

Approved 2-2-90
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~xxx~~ p.m. on January 17, 1990 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present: Ellen Piekalkiewicz, Legislative Research
Debra Duncan, Legislative Research
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Representative R. H. Miller
Senator Michael Johnston
Shelby Smith, Secretary of Administration
Marjorie Turner, Director of Job Preparation Programs/KanWork, SRS
Trudy Aron, Executive Director, Kansas Society of Architects
Bill Livingston, Gossen and Livingston, Wichita, Kansas
Roger Lambson, Vice-chancellor of Administration, KUMC
Vance Liston, Governmental Affairs Chairman, Kansas Society of
Architects
Ed Martin, Director, Division of Architectural Services
Warren Corman, Director of Facilities, Kansas Board of Regents

Others attending: See attached list.

HB 2580 - Approval of projects and activities of state agencies
for financing under Kansas development finance authority
act.

HB 2591 - Kansas development finance authority, state finance
council approval, state agency activities and projects.
Re: Proposal No. 38.

Jim Wilson, Revisor of Statutes, explained that HB 2580 and HB 2591
are identical and they repeal the ability of the State Finance
Council to approve KDFA financing on a state agency project unless
the project was previously approved and delegated to the Finance
Council by the Legislature.

Representative R. H. Miller testified in support of HB 2580 stating
he feels the authority of the State Finance Council to approve
projects for bonding should be limited such as the recent purchase
of the KBI building, which was approved without the advice or
consent of the Legislature. Representative Heinemann stated he
agrees with the philosophy behind this bill, but expressed concern
that the state be left in a position to make prudent business
decisions when the Legislature is not in session. Representative
Miller would like to see the Agencies and the Legislature think
ahead and anticipate needs so that they may be considered and
addressed during the session.

Senator Mike Johnston appeared in support of HB 2580. He stated
that, in addition to passing this bill, perhaps the Legislature
should also review the statute governing the Finance Council to
be sure it is clear what it delegates the Legislative leadership
and Governor to do absent the Legislature being in session.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on January 17, 1990.

Shelby Smith, Secretary of Administration, appeared in opposition to HB 2580 and provided written testimony (Attachment 1). Secretary Smith emphasized that this mechanism of allowing the State Finance Council to address unforeseen occurrences in state government is necessary for government to run efficiently.

HB 2597 - KanWork, program waivers for care of child one year old or older. Re: Proposal No. 52.

Representative Chronister explained that HB 2597 was introduced by the Special Committee on Ways and Means/Appropriations re Proposal No. 52. The federal Family Support Act allows states at their option to require parents with children over age one (rather than age three) to participate in the JOBS program. HB 2597 amends state law to exempt from KanWork participation only those clients with children one year of age and younger rather than age three as the statute currently provides. Representative Goossen expressed concern regarding the fiscal impact of this legislation which is undetermined at this time.

Marjorie Turner, Director of Job Preparation Programs/KanWork, SRS, testified in opposition to HB 2597 and provided written testimony (Attachment 2). Mrs. Turner stated the Agency believes that the intent of HB 2597 is a good idea, but this may not be the time to add additional mandatory participants in the current KanWork counties. SRS is currently expanding services to seven additional counties and implementing the Federal JOBS program requirements. The same clients mandated by the bill now participate voluntarily or by Federal mandate. To maintain the 60 percent federal match rate on JOBS funds, the Agency believes the geographical expansion of KanWork would be more cost effective enabling the state to meet the Federal requirement of 75 percent of the AFDC population having access to the program by FFY 1992.

HB 2605 - Fees for project architects, state capital improvements.

Trudy Aron, Executive Director, Kansas Society of Architects, explained that HB 2605 abolishes the fee schedule in current law for architectural services on state capital improvement projects and gives the Secretary of Administration the authority to negotiate fees. The Secretary would be required to report all activity involving negotiating committees to the Joint Committee on State Building Construction. Ms. Aron appeared in support of HB 2605 and noted the complexity of buildings today require a greater number and more specialized consultants (Attachment 3). The Kansas Society of Architects believes the state is best served when architects are paid a fair and reasonable fee based on the scope of the services they are expected to perform. Ms. Aron distributed a letter in support of HB 2605 from Martell and Associates, P.A., Architectural firm, Kansas City, Kansas (Attachment 4).

Bill Livingston, Gossen and Livingston, Wichita, Kansas, testified that the current fee schedule does not enable an architect to hire the necessary specialists to perform all the desirable services on a project.

Roger Lambson, Vice-chancellor for Administration, KUMC, testified in support of HB 2605 stating that the problems the Medical Center has encountered on new construction suggest it is time to re-examine the system. The hospital building occupied in 1979-80 has required a series of corrections on the HVAC system. Dykes Library, opened in 1980, has an inadequate chiller system, suggesting a design problem. The animal care facility is still not occupied because

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on January 17, 1990

of a mechanical system that is too noisy and additional funds will have to be spent to correct problems. Mr. Lambson feels the fee schedule prevents the state from getting the quality it requires in design services.

Vance Liston, Governmental Affairs Chairman, Kansas Society of Architects, appeared in support of HB 2605. He noted the passage of HB 2605 would allow the state to negotiate an appropriate fee for services required on complex construction.

Ed Martin, Director, Division of Architectural Services, appeared in support of HB 2605 stating the bill will greatly benefit the state. He cited the state telecommunication system, the computerized information systems and the change in earthquake zone for Kansas as additional factors requiring design expertise on state projects. Mr. Martin stated fees on projects requiring complex design will probably increase, but he believes the state will be saving much more by eliminating problems later. Mr. Martin submitted for the Committee minutes a copy of his report to the Joint Committee on State Building Construction in January, 1990 on State Building Construction Claims made on behalf of the state (Attachment 5).

Warren Corman, Director of Facilities, Kansas Board of Regents, testified in support of HB 2605 stating the ability to negotiate fees will allow the state to hire the best consultants on state projects.

Chairman Buntten announced that the hearing on HB 2606 will be held tomorrow. The meeting was adjourned at 3:20 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 1-17-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
LOUIS S. CHABIRA	CAPITOL BLDG	BUDGET
Sherril Holliday	"	"
M Kennedy	"	"
M. Bohakoff	"	"
Jerry Nelson	8503	SRS
marjorie Turner	State Complex West	SRS - Kanwork
Linda Clanton	401 Topeka	KDHR
ROGER LAMBSON	KUMC - Kansas City	KUMC
Robert Wunsch	KUMC Kc	KUMC
Mike Shields	Topeka	Harris
Alan Morgan	Lawrence	Governor's office
Don Pound	Topeka	SRS Budget
Bill Livingston	Wichita	GLA Architects
TRUDY ARON	TOPEKA	Ks Soc of ARCHITECTS
VANCE LISTON	TOPEKA	KS SOC OF ARCHITECTS
BOB FINKHAM	TOPEKA	KS. Soc. of ARCHITECTS
WARREN CORMAN	TOPEKA	KS. BOARD OF REGENTS
Ed Martin	Topeka	Div. of Arch. Services
ALLEN BELL	Topeka	KDFA
George Barber	Topeka	Ks Consulting Engrs
T.L. MAUSON	TOPEKA	Ks SRS
Dennis R. Baker	Topeka	SRS - Kanwork
Jain McBride	Topeka	Observer
Lini Reeves	Topeka	KS SOC. OF ARCHITECTS
Shel Smith	TOOA	
Art Griggs	Dept. of Admin	



DEPARTMENT OF ADMINISTRATION
 State Capitol
 Topeka 66612-1572
 (913) 296-3011

January 17, 1990

Shelby Smith, *Secretary*

M E M O R A N D U M

TO: House Appropriations Committee

FROM: Shelby Smith, Secretary of Administration

SUBJECT: Testimony in Opposition to House Bill No. 2580
 and House Bill No. 2591

Thank you for the opportunity to share some comments on H.B. 2580 and H.B. 2591. Both of these bills would restrict the financing of state agency projects through approval of the State Finance Council.

It is noteworthy that members of the State Finance Council themselves are the ones suggesting that their power in this area be curtailed. This is understandable when it is recognized that bond issues represent long term obligations. It is quite natural to prefer full legislative approval of bonded projects. However there are several aspects that you should consider before imposing this potentially costly restriction.

Costs Savings

The purchase of the KBI headquarters building last fall is a good case in point regarding saving the state dollars. The state's five year lease of the building at \$363,500 per year was about up and the landlord was proposing a new lease that would cost over \$647,000 per year. By virtue of the KDFA financing of the building purchase, KBI has avoided future rent increases and locked-in a \$328,767 per year average cost. This substantial annual savings would not have been possible if H.B. 2580 or H.B. 2591 had been in effect.

Why preserve the Finance Council's Power?

In an organization as large and complex as state government, it is clear that unforeseen or unanticipated occurrences will arise during the eight month interim between legislative sessions that may involve bond issues. In order for state government to run efficiently, it is important that you the legislature, provide the necessary tools and mechanisms to operate efficiently all twelve months of the year, not just when you are in session.

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Attachment 1

There are checks and balances built into the current procedure. The KBI project was first presented to and approved by the Joint Committee on State Building Construction. Also, the Finance Council provides another measure of legislative input through the eight legislative leaders on the Council. The statute requires that before the State Finance Council can approve a financing project, it must find (1) that the item arose as a result of unforeseeable occurrence or unascertainable effect of a foreseeable occurrence, (2) that the requested action was not rejected by the last legislative session, and (3) that there is justification for not delaying approval until the next legislative session.

The power has been used very sparingly. Of the 20 separate projects that KDFA has financed with revenue bonds or are pending, only two of the bond issues (KBI and Wichita office buildings) have not been approved by the full legislature. Both of these building projects involve reducing state expenditures for existing facilities.

In summary, I encourage you to preserve the status quo on this important topic. There is justification to provide this mechanism to address future unforeseen occurrences and contingencies. The power has been used wisely and sparingly and has saved the state substantial dollars.

P.S.
Regarding the purchase of the KBI building, the attached letter dated 10.11.89 was sent to every legislator. In my opinion, this is a good case in point, justifying the authority vested in the Finance Council. *[Signature]*

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

October 11, 1989

Shelby Smith, *Secretary*

The Legislature and the State Finance Council are always concerned, and justifiably so, when major real estate actions are required in the interim between legislative sessions. Therefore, this letter will provide information on the State's recent purchase of the Kansas Bureau of Investigation building.

As you will recall, last fall's negotiations for a new lease term for the existing KBI building failed to result in a satisfactory agreement. The State then solicited lease proposals for another facility for the KBI, with options to provide additional space for other state agencies, such as the Highway Patrol. However, late during the last session the Legislature rejected funding for a lease proposal which would have consolidated the KBI and the Highway Patrol into one facility that involved new construction. In May, following the Legislature's rejection, the State again pursued a new lease rate for the existing KBI building.

The State has leased the existing KBI building for the past five years for \$363,500 annually under a lease term ending September 30, 1989. The lease contained a purchase option which the State could exercise at any time during the lease term, for a price to be set by three disinterested appraisers appointed by the Judicial Administrator. In July, the appraisers placed a \$3.2 million value on the building. They subsequently modified this to \$3.5 million in August. We can furnish you the details of this modification (square footage, capitalization rate and rental rate) at your request.

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The State purchased the KBI Building September 29th for \$3.5 million, from Sovereign Group 1984-15, a Pennsylvania limited partnership. The purchase was financed by the sale of bonds issued by the Kansas Development Finance Authority. The bonds will be repaid over a twenty-year period and carry an average interest rate of 6.97 percent.

By exercising its purchase option, the State will save a substantial amount annually over continued leasing of the building. The purchase also will enable the State to provide the KBI laboratory and office space at an extremely attractive annual cost, which would not have been possible without exercising the purchase option before it expired.

In capsule summary:

- The owners in May of this year were asking \$533,948--plus property taxes estimated at \$113,500--for a total annual rental cost of \$647,448.
- This contrasts with an average annual purchase cost of \$328,787. (This includes building insurance and bond repayment.)
- By purchasing the building instead of leasing it, the State will save--by conservative estimates--more than \$4.4 million over the twenty-year bond repayment period.

After receiving the appraisers' report and the recommendation from the Director of the KBI that the building be purchased, less than two months remained before the purchase option's expiration date. We then consulted with the Joint Committee on State Building Construction before taking the matter to the State Finance Council. The Finance Council gave approval to the purchase on September 1, with Senators Burke, Bogina and Kerr, and Representatives Braden and Miller voting in favor of the KBI purchase; Representatives Barkis and Buntin and Senator Johnston dissenting. While it remains our clear preference to inform the Legislature of proposed real estate purchases before the fact, the time constraints inherent to this situation necessitated action between sessions.

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If you have any questions on this subject, please feel free to contact my office.

Sincerely,



Shelby Smith
Secretary of Administration

7289A

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Testimony before
The Full Committee
for Appropriations
Regarding
House Bill 2597
on
January 17, 1990

Marjorie Byington Turner
Director of Job Preparation Programs/KanWork

presented on behalf of:

Jan Allen, Commissioner
Adult Services
Department of Social and Rehabilitation Services

HA
1-17-90
Attachment 2

Department of Social and Rehabilitation Services

Winston Barton, Secretary

Statement regarding: H.B. 2597

Title:

AN ACT concerning the KanWork Act; relating to waivers from program requirements.

Purpose:

To change the KanWork exemption criteria to mandate persons caring for a child age one or older to participate, instead of the current requirement for persons providing care for a child age three and older.

Background:

This bill is a result of proposal No. 52 - KanWork which directed the Special Committee on Ways and Means/Appropriations to review the implementation of the KanWork Program and consider any legislative adjustments that may be needed. One recommendation in the committee report was that legislation be introduced to change the exemption criteria. The Committee recognized that this change would be likely to slow statewide implementation of the program due to increased costs in the current counties. The Committee recommended that the Legislature also consider the relative costs of adding new counties or additional recipients in current counties in order to determine whether this change should be made now or subsequent to implementation of KanWork in additional counties.

Effect of Passage:

The agency is currently in the process of expanding KanWork to an additional seven counties and also implementing the Federal Welfare Reform program - Job Opportunities and Basic Skills (JOBS) statewide. Many of the persons who would be mandated by the bill are already mandated or volunteer under the Federal JOBS program. The Federal JOBS regulations mandate teenage parents over 16 years of age regardless of the age of the child to participate. Also, targeted are parents age 24 years and under (who are most likely to have young children) who do not have a high school education or have little work experience.

Additionally, 25% of current KanWork participants are volunteers. Volunteers are given priority status for services and basically are parents with children under age 3 years. If the parents of children age one year and over are mandated, these young volunteer parents would lose priority status under current state program requirements.

Another possible effect of the bill on current program is in relation to Federal participation requirements which are that 7% of the mandatory population must be served in Federal Fiscal Year (FFY) '90 and '91. Because we are still in the process of understanding and implementing the Federal JOBS requirements we are not yet certain if this 7% participation rate will be met. However, the bill would increase the number of mandatory referrals by approximately 29%. This

increases the number of participants in the Federal mandatory base and we must serve 7% of that number in order to comply. If additional resources are not available to serve these additional clients the net result would be a lower Federal participation rate. If Federal participation rates are not met the state can only receive 50% Federal match of JOBS funds instead of the enhanced match rate of 60%.

Also, the definition of "participation" under the Federal regulations is that the client must be actively participating at least 20 hours per week. However, parents with a child age 3 or under can only be mandated to participate 19 hours per week. The more participants in the program who are parents of children ages one to three, the less likely the state will be to meet the 7% requirement.

The Federal requirement increases for FFY '92 and FFY '93 to 11%, FFY '94 to 15% and FFY '95 to 20%.

The Federal law also requires that the state provide a comprehensive JOBS program (such as KanWork) to 75% of the AFDC population by FFY 1992. In the current eleven KanWork counties only 57% of the AFDC population is covered.

Recommendations:

The Agency believes that the intent of H.B. 2597 is a good idea, but this may not be the time to add additional mandatory participants in the current counties. The agency is currently involved in expanding services to the additional seven counties and in implementing the Federal JOBS program requirements. Also, many of the same clients mandated by the bill now participate voluntarily or by Federal mandate. We believe it is more cost effective for the state to consider KanWork geographical expansion to meet the Federal requirement of 75% of the AFDC population having access to the program by FFY '92. Also, the state may not meet the Federal participation mandates if this new population is required to participate at this time. The state could therefore lose the enhanced Federal match rate. Changes to KanWork such as that proposed in H.B. 2597 may prove very useful once the program is firmly established to cover 75% of the population and we have met Federal program requirements.

Jan Allen, Commissioner
Adult Services
296-6959



THE KANSAS SOCIETY OF ARCHITECTS, AIA

A Chapter of the American Institute of Architects
The Jayhawk Tower 700 Jackson, Suite 209 Topeka, KS 66603 913•357•5308

January 17, 1990

TO: Members of the House Appropriations Committee
FROM: Trudy Aron, Executive Director
RE: **SUPPORT OF HOUSE BILL 2605**

My name is Trudy Aron, I am the Executive Director of the Kansas Society of Architects. Our members practice architecture throughout the State of Kansas.

In 1974, the legislature mandated a fee schedule for architectural services. Sixteen years later, we are working under the same fee schedule. However, the services required by the State have increased dramatically throughout these years. Additional services the State requires today include energy impact statements, solar energy feasibility and life cycle cost analysis, fire protection plans (not just specifications), electrical "risers", mandated use of national electrical symbols, as built drawings, color renderings, detailed material/labor estimates, and administration of multiple contracts.

Many feel that because construction costs have risen, the architect is protected even if they receive a smaller percentage fee on the larger dollar amount. However, this is not so. Professional liability costs have skyrocketed, employee compensation and benefit plans have risen significantly, costs for continuing education and additional training needed to keep abreast of changes in the highly technical profession have risen dramatically and, of course, the overhead for architects has increased at the same rate as it has for others in business. In reality, architects receive much less today than they received in 1974.

In addition, the complexity of buildings and the technology for those projects have increased manyfold. Because of the fee cap, the most complex projects are awarded the same general fee as low tech, simple projects. As you may not be aware, the architect hires, and pays for, all engineers and other consultants. Today's complex, sophisticated buildings require more consultants, not less. Without flexibility in fee awards, the architect often cannot pay the fee required by their first choice consultants or the architect must severely limit the scope of the consultants' services.

Small projects, at the other end of the scale, also suffer greatly from too little fee. The same basic services are required on all projects regardless of size. Obviously, these basic services take a minimum of time to

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Attachment 3

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EXECUTIVE DIRECTOR
Trudy Aron



perform. These services are rarely compensated at adequate levels.

When the State pays too little for services, the architect must cut costs somewhere. Cuts may occur in spending less time on design, spending less on engineers and consultants, spending less time on construction administration and observation (the time the architect spends on the job site observing construction), etc. No architect wants to do a poor job for the State, nor do they normally take a job they feel they will lose money on. However, just to break even on many of these projects, the architect must gamble that everything will go right, but unfortunately, that doesn't always happen.

On the surface, it would seem to make sense to limit the fee architects (and consultants) can receive to design the State's buildings, however, in the long run any cost savings initially can often be far out-stripped by additional costs incurred over the life of the building. One of the greatest tools the architect and their team of consultants have is the ability to suggest alternate design scenarios which can often save construction dollars up front and may lower future building operation costs. Because the State's fees are so low, the architect cannot explore the various options which may be available. In fact, because the architect's fee is a percentage of construction cost, the architect would be penalized, by having their fees further reduced, if they were to do so.

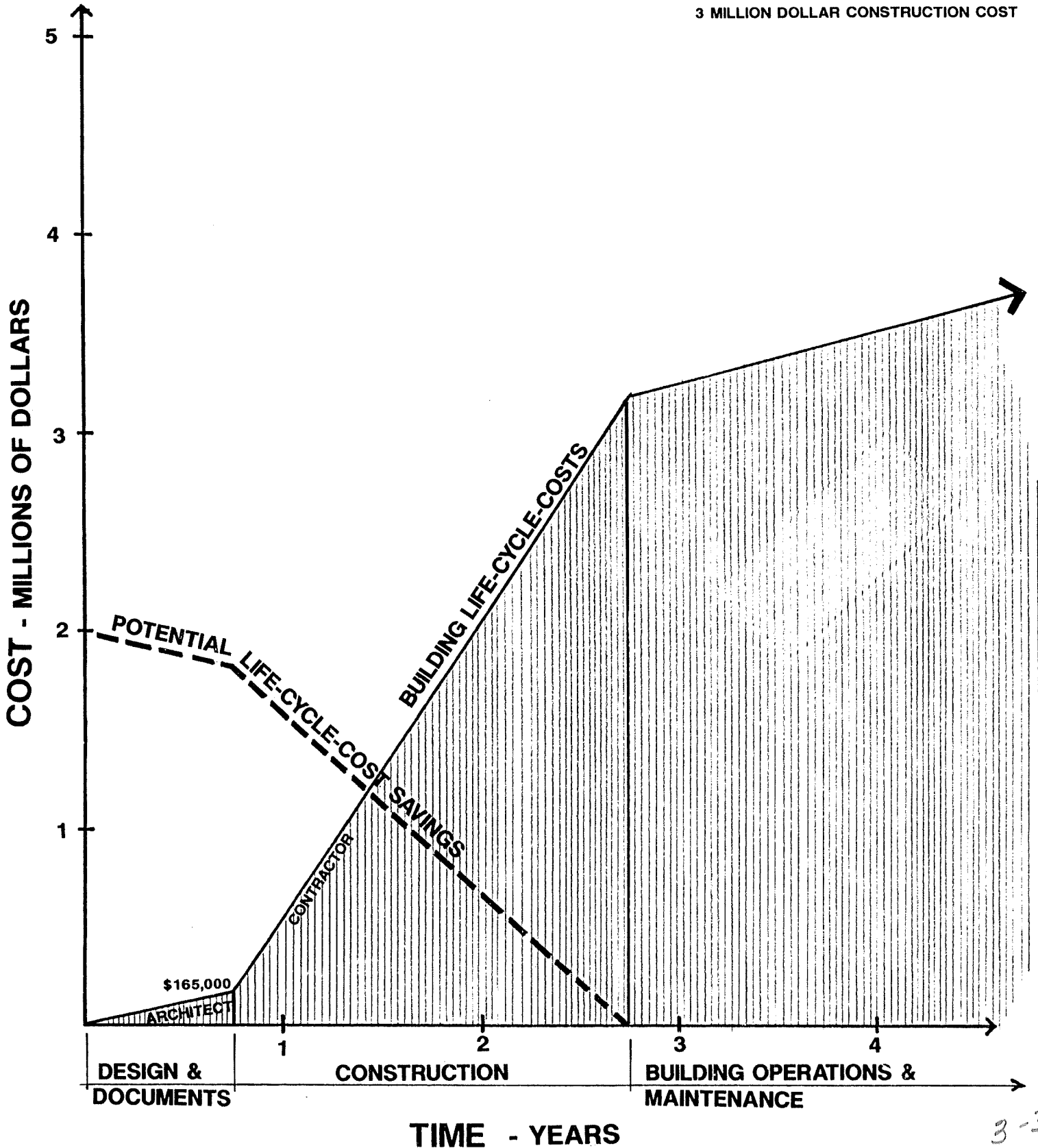
The last item I want to bring to your attention is that of additional costs for State projects. Architectural fees account for a minute portion of the life-cycle cost of buildings. We believe the additional design costs, for most buildings, could come from the construction contingency fund which every project has.

The Kansas Society of Architects believes that the State is best served when architects are paid a fair and reasonable fee based on the scope of the services they are expected to perform. The State's negotiating teams, some of the toughest negotiators around, are very knowledgeable regarding design and construction cost. They are in the best position to determine what fee should be paid for services, not some arbitrarily mandated schedule without flexibility.

I'll be happy to answer any questions Members of the Committee have. In addition, Bill Livingston, architect from Wichita, is here to answer any questions I cannot. Thank you for your time.

BUILDING COSTS VERSUS POTENTIAL LIFE-CYCLE-COST SAVINGS

BASED ON A BUILDING PROJECT WITH A
3 MILLION DOLLAR CONSTRUCTION COST



MARTELL & ASSOCIATES, P.A.

January 15, 1990

House Appropriation Committee
Kansas State House of Representatives

HB 2605

Referencing House Bill 2605, proposed to eliminate the mandated fee schedule currently used to determine the fees for architectural services purchased by the State, please be advised of our support for the bill and the elimination of the fee schedule. We offer this support as Kansas Registered Architects and employees of Martell & Associates, a multi-disciplined Architectural/Engineering firm, located in Kansas City, Wyandotte County, Kansas.

Since the existing fee structure was enacted over 15 years ago, the nature of architectural design has dramatically changed. Designs for virtually all types of facilities have grown more complex, incorporating rapidly changing new technologies, particularly with regard to the engineering components of mechanical and HVAC, electrical and structural design. In recent years, the required implementation of energy use and load studies, value engineering studies, life cycle engineering, advanced and comprehensive fire protection designs, and the designed incorporation of a myriad of sophisticated and costly new technologies in HVAC design, have greatly complicated the traditional function of the design architect. Architectural design today is oriented toward the future use and cost efficiency of the building, and toward the reduction of construction cost by the use of new construction technology, fast-track building, value engineering, and other cost effective methods. The net result has been an increase in the "Value" of the facility, that is, its worth per construction dollar and its future cost efficiency. While the cost of construction has necessarily risen due to inflation and the new technologies available, the value received has also grown, particularly when measured in terms of operational cost savings and efficiency during the useful life of the building.

While the benefit provided the owner by the design architect has been enhanced by these developments in design technologies, the archaic, sliding fee structure has been unresponsive. Because of its basic premise that the percent of fee should go down as the cost of construction goes up, the design architect has been paid less while the value to the client has increased. Design architects have been expected to provide more engineering services, more coordination of complex building components, more future use planning, more up-front study, and more innovative and technologically advanced designs for fundamentally more valuable and more cost effective facilities; all of this for a lower and lower percentage fee. In some cases, the application of new technology actually lowers the relative cost of construction while quality and value are enhanced. With the existing State fee structure, there is no incentive for the design professional to incorporate such cost saving technology when it results in a corresponding reduction in the architect's fee.



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House Appropriations Committee
Kansas State House of Representatives
House Bill 2805
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In our case, we provide in-house engineering services, such as mechanical, electrical and life safety. While these engineering services are worth 8-10% of construction costs on the open market, as part of overall architectural design, the State of Kansas typically demands a discount of 2-4% by virtue of the existing fee structure. The fact that those services are provided for the State of Kansas, rather than another client, does not lower their value or cost and should not warrant such a discount.

While the cost of construction has risen and the value received has grown, the cost of design has skyrocketed. In today's litigious society, and with the increasingly complex designs, the architect has shouldered a greater burden of liability for those designs, including the rapidly rising cost of professional liability insurance and the need for greater quality control. To maintain a qualified work force, design architects have borne the cost of rising employee compensation and benefits plans, increased levels of training and education for employees, and increased involvement of personnel and cost management. Virtually every design effort, no matter the scope, is a major business undertaking in terms of cost and liability. Again, as these costs have risen, the fees to provide design services have declined.

Today's design architects are planning and coordinating all aspects of the design and construction process, including engineering and specialty efforts, and typically do so for the same percent of construction provided engineers, except, that is, when the services are provided to the State of Kansas. If the State of Kansas is to maintain the quality of architectural design services it desires, and is to receive the benefit of qualified professional service and state-of-the-art design technology, it must resolve to compensate professionals for those services at a level consistent with the industry standard. The benefits in terms of real value during the life of the facilities will more than compensate for the higher initial design fees. We urge your thoughtful support of HB 2805.

MARTELL & ASSOCIATES



Leo M. Martell, P.E., AIA
President
Kansas Registered Architect
Kansas City, Kansas



Robert M. Mathews, AIA
Director - Architectural Services
Kansas Registered Architect



Howard E. Beck, RA
Director - Construction Services
Kansas Registered Architect

4-2

Report to the Joint Committee
on State Building Construction on the
Status of Construction Claims
Made on Behalf of the State

The following matters were referred to the Secretary of Administration in order to attempt to effect an informal or formal resolution.

1. Kansas State University - Student Recreation Building

Architectural
Issue

An architect has been retained as a construction design consultant to examine the persistent roof leaks on this building. Architectural and contractor deficiencies have been documented. Discussions with both the architect and contractor are in progress in hopes of resolving the matter.

N/A

2. Kansas State University - Chilled Water Line

This project has been completed but the contractor is pursuing a delay damage claim for having to move its crew to different locations when unanticipated obstacles were encountered. The University agreed to pay for some of the claims and the contractor filed a claim with the Joint Committee on Special Claims for the remainder. That committee recommended more of the claims be paid than had the University, while still not recommending the entire amount requested by the contractor be paid.

3. Kansas State University - Weber Hall

Engineering
Issue

Numerous problems remain to be resolved in the completion of this project. The State has retained an engineering consultant to give an opinion on whether design or contractor deficiencies are present. Discussions with the designers and contractors have been held in an effort to resolve the remaining problems.

4. University of Kansas Medical Center - Applegate Energy Center

Engineering
Issue

An engineering consultant has been retained to review problems with the cooling system at the institution. A report has been prepared identifying problem areas and recommending solutions. We are awaiting an opinion as to whether the consultant feels there was a breach of the standard of practice by the design engineer. If that is the case, a claim will be pursued against the design engineer.

SBC

1-17-90

Attachment 5

5. Parsons State Hospital - Heating Plant

Possible
Engineering
Issue

A portion of the retainage for this project has been withheld as a result of pitting of the tubes in the new boilers installed in this facility. It is felt the pitting is the result of improper water treatment when the boilers were first fired. This pitting may result in reduced life of the boilers.

6. Larned State Hospital - Utility Tunnel Repairs

Liquidated damages have been assessed against the contractor on this project for not completing the project in a timely manner.

N/A

7. University of Kansas - Student Union Building

The asbestos removal contractor on the above project defaulted on his contract and its bonding company completed the project. Additional work beyond the terms of the contract was performed by the contractor prior to its default. Problems have been encountered in coming up with a mutually agreeable change order amount. It is hoped a settlement could be reached and project closed out.

8. Fort Hays State University - Rarick Hall

Engineering
Issue

Persistent ventilation and exhaust problems have been experienced in the Art Department in the above building. Efforts have been made to correct the problem over the years but it is felt a major renovation to the mechanical system is required. An engineering consultant has been asked to review the work of the design engineers to determine if they breached the standard of practice when the building was originally designed.

N/A

9. Department of Wildlife and Parks - Farlington Fish Hatchery

A filter to screen out contaminants did not function properly in the first year of operation of the hatchery. The manufacturer of the filter has responded to demands to repair the filter and the outcome of this matter is pending the success of these repairs.

10. University of Kansas - Student Union Building

Architectural
Issue

A large number of change orders were experienced during the renovation of the above facility. The University felt many of these extra charges were the result of deficient architectural design. A meeting with the parties has resulted in a settlement in which the project architect's fees were reduced.

N/A

11. Emporia State University - Science Hall, Animal Shelter Facility

A dispute arose regarding the final payment due on this project. Claims were made by the contractor, sub-contractors, suppliers and the bonding company of the contractor. The dispute concerned the alleged failure of the contractor to pay his subcontractors and suppliers. The Kansas Bureau of Investigation also investigated the matter. Because of the conflicting claims, it was decided to file an interpleader action in the District Court of Lyon County. The remaining contract balance was paid into the Court and the State released from further responsibility.

Engineering
Issue

12. University of Kansas Medical Center - Animal Research Facility

The mechanical system in this building is felt to be too loud to allow experiments in many of the labs to commence. The University has requested finance council approval for the release of funds in the construction defects recovery fund to correct the problem. Discussions are being conducted with the project architect and engineering consultant on the project.

New Problem

University of Kansas - Malott Hall

Possible
Architectural
Issue

Steel angles for the support of brick masonry are slipping in relation to the building's structure and are causing brick veneer to crack and potentially fall from the building.