

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

December 4-5, 2003
Room 123-S—Statehouse

Members Present

Representative Jo Ann Pottorff, Chair
Senator Stephen Morris, Vice Chair
Senator Jim Barone
Senator Mark Buhler
Senator Greta Goodwin
Representative Bob Grant
Representative Joe Humerickhouse
Representative Melvin Minor
Representative Melvin Neufeld (December 5)

Members Absent

Senator Nick Jordan

Staff Present

Robert Waller, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Helen Abramson, Committee Secretary

Conferees

Howard Fricke, Department of Administration
Larry Welch, Kansas Bureau of Investigation
Terry Knowles, Kansas Bureau of Investigation
Ben Vidricksen, Salina
Dave Emig, Emig and Associates
Wayne Boling, Commission on Veterans' Affairs
Joe Fritton, Department of Administration
Jim Hays, Kansas Veterans Home
Michael Hayden, Department of Wildlife and Parks

Roger Werholtz, Department of Corrections
Edward Phillips, University of Kansas
Warren Corman, University of Kansas
Denise Everhart, Juvenile Justice Authority
Eric King, Board of Regents

Others Attending

See guest list.

Thursday, December 4 Morning Session

Representative JoAnn Pottorff, Chairperson called the meeting to order at 10:00 a.m., on December 4, 2003, in Room 123-S of the Statehouse.

Staff presented copies of change orders that occurred during the month of October 2003, which were less than \$75,000, and the current status of claims made on behalf of the State that had been approved by the Department of Administration, Division of Facilities Management.

Chairperson Pottorff welcomed former Senator, Mr. Ben Vidricksen from Salina, who was a previous chairman of this Committee.

Mr. Howard Fricke, Secretary of Administration, stated he was present and represented the Governor and the Department of Administration in support of the concept to move the Kansas Bureau of Investigation Headquarters (KBI HQ) to the State Complex West (formerly the Topeka State Hospital (TSH)). Secretary Fricke noted that costs to move the agency, however, have not been fully investigated.

Larry Welch, Director, KBI, presented a handout concerning the relocation of KBI HQ to the State Complex West and discussed the history of the proposal. During previous Joint Committee of State Building Construction (JCSBC) meetings, the former Committee Chairman, Senator Vidricksen suggested the KBI investigate the possibility of relocating to the former TSH grounds. Four buildings on the campus were considered and a proposal was presented to JCSBC regarding relocation. However, the move did not materialize. Director Welch further stated that in July 2003, the Committee suggested that the KBI present a technical assessment of the relocation to these same buildings.

Mr. Vidricksen commented on the relocation of the KBI HQ and expressed his opinion that he hoped the Committee would look favorably on KBI's proposal.

Terry Knowles, Deputy Director, KBI, presented a power point presentation regarding the relocation of KBI HQ to the State Complex West (copy is on file with the Legislative Research Department). Items pointed out in the presentation were: building history, space deficiencies, location, building comparisons, purpose of feasibility study, process of study, programmed site requirements, programmed building requirements, description, scope, four options and their costs, price comparisons, summary of options, and time line.

The architectural services of Emig and Associates was obtained to perform the feasibility study for KBI HQ relocation to the State Complex West (copy is on file with the Legislative Research Department).

Dave Emig, Emig and Associates, stated that they were hired by KBI through the Division of Facilities Management through an on-call contract with the State of Kansas to perform a feasibility study to determine the status of the structural, mechanical, electrical, and plumbing systems, and to also determine the functional feasibility of adaptive reuse of the four buildings, compare costs, or provide estimates for new construction. Program site requirements concerned security, minimum impediments to the evidence chain of custody, new utility services to replace the existing infrastructure, off-street parking, control vehicular/pedestrian access, emergency vehicular access, and two points of egress. Emig and Associates determined that KBI needed approximately 105,000 square feet of space, with 44,000 square feet for critical laboratory space.

Mr. Emig addressed the issues of water drainage, widening MacVicar Street, access easement granted to USD 501, the central power plant, and paving a graveled parking lot. Mr. Emig elaborated on the cost of the four different options ranging from \$18,239,521 to \$22,410,536.

Committee discussion followed concerning zoning requirements, storm sewer system, granted easement, power plant, other location sites, demolishing costs of some of the buildings, contingency amount, bonding of project, and inflation costs.

Chairperson Pottorff recessed the meeting until 1:30 p.m.

Afternoon Session

Chairperson Pottorff called the meeting to order at 1:30 p.m.

Wayne Bollig, Acting Director of the Kansas Commission on Veterans' Affairs (KCVA), presented an overview of the status of the State Veterans' Cemetery Program, and current renovation needs for the Kansas Soldiers Home.

Mr. Bollig stated the Fort Dodge Cemetery expansion project is complete, and the WaKeeney Cemetery has an anticipated completion of early February 2004. Construction has started on the Winfield Veterans Cemetery with completion expected in November 2004, and Fort Riley Cemetery was originally delayed because the Federal VA rejected the original site. However, a new site was agreed upon and the planning phase should start in FY 2005.

Mr. Bollig commented that the Kansas Soldiers Home (KSH) was under an agreement with the Legislature to limit requested repair and rehabilitation funds to \$100,000 per year for five years, with FY 2004 being the final year. Due to this agreement, many essential projects have been delayed or patchwork repairs made. With over 100 buildings to maintain, along with roads and basic infrastructure, the agency is requesting an increase to \$200,000 in FY 2005 and \$250,000 in subsequent years.

Mr. Bollig informed the Committee that last year the agency failed to receive a federal grant for KSH. However, in FY 2005 the agency has been informed that federal funding will be provided for projects by KVH and KSH. The state match will be funded from the agencies' facilities conservation improvement fund and the projects to be completed under this grant include: (1) air-conditioning of Halsey, Gant, Nimitz, and Eisenhower halls, (2) energy efficient lighting fixtures for

Grant, Nimitz, and Eisenhower halls, (3) new roof for Halsey Hall, (4) security system enhancements for Halsey, Grant, and Lincoln, and (5) automatic door openers for Halsey, Gant, Nimitz and Eisenhower halls. Mr. Bollig said the bids for the cemeteries came in under 25 percent less than anticipated.

Committee discussion followed concerning air-conditioning items.

Mr. Jim Hays, Superintendent, Kansas Commission on Veterans' Affairs, presented the agency's five-year capital budget plan that also included projects covered and not covered by grants (Attachment 1). Projects for FY 2005 totaled \$3,464,498 for the Kansas Soldiers Home and the Kansas Cemetery Program.

Mr. Hays explained the grant request program and presented a briefing on Federal Grants (Attachment 2).

Michael Hayden, Secretary, Kansas Department of Wildlife and Parks (KDWP) presented the agency's FY 2005 capital improvement budget request (Attachment 3). The KDWP requested \$700,000 to continue land acquisition, \$550,000 for wetlands acquisition and development, \$936,800 for major maintenance at parks, \$150,000 for major maintenance for public lands, \$945,000 for motorboat access, \$1,709,320 for road and bridge maintenance, and \$100,000 for river access.

Other funds requested for several major new projects were as follows: development of the Cheyenne Bottoms wildlife areas education and visitors center, mitigation project at Tuttle Creek State Park, development of Menninger Memorial State Park, development of Circle K Ranch, construction of the Prairie Spirit Rail Trail (third stage), and Coast Guard grant projects.

Representative Neufeld commented that there is no support in his district for the development of the Circle K Ranch project and instead suggested placing the ground in the federal CRP which would freeze the water rights which would accomplish the KDWP's goals.

Mr. Hayden also gave an overview of the use of federal grants, the Milford Fish Hatchery water line project, and cabins at several state parks.

Mr. Hayden remarked that the park office at Cedar Bluffs, and the Milford Fish Hatchery water lines bids came in at double the price estimated. The State's share is \$1,282,000.

Discussion followed concerning the new projects, including Tuttle Creek camping grounds.

Roger Werholtz, Secretary, Department of Corrections (DOC), presented a summary of the DOC's projects requested by the Committee during the November 6, 2003 meeting (Attachment 4). The projects concerned the expansion of sign and graphics building, expansion of clothing building, construction of new storage building, expansion of visitation room, construction of Spiritual Life Center, and reconstructing Quonset buildings for indoor exercise area, warehouse storage, saw mill, and equipment storage.

Staff handed out copies of KSA 2002 Supp. 75-5282 statute relating to the Correctional Industries Fund. Committee discussion followed.

Senator Morris moved for the Committee's recommendation to approve the projects requested above by the Department of Corrections. Seconded by Senator Barone. Motion passed.

Edward Phillips, Vice-President of Kansas University Medical Center (KUMC), presented testimony concerning the Medical Center's FY 2005 capital improvement requests and lease agreements.

Mr. Phillips requested authorization to modify a lease agreement with the Kansas University Endowment Association (KUEA), subject to the advance approval of the Secretary of Administration, for the support services building on the Medical Center Campus. The Medical Center desires to consolidate and move the operations of Institutional Financial Management, Print Services/Mail Services, and Kansas Cancer Institute Information Call Center to renovated space in the Support Services building thereby freeing up space on the central campus for educational, research, and clinical programs. The proposed project would convert 21,000 square feet of hi-bay, non-air conditioned warehouse space into finished, tempered space for these support activities. The estimated cost of the project, including furnishing, is \$1.45 million.

The Medical Center currently has a lease with KUEA which repays the initial purchase cost of the building and initial renovation costs. The Medical Center proposes to add the cost of the additional renovations to the existing lease. Given the current low interest rates, and maintaining an annual payment of \$438,000, it is anticipated that the total amount advanced will be repaid by 2016. The lease is paid from General Use funds.

KUMC is requesting authorization to amend its FY 2005 capital improvements request to include parking facility No. 4 (the project was originally scheduled to begin in FY 2007). Plans for constructing and financing the third parking facility at the Medical Center are being developed simultaneous with the planning for the new Biomedical Research Building. In this process, it has become apparent that the need for the fourth garage will be realized much sooner than expected. The fourth garage is expected to cost \$7,644,000 and will be constructed on Olathe Boulevard. The cost of the garage will be financed with revenue bonds issued by the Kansas Development Finance Authority and secured with the revenue stream from the parking operations at the Medical Center.

KUMC also is requesting authorization to enter into a lease agreement with the Kansas University Medical Center—Research Institute (KUMC—RI), subject to the advance approval of the Secretary of Administration, for five acres of parking improvements on the north edge of the campus. A five-acre parcel of land was utilized for parking of contractor vehicles. With the groundbreaking for the new Biomedical Research building, the Medical Center will lose over 400 parking spaces. Improvements can be made to the KUMC-RI property at a cost of \$237,000 to provide close to 300 temporary parking spaces during construction of the Biomedical Research Building. The Medical Center wishes to amend the current lease with the KUMC-RI so that the cost of the improvements can be repaid in the first year of the new lease. In addition, the new lease will cover the increased cost of liability insurance to the KUMC-RI caused by the change in land use. The cost is estimated at \$700 per year. There are sufficient funds available in the KUMC Parking Revenue Fund for this lease.

Senator Barone moved for the Committee's recommendation to approve the three items requested by the University of Kansas Medical Center. Seconded by Representative Grant. Motion passed.

Warren Corman, University Architect, University of Kansas (KU) requested approval of two items on the Lawrence Campus.

The razing of Lindley Hall Annex was approved by the Joint Building Committee on August 7, 2003, subject to approval by the Kansas Board of Regents and the identification of funds to complete the project. The Board of Regents approved this item at their September 2003 meeting, with the estimated \$80,000 for razing being provided by the FY 2005 repair and rehabilitation fund. Wording is needed in the 2004 Session Laws to provide for the razing.

Additionally, the Multi-cultural Resource Center was also approved by the Committee on August 7, 2003 subject to the determination of funding. To provide the \$3 million necessary, KU students have agreed to provide \$1.5 million from reserve funds generated by student fees and \$1.5

million will be from gift funds. The project will be attached to the north side of the Kansas Memorial Union. This project will also need legislative approval in the 2004 Session.

Representative Grant moved for Committee approval of the two items requested by the University of Kansas. Seconded by Senator Buhler. Motion passed.

Representative Neufeld moved for Committee approval of the November 6, 2003, Committee meeting minutes. Seconded by Senator Buhler. Motion passed.

Senator Barone suggested that perhaps the Revisors Office could provide information on the laws that require additional procedures for razing buildings on state property than those that exist for private industries.

Senator Morris was of the opinion that this should be a matter of consideration for the Building Committee.

Chairperson Pottorff adjourned the meeting until tomorrow morning at 9:00 a.m.

Friday, December 5 Morning Session

Chairperson Pottorff called the meeting to order at 9:00 a.m.

Joe Fritton, Deputy Director, Department of Administration (DA), Division of Facilities Management, presented for Committee approval a change order and four new leases as follows:

(1) A \$199,679.00 change order for the Kansas Department of Transportation for the new KDOT headquarters at 700 SW Harrison for replacing damaged curbs, replacing concrete in parking lot A, and installing accessible asphalt ramps at handicap parking spaces. It is necessary to replace the concrete in parking lot A, although the steam tunnels will need to be connected to the boiler. A small trench will need to be cut into the concrete, but Facilities Management felt it would be best to go ahead with the concrete replacement.

Deputy Director Fritton informed that \$673,000 in contingency funds remain in the project budget. There are more change orders to come for some code wiring compliance, and remodeling the fourth and fifth floor tenant areas for non-KDOT employees. The estimated cost for remodeling the fourth floor where the dining room is located will cost approximately \$382,000. That cost had already been figured in previous estimates. Deputy Director Fritton noted that other occupants are still under review for back filling this building.

Discussion followed concerning the vacancy that will be left in the Docking State Office Building when KDOT moves to the Harrison building.

Representative Minor moved for the Committee's recommendation to approve the change order of \$199,679.00 for Kansas Department of Transportation at 700 SW Harrison, Topeka. Motion seconded by Senator Buhler. Motion passed.

(2) A three-year lease for the Kansas Commission on Veterans Affairs at 700 SW Jackson, Suite 701 for 1,770 square feet at \$11.50 per square foot. Veterans Affairs was scheduled to move into Landon State Office Building, however, those plans have been put on hold. The agency

currently has two separate leases due to the need for additional space when a new program was added. Discussion followed.

(3) A three-year lease for the Kansas Commission on Veterans Affairs at 700 SW Jackson, Suite 701 for 644 square feet at \$11.50 per square foot.

Both of the leases for the Kansas Commission on Veterans Affairs expire February 28, 2004.

Representative Grant moved for the Committee's recommendation to approve the two new three-year leases for the Kansas Commission on Veterans Affairs at 700 SW Jackson, Suite 701, Topeka. Motion seconded by Representative Humerickhouse. Motion passed.

(4) An amendment to the current lease for three additional years (12/1/03 – 11/30/08) for the Juvenile Justice Authority (JJA) at 706 SW Jackson, Topeka, for 8,074 square feet at \$13.53 per foot. JJA is in the process of hiring additional staff and needed additional office space. The current landlord agreed to lease JJA 1,750 square feet of office space at no additional charge if DOA agreed to extend the current lease for three additional years.

(5) An amendment to the current lease for three additional years (12/1/03 – 11/30/08) for the Juvenile Justice Authority at 750 SW Jackson for 4,500 square feet at \$12.50 per square foot. JJA is in the process of hiring additional staff and needed additional office space.

Deputy Director Fritton noted that the two leases are in the same building, but in different locations.

Denise Everhart, Commissioner, Juvenile Justice Authority, stated that there are different owners of the two leased spaces because of the structure of the building. One lease is located in the newly remodeled Jayhawk Walk.

Committee discussion followed. *Senator Goodwin moved for the Committee's recommendation to approve the two leases for the Juvenile Justice Authority at 706 and 720 SW Jackson, Topeka. Representative Minor seconded. Motion passed.*

Eric King, Director of Facilities Management, Board of Regents, presented testimony regarding a list of deferred maintenance for FY 2004 totaling \$2,753,916 and \$1,077,857 for FY 2005 for state universities with the possibility of using bonding as the source of revenue (Attachment 5). Mr. King discussed two options of 20-year bonding for the unfunded cost of serving new buildings provided by the Kansas Development Finance Authority (Attachment 6). These options would include the utilization of the Educational Building Fund to provide some financing. Mr. King stated that even if the backlog is eliminated, maintenance costs would also have to be determined. Currently, \$12 million is being spent yearly, when \$75 million should be spent for maintenance.

Mr. King remarked that in the last few years, in a better economy, the universities received \$2.7 million to finance maintenance. Another \$ 1 million is projected for other buildings that are being completed over the next year. This means that the universities will have to absorb about \$3.7 million.

Committee discussion followed concerning the formula used for funding maintenance at the universities and the use of block grants to handle cost of utilities. Senator Morris stated that this Committee should discuss these issues in depth at some point.

Senator Morris commented that the Board of Regents and the Legislature should discuss issues of infrastructure, formula, and develop a comprehensive plan to address the problems. An additional issue would be funding maintenance of new buildings that are completed with private funds.

Mr. King referred to an email received from Marvin Burriss of the Board of Regents regarding the Educational Building Fund.

The email stated that the Division of Budget determined that revenues to the Educational Building Fund (EBF) would be reduced due to actions related to the acceleration of property tax payments authorized by the 2003 Legislature. On a one-time basis in 2003, the statewide EBF levy will be reduced from 1 mill to 0.6 mills. It will be restored to 1 mill in 2004 and years thereafter. However, the one-time revenue impact is a reduction of about \$6 million over the two years FY 04 and FY 05. Since FY 04 funds have been committed, the most workable alternative is to take the reduction in FY 05. This means that instead of allocating \$13 million, which had been appropriated, the Board of Regents would allocate \$7 million for FY 05. In order to do this, the institutions need additional time to reconfigure their rehabilitation and repair priorities under this reduced funding scenario. Assuming, in time, there is a firm figure, this matter is planned for the agenda at the Board of Regents' January meeting.

Committee discussion followed about legislative intent not to reduce the \$13 million.

Referring to the first option of the Kansas Development Finance Authority (see Attachment 6), Mr. King informed the Committee of the amount of expenditures the EBF could support for a 20-year bond period at a cost of \$282,830,000.00. The 20 year total for principal and interest payments would amount to \$454,296,923 and adding in the "crumbling classroom" payments would increase the total debt service costs to \$574,278,291. This option utilizes the full amount of the EBF for 20 years. There would not be any rehabilitation and repair expenditures requested for those years, and State General Funds would be needed for any additional maintenance.

The second option totals \$678,975,000 in bonds without backing from the EBF and this amount would completely fund the backlog of maintenance. The 20 year debt service payments for principal and interest would amount to \$1,041,245,052. Adding in the "crumbling classroom" payments would increase the total debt service payments to \$1,161,226,419.

Senator Morris suggested that the Board of Regents participate with the Committee in formulating a master plan for deferred maintenance expenses. Committee members supported Senator Morris' suggestion and also agreed that the donor should consider maintenance costs when the universities acquire newly constructed buildings that have been privately funded.

Chairperson Pottorff adjourned the meeting and reminded the Committee that afterwards members will be touring the Capitol vaults. The next meeting is scheduled for January 12, 2004 at 11:00 a.m.

Prepared by Helen Abramson
Edited by Robert Waller

Approved by Committee on:

January 12, 2004
(date)