

Approved: March 2, 2009
Date

MINUTES OF THE JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

The meeting was called to order by Chairman JoAnn Pottorff at 12:05 p.m. on February 25, 2009, in Room 143-N of the Capitol.

All members were present except Senators Umbarger, Emler, and Kelly, all of whom were excused.

Committee staff present:

Audrey Dunkel, Kansas Legislative Research Department
Mike Corrigan, Office of the Revisor of Statutes
Gary Deeter, Committee Assistant

Conferees appearing before the Committee:

Eric King, Director of Facilities, Kansas Board of Regents

Others attending:

See attached list.

The Chair welcomed Eric King, Director of Facilities, Kansas Board of Regents; Mr. King reviewed the quarterly report of the State Educational Institution Long-Term Infrastructure Maintenance Program (Attachment 1). He explained that a bill passed in 2007 (**HB 2237**) addressed the issue of deferred maintenance for Regents' infrastructure. The bill allocated \$90 million over five years from the State General Fund (SGF), provided interest-free loans for Washburn University and community and technical college campuses, and allowed tax credits for gifts to any Regents' institution for maintenance. He reported that \$21.6 million has been drawn from the SGF; \$20 million in bonds has been issued for Washburn University and the community and technical colleges, 60% of which has been spent; and tax credits totaling \$431,000 have been provided to donors. Answering questions, Mr. King said the original estimate for tax-credit gifts was \$5.6 million. To a question regarding construction costs, he replied that project bids have been much lower since the economic downturn.

Responding to a question regarding the low incidence of tax credits, Ed Hammond, President, Fort Hays State University, replied that aggressive marketing of the tax credits by Fort Hays has not resulted in the expected response; he explained that individuals are reluctant to donate to the university when their gifts simply displaced SGF dollars; they would be more willing to donate if gifts enhanced the university's bottom line.

Mr. King updated the Committee on the impact of the deferred maintenance program, saying that the 2006 mission-critical maintenance estimate of \$633 million has grown to \$825 million; the infusion of funds allocated by the 2007 legislature has not met the current needs (Attachment 2).

Staff Audrey Dunkel reviewed the system-wide capital improvements budgets for post-secondary education (Attachment 3). For FY 2009 the Governor concurred with the Regents' budget of \$119 million except for a reduction of \$160,000 for Pittsburg State University to reflect debt restructure savings. For 2010, Ms. Dunkel said that the agency request of \$101.9 million was reduced by the Governor to \$78.5 million, which included shifting \$540,000 from the Expanded Lottery Act Revenues Fund (ELARF) to the SGF and cutting

CONTINUATION SHEET

Minutes of the Joint Committee on State Building Construction at Noon on February 25, 2009, in Room 143-N of the Capitol.

\$15 million from ELARF for the University of Kansas School of Pharmacy expansion project, while authorizing \$30 million in bonding authority for the Pharmacy expansion.

Mr. King explained that various Regents institutions had requested capital improvement budget amendments (Attachment 4). He said the Board of Regents will consider these requests at their March meeting and that the institutions were also seeking Committee approval.

Paul Stewart, Director of Facilities, Pittsburg State University, commenting on the razing of the student health center building, requested Committee approval. Representative Grant made a motion, seconded by Representative Brunk, to approve the request. The motion passed.

President Hammond requested approval from the Committee for a five megawatt wind-generation project for Fort Hays State University. He said the \$13-million project will save \$25,000 to \$45,000 for the university. Responding to questions, he replied that the project will take 18 years to pay for itself, but that federal economic stimulus funds may be available to pay for the project. Regarding net metering, he replied that currently the Kansas Corporation Commission prohibits a second entity from providing electricity to a given area, but that a bill introduced this session, if passed, would obviate that regulation. A motion was made, seconded, and passed to approve the request. (Motion by Senator Apple, seconded by Senator Francisco)

The meeting was adjourned at 12:33 p.m. The next meeting is scheduled for Monday, March 2, in Room 143-N.