

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

February 2, 2016
Room 159-S—Statehouse

Members Present

Senator Kay Wolf, Chairperson
Representative Mark Hutton, Vice-chairperson
Senator Marci Francisco
Senator Laura Kelly
Senator Forrest Knox
Senator Larry Powell
Representative John Alcala
Representative Steve Alford
Representative Will Carpenter
Representative Adam Lusker

Staff Present

Shirley Morrow, Kansas Legislative Research Department
Mark Dapp, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Gary Deeter, Kansas Legislative Committee Assistant

Conferee

Sarah Shipman, Secretary, Kansas Department of Administration

Others Attending

[See Attached List.](#)

Informational meeting

Chairperson Wolf called the meeting to order at 12:05 p.m. She announced the purpose of the meeting was to review the status of the proposed Energy Center construction project as an ancillary to the planned demolition of the Docking State Office Building. The Chairperson stated she was concerned the statutory process had not been followed by the Kansas Department of Administration (DofA) in proceeding with a lease-purchase agreement through the Kansas Development Finance Authority (KDFA), with financing from the Bank of America,

using as collateral the Docking cost savings and agency rents from the Landon State Office Building. She noted at the October 20-21, 2015, Joint Committee on State Building Construction meeting, after DofA had presented updated plans for the construction of a new Energy Center, the Committee requested that the agency return to the Committee to report on final plans before taking further action, a request which was ignored. She referenced the information she had collected which document the steps leading up to the lease-purchase for the proposed Energy Center. ([Attachment 1](#)) She noted the flash drive from the Governor's office included in each member's folder; the flash drive contained voluminous information covering the history of the Docking project. The following documents were provided by DofA as a historical perspective and as background information for the decision to raze Docking and build a new Energy Center:

- Lease-purchase agreement ([Attachment 2](#)) ;
- Demolition Bids ([Attachment 3](#));
- DSOB Studies, General ([Attachment 4](#));
- DSOB Studies, Asbestos ([Attachment 5](#));
- DSOB Studies, Electrical ([Attachment 6](#));
- DSOB Studies, Indoor Air Quality ([Attachment 7](#));
- DSOB Studies, Renovation ([Attachment 8](#)) ;
- Energy Center, General ([Attachment 9](#)) ;
- Energy Center, Bid Documents 60 percent CD ([Attachment 9A](#));
- Energy Center, Bid Documents 100 percent CD Individual Sheets ([Attachment 9B](#)) ;
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 1a](#));
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 1b](#));
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 1c](#));
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 2](#));
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 3](#));
- Energy Center, Bid Documents 100 percent CD, ([Attachment 9C Part 4](#));
- Energy Center, Bid Documents, Submittals, Chillers ([Attachment 9Da](#));
- Energy Center, Bid Documents, Submittals, Electrical ([Attachment 9Db](#));
- Energy Center, Bid Documents, Submittals, Generator ([Attachment 9Dc](#));
- Energy Center, GeoTech ([Attachment 9E](#));
- Energy Center, Phase 1, Kansas Contract, ([Attachment 9F Part 1](#));
- Energy Center, Phase 1, Kansas Contract, ([Attachment 9F Part 2](#));
- Energy Center, Phase 1, Construction Documents, ([Attachment 9G Part 1](#));
- Energy Center, Phase 1, Construction Documents, ([Attachment 9G Part 2](#));
- Energy Center, Phase 1, Construction Documents, ([Attachment 9G Part 3](#));
- Energy Center, Title Work ([Attachment 9H](#));
- Joint Committee on State Building Construction ([Attachment 10](#));
- Leases ([Attachment 11](#));
- McCarthy ([Attachment 12](#)); and
- Attachment Index ([Attachment 13](#)).

Chairperson Wolf requested for Representative Hutton to outline possible options going forward. Representative Hutton expressed appreciation for the Governor's office cooperative

responses to the Committee's requests. He then outlined two areas of the Committee's concerns:

- Did the DofA have authority to enter a lease-purchase agreement? and
- The original budget for the Docking project was \$9 million and is now \$16.5 million. Projected costs might be reduced by maintaining the power plant in Docking, razing some of the top floors, and utilizing the lower floors for agency office space.

Responding to a question, Representative Hutton replied, because the KDFA has already contracted with Bank of America for financing, extricating the state from the contract will cost \$409,000, a deficit which still might be less costly than proceeding with the Docking demolition and constructing a new Energy Center.

Sarah Shipman, Secretary, DofA, responding to a question, stated the DofA has been advising and consulting with the Committee regarding the project since 2014, actions which satisfy the statutory requirements for the project.

Staff Jill Wolters, responding to another question, outlined the statutory authority issues:

- The DofA has authority to enter into leases.
- The KDFA is authorized to enter into financial transactions.
- FY 2016 and FY 2017 appropriations included a proviso setting aside funds for "relocation, renovation, and construction" of the power plant, now called the Energy Center.

A member, although acknowledging the separation-of-powers doctrine, expressed frustration that the Committee was not consulted in a more timely manner. Another member expressed frustration that the lease-purchase arrangement seemed to skirt the edges of the agency's authority. Other members echoed similar concerns.

The meeting was adjourned at 12:45 p.m. The Chairperson encouraged members to review the material provided for them. No further meeting was scheduled.

Prepared by Gary Deeter
Edited by Shirley Morrow

Approved by the Committee on:

April 8, 2016
(Date)