

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

July 10, 2008
Room 519-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 Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative JoAnn Pottorff

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
Kimbra Caywood McCarthy, Kansas Legislative Research Department
Kelly Navinsky-Wenzl, Kansas Legislative Research Department
Mike Corrigan, Office of the Revisor of Statutes

Conferees

Richard Gaito, Department of Administration
Debbie Rosacker, Board of Indigents' Defense Services
Colonel Terry Maple, Kansas Highway Patrol
James Garner, Department of Labor
Carol Foreman, Department of Administration
Bruce Shubert, Kansas State University
Abe Fattaey, Kansas State University
Ed Heptig, Kansas State University
Diane Duffy, Kansas Board of Regents
Lee Harmon, Department of Administration
Eric King, Kansas Board of Regents

Others Attending

See attached list.

Morning Session

The meeting was called to order by Chairperson Dwayne Umbarger at 10:15 a.m.

Mike Corrigan, Revisor of Statutes Office, presented a legislative update regarding HB 2744, HB 2905, House Sub. for SB 387, SB 534, as well as other bills vetoed by the Governor or not passed during the 2008 Legislative Session (Attachment 1).

HB 2744, which was sponsored by the Building Committee, consolidates a number of statutes pertaining to requirements for architectural, engineering, and land surveying design services for state agencies. The bill eliminates statutory fees prescribed for architectural, engineering, and land surveying services that are provided to state agencies and replaces those statutory fees with fee guidelines to be developed by the Secretary of Administration. (Enacted)

HB 2905, introduced by the House Committee on Veterans, Military and Homeland Security, requires each state agency housed in the Capitol Building, the Kansas Judicial Center, and the Docking, Landon, Curtis, and Eisenhower State Office Buildings, to designate a security liaison. The liaison's duties were outlined. (Enacted)

House Sub. for SB 387 authorizes a pilot investment program for idle funds at a state university selected by the Board of Regents. The bill authorizes the Board to designate one university to invest the core balance of the state educational institutions' idle funds. The bill also authorizes the Board to establish and adopt procedures, standards, and criteria for the program. (Enacted)

Committee discussion followed.

SB 534 (Mega Appropriations bill) contains several provisions relating to the Building Committee as follows:

- The State Board of Regents shall advise and consult with this committee before bonds are issued for capital improvement projects making energy and other conservation improvements for state educational institutions.
- No moneys shall be expended from special revenue funds for the sale, exchange or conveyance of title of any real property of the Department of Labor unless a review of such disposition is made by this committee and a recommendation concerning such disposition is submitted to the State Finance Council.

James Garner, Secretary of Labor, further explained that a 2007 legislative appropriations bill proviso was discussed because the Department of Labor had a Wichita building it wanted to sell, but it wanted to postpone this matter until certain federal legislation was passed. The federal law was such that if the building was sold, the federal government would reap the equity in the building for the federal treasury. At the time the DOL was trying to sell the building, there was a bill moving through Congress that would allow the State to keep the equity instead. The Department of Labor knew it was going to sell the property before the Legislature was back in session, and the Department of Labor needed the authorization to do that, but wanted to wait in case the federal law passed, which it ultimately did. That is when the Department of Labor came before the Building Committee asking for authorization to go ahead with the sale of the offices.

- No moneys shall be expended by the State Board of Regents from moneys transferred from the rehabilitation and repair account of the Kansas Educational Building Fund to accounts of institutions under the jurisdiction of the State Board of Regents for capital improvements projects until such project or projects have been reviewed by this committee.

House Sub. for SB 327 and other bills relating to the coal-fired power plant issue were vetoed by the Governor. House Sub. for SB 327 contained several provisions concerning energy efficiency standards for state buildings and equipment.

SB 415 did not pass. The bill was sponsored by the Building Committee and would amend current law concerning the State Educational Institution Long-Term Infrastructure Maintenance Program.

Richard Gaito, Deputy Director, Division of Facilities Management, Department of Administration, then presented testimony on four proposed leases, as follows:

- A lease for the State Board of Indigents' Defense Services for its public defender's office at 106 South 6th, Independence ([Attachment 2](#)). The public defender's office has been at its current location since 2004. The agency is leaving its current location due to being co-located with the Kansas Highway Patrol, which has created a concern for those who use indigent defense services. The current lease expires in July 2008. The State Board of Indigent Defense published an advertisement in the Independence newspaper for a six-day period and received two responses. The lease being presented to the Committee today is the higher of the two proposals received. The proposal was selected due to more efficient space layout in the building. The proposed lease is a seven-year lease with two two-year renewal options. The base rate for the initial seven years is \$11.00 per square foot (s.f.) which increases by \$1.00 per s.f. during each of the two renewal options. The agency also requested a five-year lease price from the bidder. However, the price proposed for five years increased to over \$16.00 per s.f. The terms of the proposed lease will increase Indigent Defense utilities at a considerable cost in addition to the base rate. The lease does exceed the space standards of 250 s.f. per full-time employee (FTE) by 90 s.f. The agency's requirement for a clothing bank and additional file space necessitated the additional space requirements; however, the employees' office size is within the suggested space limits. The State Board of Indigents' Defense Services appears to follow the leasing procedures and the procurement of this lease, and the lease is acceptable to the Department of Administration except for the space standards.

Committee discussion followed concerning the lease cost increase, why the current lease is not favorable to the Board of Indigents' Defense Services since the Board would be too near the Highway Patrol, the years that the Board has been in the same building as the Highway Patrol, whether clients have voiced concern by coming to the building that also houses the Highway Patrol, and the use of the Board of Indigents' Defense Services office space if it is vacated.

Debbie Rosacker, Assistant Director, Administrative Office, Board of Indigents' Defense Services, stated that the agency had originally requested to opt out of the co-leasing because of the co-location with Highway Patrol. Under the U.S. Constitution, it was noted by the conferee, defendants have the right to seek counsel and meet with counsel without fear of being arrested. When the Board of Indigents' Defense Services office is co-located within the same building as law

enforcement or an agency that has arrest authority, that increases the odds that if the defendant has a probation violation or is being sought for some other crime, that individual could be arrested while attempting to visit their attorney. That co-location is occurring with a number of agencies in Independence, including the same building where the agency currently is housed. Some of the space being vacated by the Board of Indigents' Defense Services will be occupied by other agencies. The agency would like to co-locate with other agencies, Ms. Rosacker continued, but not with the Highway Patrol.

Representative Humerickhouse moved that the Committee review the Board of Indigents' Defense Services lease request for offices at 106th South 6th Street in Independence as unfavorable and requests that the agency explore consolidating with the Chanute facility or find other space that is not as expensive.

Committee discussion followed concerning the progress of co-leasing of other state agencies in Independence.

Representative Brunk seconded. Motion carried.

- A proposed lease for Social and Rehabilitation Services (SRS) at its present regional location in Goodland ([Attachment 3](#)). SRS has been in its current office in Goodland since 1995. SRS reviewed five potential locations in Goodland. Potential bidders contacted were either not interested in leasing space or unwilling to meet the space or data health communication requirements. In addition, some potential bidders only wished to sell the property to the State. The proposed lease is for a two-year period with two two-year renewal options. The proposed lease would increase the base rate by \$.63 per square foot (s.f.) from the current lease to \$6.48 per s.f. The rate increase is to pay for the upgrading of computer jacks in parts of the building and minor reconfiguration of two walls in the office area, plus the addition of a fence and a 20 amp protected circuit in the telecommunications area. The proposed lease terms are identical to the current lease with exception of the base rate increase. The comparison sheet does not contain a comparable lease property, which is due to the SRS being the only state agency currently leasing space in the county. For comparison purposes, a lease in Colby has been added to the comparison sheet. In addition, the Department of Administration contacted a local real estate company that quoted an average rate of \$6.50 per s.f. as a median rate in Goodland. The proposed lease does exceed the recommended space standards of 250 s.f., as it is 277 s.f. The RFP process has been followed and is acceptable to the Department of Administration (DOA). Also, the DOA is satisfied with the lease process and the amount of s.f. as it relates to the space standards.

Committee discussion followed concerning the timing of presenting this lease, which expired June 30, 2008. The reason the lease is being presented so late is because the DOA only received the information a few weeks ago.

John Moyer, SRS, stated that he was unaware of the recent DOA policy change and explained that SRS mistakenly thought that two-year leases did not have to come before the Committee. The lease was presented to the DOA on June 10, but the Building Committee did not meet in June.

Mr. Moyer stated that this regional office is in a 4-6 county region and is comprised of 16 offices. SRS believed it was in the best location, but also wanted to do some checking.

Representative Grant recommended that the Committee favorably review SRS's two-year regional office lease in Goodland. Representative Feuerborn seconded. Motion carried.

- A five-year lease for the Real Estate Appraisal Board at 700 SW Jackson, Topeka (Attachment 4). The agency has been in its current location since 1999. The agency advertised in the Topeka newspaper for a five-day period in March, and additional information was posted on the Division of Facilities Management's web site. The agency received one proposal. The proposed lease is a five-year full service lease at a base rate of \$10.99 per s.f. The proposed lease does contain expense stops for taxes, insurance, and utilities. The lease does exceed the space standards of 250 s.f. per FTE since the s.f. is 648. The agency appears to have followed all acceptable leasing procedures, except for the space standards.

Mr. Gaito remarked that there is a special provision in the lease to provide special parking on an "as needed" basis for special and other coordinating events.

Representative Feuerborn moved that the Committee favorably review the lease for the Kansas Real Estate Appraisal Board at 700 SW Jackson, Topeka. Senator Goodwin seconded. Motion carried.

Mr. Gaito, next, provided information about a new automated process for leasing procedures that would provide the ability to present leases to this Committee in a timelier manner. The Division of Facilities Management (DFM) has set up an automated process that will automatically notify the agency of a lease's expiration date, depending upon the size of the lease (18 months to two years for large leases, and 12 months to 18 months for smaller leases). Large leases are defined as any over 10,000 s.f. The DFM will follow up with the agency, and if DFM does not hear back as to its plans, the agency will be contacted. DFM also has set up a statewide e-mail notification to vendors. When any agency brings a lease to DFM and wants the lease information posted, an e-mail will be sent out so that interested vendors can contact DFM.

- Two leases for the Department of Commerce (Trade Division) and the Department of Commerce (Business Development) at 9001 West 119th Street, Overland Park (Attachment 5). The two leases are identical except for the square footage and cost. They are in the same building with the same landlord. The Department of Commerce offices in Overland Park are proposing a lease for the agency's trade division employees and the business development field office employees. Both departments have been at their current locations since 2003 and 2001, respectively. The lease terms for both leases are for two years with two one-year renewal options. Both leases are identical in terms and conditions except for the rate charge for the business development office, which is paying a higher rate due to the inclusion of office furniture in the lease. Both leases are full-service leases. Both proposed lease rates and terms are identical to the current leases and are within the suggested space standards. Neither lease, it was noted, was competitively bid and the Department of Commerce did not follow the normal bid procedure due to the Department's need and belief to co-locate with the Overland Park Chamber of Commerce.

A representative from the Department of Commerce was not present to answer Committee members' questions.

Committee discussion followed concerning the need for this lease to be competitively bid and the need for more information from the agency.

Representative Feuerborn recommended the Committee table the two leases for the Department of Commerce until next month's meeting and a representative from the agency be present to provide any additional information that the Committee may request. Representative Grant seconded. Motion carried.

Committee discussion followed concerning a review of the space standards. If the standard space is exceeded, the DFM will work with the agency to bring the proposed square footage closer to the standard space, or determine why the agency needs to exceed the standard space.

Colonel Terry L. Maple, Superintendent, Kansas Highway Patrol (KHP), presented a summary document of the Kansas Highway Patrol's need for a Sedgwick County troop headquarters (Attachment 6). A replacement facility has been requested for the past 16 budget cycles.

Colonel Maple noted that during the past legislative session, a special effort was made by Governor Sebelius, the Kansas Department of Transportation (KDOT), and the Kansas Highway Patrol, to move this construction project to a higher priority in the State Highway Fund budget. Zoning approval also was received from the City of Kechi to construct the facility on state-owned land. However, the project failed during the Omnibus process.

Colonel Maple pointed out that the Patrol is at the point where some type of solution is needed, whether it be a lease or lease/purchase arrangement, bond financing, or alternative funding. Consideration of this project and direction regarding viable solutions are respectfully requested from the Building Committee. This project has not yet been included in any capital improvement plan. KDOT's staff estimated FY 2009 projects costs at \$6,367,000. Listed in Colonel Maple's summary were the history, operational needs, space needs, site and planning issues, cost, and alternatives.

Colonel Maple informed the Committee that a preliminary architectural analysis from the Department of Administration, Division of Facilities Management, estimated square footage needs based on current staffing and necessary space requirements for current functions. This estimate, plus a conservative 3,000 s.f. for a dispatch center, requires square footage of approximately 20,680. Since a building should last 30-50 years or more, including an additional 4,320 s.f. will allow for limited growth and space for other functions which the KHP may be responsible for in the future.

Colonel Maple reported KDOT owns the site planned in last year's proposal for the Troop F headquarters project and purchased it as part of the highway project to use as a "borrow and waste" site. The site is located at K-254 and Rock Road in the Kechi city limits. The 80-acre site plan is to use 15 acres for KHP, 25 acres for a new KDOT sub-area facility (requested for FY 2011), and leave the rest unconstructed, as it formerly was the City of Kechi refuse site. Funding by the Department of Homeland Security was not considered, as Colonel Maple stated that 80 percent of Homeland Security grants are passed on to the locals. Colonel Maple remarked that the KHP is still open to working with KDOT.

Committee discussion followed about leasing another facility for a short time until this project could be figured out and funded. Colonel Maple remarked that even if the Valley Center facility was renovated, it is not large enough for KHP's needs. He also remarked that the KHP has been "standing on its head" at many places, and to continue to do that, something is going to fail. Lease cost has been looked into, but the cost in the Wichita/Sedgwick County area runs \$15.00 to \$20.00

per s.f. Even if 21,000 s.f. was obtained, that would be \$375,000 yearly. Also, Colonel Maple commented, there are problems with evidence and gun storing and ventilation systems.

The Committee discussed the possibility that if a Comprehensive Highway Plan is passed next year, a special stipulation could be made for a new facility for the KHP. Other Committee comments included the use of Gaming Revenue for funding, possibly funding the project over two or three years, and exploring this project with KDOT.

James Garner, Secretary of the Kansas Department of Labor (KDOL), presented an update on the sale of Department of Labor property which the agency owns in Wichita ([Attachment 7](#)). The property recently housed the Wichita Unemployment Insurance (UI) Call Center, some UI appeals staff, and the Wichita area UI tax auditors. The agency consolidated three call centers and KDOL co-located the remaining UI staff with the workers compensation staff in downtown Wichita.

The property, the Secretary continued, was appraised at \$1,260,000. The United Methodist Open Door, Inc. is willing to pay the asking price. The KDOL has negotiated that the closing will be on or before March 1, 2009. Pursuant to federal legislation enacted earlier this year, the federal equity transfers to the State as long as the property or proceeds from the sale of the property is used in accordance with federal requirements. All proceeds from the sale of this building will remain with the State as long as the proceeds are used for the administration of the Unemployment Insurance program.

Chairperson Umbarger recessed the morning portion of the meeting at 12:30 p.m. and reconvened the meeting at 1:40 p.m.

Afternoon Session

Carol Foreman, Deputy Director, Department of Administration, presented testimony on the State of Kansas Statewide Property Insurance ([Attachment 8](#)). The insurance carrier is Travelers Indemnity Company. Ms. Foreman distributed a comparison by policy terms for FY 2008 and 2009 as follows:

Term	Insured Loss limit	Deductible	Buildings included	Rate/ Premium
7-1-08	\$100,000,000 \$200,000,000**	\$5,000,000 \$2,000,000**	\$500,000 & greater \$4,975,109,427 total 100% values **	\$636,390
	(**Higher limit for 4 capitol complex buildings)		685 Buildings insured	
7-1-09	\$100,000,000 \$200,000,000 **	\$5,000,000 \$2,000,000 **	\$500,000 & greater \$1,565,289,268 total 100% values **	\$288,000
	(**Higher limit for 4 capitol complex buildings)		386 Buildings insured	

The number of buildings included for this year is 386. Those buildings have a value of \$500,000 or more, and have a dollar value of \$1.5 billion. For those buildings, the coverage is up to a loss limit of \$100 million per occurrence. The June tornado damage in Salina and Manhattan is considered one occurrence, as it was the same storm. There is a \$5 million deductible in the current policy. The premium being paid this year is a little under \$300,000. Information on only four

buildings in the State Complex (Statehouse, Landon, Memorial, and Eisenhower buildings) were stipulated. Those are required as they are still bonded and the bond documents require more coverage.

The difference in the rate/premium is because the Board of Regents explored a different concept on how it should insure the university buildings. The Regents engaged a consultant and pursued another process. RFPs were sent out in April and three bids were received. For 2003, 2004, and 2005, there was only one bidder interested. One of this year's bidders did not meet the level even to be considered. Those bids were reviewed, and a determination was made for the best per coverage and cost. The DOA took those recommendations to the Surety Bond Committee, which is charged by statute for reviewing and approving insurance policies for the State in the area of property and professional liability in insuring bonds. They approved the policy that is outlined here today.

Carol Foreman next presented testimony about the Kansas State University storm damage and outlined the events as followed:

- 6-11-08. The tornado strikes Manhattan and the K-State campus.
- 6-12-08. The Division of Purchases authorized K-State to make emergency purchases for tornado damage repairs. Insurance carriers contacted were: Corporate Insurance Group (statewide policy), Lockton Companies, LLC (K-State policy), Travelers Indemnity Company (statewide), and CAN (K-State).
- 6-13-10. Claims adjusters arrived on K-State campus. FEMA and state disaster representatives visit K-State Manhattan campus.
- 6-16-08. Travelers Indemnity Company provided preliminary assessment of tornado damages.
- 7-2-08. Receipt of \$2,000,000 from Travelers.

Bruce Shubert, Associate Vice President, Administration and Finance, Kansas State University, presented a brief overview of the damage and recovery efforts relating to the tornado.

The tornado occurred at 10:30 p.m. on Wednesday, June 11, 2008. The tornado damaged 42 buildings, numerous trees, signs, lights and vehicles. Employees at K-State worked throughout the night to be sure everyone was safe. They immediately started removing debris, assessing damage, planning, and communicating. They determined the need to close for a day to make the campus safe and communicated that decision to the community. The next day the campus was cleaned up, made safe, and a successful orientation program for 300 new freshmen was held. The campus was open and classes were back in session on Friday.

K-State is still recovering from the storm. The initial estimate of \$20 million in damages is being refined as facility conditions and permanent repairs are assessed. The University also is adding money for rehabilitation and repair to improve the windows to prevent further maintenance down the road. K-State will be ready for the Fall 2008 semester in mid-August.

Abe Fattaey, Director of Facilities Planning, Kansas State University, presented an overview of when K-State started getting bids, and about some of the buildings that were affected. Mr. Fattaey showed on a map the path of the tornado and the buildings damaged.

Ed Heptig, Director, Kansas State University Facilities Management, described campus storm damage scenes shown in a pictorial tour pamphlet (copy is on file with the Kansas Legislative Research Department).

Bruce Shubert noted that the estimated \$21 million in damages does not cover vehicles and other items that are not covered by the insurance. K-State will ask for some assistance with non-covered damages, and the University has communicated with Secretary Duane Goossen, Division of Budget. On the day prior to this meeting, there was a declaration from FEMA, so some of those funds will be available. K-State will be working with the city and county officials to coordinate things to make sure that utilization of those FEMA funds are maximized.

Committee discussion followed concerning adding insurance for vehicles.

Mr. Shubert explained that there is only self insurance liability coverage on the University's automobiles. Also, he noted that the coverage would have been much greater under the new policy (which became effective 7-1-08) than under the policy in effect when the tornado occurred.

Diane Duffy, Vice President of Finance and Administration, Kansas Board of Regents, appeared on behalf of the Councilors of Business Officers (COBO), and reviewed the new University Property Insurance Policy ([Attachment 9](#)) which took effect 7-1-08 and covers property at state universities. COBO meets monthly to discuss administrative and finance issues for the state university system. Ms. Duffy presented background information regarding a comprehensive study intended to identify areas for relief from state administrative procedures. As a result of the study, and in cooperation with the Department of Administration (DOA), a number of statutes and business practices were changed, including the eventual adoption of a new state statute (K.S.A. 75-4101 d). The statute allows the state universities to determine their insurance needs and to purchase insurance products independently of the Committee on Surety Bonds and Insurance, with the exception of employee health insurance. The specific statute that resulted from this collaborative effort requires insurance on university property to be purchased on a competitively bid or competitively negotiated basis, and such insurance must be purchased from an insurance company authorized to transact business in Kansas.

Prior to July 1, 2008, housing and bond-funded, state-owned, buildings on the university campuses were covered under individual policies written on each property for each state university. All other state-owned buildings at the campuses were covered under the same policy. The premium payment, in the range of \$450,000, was appropriated from the Educational Building Fund (EBF) to the DOA for the state universities' share of the state policy premium. Premium payments totaling in the range of \$800,000 were made from university funds for housing and bond-funded buildings.

During the new process, a joint Request for Proposal (RFP) was issued by the University of Kansas and Kansas State University for insurance services, including consulting services. Arthur J. Gallagher Risk Management Services was selected to provide consulting services, and Scott Wightman, Executive Vice President, was the lease consultant. The insurance consultant recommended using a "credentialed broker" process as the method for obtaining the best insurance coverage at the best price. The Department of Administration approved three credentialed brokers, however, one opted out. Before proceeding, several university officials met with officials from the DOA to discuss how to move forward. The DOA was bidding the state policy at this time.

From the state university perspective, there were three basic problems with the state policy: (1) a high \$5 million deductible, (2) the absence of contents coverage, and (3) no coverage for buildings having a value less than \$500,000. It was determined that the DOA would bid the state policy and the state universities, using the "credentialed broker" process, and also would go to the market asking for proposals.

The Division of Purchases, DOA, bid two groups. Group 1 comprised all state buildings including the state university property currently covered. Group 2 excluded just the state universities. The state universities also bid two scenarios. The first scenario included all state university property. The second would insure up to \$5 million worth of property on the State's program, plus allow for full limits on buildings the state universities currently used. Both processes used the same building inventory. In March 2008, information was sent to potential bidders and bids were received by May 1, 2008.

The state university process resulted in Lockton of Kansas City bringing forward a proposal from the Travelers' Insurance Company. They bid at a rate per \$100 value of 9.0220. They also provided substantially improved coverage for all state university property at a rate that was deemed very reasonable. The new state university insurance policy features a \$500 million limit, compared to the state's current/prior limit of \$100 million. Moreover, it has a \$100,000 deductible, compared to the state plan deductible of \$5 million. Travelers' proposal also included significant improvements to business interruption and debris removal component of the policy. Thus, this vendor was chosen.

The cost of the new state university policy (\$1.3 million) is less than the aggregate of the multiple campus premiums and the universities share of the state policy premium (\$1.4 million), thus saving over \$100,000 in the premium, increasing coverage, and reducing the state's liability for the \$5 million deductible.

There will be changes in how the state funding for property insurance is appropriated. Currently, the state funding (Educational Building Fund, or EBF) is appropriated to the DOA for the state universities' share of the state policy. This will need to be changed with the EBF appropriated to the Board of Regents for this purpose for the current year as well as next budget year. The DOA could directly make the EBF portion of the new premium payment, or it could transfer the current year funding. The EBF will continue to cover the basic insurance premium for education and general buildings, as it has in the past. Auxiliary enterprises will continue to finance their shares of such insurance, as they have in the past, and individual campuses will pay from operating funds for any enhancement they may add to the basic plan coverage (insuring building contents for example).

Lee Harmon, Procurement Officer, Division of Purchases, DOA, explained the differences between being insured under the old policy and the new policy.

Senator Morris suggested that the Building Committee needs to be presented with a full insurance review that would determine what university items are insured and their funding source, and also a list of items that are not insured.

Eric King, Director of Facilities, Kansas Board of Regents, requested the Building Committee's support for the deferred maintenance funding for FY 2009 (Attachment 10), and the annual allocation of rehabilitation and repair projects for FY 2009 (Attachment 11).

In the 2007 Session, the deferred maintenance bill (HB 2337) included a clause that the BOR is to review with the Building Committee these projects, but also required the institutions to review them with the Committee. Mr. King first addressed the five-year maintenance plan for FY 2008 – FY 2012 that re-capped the funding. Since July 1, 2008, the tax credit became an available funding source. However, there has not yet been a request for those funds. There are two sources of funds, one is the infrastructure maintenance program fund, or \$90 million over the five-year period with \$20,000 in FY 2009. Last year, \$30 million was approved for projects out of that funding stream.

Additionally, permission was given through the deferred maintenance bill for the universities to use their university interest earnings. The total for the five-year period is \$47,042,3266. The amounts listed for the universities' interest earnings for FY 2009 totals \$9,395,883, but is an

estimate, as the campuses have to do their best to anticipate what kind of interest rates they are going to get. Mr. King noted that using the tax credits as a funding stream will be better known next year. The funding for the out-years, FY 2010 – FY 2012, will be approved by the Legislature year-by-year by appropriations, so those dollars are not in hand at this point. The other pages in the handout show the individual campuses five-year plans and how the total dollar amounts would be spent. The shaded columns show the projects they anticipate doing with the funds that will be available in FY 2009.

The Board of Regents would like to have the Building Committee's approval on the total funding of \$29,305,993 for FY 2009 State maintenance plan allocations.

The next issue addressed was the allocation of \$15,000,000 for FY 2009 for rehabilitation and repair projects for institutions of higher education, as appropriated to the Kansas Board of Regents from the EBF. The list of projects is almost the same as presented last year. There have been a few changes on the funding stream. If the campuses earned more interest dollars than anticipated in 2008, the money rolled over and some funds have been shifted between projects. Also, a consultant suggested changing some priorities.

Committee discussion followed concerning whether emphasis was placed on safety factors when considering projects, and an estimate of savings on the use of energy efficient projects.

Representative Feuerborn moved that the Committee review favorably the Board of Regents FY 2009 deferred maintenance plan. Representative Pottorff seconded. Motion carried.

Representative Feuerborn moved that the Committee review favorably \$15,000,000 for FY 2009 allocations for rehabilitation and repair projects for the institutions of higher education, funded by the Educational Building Fund, and as appropriated to the Kansas Board of Regents. Representative Pottorff seconded. Motion carried.

Committee discussion followed concerning the type of insurance needed on vehicles titled to the state.

Staff distributed copies of a memorandum from the Legislative Research Department to the Legislative Coordinating Council. The memorandum included a summary of matters recommended for referral to legislative committees by the Subcommittee on Administration of the Legislative Coordinating Council. The two pertaining to the Joint Committee on State Building Construction were as follows:

- Proposed remodel of the Kansas Juvenile Correctional Complex for the Juvenile Justice Authority Administration Offices, proposed by the Senate Ways and Means Committee. Review the proposed remodel of the Kansas Juvenile Correctional Complex administration building for the relocation of the Juvenile Justice Authority central office. Study the cost associated with the proposed remodel, including the cost of rent for the central office of the Juvenile Justice Authority.
- Docking State Office Building and Dillon House. Study the current condition of the Docking State Office Building and Dillon House. Review recent capital improvement options dealing with both structures. Recommend a plan to address the long-term capital improvement needs of Docking State Office Building. Recommend a plan to address the appropriate use and long-term capital improvement needs of Dillon House.

Representative Grant moved that the Committee review favorably the minutes of the Committee for August 22, 2007; January 15, 30, 31; February 4, 5, 6, 7, 14; March 13, and April 29, 2008. Representative Brunk seconded. Motion carried.

Staff announced that the Regents' five-year capital improvement plan for each institution, as well as leases and change orders, are on the agenda for next month's meeting. During the September meeting, the Committee will be working on the insurance issues.

Vice-Chairperson Humerickhouse adjourned the meeting at 3:00 p.m.

The next meeting is scheduled on August 13, 2008 in Room 545-North of the Statehouse.

Prepared by Helen Abramson
Edited by Kimbra Caywood McCarthy

Approved by Committee on:

August 13, 2008
(Date)