

GUEST LIST

DATE: JUNE 2, 2015

[illegible]

June 2, 2015
Testimony to Joint Committee on State Building Construction

Good morning. I am John Milburn, director of Legislative and Public Affairs for the Department of Administration. I am pleased to provide an update on the status of leases of agencies that have or previously occupied the Docking State Office Building, as well as the bid process for the demolition of Docking and construction of a new energy plant for the Capitol Complex.

I'll start with the leases. The Department of Revenue has terminated its lease with the owners of the Mills Building for noncompliance based on anticipated breach of the contract. This was related to the timeline for moving Revenue into the building and the completion of agreed-upon improvements to the building. A request for information was issued at Revenue's request to find a new location for the remaining employees. That information has been received and options are being reviewed. Meanwhile, Revenue's leases with the Scott and Dillion's properties continue to move forward.

The Office of Facilities Management stands ready to assist Revenue in its efforts. Any additional questions regarding the leases should be directed to Revenue officials.

As for the rest of the building, the Department for Children and Families has nearly completed its move to its new location on Kansas Avenue, known as the DCF Administration Building.

Bids continue to be reviewed for the demolition of the Docking Building. Bids have been received and are undergoing technical review for construction of the new energy center to be built on a state-owned lot at Seventh and Van Buren. It is the agency's intent that a contract for the energy center will be awarded by the end of the state's fiscal year in June.

While there has been some slippage in the timelines for completing these projects, it is still anticipated that the Docking Building will be vacant by the third quarter of 2016 and the process of decommissioning the building will commence.

As we have previously stated, the Docking demolition will not be completed until the new energy center is online and functioning.

I have with me Department of Administration Secretary Jim Clark and officials with the Office of Facilities Management to answer any additional questions you may have.

John Milburn
Director, Legislative and Public Affairs
Department of Administration
john.milburn@da.ks.gov
785/296/6866

Attachment 1
JCSBC 6-2-15

Mills Building

Department of Revenue Lease

1. Original RFP called for response by the end of May 2014 with targeted occupancy of November 2014.
 2. Letter of Intent drafted, on file, and agreed to by Dept. of Admin. June 19th, 2014 that calls for a KDOR occupancy of July 2015. – State did not execute lease until February of 2015.
 3. Lease taken to State Joint Building Committee for approval in late November 2014.
 4. December 29th, 2014 State sent lease to Landlord for review.
 5. January 8th, 2015 Landlord executes lease.
 6. February 10th, 2015 KDOR/State fully executes lease – Almost 7 MONTHS after LOI was agreed upon and occupancy date was not changed by State.
 7. April 2, 2015-State approved construction drawings-further delaying the project
 8. April 7, 2015-PKMR Engineers revises mechanical plans based on final construction drawings
 9. April 7, 2015-Construction drawings are complete by architect (Schwerdt)
 10. April 10, 2015-Construction drawing submittal and for plan check by the City of Topeka, building permit applied for by Florence Contractors
 11. April 27, 2015 – Received letter from Sec. Jordan proposing to terminate the lease in seven days if the Landlord did not provide information that proved the Landlord can meet contractual obligations satisfactory to the Tenant. The letter did not quote any provision in the lease document that allows the Tenant to make such a request or to be able to terminate the lease.
 12. April 30, 2015-Contract signed with Alltech to move video equipment from 4th floor
 13. April 30, 2015- Contract with Jayhawk Fire Sprinkler for fire sprinkler installation at owner for review and approval
 14. May 5th, 2015 – Received letter from Sec. Nick Jordan stating that KDOR is terminating the lease but not quoting any provision in the lease to allow for termination.
 15. May 7, 2015 – Attorney for Landlord (Steve Cavanaugh) sent letter to Bob Challquist responding to the May 5th letter from Sec. Jordan.
 16. May 7, 2015-Loan commitment from UMB Bank
 17. May 7, 2015-received term sheet from Commerce Bank for acquisition of state tax credits
 18. May 8, 2015-Loan commitment from UMB Bank executed by owner
 19. May 8, 2015- Owner committed to self-funding project until loan proceeds are available
 20. May 8, 2015-City of Topeka plan review notes received by architect
 21. May 11, 2015-General contract signed by both owner and general contractor
 22. May 14, 2015- Contract signed with Spencer Preservation for Historic tax Credit application
 23. May 15, 2015-Pre-Construction Meeting at Mills
 24. May 18, 2015-Asbestos abatement begun
 25. May 20, 2015- Meeting set to discuss the City of Topeka plan comments
 26. May 20, 2015-Asbestos abatement contractor will finish in the basement and move to the 1st floor on 5/21/15
 27. May 27, 2015 – Steve Cavanaugh sent letter to Bob Challquist clarifying mechanical/HVAC questions from KDOR.
 28. June 1, 2015-Projected loan closing
- Other DOR projects are moving ahead and have not been threatened with a lease termination

Attachment 2
JCSBL 6-2-15

- Mills Building is the farthest along of all three projects. The Scott building has just recently applied for permit and the former Dillon's building does not have construction drawings.
- Delays by DOR have caused more harm to the project and continues to cause harm
- HVAC equipment that has been ordered if canceled after 5/29/15 will result in substantial penalties and these penalties will be passed to DOR.
- Should DOR insist on continuing to delay the construction and insist on terminating the lease the owner will have no choice but to pursue legal action due to the delays by DOR.
- DOR issued an RFI looking for a new location to replace the Mills Building lease. This is a demonstration of bad faith on the part of DOR.
- Should DOR continue to insist on moving ahead with termination this will cause additional delays resulting in additional damage to the Mills owner and these damages will be passed on to the state.
- Although DOR has termination provisions in their lease, the reason cited, that the space would not be delivered on July 1, 2015 is not covered under these provisions. A clear violation, a demonstration of bad faith, and another delay tactic.
- If DOR does not back off and move forward with the Mills Lease the owner will have no choice but to file a law suit against DOR and the State of Kansas for full damages. Not only monetary but irreparable harm to the Mills owners ability to finance in the future and could affect the owners ability to finance other projects based on DOR backing out of this lease and damaging the owners reputation thereby making it more difficult if not impossible for the owner to finance other projects in the future. The potential damages would exceed \$25,000,000.
- Should DOR be allowed to terminate a lease after four month's. The reputation of the State of Kansas in doing lease transactions in Topeka and across the State could be damaged. This could result in higher rates for State leases and termination clauses becoming even more difficult to obtain from landlords.
- Should DOR be allowed to terminate the Mills Lease other agencies would follow suit thinking they can do the same resulting in additional lawsuits against the State costing additional money.
- The Mills Building lease is the most cost effective lease that DOR can have. If DOR is allowed to move to another building additional delays will result and DOR will not be able to occupy a different building earlier that they will be able to occupy the Mills Building.
- **Lease Execution Dates** - Scott Building and Mills Building - KDOR Leases executed at the same time February 8th, 2015 by KDOR.
- **Scott Building Permit Application** - The Scott Building applied for a City Building Permit May 18th, 2015.
- **Scott Building Bank Financing** - The bank financing has yet to be finalized for the Scott building. The General Contractor (GC) for the Scott building has sent out bid packages to sub-contractors but does not expect responses until the middle of June, 2015. The bank will not finalize financing until all bids are in and the final cost is known.
- **Building Permits** – Typically the City will take 4 – 6 weeks to turn around first comments on a building permit for projects the size of the three KDOR leases. The architect will need time to address any changes/comments from the City and that may take a week or two weeks. The City will then require time finalize a permit if all questions are answered sufficiently. Thus, Permitting process from start to finish can be 6 to 10 weeks.
- **Scott Building** – HVAC – Windows – None have been ordered yet as the mechanical contractor has not been engaged.

- **Dillon's Building** – The Dillon's building lease was executed by KDOR March 3rd, 2015. KDOR signed off on plans for the building the week of May 25th, 2015 and construction/mechanical drawings are underway to be able to apply for a City Permit. Typically, construction drawings take 6-8 weeks to produce.
- **Dillon's Building** – NO WORK has started on the building, and KDOR has been made aware that the lease occupancy date will need to be amended because the lease occupancy date is not achievable.
- **Scott Building Occupancy Date** – The General Contractor has stated that he will need six months to complete the project from the time he receives the building permit. I think it is safe to say that the project will begin in earnest the first of July, 2015 and will be completed February 2016.
- **Dillon's Building Occupancy Date** – It is difficult to give an exact date, but the Landlord of the building has said that he will need to ask KDOR to amend the lease occupancy date to April 2016.

[illegible]

LAW OFFICES OF
CAVANAUGH, BIGGS & LEMON, P.A.
2942A S.W. WANAMAKER DRIVE, SUITE 100
TOPEKA, KANSAS 66614-4479

STEPHEN W. CAVANAUGH *
JAMES B. BIGGS *
THOMAS G. LEMON
VINCENT M. COX

* ADMITTED KANSAS & MISSOURI

TELEPHONE
(785) 440-4000
FAX
(785) 440-3900
WWW.CAVLEM.COM

Sender's email address
scavanaugh@cavlem.com

June 3, 2015

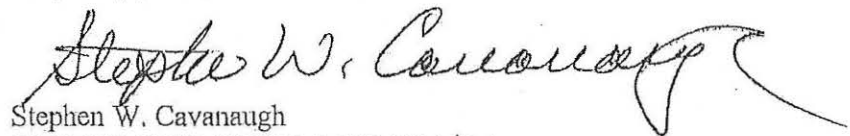
Representative Steve Brunk
Chair, Joint Committee on State
Building Construction

Re: Joint Statement of Mills Building, L.L.C. and Kansas Department of Revenue

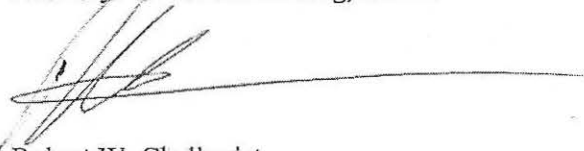
Dear Chairman Brunk:

Subsequent to the committee meeting on June 2, 2015, representatives of Mills Building, L.L.C. and the Kansas Department of Revenue have engaged in communications which resulted in an agreement to work together in good faith to resolve issues regarding the Mills Building and the relationship of Mills Building, L.L.C. and the Kansas Department of Revenue

Very truly yours,



Stephen W. Cavanaugh
CAVANAUGH, BIGGS & LEMON, P.A.
Attorneys for Mills Building, L.L.C.



Robert W. Challquist
Attorney for Kansas Department of Revenue

Attachment 1
JCSAC 6-4-15

STATE AGENCY MUST FILL IN

Fund	
PO No	

CONTRACT CHANGE ORDER




[illegible]

Subtotal from continuations sheets

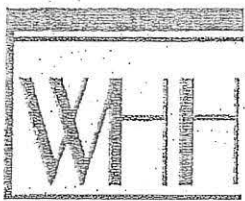
Legend: Initiated by: Architect/Engineer = 1 Agency = 2 DCC = 3 Contractor = 4
Result of: Design Error = A Design Omission = B Change in Scope/Program = C Result of Field Conditions = D Other (explain) = E

The Original Contract Sum was	\$	3,249,800.00
Net change by previous Change Orders	\$	65,158.90
The Contract Sum prior to this Change Order was	\$	3,314,958.90
The Contract Sum will be <input checked="" type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Unchanged by this Change Order	\$	256,248.18
The New Contract Sum including this Change Order will be		3,571,207.08
The Contract Time will be <input checked="" type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Unchanged by this Change Order	11	Days
The Date of Completion as of the date of this Change Order therefore is	14-Oct-15	

APPROVALS

Contractor Name and Address		<div style="text-align: right;">  21-May-15 </div>	
Walz Harman Huffman Construction, Inc. 5615 E. Huffman Drive Kechi, KS 67067-9054		Project Architect/Engineer Signature	Date
		<div style="text-align: right;">  5-27-15 </div>	
		Head of State Agency Signature	Date
<div style="text-align: right;">  May 26, 2015 </div>			
Contractor's Signature	Date	OFPM - DCC Signature	Date

Attachment 3
JCSBC 6-4-15



WALZ
HARMAN
HUFFMAN CONSTRUCTION INC.

CP

Cost Proposal
#18

HOME OFFICE:
5615 E. Huffman Dr.
Kechi, Ks. 67067-9054
Phone: 316 744-2081
Fax: 316 744-0554
whhconst@whhconst.com

TO: Emig & Associates Architects -- Dave Emig
FAX #: email DATE/TIME: 4/1/15
FROM: Eric Nilges
PGS INCLUDING THIS ONE:

Project: Troop F Headquarters WHH #: 14-052
Job # A-012291/Bldg #28000-38688

PRICING/COST
SPECIFICATION
TIME/SCHEDULE
OTHER(specify)

X
X

Spec./Ref:
Plan/Pages:

Description: ADD DEDUCT

Add landscaping and irrigation.

Lawn Sprinkler Services (Irrigation)	\$16,108.89
Seeders Inc.	\$34,400.00

PROJECT MANAGER:
Greg Harman
Eric Nilges

JOBSITE OFFICE:
1900 E. Tigua St.
Kechi, KS

JOB SUPERINTENDENT:
Pat Beal
Cell: (316) 619-1860

We are requesting 21 additional days for this
scope of work.

ST \$50,508.89

OH & Profit (10%) \$5,050.89

Total \$55,559.78

APPROVALS:

Owner/Arch.	Date
Contractor	Date

NON APPROVAL/Other/Explan.(specify)

Thanks, Please call with questions.

Eric Nilges

From: Linda Snook <lsnook@seedersinc.com>
Sent: Thursday, March 26, 2015 9:11 AM
To: enilges@whhconst.com
Subject: Troop F Headquarters

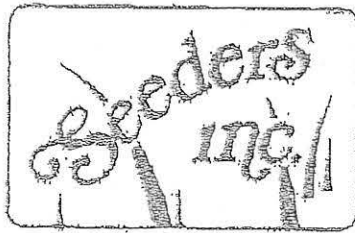
Eric,

I have reviewed our bid and we do not need to change anything on our price for the landscaping. However, I did notice that there was erosion control matting (shown on Sheet C3.1) included with the erosion control. Will someone else be installing this, or do I need to give you a separate price to install this when the permanent seeding is done?

Thanks,

Linda Snook Davison
Seeders, Inc.

Maintenance - yes
Compoot - yes



4111 S. Broad St.
Wichita, Kansas 67215
(316) 722-8345
Fax (316) 722-0474

Proposal-Revised w/ Sales Tax included

July 15, 2014

To: Prospective Bidders

From: Bob Stuhlsatz
Seeders, Inc.

Re: Troop F Headquarters, Kansas Highway Patrol

Landscaping: LS - \$34,400.00 - AH 2
(Includes seeding, trees and shrubs, mulch for trees and planting bed, and limestone boulders).
Erosion Control: LS - \$9,650.00
(Includes silt fence, erosion control blanket and Inlet protection).

Total: \$44,050.00

Sale tax IS included.
Irrigation is NOT included.
Topsoil placement by others.
Installation of rip rap is excluded.
Rock pickup is excluded.
Bond not included; add 1% for bond or \$100.00 minimum.



Lawn Sprinkler Quote
For:

Kansas Highway Patrol
Troop F Headquarters
Kechi, Ks

ATTN: Estimators

17 March 2015

Install Sprinkler System for new bldg as per landscape plan:

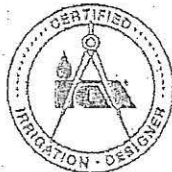
Rainbird 5004 rotors
Rainbird 1804 sprays
Hunter MP Rotators Stream Sprays
Rainbird LD-.09-12 drip-line for front shrub beds
Rainbird ESP-Me Modular Controller mounted in Garage
Hunter PGV-100G-S Electric Valves
Hunter Rain-clip Wireless Rain Sensor
1 1/4" PVC Mainline and Poly laterals
Connect to Irrigation Pipe stub as per plan.
4" Irrigation Sleeving by General Contractor as per plan

Sales Tax *yes*

TOTAL Labor and Material \$ 16,108.89

I acknowledge Addendums 1 & 2.

For questions or comments call Andy Veatch at (316)303-1200.
1 year Parts and Labor Warranty.



Certification of Proposal: We, Lawn Sprinkler Services L.L.C. (Contractor) hereby propose to install an underground lawn sprinkler in the above stated property. Contractor will furnish all materials and labor needed to install said system in accordance with all applicable local and state laws and owner's specifications. Contractor will be responsible for calling Kansas One-Call to locate all underground utilities. Contractor is not responsible for any utilities not marked by Kansas One-Call.

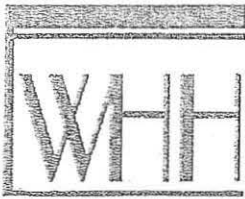
Acceptance of Proposal: I, the property owner, agree that the above quoted price, specifications and conditions are acceptable for this contract. I authorize Contractor to begin and complete the lawn sprinkler system at the above address. I agree to pay balance of bid price due upon completion of the lawn sprinkler system. I understand that any quantities specified are ONLY estimates and actual quantities may vary. Contractor reserves the right to use this property as a reference in future sales calls. I understand that contractor will call Kansas One-Call to locate underground utilities and I the homeowner will accept all responsibilities for utilities not marked by Kansas One-Call.

Certification of Proposal

Andy Veatch
Andy Veatch
Project Manager

Acceptance of Proposal

1527 S Washington Wichita Ks. 67211 (316)303-1200 fax (316)303-1201 sales@lawnsprinklerservices.com



WALZ
HARMAN
HUFFMAN CONSTRUCTION INC.

CP

Cost Proposal
#19d

HOME OFFICE:
5615 E. Huffman Dr.
Kechi, Ks. 67067-9054
Phone: 316 744-2081
Fax: 316 744-0554
whhconst@whhconst.com

TO: Emig & Associates Architects -- Dave Emig
FAX #: email DATE/TIME: 5/21/15
FROM: Eric Nilges
PGS INCLUDING THIS ONE:

Project: Troop F Headquarters WHH #: 14-052
Job # A-012291/Bldg #28000-38688

PRICING/COST
SPECIFICATION
TIME/SCHEDULE
OTHER(specify)

X
X

PROJECT MANAGER:
Greg Harman
Eric Nilges

JOB SITE OFFICE:
1900 E. Tigua St.
Kechi, KS

JOB SUPERINTENDENT:
Pat Beal
Cell: (316) 619-1860

Spec./Ref:
Plan/Pages:

Description:	ADD	DEDUCT
Add asphalt paving and associated flyash stabilization and striping to project. This option changes approximately 722 SY of asphalt paving to concrete per attached drawing. Area outlined in green.		
APAC	\$168,571.00	
APAC - Delete South Drive		\$16,664.00
R&C Concrete	\$28,500.00	
R&C Concrete - Delete Curbs		\$3,600.00
Saratoga Roofing (Caulking)	\$2,637.00	
Surveying	\$3,000.00	

We are requesting 11 additional days for this scope of work.

ST	\$182,444.00
OH & Profit (10%)	\$18,244.40
Total	\$200,688.40

APPROVALS:

Owner/Arch. _____ Date _____
Contractor _____ Date _____

NON APPROVAL/Other/Explan.(specify)



APAC-Kansas, Inc.

Shears Division
3511 South West Street, Wichita, KS 67217-1043
Mail: Post Office Box 17470
Wichita, KS 67217-0470
Tel: 316-524-5200, Fax: 316-524-3651

March 20, 2015

Walz Harman Huffman Construction Inc.
Attn: Eric Nilges
5616 E Huffman Rd
Kechi, KS 67067

Re: Kansas Highway Patrol Troop F Headquarters

APAC-Kansas Inc., Shears Division - Wichita Branch ("APAC") offers to furnish all labor, materials and equipment required for the performance of the following:

1. ** Asphalt Parking Lot Base Bid**

- 6" fly ash soil stabilization under concrete curbs and gutters with the asphalt paving and under the asphalt pavement. (Approx: 5,588 SY)
- Place 6" asphalt pavement per sheet C2.0 using approved commercial grade mixes. (Approx: 5,388 SY)
- Parking Lot Striping, H/C Signs, and parking stop blocks.

Base Bid Total \$ 184,455.00

2. ** Alt #1 Stabilization for Concrete Paving**

- 6" fly ash soil stabilization under concrete pavement and the curbs and gutters that go with the concrete pavement. (Approx: 2,480 SY)

Alternate #1 Bid Total \$ 14,880.00

3. ** Alt #2 Delete Asphalt Entrance**

- Delete asphalt paving in green outlined area on sheet C2.0; the fly ash stabilization would remain. (Approx: 722 SY)

Alternate #2 Deduct Total (\$ 15,834.00)

Note:

1. Tax on material is included.
2. Quantities are based off sheet C2.0.
3. Subgrade to be ready for fly ash stabilization by others (+/- 0.10).
4. Does not include any removals.
5. Does not include any concrete work.

184,455
(15,884)
168,571



APAC-Kansas, Inc.

Shears Division
3511 South West Street, Wichita, KS 67217-1043
Mail: Post Office Box 17470
Wichita, KS 67217-0470
Tel: 316-624-5200, Fax: 316-624-3651

May 13, 2015

Walz Harman Huffman Construction Inc.
Attn: Eric Nilges
5615 E Huffman Rd
Kechi, KS 67067

Re: Kansas Highway Patrol Troop F Headquarters

Subject: Change order to delete entrance from Tigua St.

1. ** Delete Asphalt Entrance**
 - Delete fly ash stabilization and asphalt pavement from entrance off Tigua Street to the start of the concrete slab. (Approx: 732 SY)

Deduct Total (\$ 16,664.00)

Sincerely,

Dan Heise
Estimator
APAC-Kansas, Inc., Shears Division

Accepted By _____

Printed Name _____

Date _____

R & C Concrete, Inc.	707 W 13th El Dorado, KS 67043	316-377-7300 Mobile
		316-381-1809 Fax
		raulgonzalez@rcconk.net

State Trooper Office, Paving Addition

March 24, 2015

R & C Concrete will complete the following, set up and pour the concrete paving, saw-cutting and placement of expansion as needed.

This proposal is for labor, forming materials, concrete, rebar and wire mesh, concrete pumping, epoxy material, Exclusions include concrete testing, removal of spoils, additional layout, compaction testing, General contractor is responsible for all other labor and materials including exclusions.

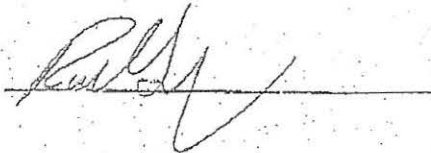
Base Bid

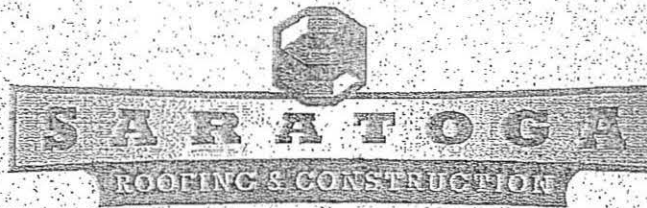
128,500

Payment to be made every 30 days as the work progresses to one hundred percent of all work completed.
The entire amount of contract to be paid within 30 days of completion.

Any alterations or deviation from the above specifications involving extra cost of material or labor will only be executed upon written orders for the same, and will become an extra charge over the sum mentioned in this proposal. All agreements must be made in writing.

Respectfully submitted,





Bid Estimating Sheet
Saratoga Roofing & Construction
209 N.W. 132nd St. Oklahoma City OK 73114
Contact: Mario Macias (405) 517-1140

Date: 03/31/2015
Job Name: Troop F Headquarters
Location: Kechi, Kansas

Horizontal Concrete Joint sealants: \$2,637.00

Cost Breakdown

Labor	\$1,661.00
Materials	\$713.00
Overhead & profit	\$264.00

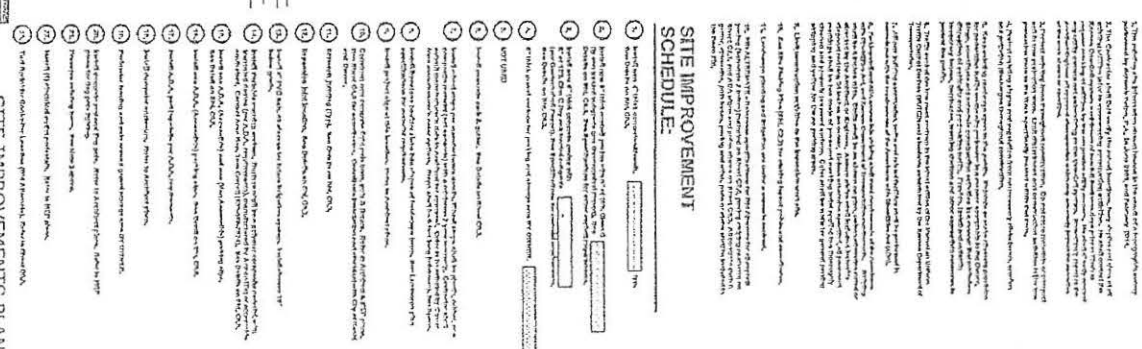
Note:

Mobilization will consist of the time necessary to properly mobilize and demobilize the project. Also included is the time necessary for the proper supervision to manage the project and the necessary equipment and material to assist in the mobilization and supervision of the project.

Our price to perform specified work mentioned above is TWO THOUSAND, SIX HUNDRED THIRTY SEVEN DOLLARS (\$2,637.00)

We Propose hereby to furnish material and labor — complete in accordance with above specifications — for the sum of:

Total Amount	\$2,637.00



654 V23

10

1

21. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
22. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
23. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
24. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
25. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
26. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
27. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
28. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
29. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).
30. A. J. Valleron, *Journal of Epidemiology and Community Health*, **48**, 103 (1994).

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3-12

