

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

October 24-25, 2007
Room 123-S—Statehouse

Members Present

Representative Joe Humerickhouse, Chairperson
Senator Laura Kelly
Senator Stephen Morris
Senator Dwayne Umbarger
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative Jo Ann Pottorff

Members Absent

Senator Pat Apple
Senator Greta Goodwin

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Kimbra Caywood, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Mike Corrigan, Office of the Revisor of Statutes
Helen Abramson, Committee Assistant

Conferees

Richard Gaito, Department of Administration
Chris Rieger, Department of Corrections
Jennifer Welch, Department of Corrections

Russ Jennings, Juvenile Justice Authority
Chris Rieger, Department of Corrections
Marilyn Jacobson, Department of Administration
George Werth, Department of Administration
Ray Dalton, Department of Social and Rehabilitation Services
Denny Stoecklein, Kansas State Fair
Barry Greis, Department of Administration
Eric King, Kansas Board of Regents
Gary Hibbs, Department of Administration
Duane Goossen, Department of Administration
Mike Gaito, Department of Administration
Gary LaShell, Department of Social and Rehabilitation Services
Keith Bradshaw, Juvenile Justice Authority

Others Attending

See attached list.

Wednesday, October 24 Morning Session

Chairman Humerickhouse called the meeting to order at 10:15 AM.

Richard Gaito, Deputy Director, Division of Facilities Management, Department of Administration, presented four leases and Gary Hibbs, Department of Wildlife and Parks presented a change order as follows:

- A three-year lease for the Kansas State Gaming Agency - 420 SE 6th Street, Topeka, KS (Attachment 1). The agency has been at the Eisenhower State Office building since it opened and the requirement for this space was necessitated by the Racing and Gaming extending its current space into gaming. Gaming requested the Department of Administration (DOA), Real Estate Department, to complete the lease process negotiations for the agency. The Real Estate Department advertised the request in January 2007 and also the bid information was placed on their web site. The solicitation period closed in September 2007 and eleven bids were received. The proposed lease is for the lowest cost option that meets the specification of the RFP. The proposed 3-year lease is a full service lease with two one-year renewal options. The rate does increase slightly during the renewal options. The lease meets the State's space standards and the lease process followed the established procedures. The lease rate is favorable to the State of Kansas and is acceptable to the DOA.

Committee discussion followed concerning the need for increased space and parking places.

Representative Feuerborn moved the Committee's recommendation to review favorably the Kansas State Gaming Agency 3-year lease. Representative Grant seconded. Motion carried.

- A 7-year lease for the Kansas Department of Revenue's (DOR) Drivers and License Examination office at 3907 SW Burlingame Road, Topeka ([Attachment 2](#)). The agency has been at its current location since 1992. The current lease expires in June 2008 however, they will be exercising a no return clause in the current lease because of the reduction of cost. The DOR advertised in June 2007 and also it was placed on the DOA's web site. Seven proposed were received. The lease being presented is the lowest bid received that meets the department's requirements. It is a full service lease with a expense-stop for the utilities. The lease does exceed the State's lease standards, however this is do to the need of a larger reception area and waiting area for people taking examinations. The DOA is supportive of the lease process and the leases with the exception of the space standards.

Director Gaito explained that the cost of an agency's move is evaluated in the total cost of the lease which is included in the cost package. However, in this case the move was necessitated because the current landlord would not renew the lease at the current location. Therefore, the bid process was for a favorable lease that would allow them to exercise an early termination clause, and therefore save some money for the state in the process.

Representative Grant moved the Committee's recommendation to review favorably the Department of Revenue's 7-year lease. Representative Brunk seconded. Motion carried.

- A 5-year lease for the Department of Correction's (DOC) Parole Office at 1008 W. 4 Street, Pittsburg ([Attachment 3](#)). The DOC has been at this location since 2001. The DOC advertised in August 2007 and received one response. The proposed location is the same as the current lease. The DOC will continue to pay separately for utilities. The proposed lease does include an increase in the rental rate, however, this is the first rate increase that the DOC has had with the landlord since 2001. The rental space does exceed the State's space standards, but the DOC explained this as the DOC needs additional space to conduct group classes, specialized instructions in evening classes, job search retention, and specialized restroom for conducting urine analysis on offenders and a related lab for that program. The lease rate is favorable to the State. The DOA is supportive of the process.

Representative Grant moved the Committee's recommendation to review favorably the 5-year lease for the Department of Correction's Parole Office, Pittsburg, KS. Senator Kelly seconded. Motion carried.

- A 10-year lease for the Kansas Department of Corrections Parole Office at 804 N. Meadow brook Drive, Olathe ([Attachment 4](#)) The DOC has been at its current location since 1996. The DOC advertised in October. In addition, the agency contacted several local realtor and landlords. The agency received seven responses, however, all the proposals except for the one being presented today presented concerns for the DOC. The problems range from location, to small site being offered, landlord not wanting a parole office at that location and in some cases unfavorable lease terms. In the proposed lease the agency will pay utilities

and custodial separate from the rent amount of \$14.25 per square foot. The rental space does exceed the State's recommended space standards. The DOC justifies this space is needed to conduct group classes, some training and urine analysis. The lease rate is favorable to the State and the DOA is supportive of the process.

Discussion followed about the very favorable lease rate compared with other leases in the Kansas City area, the doubling of the lease length of time, and the large increase in space. Chris Rieger, DOC, explained that during the last three years there has been a change of philosophy in the department. Also Jennifer Welch, DOC stated that with a \$4 million grant from the Jet Foundation the department has established a number of new positions and new programs. The grant is expected to continue for three years. Also, the increase will be spread out in 3-year periods. Currently there are 17 FTE and other employees work off and on at different times.

Senator Umbarger moved for the Committee's recommendation to review favorable the 10-year lease for the Kansas Department of Correction at Olathe. Representative Grant seconded. Motion carried.

- Garry Hibbs, Division of Facilities Management, Department of Administration, presented a change order for the Department of Wildlife and Parks (W&P) for the Wetlands Education Center at Great Bend, Ks for \$132,677.72 (Attachment 5). The purpose of the change order is two-fold, specifically it is to raise the building and the surrounding site area by two feet. This will accommodate the increase in the water table that transpired due to the terrific amount of unusual moisture in the area this calendar year. The other portion of the change order is for days and that is due to the wetness of the site and the fact that the site was temporarily flooded during July and August which delayed the start of construction. Raising the building is not to prevent it from flooding, but is to allow for the bearings for the footings to be above the water table. The W&P has been pumping water from one pool to other pools and the site has dried out sufficiently that work is now proceeding.

Discussion followed about if the raising of the water table would be sufficient in case heavy rains are experienced next year, and if there was an original design flaw. Sen. Umbarger-2- recommended that there be communication with the design team regarding the prime site. Representative Feuerborn expressed he also agreed with Senator Umbarger's recommendation.

Senator Umbarger moved for Committee's recommendation to review favorable the change order for \$132,677.72 for the Wetlands Education Center at Great Bend, Kansas. Representative Pottorff seconded. Motion carried.

Russ Jennings, Commissioner, Juvenile Justice Authority (JJA), presented testimony and a program statement concerning moving the JJA central office from 714 SW Jackson to the old Topeka Juvenile Correctional Facility Campus (Attachment 6 and 7). Commissioner Jennings toured the old Topeka Juvenile Authority central office at 714 SW Jackson, a leased office space. At the same time discussions about the possible future use of the administration buildings on the Topeka Juvenile Correctional Facility/Kansas Juvenile Correctional Complex (TJCF/KJCC) campus were occurring at

the same time the RFP for office space for the Topeka Juvenile Authority Central Office was commencing.

There are a number of buildings on the campus that are not being utilized. At this time our discussions began about the possible renovation of the TJCF administration building to be used as the agency's central office location. Since then a plan was developed for remodeling the old administration building to provide a permanent home for JJA Central Office. The move will alleviate the projected yearly lease payment of \$177,050, and an anticipated increase of seven percent in the lease cost, in addition to \$36,879 for Division of Facilities Management Fees for JJA Central Office.

This move will take advantage of expenditures currently made in order to maintain the TJCF administration building. This includes \$35,189 for utilities and \$3,632 for maintenance staff salaries to perform general maintenance. This move will be fiscally responsible and makes good sense.

There are a couple of old buildings on the campus that has decayed to the extent that the only recommendation is to raze them. The Building Committee took previous action on this recommendation and approved the razing. The administration building on the campus is being minimally heated and cooled to ensure it could be used, if needed, for future purposes. The estimated annual cost for that is \$38,000 for utility just to keep the buildings in a condition so they will not decay.

Estimates show that a renovated project will allow creation of a permanent home for the central office and could gain a little space in the process. At a projected remodeling construction budget of \$2.79 million at the campus it will take the State 13.8 years to recover the cost of the renovation.

Moving the Central Office into the administration building on the TJCF campus will allow approximately 5,000 additional s.f. to be utilized by the agency. This move would necessitate the altering of the current configuration of the security fence. The project proposes to alter the security fence to move the administration building outside the secure perimeter to allow access to the office and provide continued security for facility operations. The plan submitted here does not reflect the cost of razing the two dorm buildings. A substantial amount of parking will also be gained. Also, KJCC and JJA Central Office will explore the possibilities of shared support services in the areas of information technology and human resource management.

Another aspect to consider is that the location will be a 12 minute drive rather a five minute walk when somebody calls and wants to have a hearing , but Commission Jennings remarked that he believes travel would not be an inconvenience.

Commissioner Jennings would like to see this project developed in the agency's five-year capital budget plan. The current central office lease which expires in November 2008 would need to be extended until the final move in the spring of 2010.

Committee discussion followed concerning an extension of the current Central Office if construction on the JJA campus takes longer than estimated, possible increase of the cost of material from the time this project is submitted, approved and commenced, the possibility of using other vacant buildings on campus if the population sky rockets, increases in the Central Office lease rent in the next lease rental rate (the present lease expires in November 2008), and the timeline for the funding issue and its source.

Chairman Humerickhouse noted that the Building Committee members appear to be supportive of the project.

Senator Morris remarked that perhaps the State Institutions Building Fund might be a source of funding for the project.

Representative Feuerborn moved for Committee's recommendation to review favorably, as submitted today, the JJA project of moving the Central Office to a renovated administrative building on the JJA campus. Representative Pottorff seconded. Motion carried.

Marilyn Jacobson, Director of Division of Finance and Facilities Management, Department of Administration, briefed the Committee on the Department of Administration's five-year capital improvement plan for FY 2009 through 2013 (Attachment 8). The briefing included building condition assessment ratings, work completed, and ongoing work for the Landon State Office Building (LSOB) for FY 2008. Director Jacobson noted that the highest prioritized items in this year's plan include authorization for the agency to spend rehabilitation and repair (R & R) funding (\$400,000) from the State Buildings Depreciation Fund, Special Maintenance Repairs and Improvements sub-account for rehabilitation and repair. Potential projects listed were for LSOB generator controls replacement, Memorial Hall retaining wall repair (re-point and seal) repair and rehabilitation on the Capitol Complex buildings, Printing Plant and Parking Lot/Sidewalks. What remains is a prioritized list of projects that address building components that are at or near the end of their useful lives. The agency limited their overview to R & R and six priorities as follows:

- \$200,000 for Statehouse and Cedar Crest rehabilitation and repair from the SGF for potential projects for carpet replacement (at areas of deterioration) at Cedar Crest and hot water tank at the Statehouse.
- \$225,000 for the Kansas Judicial Center rehabilitation and repair from the SGF for potential projects for landscape improvements, repairs to south steps, and repairs to steam/condensation system.
- \$75,000 for rehabilitation and repair from the Printing SVC Dep. Fund for potential projects for replacing air compressor, replacing condensate pumps, and resurface and re-stripping parking lot.
- \$150,000 from the State Buildings and Grounds Fund for FY 2009 and succeeding years in the plan to continue with ongoing parking lot/sidewalk maintenance and repair (or replacement) work in the capitol complex.
- \$245,388 for Docking State Office Building (DSOB) fire alarm notification upgrade and repair from the SGF. The design and construction for this project is estimated to take one year. The Building condition rating is 55.0 (poor). The component condition: engineered systems - fire alarm system is unsatisfactory.
- \$72,800 for the Landon state Office Building emergency stairwell. This project is needed to ensure the safe evacuation of all people in the LSOF during emergencies.

The remaining projects are as follows:

- \$863,153 from the SGF for the LSOB fire detection and notification improvement.
- \$515,995 from the SGF for the LSOB fire suppression system. The Topeka Fire Department can only externally evacuate people from less than sixth floor heights. This is a ten-story building. The fire suppression system is a requirement of the current Building Code for -structures and has been a requirement for several years. Although most code requirements are not retroactive, this one is, due to occupant life safety concerns.
- \$3,001,440 from the SGF for the capitol complex maintenance tunnel replacement. There have been areas of the tunnel that have caved in and with water standing on the dirt floor of the tunnel, this area becomes hazardous for employees to enter and work in the tunnel.

The tunnel provides service to the Landon Building, Memorial Hall, Curtis Building, and Judicial Center. With this tunnel containing steam piping, electrical service, and communication conduit, a collapse of this tunnel could sever service to these buildings for an extended period of time while repairs are made. From inside of the tunnel one can look up and actually see the shadow of the overhead vehicles tires as they travel down 10th Street. There are areas of the tunnel that have caved in.

Committee discussion followed concerning a possible sink hole on 10th street if part of the tunnel collapsed and that this project has been on the capital improvement list for the last five years.

- \$976,302 funded by SGF, for the Kansas Judicial Center sprinkler system. The sprinkler system only covers the basement of the building.

Director Jacobson also address the capitol complex deferred maintenance plan. The majority of the existing State owned/managed office space in the Capitol Complex is either in or near a very critical condition of disrepair. The Department of Administration estimates \$240 M is needed to address deferred maintenance in the Capitol Complex buildings.

Director Jacobson next addressed the agency's recommendation to reconstruct the DSOB by taking it down to its base structure and rebuilding it at an estimated cost of \$77,426,297 or to keep the building occupied while individual repairs are done to the building at an estimated cost of \$147,750,785. To do only non-cosmetic repairs to the LSOB infrastructure at an estimated cost of \$64,372,64 or move the occupants out and reconstruct the building at an estimated cost of \$71,264,223. Another recommendation is to include in the rent rate an annual cost per usable square foot to maintain the buildings at an acceptable level of quality and reliability for the remaining Capitol Complex buildings. The Physical Plant Administers Maintenance and Operation of Building and Grounds Manual recommend two - four percent of the building replacement cost be budgeted annually for routine maintenance and repair of buildings. Using the industry standard of two percent equates to an additional \$2.44 per usable square foot of building space. Another recommendation is to relocate the Highway Patrol from leased space into the DSOB.

Committee discussion followed concerning the condition of the service maintenance tunnel, shoring it up, and a \$3 million construction cost for a new tunnel.

George Werth, Engineer, Division of Facilities Management, DOA, remarked that a new tunnel would run parallel to the old tunnel and be part of the sidewalk. He stated that he was not sure if the existing tunnel could be shored up because of its current condition, but if it could then an estimated cost could be determined.

Senator Morris expressed that the tunnel project should at the top of the priority list as it is a serious situation.

Committee discussion followed concerning imploding the DSOB and constructing a new one.

Denny Stoecklein, General Manager, Kansas State Fair, presented the Fair's 5-year (FY 2009 - FY 2013) capital improvement budget plan (Attachment 9). Capital maintenance and repairs request for FY 2009 is \$112,064.22.

Mr. Stoecklein reported on the recent fair. The agency's five year plan is much scaled -6- down from previous years. In year 2001 there was legislation that enabled the bonding of \$29 million and from 2001 to this past year, there has been \$31 million of completed improvements and money invested into the fair grounds by the State and the State Fair, the City of Hutchinson and Reno County. The project funded by that bonding and some additional money that came from the last legislative session have all been completed. The major facility completed the past year was a new facility for sheep and goats. This building will also be used during the other 50 weeks of the year. Other projects completed this past year with the cooperation of the Hutchinson Correction Facility which were the renovation of the exterior of the beer garden, the historic Capper House, and the new Blue Stem Wine Building and Garden. Also renovation were done to the public restroom facilities and the AT&T arena. The master plan funds have now been exhausted and the Fair is now focusing on maintaining the facilities that have been invested in these past years so that in a matter of years the same process should not have to be repeated. A lot of the capital improvement funds will go toward a preventive maintenance program.

Chairman Humerickhouse recessed the Committee at 12:05 PM.

Afternoon Session

Chairman Humerickhouse reconvene the meeting at 1:40 PM.

Ray Dalton, Deputy Secretary of Health Care Policy, Department of Social and Rehabilitation Services (SRS), presented the SRS's 5-year capital improvement budget for the five state hospitals and the Chanute Service Center (Attachment 10 and 11). Currently, \$1.4 million is appropriated annually from the State Institutional Building Fund for the on-going maintenance and repair of all five state hospitals. This annual amount is not sufficient to keep the state hospitals in reasonable condition, prevent catastrophic failure of key buildings systems, and ensure the health and safety of the residents and patients. Therefore, another backlog of maintenance and repair items is beginning to once again accumulate. Over \$8.3 million is needed for maintenance and repair projects have been identified at the state hospitals as shown as S-I plus S-5 of the 5-year plan. Items listed under S-I include \$3.5 million of the most urgent, highest priority of these projects. These projects are the bare minimum that must be undertaken to maintain the operating conditions of the facilities and prevent catastrophic failure of major systems. SRS intends to request these projects be funded with the \$1.4 million allocation annually to state hospital for capital improvement and an additional \$2.1 million in annual funding from the State Institutional Building Fund (SIBF) beginning FY 2009.

The state hospitals are also in need of \$8.9 million in critical major repair and renovation projects shown as S-2 on the 5-year plan. Each of these major projects are in excess of \$1 million and have historically been approved as additions to routine maintenance and repair projects. They include:

- Projects that address critical health and safety issues identified by facility surveyors;
- Replacement of 30 year old heating, ventilation, and air conditioning units;
- Replacement of old, deteriorating low pressure steam lines with modern high pressure lines; and
- Remodeling residential cottages not included in earlier remodeling projects.

SRS plans to request that these major maintenance and repair priorities be funded with the SIBF or through bonds paid for by using the SIBF.

In addition, the Department of Health and Environment recently determined that Larned State Hospital's (LSH) building should not be used to house or treat patients. It is not cost effective or feasible to rehabilitate the hospital building for patient treatment. LSH will make adjustments in the SPTP program to temporarily free up space by September 9, 2007 for the 19 patients served in the hospital building by September 2007. However, these patients can not indefinitely stay in space that will be needed by the ever growing Sexual Predators Treatment Program (SPTP). To address this eventuality, SRS is requesting to build an addition to LSH's Adult Treatment Center (ATC) to house and treat patients displaced from the hospital building. SRS intends to make a \$360,000 FY 2008 supplemental request for projects planning and a \$5.25 million FY 2008 enhancement request to construct a 30 bed expansion to LSH's ATC.

Finally, the Division of Post Audit has projected that the SPTP will run out of physical space in the next two to three years. Since that review the SPTP census growth has slowed. But, the SPTP census growth has historically been erratic and difficult to predict. Based on current information regarding persons in the commitment process, SRS believes the census will soon be growing at previous rates observed by the Division of Post Audit. In addition, more residents are graduating through treatment steps, so the SPTP Transition Program, currently housed at Osawatomie State Hospital, will likely need more building space whether or not the overall SPTP census grows. In addition, the older buildings used by the SPTP are in need of repair. SRS is not planning on making a FY 2009 budget request for the SPTP, but is closely monitoring the census growth and will alert the Division of the Budget and the Legislature when the SPTP census reaches critical levels.

Committee discussion followed concerning the yearly projections of the number of persons in the SPTP.

The Division of Post Audit projected a yearly increase of 18 people, however last year there was very little increase.

Secretary Dalton noted that the legislature approved money year money to remodel one of Osawatomie's 30 bed mental health unit and it will be available in January 2009. In addition, the agency is asking for a 30-bed unit at Larned. There were seventeen beds replaced on the hospital building. Therefore, there will be a total of 43 beds.

Barry Greis, Statehouse Architect and Project Manager, Division of Facilities Management, Department of Administration presented an overview of the Capitol Restoration Project (Attachment 12). Mr. Greis first gave an overview of the Capitol Restoration Commission as follows:

- Legislative Coordinating Council (LCC) established the Capitol Restoration Commission (CRD) February 1998. LCC General Policies January 10, 2007, Policy 55.
- 16 member commission expanded to 19 members in 2007 Legislative Session.
- Roles and responsibilities for LCC and Department of Administration were outlined and approved by LCC December 11, 2002.
- When a decision needs to be expedited in the opinion of the Secretary of Administration, the President of the Senate and Speaker of the House will be asked to review and approve the work and such written approvals are distributed to the LCC. For example unforeseen structural conditions that are time sensitive to stay on schedule to complete the work.
- All revisions to the work are documented by the construction manager a Scope Change Proposal (SCP) regardless of dollar amount of work. SCP's are reviewed by the architect, project manager and approved by the Secretary of Administration.

Mr. Greis also presented project updates for the East, West, South, and North wings, the quarterly financial report from the State accounting and reporting system (STARS) and the timeline/schedule as of October 22, 2007.

Mr. Greis described one unexpected problem. In the West wing there were allowances in project contingencies set aside for plaster repair as the walls will require different levels of repair. But unexpectedly a condition occurred when the skim coat was applied, the plastic started popping from the walls. A few cracks were expected but there were thousands of cracks on the second floor. Every wall that was touched delaminated and pulled away. A third party analyzed this problem and talked about the absence of horse hair (a binder) and the lack of gypsum levels. Why the wall lasted 140 years but failed in the worst way in three months nobody knows. The East wing only had one small failure. When plaster adheres to a wall it will last thousands of years but the plaster had never adhered to the wall. Therefore, all the plaster in the West wing had to be replaced which was very costly.

When the chandeliers were hung at the same level in the House Chamber they blocked the view of the voting boards so all but the center chandelier was hung higher which solved the problem.

The first floor West wing will be open for occupancy before the commencement of the 2008 legislative session. The Legislative Research Department and the Legislative Computer Services will be opened on the ground floor in December 2007 as well as the Docking State Office Building tunnel.

Bids for the South Wing renovation will be received in January or February 2008. Once the South Wing is closed down it will remain closed for two years. However, during the session from January to June 2008 temporary offices will be located on the North Wing, fifth floor (formally Legislative Research Space) for Ways and Means Committee room, office for the Chairman of the Senate Ways and Means, other legislative offices, Legislative Administrative Services. On the

second floor temporary offices will be built for the Governor, Lt. Governor, and Chief of Staffs. In other words, in June 2008 everybody has to move out of the South Wing.

Mr. Greis noted that during the reconstruction an oil cloth enrollment chart from 1928 to 1944 for first grade pupils through college education was discovered above the 2nd floor vault in the temporary offices of the Speaker of the House.

Committee discussing followed concerning the unforeseen conditions of the building. Mr. Greis noted that there was so little documentation of the original building and the lack of drawings, so every time the architect said we need to cut into this wall, when the construction manager went in, it was found that lintels were not put in, which required more steel beams and more enforcement, so things had to be cut out which was quite time consuming and costly. There were changes in the different floor construction techniques from wing to wing and some of that wasn't realized as they had not been bored into and taken apart. Regarding the foundation, there was a settlement of less than one-half inch which required a pouring of liquid portland cement and drill holes three feet on center around the entire perimeter of the Statehouse to solidify the soil content. This was a significant surprise, very time consuming and costly.

There was discussion about possible reasons why the original painting on the ceiling of the House Chamber were painted over in years past.

Architectural design begins in November for the North wing, visitor's center, and interior rotunda.

Chairman Humerickhouse recessed the meeting at 2:20 PM. Mr. Greis conducted a tour of the renovation of the Capitol for Committee members and staff.

Thursday, October 25 Morning Session

Chairman Humerickhouse called the meeting to order at 9:15 a.m.

Eric King, Director of Facilities, Board of Regents (Board) provided the first quarterly report that ended September 30, 2007 on the State Education Institution Long-Term Infrastructure Maintenance Program (Attachment 13). On July 19, 2007 the Board staff presented the list to this committee and the institutions subsequently presented the projects to the Building Committee on August 22, 2007. The funding was released to the campuses following the August 22 meeting. As of the end of the quarter, three of the campuses have expended a total of \$91,032.00.

Essentially the campuses have been getting consults on board and there are some in-house projects that are reality small that have been started. Most of the \$91,000 at this point is for fees for some of the larger projects. It takes a little while to get started as architectural programs are being developed, advertised, interviews, selecting firms for larger projects, and starting in-house projects that are relatively small. The campuses with on staff architects try to do as much as they can, but essentially the infrastructure projects are engineering related and typically they do not have engineers on staff. The report shows an abbreviated update for the seven universities and the progress being made. Additional expenditure details can be found in the complete report which is attached to the review.

Mr. King referred to the four components of HB 2237 as follows:

- 1) The State General Fund (SGF) component (\$90 million over the five year period);
- 2) The university's interest where the campuses will be directing any interest money derived from tuition; and
- 3) The no-interest loan component, and 4) the tax interest component.

The legislation authorized \$100 million in bonds (\$20.0 million each fiscal year) beginning in FY 2008, to be requested by the Board of Regents from the Kansas Development Finance Authority (KDFA) for Washburn University, the 19 community colleges and five technical colleges. The principal and interest for the bonds will be paid from the SGF with the institutions reimbursing the SGF for the principal portion of the payments each year. The bonds will be let as 8-year bonds, with a cap of \$15.0 million in bonds per institution over the five-year period. Bond payments begin after July 1, 2008. Before requesting the bonds from KDFA, the legislation requires the Board to review the requests to determine both need and capacity of the institution to repay the bonds. The capacity to repay the bonds will be further reviewed by the KDFA.

The KDFA has been very helpful in working with the Board staff and the 25 public postsecondary institutions eligible to participate in the implementation of this new program. Since the close of the session, the following steps have been taken:

- The KDFA prepared a summary of the loan provisions of the legislation and shared it with all eligible institutions.
- Board staff and KDFA convened a meeting on July 25, 2007, of all 25 postsecondary institutions to discuss the program and gather input on the implementation, including a survey.
- KDFA and Board staff developed and distributed a Postsecondary Education Institution Loan Survey that was distributed to all eligible institutions for completion. The purpose of the survey was to gather data from the eligible institutions under the program to get a sense of what the demand for the PEI loan program in its current form and also to gather information about the demand implications of expanding the 8-year amortization to a longer duration. The survey results contained 470 projects identified by 22 institutions. At this point, no attempt was made to screen the identified projects and their associated descriptions for compliance with the program's authorization.
- Current activities include finalizing the loan application, working with the 25 institutions to develop an approach to the allocation of the bonding authority, and working on "clean up" amendments for consideration by the 2008 Legislature i.e. increasing the loan amortization from 8 years to 20 years.

Although the tax credits do not become available until July 1, 2008, the Board office has been working with Secretary Joan Wagon and the Department of Revenue (DOR) along with the 31 public postsecondary participating institutions to implement this new program. Since the close of the session, the following steps have been taken to prepare for the July 1, 2008 date when taxpayers can make contributions:

- May 21, 2007, the DOR sent to all eligible institutions a summary of tax credit provisions of the legislation along with the Q & A fact sheet.

- July 25, 2007, the DOR convened a meeting inviting the participation of all 31 postsecondary institutions to discuss the program and gather input on the implementation regulations. Draft regulations are currently moving through the review process.
- Representatives from the state universities and the Board office met with Secretary Wagnon to agree upon a methodology for the tax credit allocation formula. Based upon the language and intent of the statute, it was determined that the allocation take into consideration the square footage, age, and complexity of the buildings and infrastructure at each state education institution. This will be known as the "adjusted square footage." The percentage of adjusted square footage each institution represents of the total will be applied to the total available project funds from private sources resulting from the tax credit.

Additionally, two legislators ask for some additional information about what interest is being seen and a letter is being prepared for this purpose.

The first spreadsheet attachment shows the agreed format that the Building Committee recommended. The other attachments shows the deferred maintenance quarterly spending report on individual projects.

Discussion followed about any carry over if the money is not expended the first year. Staff informed there is not any carry over as there is a set limit for each year.

Gary Hibbs, Manager of Facilities Planning, Design, and Construction for the Division of Facilities Management and the Department of Administration presented topics concerning Building Construction Projects ([Attachment 14](#)). As an explanation of my testimony it is set up to broadly present information about the process as a whole from the State of Kansas and is just a summary out of statutes and guidelines drawn up by the Department of Administration, Division of Facilities Management and I will be summarizing the high points.

The Department of Administration, the Board of Regents, the Department of Corrections, the Department of Social Rehabilitation Services, and the Juvenile Justice Authority, who initiate and have responsibility for the majority of the capital improvement projects that are constructed for the State of Kansas are her today to present the Committee with information regarding the state process for preparing cost estimates, soliciting and receiving bids, and negotiating the design fees for building construction projects.

Estimates: K.S.A 75-3717b- Capital Improvement Budget Estimates: et al, established the process that state agencies use when proposing a capital improvement project for construction of a building, or for major repairs or improvements to a building. The project budget estimate along with a written program statement describing the project is submitted to the Division of the Budget.

The format required for submittals is established by the Director of Budget and consists of various components and requirements such as detailed justification including an analysis of the programs, activities needs and intended uses , funding requested by the project phases, detailed phase description, and cost estimates for land, surveys, soil investigation, equipment, building cost and other items necessary for the project.

Agencies are required to submit by July 1 of each year the capital improvement requests to the Division of Budget, the State Building Advisory Commission (SBAC), and the Joint Committee

for State Building Construction (JCSBC). The SBAC reviews the requests and reports any recommendations by November 15 to the Division of Budget, the JCSBC, and the Legislative Research Department .

Agencies also are required to submit by July 1 of each year a five-year capital improvement program and facilities plan setting forth the current and future space needs and utilization plan for the next five fiscal years in such form and containing such information as prescribed by the Secretary of Administration to the Division of Budget, the SBAC, and the JCSBC. (Note: exceptions are the Adjutant General Department (AGD) federally funded projects and Kansas Correctional Industries projects; AGD provides a list of federally funded projects)

The Department of Administration also has a series of guidelines in the DFM Building Design and Construction Manual Guidelines. All that information is available from a web site so agencies can go there and review any specific information. Besides estimates it applies to bidding and agencies.

The most important thing to understand about cost estimating is that it is pretty much the same whether it is for the private section or public section, whether it is for an agency or it is talked about as an over all state perspective. Estimates are just that. Individuals that prepare estimates use their best knowledge available and their best experience and expertise at putting estimates together. There are rules of thumb to use for applying contingencies, but some times those estimates only broadly include specific line items. In general cost estimates can be expressed as "Cost = Size x Quality". Projects size can also be expressed as area or quality. Quality can also be expressed as building type.

Buildings that are similar to recently constructed buildings will have a higher probability of an accurate cost estimate than a unique building. New construction will have a higher probability of an accurate cost estimate than a remodeled building. The DOA typically ask and require agencies to include a project contingency on any cost estimate before they go out for bids. This typically ranges from five percent for new construction and ten percent for remodeled construction. These contingencies are for unknown conditions not incomplete plans or specifications. One of the things to remember about cost and estimates and bids is that when a full set of plans and specification are completed the Department of Administration assumes that everyone can theoretically give you an equal cost bid, but we know that does not occur. It is typical to receive bids that have a spread from high to low of 20 - 25 percent. The point being that if the bidders with a complete set of documents can be that far apart and are willing to sign a contract for that amount it is not difficult to understand why anyone doing preliminary estimates at the early stages of a project can be off by 20 - 25 percent. It is hoped that the Department of Administration can get this down to something manageable and that is really the process.

During budget requests basically there are five broad topics:

- Construction cost (including sitework and fixed equipment), A/E fees, moveable equipment, contingency and miscellaneous costs.
- Under the final design of a project it is broken down into such items as building (SF x \$/SF):
 - General construction;
 - Structural;
 - Mechanical, electrical and plumbing, and special construction;
 - Demolition; and
 - Abatement.

- Sitework
- Site utilities
- Major speciality systems:
 - Automated building control;
 - Fire alarm/security; and
 - Data communications .

Other project costs consist of A/E and other fees, survey and testing, printing and reimbursables, contingency, furnishings and equipment.

Total (adjusted for inflation)

Summary: Although it appears the final design would be more accurate due to the detail of the information, the accuracy can be jeopardized if the cost data used is generalized or summarized and not project specific. Project cost estimating accuracy depends on the accuracy of the data and the value assigned to the data. Software programs can identify data categories and cost estimating guides can provide costs. It is the user's ability of combining the information for the specific project that will provide an accurate cost estimate.

Mr. Hibbs stated that in the bid process the State goes through is basically the same as the private sector with one specific difference, *i.e.* the private sector almost exclusively the documents and the bidding process is part of what the architect and engineer does, and for the state if done by the Division of Facility Management and architect and engineers are not involved directly with that distribution cost.

Committee discussion followed concerning estimates and bids that vary a great deal.

Mr. Hibbs described the Division of Purchases bidding process and the DFM Building Design and Construction Manual Guidelines. If bids are in excess of the funds available, projects can be revised and re-bid, or all bids rejected.

Committee discussion followed about taking the lowest bidder and contingencies.

One thing that the State of Kansas does that may be different from other states is that one of the requirements set out in a statute is that the Department of Administration is responsible for establishing responsible bidders. And the process that is in place today is a pre-qualification process. This is a process not to exclude contractors but to identify contractors where there has been problems in the past, notify them of the problems, have them correct the problems, and get them to be a responsible bidder. This information is on the DOA web site. One key thing that everyone needs to understand is that if A contractor has not been pre-qualified, they still have the ability to bid on one project, and if they are awarded that project and complete it, they will become pre-qualified. If they are not awarded the contract they can continue to bid, so it doesn't exclude anyone from bidding. There is a specific evaluation form that is available for the contractor so they know specifically that the State is looking for. It has little to do with the kind of projects they have done but how they do business as a contractor.

Concerning capital improvement program architectural fees the criteria for calculating fees paid by the agencies to the design team for the architectural and engineering design services on capital improvement projects, consist of a graduated scale based on the following criteria:

- Maximum 7 percent below \$2,250,000 estimated construction cost. (Graduated scale is based on steps of 0.75 percent reduction for each increase of \$2,250,000 cost);
- Minimum 5 percent (above \$6,750,000);
- Maximum 4 percent additional for complexity of project can be added to calculated base percentage;
- Contract with A/E is converted to a lump sum amount; and
- Fee can be increased due to increased project scope or program, or construction circumstances beyond control of the A/E of the State.

The DFM Building Design and Construction Manual Guidelines define the negotiating committee and the negotiation process.

Current initiatives are: The fees are negotiated with a member of the agency, the department the agency is under and the Department of Administration and they negotiate the percentage fee with the architect and that is converted to a lump sum contract amount. That contract amount does not change unless there is a change in the project scope or if there is unforeseen uncontrolled construction circumstances that the architectural engineer and the State of Kansas does not control. An example would be if there is an issue with foundations and the structural engineer has to modify the structure. The goal is to develop for approval a revised fee structure that acknowledges the services required from the A/E and to establish an equitable fee that is less dependent on the negotiating abilities of the parties. The specific concepts that are used to develop and evaluate the fee structure are:

- Define "complexity" by identifying project types and categorizing their degree of difficulty ranging from lowest to highest in five increments;
- Establish three kinds of construction projects - new, combined (new and remodel); and remodel;
- Evaluate fee percentages in matrix using the 5 complexity factors and 3 kinds of project, adjusted by construction cost and range of fees (minimum to maximum); and
- Evaluate results with other states using similar model to assess validity of examples.

In the written testimony two construction project examples were shown (Landon State Office Building Facade Repairs and the Docking State Office Building Cooling Tower) that showed dollar amounts for estimate/budget, actual (to date) and available.

Concerning the LCC two assigned topics to the Building Committee (Topic 1—State process for estimates and bids for building renovations, including the Regents deferred maintenance and repair program and Topic 2 - architectural fees in State Contracts) some of the items have already been started by the Department of Administration and which the Building Committee might like to utilize.

In conclusion, Mr. Hibbs stated that when the State of Kansas processes and procedures are compared to other states and to the private sector, no significant differences are evident. The issue of cost estimating is universal and is an inherent issue due to how construction projects are developed. Overall, the project cost estimates versus actual construction costs tend to balance out, some being over and some being under. The objective is to maintain the balance and not have the overruns exceed the savings.

Committee discussion followed concerning adding architectural fees on change orders. Mr. Hibbs informed that if there is a change that the State is not responsible for, but it is a true change and it is a brand new change that they are providing additional services, yes, the architect can charge an additional fee. But that goes back to the negotiating committee and that is evaluated and voted upon, as it is not an automatic.

The question arose if the architectural fees would change if the cost of the project increased because of an increase in the cost of steel. Mr. Hibbs said it is his understanding for the Statehouse Restoration that the way the fees are in the contractor's bid is not necessarily the same as they are for other routine projects.

Director Jacobson, Division of Facilities Management, DOA, said if the State was doing the job for a lump sum; the higher cost of steel would be on the contractor and not on the State.

Representative Feuerborn said on a cost plus job that he thought that when the price of steel rose and the job went up the architect fees also increased with no new design work.

Secretary Goossen, Division of Budget, DOA, appeared before the committee regarding funding for the \$3 million Capitol Complex Maintenance Tunnel Replacement project which appears to be a very serious safety hazard especially since it goes under 10th and Jackson streets.

Senator Morris noted that it appears to him that this is a situation that can be a disaster waiting to happen and wants to know how to proceed with this now instead of waiting nine or ten months, before the legislature finishes the appropriation process.

Secretary Goossen said there are a number of projects connected with Docking and Landon, and this would be one of them he associates with these two buildings where situations need to be addressed at some point. We would like to address those ideally as part of a long term strategic plan for those two buildings and the Capitol Complex area. To work on this one in particular, which has a \$3 million price tag, is not something that we can as a department make a decision to do without involving the legislative appropriation committees. We have some money that comes in from the rental of State buildings which is then used for housekeeping, utilities and minor maintenance things, but that is not nearly enough, without taking out a special appropriation. Ideally, as the State puts on a longer range plan into place it would be great if the State would set up a plan so there would be a fund that would be a little more robust. The State doesn't have that kind of money in any kind of fund to do that.

Senator Morris felt like the situation was serious enough that a way needs to be found that would at least shore up the tunnel, in order to make sure that it doesn't cave in during the next several months.

Secretary Goossen said the Finance Council technically could release monies through the Emergency Fund to do such a thing, but that would be beyond what is normally done. He also said he would have to defer to skilled people to make a judgment as to what it would take to shore up the tunnel in a way that would improve the present situation.

Director Jacobson, DOA, stated that regardless of what is done to the Docking and Landon State Office Buildings, building a new tunnel would not be a waste of money. This tunnel provides service to the Landon Building, Memorial Hall, Curtis Building and the Judicial Center. With this tunnel containing steam piping, electrical service, and communication conduit, a collapse of this tunnel could sever services to these buildings for an extended period of time while repairs are made. As far as emergency shoring up, doing that is a separate project that has not been looked at, but we do have an on-call engineer that was talked with yesterday, who will explore the existing tunnel to see if there is any way to shore up it up and what exactly it would take.

Chairman Humerickhouse requested the Division of Facilities Management to determine what it would take to shore up the tunnel only under the streets, and bring back a report to this committee as soon as possible.

Senator Morris said he felt that this situation is serious enough to call a Special Finance Council meeting and to ask the Governor to do so.

Secretary Goossen ask that the Division of Budget be given the chance for engineers to look at it to see what shoring up would entail and for Director Jacobson to report that information back to the Committee. Even if a short term solution is found, it is still an issue that we need to discuss as part of a larger long term strategy for how to handle our buildings.

Committee discussing followed concerning a prior tunnel/pedestrian project suggested a number of years ago, and if the city may need to become involved with the streets because of the water leaks in the ceiling of the tunnel. Some Committee members were in favor of a new tunnel instead of shoring up parts of it and then coming back to built a new one.

Representative Grant and Senator Umbarger agreed with Senator Morris, that the tunnel situation is very serious and needs quick action to prevent a disaster.

Senator Kelly said she believes the city needs to do a weight limit estimate on the streets involved, for the Division of Facilities to proceed with a study about shoring up the tunnel, and then for the Committee to take appropriate action.

Director Jacobson, DOA, will present updated tunnel information for the Committee during their November meeting.

Eric King, Director of Facilities, Board of Regents (Board) responded to the topics referred to this Committee by the Legislative Coordinating Council ([Attachment 15](#)) and stated he would like to share additional comments on the process specific to our state university projects.

The No. 1 topic is the State process for estimates and bids for Building Renovations, including the Regents Deferred Maintenance and Repair Program.

The methods used by the state universities to estimate projects are consistent with methods found in the public and private sectors. First, needs are identified during the programming process. Typically, the first thing we do is set up a building committee. The administrators usually get the department dean to chair the committee and there may be faculty and student representative and a list of needs is put together. Architectural program usually include how many offices, how many classroom, how many laboratories, any specialized rooms, and those types of things. Some of our projects are not necessarily building related as some are infrastructure projects. For example I have received programs on utility tunnels and those may look a little bit different than a building program. Once space needs are developed on a typical building project, those needs are typically net, in other words they are assignable or usable square feet. Those are converted to gross square feet utilizing

a net-to-gross ratio. There are ratios that can be found in reference books, text books and so forth for typical building types. A laboratory building may have a higher net to gross ratio than an office building.

At the earliest planning stage, construction cost estimates are calculated using costs per square foot. The state universities typically compare costs/square foot utilizing as many means as possible to arrive at a budget figure. Some of the sources used are 1) the institutions own historical data base for similar projects actually built; 2) Means Cost Data reference books; and 3) networking with institutions in other states that have recently constructed projects similar to the one being planned. Most of the universities belong to the Association of University Architects, and that is a real active organization and a day does not go by that I don't get three or four e-mails by somebody wanting to know something.

A good deal of the university projects are for renovation which is more difficult than estimating new construction costs. There are conditions that only become known once construction begins and ceiling, walls, floors, etc. are uncovered to reveal building systems and potential problems that could not be anticipated prior to demolition. There is more guess work on renovations than on new construction.

Once the initial construction costs are determined, inflation costs must be calculated and applied based on the estimated bid date. Often time these projects are budgeted several years in advance. "Soft costs" must also be calculated and added to the construction costs to develop the total project cost. These soft costs include professional fees, surveys and testings, printing, contingencies, furnishings and equipment, etc.

Once the project budget has been developed and funding secured, associate architects and engineers are retained to develop plans based on the needs identified and the budget that has been developed and approved. Typically when interviewing architects we ask them if they have looked at the budget and does it look reasonable to them. If they say immediately that they do not think the project can be done for this budget, then the university has an issue.

During the development of the plans, there are reviews at several pre-determined stages. A review of the budget is included at each stage, and modifications are made to the plans as necessary. The architect's estimates must coincide with the budget at each stage before planning progresses to the next stage. If they don't, then we start making changes to make sure that it does. Initially the project architect is doing the same thing we would do working at a cost per square foot. As plans develop, the method of estimating shifts from costs/square foot to quantity take-offs.

Just prior to letting projects for bids, a final estimate is prepared by the associate architect/engineer. Alternate bids are usually included to ensure that projects can be awarded. First of all we do not want to have a project run over and have to take months to re-bid, so typically alternates are added. The alternates include items that are important to a project but not necessarily vital. Examples include down-grading finishes, work that could be performed by the institution if necessary, landscaping, and so forth. Therefore, we can award a bid and then add back those alternates as the budget will allow. This will allow for an awardable project most of the time. It may not be as complete or the quality we would have originally liked, but it usually allows us to award a project.

Despite all the effort put into estimating, bids can be unpredictable. Factors such as the current work load of contractors, material schedules, shortage of materials, distance to site, project completion schedules, the number of contractors bidding projects, etc. can contribute to this unpredictability. Some contractors may bid a project at cost just to keep the workmen working

perhaps over a winter. The universities always want a lot of bidders as with more competition there will probably be better bids.

Standard contracts used by the State of Kansas, provide the option to require architects and engineers to re-design projects (at no additional fee) when bids exceed estimates. This is a significant incentive for the architect/engineer to diligently monitor costs throughout the project. Alternates typically safe-guard the project budget, but architect/engineers have been require to re-design past projects at state universities.

Project budgets for the deferred maintenance projects were estimated by the university architects. A number of projects requiring special expertise will begin with studies performed by consultants prior to planning. These studies will explore alternatives along with costs and scheduling implications, and assure that subsequent funds are used in the best manner possible.

Mr. King explained that there are two things, estimates and bids. The estimated you have already approved for FY 2008 and in FY 2009 the Board will come to the Committee again with budget figures, also in FY 2010 and so forth. In between times, during each quarter or six months there will be projects that bid and they will either be over or under budget. There is a column on those report sheets for amended budgets and that is when the Board will come to the Committee and say a certain project was under bid so many dollars scheduled for that project and therefore, the university would like to transfer it to so-and-so project.

Mr King noted that he worries as much about a really low bid as a really high bid as you don't know what kind of problems will be encountered.

The No. 2 Topic is the Architectural fees in State Contracts. Mr. Hibbs has provided you with background information related to the existing statutes pertaining to maximum architectural fees, and discussed with you initiative being developed by a team consisting of agency representatives.

Mr. King informed that the he has been meeting with Mike Gaito, and Gary LaShell, and he has found a real value in continuing to meet as there are common issues. One thing talked about at some length is architectural fees and particularly the inconsistency there can be, because essentially what the statutes do is provide a cap and every architect and engineer that we interview is aware of that cap, regardless of the project size or complexity.

The Negotiating Committee's ability to come to a fair and reasonable fee is largely dependent on the comparison of fees for the project at hand to fees paid on previous projects.

Mr. King said he see one of his rolls when setting in on these negotiations for all the campuses is to try to bring some consistency between an architect that might be negotiating one project at one university at a certain price and then negotiating the same price for another project at another university regardless of the complexity. We think it makes more sense to see what other states are doing and see how we would fit in with that mix. But, at least to come up with some type of schedule that would account for complexity of different buildings.

The proposed initiative would remove much of the subjectivity that now exists, and provide consistency among all of the state agencies. The ultimate objective is to obtain the services that the state needs and expects at a reasonable cost. At some point we would like to bring this initiative to the Committee for some kind of legislation. We have been working with the American Institute of Architects and it is not something that has been worked on in a closet.

Committee discussion followed concerning architectural firm interviews. Mr. King informed that the law says we (the Secretary of Administration, the agency, and the institution) are to pick the

most qualified firm, so we start out by trying to find out their qualifications, the team that is the best for the project, and who has the best experience. We do not want people experimenting with State buildings. Then we come back and negotiate the fees. We are very mindful of the State's public money, and we negotiate fairly hard and there aren't too many instances when the architectural firm doesn't accept the fee. The State has established a maximum so we can not pay more than that, so then it becomes a comparison of the very most we can pay, which would be worst project you can think of, a hospital. Trying to determine how much somebody should be paid is difficult, but the way the fee schedule is set up right now, it is almost the course one takes. Because if a maximum has been established and the minimum is a shop building, then one has to think in one's mind, how does this project compare within that range. Therefore, we believe that the cap should be removed and that will be part of our recommendation.

Mr. King noted that there really isn't an industry standard for architectural fees. However, during interviews with architects one of the things they do fairly frequently is they bring in some kind of schedule where their hours of time is estimated. We assume they are assuming the worst condition and usually the fee that comes up is almost always more than we are willing to pay. So, we try to get back to some percentage that makes sense as we essentially want a lump sum and we don't want to be tied to a percentage of construction. Most of the time there are five architectural firms interviewed on the same day, and we select not only a first choice, but a second choice in case we can't get together with fees on the first choice.

Mr. King said he believes that by removing the cap, it would remove the target, as every architectural firm knows the statutes, and they come in knowing the maximum fee and start with this amount.

Mr. King informed the Committee that they would have some recommendation by the Committee's December meeting.

Legislative Research Department staff informed that if there is a maximum bid and prices of materials go up the contractors price increase will be eaten by the contractor and there will not be any additional architectural fees on those. However, if there is a change order then the architect can share in those.

Staff also noted that the unexpected Statehouse Renovation foundation work changed the contract itself so anything that wasn't in the initial bid is considered a change order. The way the architectural fee is set up is it is a fee on the cost of the project, so if the cost of the project increases, (the part the State has to pay) then the architect can share in that.

Mike Gaito, Manager of Capital Improvements and Facilities Maintenance, Department of Correction, presented testimony about the two topics assigned to the Building Committee by the LCC.

Mr. Gaito said what they do the same thing that the Board of Regents does. Where there is a little variance is that they do a lot of site adaptation. When the El Dorado Correction Facility was built a few years ago, they were built with expansion in mind so cell houses could be added. So as the project cost increased over the past ten years most of the time we have appeared before this Committee asking for new construction, it has been to add cell houses. The other item where we vary from the Regents and the Department of Administration in cost estimation is if a lot of hard work is done with inmate labor. When inmate labor is evolved, we will estimate it the same way that they do, but reduce it by 35 percent for reduction of cost of labor.

The other area is when we do a site adapt we do not pay the standard fees because the building has already been built, so the A/E fee will be different that a typical new building.

Mr. Gaito said he is also in favor of removing the architectural caps.

Gary LaShell, Architect, Department of Social and Rehabilitation Services, presented testimony describing the process we use for estimating and bidding building renovation projects and architectural fees ([Attachment 16](#)).

The process varies on the size of the projects and projects costing over \$750,000 is primarily for new construction, additions, and remodeling. Projects costing under \$750,000 for rehabilitation and repair projects consist of such things as roof replacements, air conditioning replacement, restroom remodeling, water line replacement, and other similar type projects.

For major projects we develop an architectural/engineering program that explains the need for the project, the scope of the work, project cost, time lines and any other special items to be considered. A Program Development Committee made up of key facility staff is responsible for developing the project plan. Also to assist me I bring in on-call architects and engineers to assist in the program development. We find this to be a nice tool. We spend a lot of time with our institutions trying to develop the scope of work in order to try to under cover some of the unknowns. The architect and engineer then use the program to prepare detail cost estimated.

For rehabilitation and repair projects we work with the physical plant staff and support services staff at each facility to identify the project's scope of work.

Upon approval of a major rehabilitation and repair project we use the procedures outlines in the Building and Construction Manual 2007 as prepared by the Department of Administration's Division of Facilities Management.

For architectural fees, SRS also follows the guide lines as called for in the Building Design and Construction Manual 2007.

Attached to Mr. LaShell's testimony were examples showing estimated cost and the bid amount on some completed projects.

Mr. LaShell said that if the architectural cap fees are removed this will narrow it down to define complexities.

Keith Bradshaw, Director of Operations, Juvenile Justice Authority (JJA) stated he doesn't have anything else to say that hasn't already been discussed and the agency's rehabilitation and repair budget is \$500,000 so most of the fees would not apply to JJA ([Attachment 17](#)).

Chairman Humerickhouse remarked that it appears that some of the Committee's opinions thus far on Topic 1 are:

- The State is doing a pretty good job;
- Estimating and bidding projects is not an exact science as a lot of elements effect the outcome;
- The State procedures are not that much different than the private sector;
- To look at the process again in a year;
- The quarterly reports are the key to keeping up the progress;
- To put in some recognition of the groups continuing to work together after the team process is started, and for Topic 2 the opinion is for the joint facilities management to appear at the Building Committee's December meeting for possible drafting legislation in January.

Chairman Humerickhouse adjourned the meeting at 11:45 a.m.

Prepared by Helen Abramson
Edited by Audrey Dunkel

Approved by Committee on:

April 29, 2008

(Date)

