

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

November 6, 2003
Room 123-S—Statehouse

Members Present

Representative Jo Ann Pottorff, Chair
Senator Stephen Morris, Vice Chair
Senator Jim Barone
Senator Mark Buhler
Representative Bob Grant
Representative Joe Humerickhouse
Representative Melvin Neufeld

Members Absent

Senator Greta Goodwin
Senator Nick Jordan
Representative Melvin Minor

Staff Present

Robert Waller, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Michelle Alishahi, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Helen Abramson, Committee Secretary

Conferees

Joe Fritton, Department of Administration
Warren Corman, University of Kansas
Ed Pavey, Kansas Law Enforcement Training Center
Gary LaShell, Department of Social and Rehabilitation Services
Scott Brunner, Department of Social and Rehabilitation Services
Mary Allman, Kansas State Historical Society
Terry Marmet, Kansas State Historical Society
David Haury, Kansas State Historical Society

James Frazier, Juvenile Justice Authority
James McKinley, Juvenile Justice Authority
Skyler Harper, Kansas State University
Sue Peterson, Kansas State University
Duane Goossen, Department of Administration
James Garner, Health and Human Resources
Roger Werholtz, Department of Corrections
Mike Gaito, Department of Corrections

Thursday, November 6 Morning Session

Chair, Representative JoAnn Pottorff, called to order the November meeting at 9:30 a.m. on November 6, 2003, in Room 123-S of the Statehouse. Chair Pottorff reminded members that this month's meeting will be only one day, as the meeting of November 7, 2003, has been cancelled. Also, the December 2003 Committee meeting dates have been changed to the 4th and 5th.

Staff presented copies of change orders which occurred during the month of August 2003 that were less than \$75,000 and contract awards for the month of September 2003 that were greater than \$100,000 which had been approved by the Department of Administration (DOA), Division of Facilities Management. In addition, the summary of construction projects for September 2003 was presented.

Joe Fritton, Division of Facilities Management, DOA, presented a Harrison Center Project change order summary (Attachment 1). Mr. Fritton noted that as of November 4, 2003, there is a remaining construction budget balance of \$109,592 on this \$10 million project. There is a remaining balance of \$793,240 in the project contingency and redesign funds. To date, change orders totaling \$727,235 have been approved, \$457,343 in change orders are pending, and \$885,378 in change orders are anticipated on this project.

Mr. Fritton reviewed a change order totaling \$1,007,708 for space standards revision. It was anticipated the state would save approximately \$209,000 yearly in rent. This simple payback over 4.8 years was calculated with no cost to capital, considering present interest rates. The \$1 million cost was not originally anticipated, but there was a reasonable payback for proceeding with this change order; therefore, it was implemented. Pending change orders no.13 and no.14 pertain to the space planning revisions.

Mr. Fritton reviewed change order nos. 1 through 12.

Committee discussion followed change orders anticipated for asbestos abatement, missing conduit and wiring, and the replacement of cracked concrete.

Representative Neufeld questioned the replacement of the cracked concrete pavement in lot 8A, since it may be dug up later because of energy changes. Mr. Fritton stated that the Department will provide additional information regarding this matter.

Chair Pottorff made reference to change order No. 13, totaling \$268,317, for the Kansas Department of Transportation's (KDOT's) headquarters at 700 SW Harrison, Topeka (Attachment 2). Copies of the change order were mailed to Committee members for their review and approval on October 9, 2003. No objections were received.

Representative Neufeld moved for the Committee's recommendation to approve the \$268,317 change order for the KDOT's headquarters at 700 SW Harrison, Topeka. Motion seconded by Representative Grant. Motion passed.

Mr. Fritton presented to Committee members copies of a report on capital improvement requests for FY 2005 for the State Building Advisory Commission and explained the purpose of the Commission (copy is on file with the Legislative Research Department). As per statute, the State Building Advisory Commission is required to provide to the Building Committee a report outlining statewide capital improvement projects that are proposed for the future years. Mr. Fritton stated that the Advisory Commission has changed the report to a different format to make the information more usable and organized in a manner helpful for decision making. He further noted that the summary page outlined capital improvement requests by agency and their project costs.

Discussion followed concerning the makeup of the Commission.

Warren Corman, Architect, University of Kansas (KU), presented a program statement and testimony concerning the purchase of the Collins property adjacent to the Kansas Law Enforcement Training Center (KLETC) near Hutchinson (Attachments 3 and 4). Mr. Corman said that the property consists of a 20,000-square-foot office building and over 11 acres of property. The agreed-upon price for the building and property totals \$417,000. KLETC can use the additional office space for classroom instruction and offices that can be quickly utilized due to the training center's tremendous growth. The building is in good condition and has been evaluated by licensed architects and engineers to verify its condition. Mr. Corman stated that the Kansas Board of Regents approved the purchase at their September 2003 meeting and KLETC has funds from docket fees to finance the purchase.

Mr. Corman also remarked that KU is trying to close on the property by November 14, 2003, and should the request for purchasing of this property be approved by the Building Committee that a letter from this Committee will be written "To whom it may concern," confirming the Building Committee's recommendation for approval of this purchase.

Ed Pavey, Director of KLETC, stated there are adequate funds to cover the cost of carpet replacement and utilities.

Committee discussion followed.

Senator Barone moved for the Committee's recommendation to approve the purchase of the Collins property to be used by the Kansas Law Enforcement Center, Hutchinson. Motion seconded by Representative Humerickhouse. Motion passed.

Chair Pottorff instructed staff to prepare the letter requested by Mr. Corman.

Gary LaShell, Architect, Department of Social and Rehabilitation Services (SRS), presented their capital improvement requests for FY 2005 (Attachment 5). Agency requests were as follows: rehabilitation and repair costs for FY 2005, totaling \$6,250,947 for Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Parsons State Hospital and Training Center, Kansas Neurological Institute, and the Chanute area office.

Mr. LaShell stated that the new security hospital at Larned State Hospital that is under construction is approximately 30 percent complete, and is on schedule and on budget. The new facility should be completed in March 2005.

Mr. LaShell also presented information on the backlog of rehabilitation and repair projects for SRS hospitals. In FY 2004, SRS received approval to proceed with the design and construction of backlogged projects that had been delayed over the years. The major funding of the projects was to come from the sale of revenue bonds. SRS is working with the Kansas Development Finance Authority (K DFA) on the sale of the bonds. However, bonds have not been sold yet since SRS is having an ongoing discussion with the Division of Budget about the status/stability of the State Institutions Building Fund (SIBF). As a result, there may be a change in the Governor's budget recommendations concerning the amount of bonds to be sold.

Scott Brunner, Secretary of Operations, SRS, noted that last year the Legislature authorized the sale of \$42 million of bonds for rehabilitation and repair projects. The Division of Budget reviewed the project list and the projected debt service payment. The Division of Budget has concerns that the long-term revenue stream to the State Building Institutions Fund would not support the debt service SRS is paying on the new security hospital, the debt service requested on the full bond amount, and some ongoing rehabilitation and repair projects costs that are outside of the bonds. Therefore, the amount of bonding may be modified to fit the debt service amount for projects.

Discussion followed about the various projects funded with the SIBF. Also discussed was the advisability of starting projects at Parsons State Hospital, KNI, and Rainbow Mental Health Facilities should these facilities be closed down in the near future.

Mary Allman, Executive Director, Kansas State Historical Society (KSHS), addressed the Committee and presented the KSHS's five-year capital improvement plan (Attachment 6). Ms. Allman stated that in order to keep up with improvements throughout the state, KSHS has been very fortunate to be able to rely on other sources of funding through grant applications. In the last two years, \$623,335 has been received in grant funds for the Shawnee Mission project. For the William Allen White House, \$698,460 of federal funds are still being used. The Kaw Mission at Fort Hays was awarded \$176,781 from a TEA-21 grant for use of improvements. In the past two years, over \$1.7 million dollars of non-state funds has been brought in for improvement projects.

Terry Marmet, Director of Historical Sites, KSHS, reviewed the five-year capital improvement plan. Emergency repairs, historic sites preservation and development, museum ADA alarms and signs, and engineered systems survey totaled \$602,705 for FY 2005. No funding will be requested for a State Records Center until the Division of Facilities Management recommends whether space should be leased or constructed.

Committee discussion followed, concerning present space and anticipated space for storage of state records.

David Haury, Associate Director, KSHS, commented that the salt mines in Hutchinson would not be a good alternative for storage space, due to the distance factor, as 10,000 records are retrieved yearly. Also, numerous records are added daily.

Mr. Marmet remarked that the KSHS has received funds from the National Park Service and Historical Preservation Fund, but the best source is from Tea-21 grants.

Ms. Allman said that there may be a new revenue source for saving specific entities, from a new program named "Preserving America" that was implemented by First Lady Laura Bush.

Senator Barone suggested that KSHS contact the University of Kansas to inquire about available resources concerning the Historical Society's plan for building systems in order to develop accurate annual cost estimates for engineering systems, including mechanical, electrical, plumbing, and structural needed repairs.

Senator Morris asked if the KSHS has contacted congressional staff members requesting recommendations for exploring the possibility of available federal resources. Senator Morris encouraged the KSHS to maintain these contacts.

Representative Grant moved for Committee approval of the September 11 and 12, 2003 Committee minutes. Motion seconded by Senator Barone. Motion carried.

Chair Pottorff recessed the morning session.

Afternoon Session

At 1:30 PM Chair Pottorff called the meeting to order.

James Frazier, Deputy Commissioner, Juvenile Justice Authority (JJA) presented their five-year capital improvement plan request, together with a list of major construction projects showing their final design areas and current construction budget (Attachment 7). Requests for FY 2005 included debt service totaling \$6,348,796 for the JJA central office, as well as correctional facilities at Atchison, Beloit, Larned, and Topeka.

Mr. Frazier noted there is concern relating to the lack of electrical backup systems at Atchison, Beloit, and Topeka.

Discussion followed, concerning the condition of buildings to be razed at the Topeka and Beloit facilities and the cost of asbestos removal at facilities.

Senator Morris questioned the cost of asbestos removal, and the revenue needed for minimal maintenance of the buildings to be razed.

Mr. James McKinley, Architect, JJA, informed the Committee that some of the cost for removal of asbestos was because of the need for an IPA license and the expense of disposing of the debris.

Mr. McKinley explained that when the generator was downsized, the razing of the buildings was taken into consideration. The original estimate for the generator was considerably higher and included a larger generator for the system. These two buildings constitute more than 20 percent of the square footage of the facility.

Mr. Frazier commented that he would report back to the Committee the cost of maintaining the buildings to be razed, and also secure a better cost estimate confirming the short- and long-term costs of razing them.

Mr. Frazier reviewed the progress of major construction projects for Morning View maximum-security unit at Beloit, 152-bed facility at Larned, 60-bed living unit building at Topeka, and 225-bed facility at Topeka.

Mr. Frazier stated the ff&e (fixtures, furniture, and equipment) would need to be limited at the Topeka facility in order to stay within budget. Also, there could be a delay in completion and occupancy due to budget concerns.

Mr. McKinley remarked that there was only 1 percent contingency on this project.

Discussion followed, concerning the capacity of various facilities.

Skyler Harper, Assistant Director, Department of Housing and Development, Kansas State University, presented a request of \$102 million for redevelopment of the existing Jardine Apartment Complex project, to be financed by the KDFFA. Bonds will be repaid using student housing fees revenue. Copies were handed out of the written program for the project (Attachment 8). The redevelopment of the existing Jardine Apartment Complex began in late FY 2004 and continues through FY 2014. Mr. Harper reviewed the summary outlining the project description and justification, Brailsford and Dunlavey summary, housing facilities plan, Jardine redevelopment plan, suite renovations, other priority projects, and basis of assumptions. Mr. Harper stated that the current bonds will be paid off in 2003.

Discussion followed, concerning housing off campus for students and the cost of demolishing ten buildings.

Sue Peterson, Special Assistant to the President, Kansas State University, remarked that this request would need to be included in the capital improvement bill during the upcoming legislative session.

Senator Morris moved for Committee's recommendation to proceed with planning for the Jardine Housing Complex. Motion seconded by Senator Buhler. Motion carried.

Duane Goossen, Director, Division of Budget, addressed the Committee concerning SRS's bonds for rehabilitation and repair projects. In last year's legislative session capital improvement bill, SRS was given authorization for issuance of up to \$50 million in bonds for use with a major rehabilitation and repair system wide approach for their state hospitals and other buildings. This authorization was re-examined during the summer, and SRS was asked to proceed slowly with the bond issuance so the Division of Budget would have a chance to carefully review the SIBF balances to make sure appropriations would be available to adequately pay off the bonds. The Division of Budget is expected to provide information as to the availability of the funds that will let SRS proceed with their planning process.

Mr. Goossen further added that the SIBF income on an annual basis is between \$13 and \$14 million. Presently, there are two major obligations out of the SIBF: the JJA's juvenile maximum facility (about a \$4 million ongoing bond payment) and the Larned State Security Hospital (also about a \$4 million ongoing bond payment). In addition to \$1 million given to JJA for general rehabilitation and repair, \$1 million is traditionally given to the Veterans Commission, the School for the Blind, and the School for the Deaf, and SRS has been given about \$4 million a year for general rehabilitation and repair. These standard obligations would deplete the SIBF. The repayment on a \$50 million bond is approximately \$4 million per year. This is not practical when the current ongoing SIBF balance is committed. Mr. Goossen continued that it is not quite that simple because the SIBF is currently carrying a \$15 million balance, so there is some revenue with which to work. SRS was informed that if the Division of Budget approves the \$50 million bond issue, the Division will be over committed on the SIBF, and therefore, there will not be enough flexibility in the long term. The Division of Budget has told SRS that perhaps a way could be found to give upfront money out of the proposed balances (with the approval of the Legislature) and also issue bonds for less than \$50 million. This would release some revenue for ongoing projects, such as roof repair, etc. that SRS may need in any given year. Ongoing discussions about closing state hospitals should also be considered. It does not appear prudent to spend money on state hospitals that may be closed in the near future. Until this is determined, perhaps these hospitals should be taken out of the bond issue. The Division of Budget needs a month or more to re-evaluate the situation and come to a consensus with the Legislative Research Department as to how to proceed with an amount for a bond issue.

Discussion followed concerning the exact amount of debt service payments for Larned and Topeka State Hospitals

Senator Morris suggested that KNI, Parsons, and Rainbow facilities be put on hold until the bond issue amount is determined.

Mr. Goossen indicated that the Finance Council would be meeting on November 20, 2003 and was not scheduled to meet in December 2003.

Mr. Goossen remarked that if the JCSBC were to take action on the Commission of Veteran Affairs request, they could be placed on the November 20 agenda.

Representative Neufeld moved that the Building Committee approve the HVAC project at Winfield and the Soldier's Home project at Fort Dodge, and that they be moved forward to the Finance Council for approval. Motion seconded by Senator Morris. Motion passed.

Jim Garner, Secretary, Kansas Department of Human Resources (KDHR), presented one new project for FY 2004 (Attachment 9). He stated that the Legislature, in a prior session, approved the issuance of bonds for the renovation of the KDHR's administrative office building at 401 SW Topeka Boulevard. The entrance of the building was changed to become ADA compliant. An alley is between the parking lot and the new entrance that KDHR wished to purchase to divert traffic away from the crosswalk into the building. Following the new state guidelines on space standards, 50 additional staff were added to this facility, necessitating space for their parking. The property has been appraised and the report will soon follow. KDHR is seeking flexibility in the Committee's approval, in the event the costs come in higher than anticipated. Federal funds from sale of previous property will be used. KDHR is also seeking Committee approval to use these federal property sale funds to purchase property, construct a new egress for the alley, and construct additional parking. A plan for using these federal funds must be approved by July 1, 2004, or they will revert back to the federal government.

Mr. Garner presented their five-year capital improvement request. For FY 2005, \$625,000 was requested for AC condensers (Wichita), replacement of HVAC system and roof (1309 Topeka Boulevard, Topeka), and rehabilitation and repair projects (Attachment 10). Mr. Garner indicated the funding would be \$585,000 from the 1956-1958 federal Reed Act money, and the other \$40,000 would also come from federal funds.

Representative Humerickhouse moved for the Committee's recommendation to approve KDHR's request for using federal property sale funds to purchase property, construct a new egress for the alley, and construct additional parking. Motion seconded by Senator Buhler. Motion passed.

Roger Werholtz, Secretary of Kansas Department of Corrections (KDOC) presented their five-year capital improvement plan (Attachments 11 and 12). The Department requests \$5 million per year for rehabilitation, remodeling, renovation, and repair projects, to be financed by the Correctional Institutions Building Fund (CIBF) and an enhanced budget request from the State General Fund (SGF). The latter amount would offset the CIBF that will be utilized for debt service.

A population increase is projected that will exceed the available capacity for correctional facilities. If a construction option is selected, one proposal would be to address a permanent long-term capacity expansion project by constructing two additional housing units at El Dorado Correction Facility at an estimated cost of \$15,111,984. The project cost could be financed with bonds. The KDFA prepared preliminary projections of the debt service cost. Under this scenario, the SGF appropriation in FY 2005 would be negated. The KDOC is also developing plans for a specialized housing unit for geriatric and disabled inmates and inmates with significant medical limitations. This

unit would be an alternative to a general population cellhouse option. These plans will be further developed and will be available for consideration when capacity options are considered during the legislative session.

The KDOC decided not to include funding in the FY 2005 budget for construction of the following projects: an industry building at Topeka Correctional Facility, a medium security dining area at Norton Correctional Facility, and a greenhouse at Topeka Correctional Facility.

During preparation of the Department's FY 2005 budget request, and subsequent to submission of the Capital Improvement Plan, two additional projects were developed for Kansas Correctional Industries (KCI). One project would expand the Sign and Graphics Building at Lansing Correction Facility, at a cost of \$405,000, that would allow KCI to begin manufacturing its own file systems. The other project would expand the Clothing Building at the Hutchinson Correctional Facility, at a cost of \$376,000, that would maximize the use of currently available space in order to expand the projects line and provide more inmate jobs.

The purpose of these two projects is to provide KCI with the capacity to generate additional receipts that can be used in subsequent fiscal years to sustain and expand the industries program as well as to finance non-industries initiatives within the department. In the past, amounts from the CIBF, totaling approximately \$5.4 million, have been utilized to replace SGF financing due to the state's financial condition. It is proposed that this practice be discontinued and that available resources within the CIBF be retained and dedicated toward expanding the revenue-generating capacity of KCI.

Additional requests for projects over \$15,000 were as follows:

- \$22,250 to expand the visitation room at Ellsworth Correctional Facility;
- \$37,750 for additional space to expand Impact Design work areas and create 15-25 innate jobs at Lansing Correctional Facility;
- \$710,994 for construction of a Spiritual Life Center within the El Dorado Correctional Facility (no state funds to be used);
- \$110,000 for reconstruction and renovation of a building to replace the inside exercise building at Topeka Correction Facility; and
- \$40,000 to relocate the present warehouse items to a reconstructed Quonset building at Norton Correctional Facility.

Projects requested for under \$15,000 were for acquiring Quonset buildings from the Sunflower Ammunition plant and reconstructing them at Lansing, Hutchinson, El Dorado, Ellsworth, and Larned correctional facilities.

Permission was requested for demolition of three small storage buildings and hog-farrowing barn at the Lansing Correctional Facility. These buildings would be replaced with a Quonset building.

Mike Gaito, Architect, KDOC, stated that a few years ago, the Legislature passed a statute allowing KCI and private companies to construct buildings on correctional facilities, provided that their own in-house funds were used. Other projects such as the visiting room, and the inside exercise room, would be funded by existing appropriations, and there would not be any change in the budget.

Jim Wilson, Revisor of Statutes office, read the statute to which Mr. Gaito referred (KSA 75-5282). Discussion followed.

Senator Morris moved for the Committee's recommendation to approve KCI projects as follows: (1) expansion of the Sign and Graphics Building at Lansing Correctional Facility; (2) expansion of the Clothing Building at Hutchinson Correctional Facility; (3) expansion of work area for Impact Design at Lansing Correctional Facility; (4) construction of Quonset buildings to create storage for saw mill; and (5) razing of the hog-farrowing barn and replacing it with Quonset buildings acquired from the former Sunflower Munitions Plant for Lansing Correctional Facilities. Motion seconded by Representative Neufeld. Motion passed.

Chair Pottorff adjourned the meeting.

The next meeting is scheduled for December 4 and 5, 2003.

Prepared by Helen Abramson,
Committee Secretary

Edited by Amy Deckard,
Legislative Research Department

Approved by Committee on:

December 4, 2003

(date)