

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

October 21, 2009
Room 143-N—Statehouse

Members Present

Representative Jo Ann Pottorff, Chairperson
Senator Jay Emler
Senator Marci Francisco
Senator Laura Kelly
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant

Members Absent

Senator Pat Apple
Senator Dwayne Umbarger
Representative Jason Watkins

Staff

Audrey Dunkel, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes
Matt Sterling, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Richard Gaito, Deputy Director, Division of Facilities Management, Kansas Department of Administration
Paul Stewart, Director of Facilities Planning, Pittsburg State University
Mike Barnett, Vice President, Administration and Finance, Fort Hays State University
John Gist, Director of Facilities Planning, Wichita State University
Ray Hauke, Vice President, Administration and Fiscal Affairs, Emporia State University
Abe Fattaey, Director of Facilities Planning, Kansas State University
Jim Modig, Director of Design and Construction Management, University of Kansas

Ed Phillips, Vice Chancellor of Administration, University of Kansas Medical Center

Other Attending

See attached sheet.

Richard Gaito, Deputy Director, Division of Facilities Management, Kansas Department of Administration, reviewed two proposed leases, the first co-locating three agencies (Kansas Department of Social and Rehabilitation Services [SRS], Office of the State Bank Commissioner, and Kansas Department of Labor) in Salina to the current SRS location ([Attachment 1](#)). He said that the five-year lease includes all taxes, insurance, and utilities; the location meets space standards except for Labor, which requires additional space for hearing rooms. The cost is divided as follows: SRS, \$10.85 per square foot (psf); Labor, \$10.50 psf; and the Bank Commissioner, \$10.00 psf; the lease is within the market range for Salina.

Mr. Gaito noted that henceforth an energy audit will be included with all lease proposals. He outlined the features of each audit, explaining that a federal Environmental Protection Agency online Energy Star audit is provided free to agencies and bidders; it requires about two hours to complete. The audit provides the following information: site energy use, energy intensity compared with national standards, greenhouse gas emissions, energy costs, and an energy performance rating. A member suggested regional benchmarks rather than national ones, since Kansas' energy rates tend to be lower than national averages. Mr. Gaito replied that such comparison might be included later, since rules and regulations are still being formulated from the requirements of 2009 HB 2369. Mr. Gaito, responding to another question, said that the three agencies will share some common facilities: rest rooms, a conference room, and perhaps some office equipment.

A motion was made, seconded, and unanimously passed to approve the lease (Motion, Representative Grant; second, Representative Brunk).

The second lease proposal, also a co-location, combines the Securities Commissioner of Kansas and the Kansas Department of Credit Unions in the Mills Building in Topeka ([Attachment 2](#)). Receiving seven proposals for the Securities Commissioner and five proposals for the Credit Unions, Mr. Gaito said the proposed full-service lease for five years is the lowest total cost (\$9.50 psf). He noted that the lease is below market range for the Capitol Complex; the Energy Star rating of 85 is above the national standard of 75. Members complimented Mr. Gaito on obtaining the lease at less cost; he replied that economic conditions have caused lease proposals to be lower.

Senator Emler made a motion, seconded by Senator Francisco, to approve the lease. The motion passed.

The minutes for June 4 and August 19 were corrected to show that Senator Emler attended both meetings. *The corrected minutes for June 4 and August 19 and the minutes for September 16-17 were approved (Motion, Senator Emler; second, Representative Feuerborn).*

Paul Stewart, Director of Facilities Planning, Pittsburg State University, outlined for the Committee the university's deferred maintenance projects, capital improvement activities, and future projects ([Attachment 3](#)). Deferred maintenance includes renovation of McCray Hall, Porter Hall, and steam line replacement. He commented that bond revenues provide for parking maintenance and expansion, renovation of the Student Health Center, Bowen Hall, and new student housing. Future projects include a Diesel and Heavy Equipment Building for the Kansas Technical College, a

performing arts building, and a conference center for the College of Business. A member complimented Mr. Stewart on the deferred maintenance program. Mr. Stewart replied to questions, saying that student housing has been over capacity for at least five years, requiring a waiting list; that enrollment continues to climb, topping 7,000 students this year; and that the campus includes 400 contiguous acres plus another 200 acres.

Mike Barnett, Vice President, Administration and Finance, Fort Hays State University, presented the university's capital improvements plans for FY 2011 (Attachment 4). The plans include deferred maintenance for:

- Picken Hall improvements, \$3.8 million;
- Campus electrical improvements, \$3.3 million;
- Street improvements, \$661,000;
- Campus exterior graphics, \$60,000; and
- McMindes restroom upgrades and parking lot improvements, \$2.4 million.

Mr. Barnett included a request to raze Agnew Hall and to build 180 beds of cluster housing (Attachment 5). He explained that private-investor funding will allow the university to lease the property to the investor, who ultimately (in 17-18 years) will donate the property and buildings back to the university. Responding to a question, he said the investor expects an 8% return.

Mr. Barnett provided further details regarding the McMindes Hall improvements (Attachment 6), explaining that the project will be completed in two phases during summer recesses.

John Gist, Director of Facilities Planning, Wichita State University, presented the university's five-year capital improvements plan (Attachment 7). Commenting on the deferred maintenance projects, he listed, among others, replacement of the heating, air conditioning, and ventilation (HVAC) systems and ancillary renovation for the Duerksen Fine Arts Center (\$9.8 million), for the Engineering Building (\$1.2 million), and for the Grace Wilkie Hall (\$1.9 million). He said that the Duerksen Building is being done in three phases, with ARRA (American Reinvestment and Recovery Act) dollars providing funding for the first two phases, giving the university time to accumulate funds for the final phase. He observed that the lowest bid for the Engineering Building was \$951,000.

Mr. Gist noted the completed projects and commented on new projects, which include:

- The Ninnescah Biological Research Facility, a new building on 330 acres of land donated to the university in 1983. The National Science Foundation and private gifts will fund the project.
- Eck Stadium improvements, including new synthetic turf and an indoor practice facility, all funded from private gifts.
- The Advanced Education in General Dentistry Clinic, a post-doctoral dentistry program which began August 2009; the building is projected to cost \$6.4 million and will be funded with private gifts.

Members discussed recent legislation that required the Kansas Board of Regents, when listing new building projects, to identify funding to maintain the buildings. Mr. Gist commented that the research facility is being built on foundation property and will be owned and maintained by the foundation. He noted that the dentistry clinic is raising funds to maintain the building. Members recommended that the standard DA-418b form be expanded to provide information regarding maintenance of buildings.

Ray Hauke, Vice President, Administration and Fiscal Affairs, Emporia State University, outlined the university's deferred maintenance program and future projects (Attachment 8). He provided details regarding deferred maintenance on:

- The William Allen White Library (\$2.6 million);
- Utility tunnel repairs (\$936,000);
- Roosevelt Hall (\$1.3 million); and
- Other repair and restoration projects totaling \$2.9 million.

He noted that project costs have been lower than expected, offsetting the losses incurred by lower-than-expected interest receipts; he replied to a question that ARRA funds did not replace SGF (State General Fund) monies.

Mr. Hauke expressed gratitude for legislative support (HB 2237 in 2007) in the amount of \$48.4 million (\$7.3 million for FY 2010) for deferred maintenance; he said that the university is requesting another \$4.9 million in FY 2011 to address further maintenance needs. He stated that renovation of the Memorial Union, authorized by the 2009 legislature, is estimated to cost \$25 million, which will be financed by revenue bonds and private gifts; it will be repaid through student fees. He further stated that other future projects will include parking lot improvements, relocation of the Stormont Facility, an addition to the William Allen White Library, and remodeling the Morse Residential Complex. Answering a question, he replied that lighting improvements and HVAC upgrades will produce some utility savings; he noted that going to four 10-hour days during the summer will bring about further utility savings.

Afternoon Session

Abe Fattaey, Director of Facilities Planning, Kansas State University (KSU), commented on two capital improvement projects and updated the Committee on previously approved projects (Attachment 9). He said KSU will exercise an option to purchase the Aeronautical Center in Salina, saving the state \$213,000 in lease payments. Regarding parking lot improvements at the Salina facility, he said legislative authorization is required. He reviewed the status of previously approved projects:

- Razing or renovating the Jardine apartments to provide mixed-use housing, the \$102 million in revenue bonds to be repaid with housing revenues;
- Enhancing the Chester E. Peters Student Recreation Center (\$24 million), the cost to be repaid with student fees;
- Building an Equine Education Center (\$15 million) with private funds;
- Providing a site for the Leadership Studies Program, the cost (\$11.4 million) being met with private donations;

- Building a Sheep and Meat Goat Center, the cost (\$1.5 million) being funded by private gifts and user fees;
- Building a Large Animal Holding Facility to accommodate Veterinary Medicine programs, the cost of \$11.8 million funded from private gifts and user fees;
- Remodeling the Veterinary Medical Teaching Hospital Surgery Suite, the cost (\$2.3 million) to be paid by hospital revenues;
- Improving Kramer and Derby Dining Facilities, using funds from housing income to meet the \$35 million cost;
- Replacing the Child Care Center, the cost of \$5 million financed from revenue bonds and repaid with user fees; and
- Relocating certain facilities from the 48.4-acre National Bio- and Agro-Defense Facility, the \$21.6 million project being paid from Kansas Bio-Science Authority (KBA) funds.

A member requested further information regarding how hospital revenue funds are currently being used and what fees are currently being levied for animals brought in for treatment.

Jim Modig, Director of Design and Construction Management, University of Kansas (KU), presented information regarding the university's FY 2011 capital improvements requests and deferred maintenance activity ([Attachment 10](#)). He referenced three completed capital improvement projects:

- Utility tunnel upgrades (pre-cast tunnel sections saved \$1 million);
- Allen Fieldhouse improvements; and
- Wesco Hall improvements, done in three phases.

Regarding deferred maintenance, Mr. Modig said that the KU campus includes 1,000 acres, more than 150 buildings averaging 45 years in age, and a maintenance backlog of \$226 million.

Mr. Modig listed the following current capital-improvement projects:

- The Pharmacy Teaching and Administration Building, \$50.7 million;
- A scaled-down KU Cancer Center Project, Phase One, \$64 million, with funding being sought through the Kansas Bio-Science Authority;
- Parking improvements, \$800,000;
- Gertrude Sellards Pearson Renovation, \$14.8 million, with funding from the Kansas Development Finance Authority (KDFA) to be repaid from housing revenues;
- Jayhawk Towers Renovation, Phase Two, \$7.8 million, with revenue bonds being issued by the KDFA to be repaid from housing revenues;
- The Structural Biology Center Expansion, Phase Five, \$6 million, the funding

being met by the ARRA through a National Institute of Health grant; and

- The Memorial Stadium Addition – Gridiron Club, \$34 million, funded entirely from private gifts through the KU Endowment Association.

Ed Phillips, Vice Chancellor of Administration, University of Kansas Medical Center (KUMC), provided capital-improvement information. He said the KU Hospital sees 400,000 patients per year; parking for patients and staff has been complicated, and the proposed project addresses the parking needs through one central parking building, which will be built beginning late 2009 by the KU Hospital Authority at a cost of \$85 million. He also commented on the new Pharmacy School building in Wichita, which will be completed within a year.

Mr. Phillips said \$92 million was allocated for deferred maintenance. He outlined projects under way using those funds:

- On the Wichita campus, the Applegate Energy Center is replacing obsolete equipment.
- The Briedenthal Building is being renovated, the \$5 million project being funded by the Kansas Department of Commerce and the KBA.
- Wahl Hall is being renovated to provide up-to-date laboratory space, a \$34 million project funded by the KBA, enabling the KUMC to re-direct \$8 million in deferred maintenance funds. The renovation will be included in the application to the National Cancer Institute to gain a Cancer Center designation for KUMC.
- Use of ARRA monies will further reduce the draw on deferred-maintenance funds.
- The Johnson County Research and Education Triangle is cooperating in a new research facility in Fairway, Kansas, the facility being donated by the Hall Family Foundation. The \$22 million project will expand space for clinical trials.

Mr. Phillips briefly referenced a new cancer research center and the need for improving parking areas, both of which projects await funding.

Senator Emler commented on K.S.A. 76-790, the statute that requires the Kansas Board of Regents to provide funding for maintenance costs when private funds are used to make capital improvements (Attachment 11). Representative Brunk encouraged the Committee to initiate action to alleviate the crowded facilities of Troop F in Wichita (Kansas Highway Patrol). Senator Emler suggested that Troop F might look into co-locating with other agencies in the Wichita area.

The meeting was adjourned at 2:00 p.m. The next meeting is scheduled for November 18, 2009, at the Capitol.

Prepared by Gary Deeter
Edited by Audrey Dunkel and Jonathan Tang

Approved by the Committee on:

November 18, 2009

(Date)