

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

June 26, 2015
Room 159-S—Statehouse

Members Present

Representative Steve Brunk, Chairperson
Senator Kay Wolf, Vice-chairperson
Senator Marci Francisco
Senator Laura Kelly
Senator Forrest Knox
Senator Larry Powell
Representative J. Steve Alford
Representative Mark Hutton

Members Absent

Representative John Alcala
Representative Adam Lusk

Staff Present

Shirley Morrow, Kansas Legislative Research Department
Dezeree Hodish, Kansas Legislative Research Department
Mark Savoy, Kansas Legislative Research Department
Daniel Yoza, Office of Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Greg Hoffman, Director of Facilities, Kansas Board of Regents
Bobby Kosmala, State Lease Administrator, Office of Facilities and Procurement
Management, Kansas Department of Administration
Frank Burnam, Director of Design, Construction, and Compliance, Office of Facilities and
Procurement Management, Kansas Department of Administration

Other Attending

See attached sheet.

Chairperson Brunk welcomed Greg Hoffman, Director of Facilities, Kansas Board of Regents (KBOR). Mr. Hoffman explained KBOR annually allocates \$35 million for university rehabilitation and repair projects through the Educational Building Fund (EBF). However, the

2015 Legislature reduced EBF's appropriation to \$29 million for FY 2016. Therefore, KBOR is presenting to the Committee a revised distribution of rehabilitation and repair projects based on the new appropriation ([Attachment 1](#)). Answering a question, Mr. Hoffman stated the Division of the Budget (DOB) notified KBOR of the reduction. Answering another question, Shirley Morrow, Kansas Legislative Research Department, replied a university is given two years to expend each allocation, so a carryover balance is shown in the fund table. The EBF carryover balance into the FY 2016 budget was \$843,511 and the carryover balance for FY 2017 is \$10.4 million less an additional appropriation of \$3.7 million for Kansas State University's debt service ([Attachment 2](#)).

Bobby Kosmala, State Lease Administrator, Kansas Department of Administration (DofA), presented four agency leases. He stated the Kansas Board of Cosmetology seeks to renew its present lease at \$11.99 per square foot (psf) for five years with a five-year renewal option ([Attachment 3](#)). The lease includes all services and facility upgrades. The building received an above-average energy audit rating. Answering a question, Debbie Uhl, Administrative Officer, Kansas Board of Cosmetology, explained although the agency is moving toward digital records, it is still paper-driven and requires significant space for file storage. In response to a question, Mr. Kosmala replied a five-year lease provided a lower rate than a ten-year lease.

A motion was made by Senator Powell, seconded by Senator Francisco, to recommend approval of the lease. The motion passed.

Mr. Kosmala presented a proposed five-year lease renewal for the Kansas Securities Commission, a full-service lease with an initial rate of \$11.25 psf for two years, increasing to \$11.59 psf for two years, and \$11.76 psf for the final year ([Attachment 4](#)). The building received an above-average energy rating. Mr. Kosmala explained the significant increase in square feet was a result of remeasuring the space and discovering the original measurement was inaccurate.

A motion was made by Representative Hutton, seconded by Senator Francisco, to recommend approval of the lease. The motion passed.

Mr. Kosmala presented a proposed lease renewal for the Kansas Board of Mortuary Arts. He noted the agency has been at its present location since 1992 ([Attachment 5](#)). The ten-year full-service lease begins at \$10.50 psf, increases \$0.25 psf for each of the first five years, and remains fixed at \$12.00 psf for years six through ten. An escalator clause with a cap addresses anticipated additional costs for some services.

A member requested each lease proposal include not only the psf base rate and cost increases, but also an annualized rate.

A motion was made by Senator Powell, seconded by Representative Hutton, to recommend approval of the lease. The motion passed.

A member raised a question about the effectiveness of the energy audits. John Milburn, Director of Legislative and Public Affairs, DofA, explained a bill was introduced during the 2015 Legislative Session that would give agencies more latitude regarding the audits. If the agency occupied less than 20 percent of a building, the audit would be optional. The bill remains in a House committee.

Mr. Kosmala presented a proposed 25 year lease for the Kansas Department of Revenue (KDOR) ([Attachment 6](#)). The initial rate of \$15.50 psf will increase to \$22.16 psf by year 2040. The escalator clause for additional expenses is capped at \$0.25 psf with cap increases to \$ 0.60 psf by year 2034. Included in the lease is a \$100,000 allowance for moving expenses. Significant renovations will occur before occupancy. A member suggested the moving-expense allowance be deleted and the base rate adjusted accordingly.

Members raised questions about the number of parking spaces offered to KDOR employees. Frank Burnam, Director of Design, Construction, and Compliance, DofA, explained the DofA negotiated a 50 percent reduction in the City of Topeka's parking rates (down to \$35 per month per stall) and Lots 1 and 2 west of the Judicial Center are also available for staff parking. A member commented if KDOR provided city parking for employees, it would add \$1.70 psf to the cost of the lease. Mr. Burnam stated following Committee discussion of the lease at a previous meeting, the landlord has been more amenable to negotiations.

A motion was made by Senator Wolf and seconded by Senator Francisco to recommend approval of the lease. The motion passed.

A motion was made by Representative Hutton and seconded by Senator Kelly to recommend approval of KDOR's EBF allocation for each university . The motion passed.

A motion was made by Representative Hutton, seconded by Representative Alford, to approve the Joint Committee State Building Construction minutes for May 14, June 2, and June 4, 2015. The motion passed. Senator Francisco, being absent, abstained from the vote approving the June 4 minutes.

The meeting was adjourned at 10:01 a.m. No further meetings were scheduled.

Prepared by Gary Deeter
Edited by Shirley Morrow

Approved by the Committee on:

July 31, 2015
(Date)