee's consideration.

Secretary Hayden explained that the federal government will not sign on to the Prairie Spirit project unless the State commits to a match. The State is not up against a time frame at this point, however, the KDWP cannot open the trail until the bridge is replaced.

Eric King, Director of Facilities Management, Kansas Board of Regents (Regents), presented the Regents' third quarter quarterly report (*Attachment 5*). He explained that much of the information in the report is repetitive. Over the last quarter (ending March 31, 2008), the universities had actual expenditures of \$1.8 million. There are several activities going on even though there has not been many dollars spent. Much of the activities occurring for deferred maintenance cannot be done while school is in session. Quite a bit of money was spent for work done during this summer. Most projects are relatively small, but there are some larger projects such as the tunnel improvement in Westco Hall at Kansas University, but a great deal of the projects are for plumbing, electrical, and HVAC.

Mr. King noted that there have been a few updates on the bond portions of the legislation. On January 16, 2008, the Board approved \$20 million for projects for 13 of the eligible institutions. The loans were limited to Washburn University and the 19 community colleges and 5 technical colleges. The Regents went through all the projects that were submitted and they were paired down to a \$20 million list. On March 12, 2008, KDFA bid the bonds for those projects. KDFA issued series 2008 bonds with principal in the amount of \$20 million on March 26, 2008. Bond proceeds have been deposited in the State Treasury. The Regents staff executed loan agreements and opinions of counsel from the participating institutions. Today's report shows the name of the participating institution, number of authorized projects, and total authorized loan amount.

Mr. King said that Linda Wood, who was with the KDFA, is now with the Board of Regents Office. She developed a form called BPI-3 (a request for loan reimbursement) which is a form that each of the community colleges need to fill out when they request the funds that are part of this program.

The Board of Regents also approved the tentative tax credit allocations for the universities on January 16. Amounts are listed in the quarterly report, and per agreement with the institutions as well as discussion with the Secretary of Revenue's office, the Regents pro-rated those based on a square footage formula. The universities are still working on the tax credits to identify donors, which is being handled through the Endowment Association. This part of the funding will be available July 1, 2008.

Ms. Wood also helped with a summary sheet and did such a good job that the BOR may not need the individual sheets that follow because all the information is on the first four pages. There have been a few revisions, where the University of Kansas Medical Center hired a consultant for the Applegate Energy Center project to determine if their priorities made sense. The consultant came back and suggested some re-priorities. The totals are the same that the Committee has approved, but as these projects are examined over the next five years, certain items will come to light that will take priority over other priorities already approved. Also, the Wichita State Jardine project is listed at \$36,000, but it now appears that \$75,000 is needed. On the other hand, \$240,000 has been adjusted for the National Institute for Aviation Research (NIAR) project. Projects that are bid will probably not come in right on the button, but projects will be adjusted when a project comes in under bid and another comes in over bid.

Howard Smith, Pittsburg State University (PSU), presented an informational item regarding a jumbo-tron at the University's stadium (Attachment 6). The University will go before the Regents Board, but PSU wants the Committee to be aware of the project. It will be a nice addition and the university anticipated that work will commence this summer.

Jennie Chinn, Executive Director, Kansas State Historical Society (KSHS), presented a preliminary report and executive summary and recommendation for the Dillon House (Attachment 7). While the historic Dillon House has had only limited maintenance since the State acquired the property, it is still in relatively good condition. The exterior walls and foundations appear to be sound. The roof structure is sound.

KSHS recommends that the State of Kansas complete a Historic Structures Report on the Dillon House as soon as possible, and it is recommended that an environmental assessment be part of this process. This report will provide the Legislature the information needed to make decisions on future expenditures for the Dillon House. The estimated report cost is \$30,000.

The cost of the report can be covered in part by grants from the Kansas State Historical Society (\$15,000) and the National Trust for Preservation (\$5,000). These grants must be matched. It is recommended that the State contribute \$10,000 towards the report.

The Joint Committee on State Building Construction should become the committee to oversee this process and represent the legislative views on the future use of the property.

The KSHS is willing to develop and submit the proposal to the National Trust for Historic Places.

The KSHS and the Department of Administration are willing to assist the legislature in developing qualifications for a contractor to complete the Historic Structures Report.

KSHS recommends that "the Dillon House Advisory Commission" be established per K.S.A. 75-3683, to raise private funds "for the purpose of restoring, renovating, furnishing, improving or beautifying the property." The members of this commission should have access to people of capacity.

Also, if the State feels it is unable to rehabilitate the historic property, it is strongly recommended that the property be sold to a buyer who is willing to rehabilitate the house for adaptive reuse.

Proposed historic structure report components are: historical evaluation; building and site; architectural evaluation; design parameters; materials conservation analysis; preservation plan; and master plan. The report also will provide cost estimates. This will provide some idea of the realistic costs, which is not available at this time.

Dan Prosser, Architect, KSHS, informed the Committee that the roof is still leaking, but the roof's structural components are sound. The roofing material needs repairs but the numerous previous repairs are holding. There also is a lot of moisture in the basement, but the foundation is sound. The moisture is coming from the window wells and should be removed.

Ms. Chinn stated that the Insurance Department is still interested in the project, but are not inclined to put money into the expense of the report, but would put in money for parking places and might be interested in office space if it would fit into its plan after restoration.

Chairman Umbarger said the \$10,000 match could be amended into the Omnibus bill, but if that is not possible, then it could be put into House Sub. for HB 2936 on the House floor as an amendment for consideration.

Richard Gaito, Division of Facilities Management, Department of Administration, presented four leases for the Committee's consideration as follows:

- A three-year lease for the Department of Administration DISC - Wichita Data Center at 522 N. Emporia Street, Wichita, for 2,500 square feet at an annual cost per square foot of \$46.08 (Attachment 8).

An advertisement was placed in the Wichita newspaper during March and five potential bidders were directly sent notices. Bid information also was posted on the Department of Administration's website. Two proposals were received and the lowest cost presented is the one presented today. Besides the square foot cost of \$46.08, a one-time payment not to exceed \$55,200 will be made by DISC for the initial set up cost. The lease has an option for an additional three years at a rate not to exceed 10 percent of the current rate. The proposed lease is a full service lease, except for electrical which DISC will be billed separately by the vendors for actual cost. The vendor is installing a separate meter to track the actual usage at this location. The Department of Administration conducted a comparable service in the Kansas City area and found those costs comparable with the cost of today. In addition, another comparable cost is a data center that DISC currently is leasing from the Department of Administration in the Landon State Office Building at a rate of \$45.00 per square foot.

Mr. Gaito stated that the space standards section is left blank on the lease. It is DISC's intention that no FTEs will be permanently assigned to this location because staff will only be at the facility on an "as needed" basis. There are no offices in this center, as it is strictly a data center.

The Department of Administration is supportive of this lease.

Morey Sullivan, Deputy Director of DISC, stated that the plan is not only to use this facility as a data center, but as a disaster recovery center. There are some state agencies that have been working with the DOA over the past year who want and need a disaster recovery center. There is an off-site data center in Topeka that is used for a recovery center, but that was designed and implemented before 9/11. The Wichita Recovery Center would be the one looked at in case of a disaster. Other office buildings also were looked at in Wichita for a data center. The reason this lease is being considered for a three-year commitment is that the agency wants to explore the possibility of going back to land owned by the State (Wichita State) to construct a permanent facility. However, they are getting pressure from state agencies who say they need to construct a disaster recovery center very soon; therefore, they are proposing a three-year term as a temporary or transition link. The Department of Social and Rehabilitation Services (SRS), as well as some other smaller agencies, will be moving into this building. It would cost \$3.5 million to construct a comparable building for what DISC will lease for three years. At the end of the three-year lease, then phase II could be implemented.

Committee discussion followed regarding why this data center should be located in Wichita, the added cost of electricity, the high lease cost per foot, as well as the \$55,200 price tag for set up cost for a three-year lease commitment. The Committee discussed whether the timing is critical for this project versus the need for more time to gather additional information. Perhaps this request should be an interim subject.

Senator Kelly moved that the Committee delay action on the DISC lease in Wichita as presented today to gather additional information. Representative Humerickhouse seconded. Motion carried.

- A lease for the Kansas Juvenile Justice Authority (JJA) at 706 SW Jackson in Topeka. In October 2007, the Committee reviewed a proposal for JJA to move its offices to a state-owned facility in Topeka. The proposed lease is a result of negotiations that would allow JJA to remain at the current location until the remodeling and renovation of the state-owned facility was completed (Attachment 9). The proposed lease is a two-year lease with options for a third year. The base rate is \$11.29 and would increase to \$11.44 per square foot with the option of a third year exercise. The lease is a full service lease with expense stops for insurance and utilities. The lease does meet State lease standards.

Secretary Jennings, JJA, remarked that the agency needs this lease, or in the very near future, the agency will not have a home.

Senator Kelly moved the Committee's recommendation to review favorably the Juvenile Justice Authority lease as presented today. Representative Humerickhouse seconded. Motion carried.

- A six-year lease for the Kansas Lottery in Great Bend (Attachment 10). This lease is for office and storage space. The Lottery has been at its current location since 1995. The Lottery published a notice in the Great Bend newspaper for a three-day period in January. In addition, the Lottery sent notices to potential bidders and a notice was placed on the Department of Administration's website. The agency received nine proposals. The lease being presented today is the second lowest total cost of the proposals. The proposed six-year lease is necessary in order to align the projected co-location in Great Bend in 2014. The proposed rate is \$6.60 per square foot, the same as the current rate being paid at this location. The lease terms do not include electrical, gas, or custodial, as the agency will be responsible for those items. The proposed lease is within the State space standards. The lease rate is favorable to the State of Kansas and the Department of Administration is supportive of this lease.

Senator Morris moved the Committee's recommendation to review favorably the Kansas Lottery lease in Great Bend. Senator Apple seconded. Motion carried.

- A five-year, eight-month lease for the Kansas Department of Corrections in Kansas City, Kansas, for the Wyandotte County Re-Entry Program offices (Attachment 11). The base lease rate is \$11.50. The base rate increases to \$12.00 a square foot in 2010, and an additional rate increase occurs in 2012 to \$13.00. The lease is a full service lease including utilities, taxes, and maintenance items. The proposed lease is at the same current Department of Corrections' Patrol Office in Wyandotte County. The proposed lease terms are identical to the current Patrol Office lease terms and expire at the same time. The leases are aligned. This lease does include a one-time payment of \$48,216 for remodeling. This lease was not competitively bid by the Department of Corrections due to the agency's requirement to co-locate this program and the Parole Office in the same building. That has been done with other co-location by

these offices. The rental space is within the suggested space standards. The lease rate is favorable to the State of Kansas.

Chairman Umbarger remarked that he did not think the re-entry program was budgeted. A representative of the Department of Corrections reported that the re-entry program was budgeted for \$557,000, but the enhancement the Governor recommended in the FY 2009 mega bill for 5.0-7.0 FTEs was not funded. Options include either trying to fund the program within that amount of money or to have additional discussions since the program is just getting started. If that cannot be done, the agency can come back next year and ask for supplemental funding.

Chris Rieger, Department of Corrections, noted that the agency does have a 120-day out clause should this not be funded. Also, the agency does not presently have a re-entry office. The agency is planning on hiring 10 people, and 5 of those people have already been hired and are being placed in the Lansing Correctional Facility on a temporary basis until space is provided. Some volunteers may be transferred in and some parole staff that are currently in the Kansas City Office may be moved over to the re-entry side to allow more space at the parole office. The same clientele is handled in both places, so it is imperative that the offices be co-located as they have been in Wichita, Salina, Olathe, and Topeka.

Committee discussion followed concerning considerable resistance in the past about putting anything in Wyandotte County next to the Parole Board.

Representative Humerickhouse moved the Committee's recommendation to review favorably the lease for the Re-entry Program for the Department of Corrections in Wyandotte County. Senator Goodwin seconded. Motion carried.

George Webb, Executive Director, Kansas Commission on Veterans' Affairs, presented testimony regarding razing a cottage at the Kansas Soldiers' Home ([Attachment 12](#)). Some time ago, the Kansas Soldiers' Home (KSH) reported that a fire damaged one of the home's cottages and would require \$20,000 to repair and make that cottage habitable. The estimate was done internally, and the Building Committee favorably considered this request.

Since then, an estimate has been received from a professional architect, and the new figure is \$50,000. Considering this, the agency has elected to raze the cottage. The Division of Facilities Management concurred and advised this agency that the Building Committee would have to approve.

The Superintendent reports that the waiting list has not exceeded available cottages since 2004. There is no one on a current waiting list. Therefore, it does not appear that razing one cottage will have a downside on availability to veterans.

There is not a final estimate on razing costs, but it is not expected to exceed the funds made available for repairing the cottage (\$20,000).

Senator Morris moved the Committee's recommendation to review favorably the request to raze the cottage at the Kansas Soldiers' Home by using the \$20,000 previously set aside for repairing the damaged cottage. Senator Goodwin seconded. Motion carried.

J. Russell Jennings, Commissioner of the Juvenile Justice Authority, presented testimony regarding renovation of the existing structures at the old Topeka Juvenile Justice Authority Youth Center at the north Topeka campus. Ultimately, that project was approved and funding of \$2,780,000 was included in the mega bill in the early part of the legislative session. However, a week or so ago,

there seemed to be a concern raised about whether or not it is good policy for State agencies to be located outside the capitol complex area.

Commissioner Jennings reminded the Committee about his prior testimony and the agency's discussion last week with the Senate Ways and Means Committee where this project converts existing property that is vacant; and \$38,000 is spent yearly on heating and air, and close to \$200,000 of current rent and lease costs associated with the property would be eliminated. By eliminating the fee and the rent and by going out to the campus, there would be a 13 one-half year payback on an investment of \$2,780,000, which also would save about \$200,000 yearly in future rent and expenses.

Commissioner Jennings is still in agreement with this project, the Governor agrees with it, and a while back this Committee agreed that this was the way to go. Both the House and the Senate agreed some time ago and now there is concern about the priority of locating a state agency office outside the Capitol Complex area. This is a policy issue, but it also is a practical matter. There is no question in the out-years, the agency is going to have continued challenges in terms of State General Funds. This is actually an opportunity for a small agency that has a State General Fund allocation of \$73 million to save \$200,000 yearly in future costs. If the time comes that the agency has to pare its expenses in operations, this \$200,000 will allow it to not reduce funding to communities. In the long term, this project makes good sense. The Commissioner is not quite sure what the concern is, other than perhaps certain people, landlords, or developers that own office property within this mythical capitol complex would like to have a captive market share of state agency offices.

Chairman Umbarger remarked that he does not think this matter is so much an issue of whether or not the offices are located either in the Capitol Complex area or outside that area. The present facility is already in the Complex area, but being looked at is how the transition to the restoration area would address that process. It is the intent of the Commission to utilize building space that is already available. He also remarked that he does not think it is a debate, but some input is needed from the Restoration Commission.

Senator Goodwin, Representative Pottorff, and Representative Humerickhouse expressed their opinion that they were in favor of moving the Juvenile Justice Authority administration office to the Topeka Correctional Facility campus.

Commissioner Jennings noted that it would not be an impediment to be located further away from the Sentencing Commission. The issue is a management issue in terms of managing a state agency in an efficient and effective way. They are now at the end of a second year of a five-year lease, and the extension gave the agency time to go ahead and complete this project. If at the close of this session this project is not going forward, the agency will ask for another request for proposal for office space because it takes that long to get the RFP out, get the bids back, and go through the process. The only question left is whether the agency is going to be there for a five-year term and does not utilize the space at all, or whether it negotiates with the current landlord to once again make an extension for another year. This matter needs to be resolved and if there needs to be some kind of additional study, that is fine. But it will put the agency at an awkward disadvantage given the fact that the agency has gone this far down the path and has invested significant staff time in the project. Also, there is an RFP out for an architect to get this project going since the agency believed there was not any reason not to go forward.

Commissioner Jennings noted that the agency would be essentially next door to the Juvenile Justice Complex. Within that facility, there are like information technology people, so if they are centrally located with the central office, they have to have an opportunity to very effectively share resources.

Committee minutes for October, November, and December 2007, were briefly discussed; *motion made and seconded that they be approved; motion carried.*

The meeting adjourned.

The next meeting is scheduled for May 29, 2008.

Prepared by Helen Abramson
Edited by Kimbra Caywood McCarthy

Approved by Committee on:

July 10, 2008
(Date)