

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 1:00 p.m. on March 29, 2000 in Room 123-S of the Capitol.

All members were present except: Senator Lawrence, who was excused

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Thaine Hoffman, Director, Division of Architectural Services
 Senator Janis Lee
 Sheila Frahm, KS Association of Community Colleges Trustees
 Jim Ploger, Energy Program Manager, KCC

Others attending: See attached list

HB 2017: State building construction, change orders, procedures for review prior to approval

Thaine Hoffman, Director of Architectural Services within the Department of Administration, appeared before the Committee in support of **HB 2017** and reviewed his written testimony (Attachment 1). He explained that the provisions of the bill would raise the threshold on change orders to \$75,000 and that amount could be adjusted to account for inflation or construction industry factors. **HB 2017** also establishes a procedure to allow the Secretary to proceed with the change with notification through the mail. Concern was expressed about giving the agency the authority to raise the threshold on change orders with inflation.

Senator Janis Lee distributed and reviewed copies of a balloon which she asked the Committee to consider (Attachment 2). She provided historical information about land in Mitchell County and noted that it had not been sold through the sealed bid process. She explained that her amendments to **HB 2017** described the tract of land which needed to be sold for economic development reasons and listed options that would allow the Secretary of Administration to get the best price for the land. In answer to a question, she told members that an out-of-state distribution company would like to locate on this land.

Senator Petty distributed copies of a balloon on **HB 2170** which she said the Department of Administration would like to have amended into **HB 2017** (Attachment 3). Joe Fritton, Acting Director of Facilities Management, told members that **HB 2170** with the proposed amendments establishes a procedure for disposing of surplus property across the state. He stated that under current law, the agency cannot maximize the sale price with the sealed bid procedure. He told members that **HB 2170** (as amended by the balloon) would encompass Senator Lee's proposal. Because Senator Lee expressed concern about selling the land as soon as possible, Mr. Fritton stated that he would proceed with selling it as soon as this bill passes.

Members discussed their reservations about subsection (f) which would credit the proceeds of the sales to a special revenue fund within the Department of Administration. Mr. Fritton noted that the cost of the sale would be borne by the Department and requested recovery of those costs.

In answer to a question about exempting KDOT property from this proposal, a member of the Research staff noted that KDOT has its own independent authority to dispose of property.

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

Senator Feleciano moved, Senator Jordan seconded, that **HB 2017** be amended by striking all the language from subsection (e) and subsection (f) which begins on page 2, line 33 and goes through line 17 on page 3 except "On the effective date of this act, the cost increase threshold established under this subsection is \$75,000." The motion carried on a voice vote.

It was moved by Senator Feleciano and seconded by Senator Downey that **HB 2017** be further amended by the inclusion of **HB 2170** as amended by the balloon (Attachment 3). The motion carried on a voice vote.

Senator Feleciano moved, Senator Petty seconded, that **HB 2017** be further amended by providing that the proceeds from the sale of surplus real estate and any improvements thereon be credited to the SGF with the exception that the Department of Administration is given authority to recoup costs associated with the sale of the property.

Senator Feleciano offered a motion to recommend **HB 2017** as amended favorably for passage. The motion was seconded by Senator Downey and carried on a roll call vote.

HB 2996: Community colleges, determination of operating grants

Written testimony from Bill Docking, Chairman of the Board of Regents, was distributed to members (Attachment 4).

Sheila Frahm, Executive Director of Kansas Association of Community College Trustees, reviewed her written testimony in support of **HB 2996** (Attachment 5).

A motion was offered by Senator Salisbury and seconded by Senator Petty to recommend **HB 2996** favorably for passage. The motion carried on a roll call vote.

HB 2603: Financing energy conservation projects for state and municipal facilities

Jim Ploger, Energy Program Manager, Kansas Corporation Commission, distributed and reviewed copies of his written testimony in support of **HB 2603** (Attachment 6). Letters in support of **HB 2603** from Warren Corman, University Architect at the University of Kansas (Attachment 7) and Rodger Oroke, University Director for General Services at the University of Kansas (Attachment 8) were distributed to members.

The Committee discussed financing of the energy conservation projects, grants for engineering studies and energy conservation measures (identified in the fiscal note), limitations associated with the energy savings bond program of the universities, and amendments the House Committee made to **HB 2603**. It was noted that **HB 2603** clarifies that state agencies and local units of government have the authority to enter into contracts or lease purchase agreements with service providers for energy conservation measures and that the companies would be reimbursed through utility savings. Mr. Ploger added that if savings are not generated, the energy savings companies will pay the difference so there will be no cost to the agencies above what they're currently paying for utilities.

Senator Petty moved, Senator Feleciano seconded, that **HB 2603** be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 2:10 p.m. The next meeting will be March 30, 2000.

Testimony by
Thaine Hoffman, Director, Division of Architectural Services
HB 2017 \$25,000 Change Orders
March 28, 2000
Senate Ways & Means Committee

Mr. Chairman, members of the committee.

I testify in support of this bill. KSA 75-1264 requires that we advise and consult with the Joint Committee on State Building Construction on change order of over \$25,000. The \$25,000 figure has not changed since 1974. Construction inflation since that time would have increased that figure to over \$70,000. We have had 33 such change orders in the last year. When the Joint Committee is not scheduled to meet within the next few weeks, the procedure is to send the change orders to the homes of the Joint Committee for their review. This is an unnecessary inconvenience for joint committee members as well as a delay for the projects. These change orders also require additional forms to be completed by the agencies and require time and attention by DOAS.

The proposed legislation would increase the threshold to \$75,000 to bring it in line with the original intent of the statute. Only 15 of the above referenced 33 change orders were over \$75,000. Thus it would reduce the work to less than half for the Joint Committee members, for DOAS and for the agencies. Even more important, it would avoid delaying those projects.

The bill would also allow the Joint Committee to raise the threshold later to adjust for inflation. Any such future increase would be limited by the construction inflation index

The bill also outlines the process by which DOAS can request approval of a change order by mail if the joint committee is not scheduled to meet. This is tremendously important in that it lessens the delay for approval, allowing construction to proceed.

This bill is a step in avoiding construction delays and making State Government more efficient. It is supported by the Joint Committee on State Building Construction as well as the State Building Advisory Commission. I would appreciate your approval. Thank you.

G:\legis\25000.713

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment # *1*

quarter of section 13, in township 31, of range 19, Labette county, Kansas, thence south 117 feet, thence east 1030 feet to the railroad right-of-way, thence north 117 feet, thence west 1030 feet to the place of beginning; for the purpose of using such property as public parklands.

The deed conveying the above-described land shall be approved by the attorney general and shall be executed by the secretary of social and rehabilitation services. Said deed shall contain a reversionary clause that in the event such lands ever shall cease to be used for the purpose hereinbefore specified, which purpose shall be set forth in such deed, then the title thereto and the possession thereof shall immediately revert to the state of Kansas.

History: L. 1979, ch. 265, § 1; March 7.

75-3351. Authorization to convey certain lands in Mitchell county. The secretary of social and rehabilitation services is hereby authorized to sell and convey on behalf of the state of Kansas in the manner hereinafter provided the following described land situated in the county of Mitchell, State of Kansas:

A tract of land commencing at the Northeast corner of the Northeast Quarter of Section Four (4), Township Seven (7) South, Range Seven (7) West of the 6th P.M.; thence Westerly on the section line approximately 927 feet; thence Southerly 548.3 feet; thence Westerly to the U.S. Highway 24 Right-of-Way line; thence along said Right-of-Way line southeasterly to the South line of the Northeast one-fourth (NE $\frac{1}{4}$) of the Northeast one-fourth (NE $\frac{1}{4}$) of the above cited section; thence Easterly along such line to the Southeast corner of the Northeast one-fourth (NE $\frac{1}{4}$) of the Northeast one-fourth (NE $\frac{1}{4}$) of above cited section; thence Northerly along the section line to the point of beginning.

History: L. 1979, ch. 271, § 1; July 1.

75-3352. Same; conditions of sale; approval by attorney general; disposition of proceeds. Before any property shall be sold under the provisions of this act, the real estate described in K.S.A. 75-3351 shall be appraised by three (3) disinterested appraisers acquainted with land values in the county in which such land is located and appointed as provided in K.S.A. 75-3043a. Such appraisement shall be in writing and filed with the secretary, and the cost of the appraisement shall be paid from the proceeds of the sale. Upon the filing of such appraisement the sec-

retary of social and rehabilitation services shall advertise for sealed bids on the real estate described in K.S.A. 75-3351 for not less than three consecutive weeks by publications in a newspaper of general circulation in Mitchell county, Kansas, and authorized by law to publish legal notices. Such sale shall be made to the highest responsible bidder whose bid is submitted within thirty (30) days after the last publication of such notice, except that said secretary may reject any and all bids, and in case all bids are rejected, bids may be called for again as in first instance. Each bid shall be accompanied by a certified check in the amount of five percent (5%) of such bid which sum shall be forfeited in case of default by any bidder whose bid is accepted. In no event shall such real estate be sold for less than the appraisement thereof. Upon acceptance of any such bid, a deed conveying such real estate shall be executed by the secretary, and duly acknowledged by him or her before an officer authorized by law to take acknowledgments. Said deed shall contain a recital of all proceedings in compliance with this act, and said recital shall be prima facie evidence that said proceedings were had in the manner and form recited. Such deed shall be approved as to form by the attorney general. When such real estate shall be so sold, the proceeds thereof, after deduction of the expenses of such sale and the cost of the appraisement of the real estate, shall be paid into the state treasury.

History: L. 1979, ch. 271, § 2; July 1.

75-3353. Conveyance of certain lands to Neosho county; deed conveying land. (a) The secretary of social and rehabilitation services shall convey, without consideration, to Neosho county, Kansas, the following described state property consisting of approximately 2.196 acres: That portion of section 19, township 27 south, range 18 east of the sixth principal meridian in Neosho county, Kansas, commencing at a point 690 feet west of the southeast corner of the section, thence west along the south line of the section 215 feet, thence in a northerly direction 445 feet, thence in an easterly direction 215 feet to a point 690 feet west of the east line of the section, thence south 445 feet to the point of beginning.

(b) The deed conveying the land described in subsection (a) shall be approved by the attorney general and shall be executed by the secretary of social and rehabilitation services. The deed shall provide that in the event the land described in subsection (a) ceases to be used for hospital pur-

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment #

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HOUSE BILL NO. 2017

By Joint Committee on State Building Construction

Proposed Amendment
For consideration by
Senate Ways and Means committee

2-2

1-8

10 AN ACT concerning ~~state building construction, relating to~~ change or-
11 ders or changes in plans; amending K.S.A. 75-1264, and repealing the
12 existing ~~section~~.

the department of administration; prescribing
certain powers, duties and functions for the
secretary of administration; authorizing certain
procedures with respect to property of state agencies;
relating to certain surplus real estate and

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 75-1264 is hereby amended to read as follows: 75-
16 1264. (a) The secretary of administration shall issue monthly reports of
17 progress and advise, consult with and cooperate with the joint committee
18 on state building construction.

and 75-3351 and 75-3352

19 (b) Change orders or changes in plans involving cost increases of less
20 than ~~\$25,000~~ *the amount of the cost increase threshold established under*
21 *subsection (e)* and any change order or change in plans involving a cost
22 reduction, other than a change in the proposed use of any new or re-
23 modeled building, may be authorized or approved by the secretary of
24 administration without prior consultation with the joint committee on
25 state building construction. The secretary of administration shall report
26 to the joint committee on state building construction all action relating
27 to such change orders or changes in plans.

for capital improvements of state agencies

28 (c) No change order or change in plans involving any cost increases
29 ~~of \$25,000 or more equal to or greater than the cost increase threshold~~
30 *established under subsection (e)*, and no change in the proposed use of
31 any new or remodeled building shall be authorized or approved by the
32 secretary of administration without having first advised and consulted
33 with the joint committee on state building construction.

sections

34 (d) (1) *If the secretary of administration determines that it is in the*
35 *best interest of the state to authorize or approve a change order, a change*
36 *in plans or a change in the proposed use of any new or remodeled building*
37 *that the secretary is required by this section to first advise and consult*
38 *with the joint committee on state building construction prior to issuing*
39 *such approval and if no meeting of the joint committee is scheduled to*
40 *take place within the next 10 business days, then the secretary may use*
41 *the procedure authorized by this subsection in lieu of advising and con-*
42 *sulting with the joint committee at a meeting. In any such case, the sec-*
43 *retary of administration shall mail a summary description of the proposed*

1 change order, change in plans or change in the proposed use of any new
2 or remodeled building to each member of the joint committee on state
3 building construction and to the director of the legislative research de-
4 partment. Each such summary description shall include a notice speci-
5 fying the date it was mailed.

6 (2) After receiving any such summary description, each member shall
7 review the information about the proposed change order, change in plans
8 or change in proposed use and may request a presentation and review of
9 the proposed change order, change in plans or change in proposed use at
10 a meeting of the joint committee. If two or more members of the joint
11 committee contact the director of the legislative research department
12 within seven business days of the date specified in the summary descrip-
13 tion and request such presentation and review, then the director of the
14 legislative research department shall notify the secretary of administration
15 and the chairperson of the joint committee that a meeting has been re-
16 quested for such presentation and review. Upon receiving such notifica-
17 tion, the chairperson shall call a meeting of the joint committee as soon
18 as practicable for the purpose of such presentation and review and shall
19 furnish the secretary of administration with notice of the time, date and
20 place of the meeting. In any such case, the secretary of administration
21 shall not authorize or approve such proposed change order, change in
22 plans or change in proposed use without having first advised and con-
23 sulted with the joint committee at a meeting.

24 (3) If less than two members of the joint committee contact the direc-
25 tor of the legislative research department within seven business days of
26 the date the summary description was mailed and request a presentation
27 and review of any such proposed change order, change in plans or change
28 in use at a meeting of the joint committee, then the secretary of admin-
29 istration shall be deemed to have advised and consulted with the joint
30 committee about such proposed change order, change in plans or change
31 in proposed use and may authorize or approve such proposed change
32 order, change in plans or change in proposed use.

33 (e) Prior to July 1 of any year, the joint committee on state building
34 construction may increase the amount of the cost increase threshold for
35 change orders and changes in plans in accordance with this subsection.
36 If the joint committee on state building construction determines that cost
37 increases for state building construction capital improvement projects that
38 are caused by economic inflation or other economic or construction in-
39 dustry factors require that a higher cost increase threshold be established
40 than the cost increase threshold that is currently in effect under this sec-
41 tion, then the joint committee may establish a higher cost increase thresh-
42 old for change orders and changes in plans above which the secretary of
43 administration is required to first advise and consult with the joint com-

2-4

1 mittee on state building construction on such change order or change in
 2 plans prior to authorizing or approving any such change order or change
 3 in plans. [The joint committee on state building construction shall
 4 not increase the amount of the cost increase threshold for change
 5 orders and changes in plans under this subsection by an amount
 6 which constitutes a percentage increase in the preceding cost in-
 7 crease threshold for change orders and changes in plans that is
 8 greater than the net percentage increase in the building cost index
 9 as compiled and published in the *Engineering News Record* for the
 10 period that the preceding cost increase threshold for change or-
 11 ders and changes in plans is in effect.] On the effective date of this
 12 act, the cost increase threshold established under this subsection is
 13 \$75,000 and may be increased by the joint committee in accordance with
 14 this subsection.

15 (f) As used in this section "cost increase threshold" means the amount
 16 of a cost increase involved in a change order or change in plans that is
 17 established under subsection (e).

4. 18 Sec. ~~2~~ K.S.A. 75-1264 ~~is~~ hereby repealed.

5. 19 Sec. ~~3~~ This act shall take effect and be in force from and after its
 20 publication in the Kansas register.

[Insert Sec. 2 and Sec. 3. Please see attached.

[, 75-3351 and 75-3352 are

Sec. 2. K.S.A. 75-3351 is hereby amended to read as follows:
75-3351. The secretary of ~~social--and--rehabilitation--services~~
administration is hereby authorized to sell and convey on behalf
of the state of Kansas in the manner hereinafter provided the
following described land situated in the county of Mitchell,
State of Kansas:

A tract of land commencing at the Northeast corner of the
Northeast Quarter of Section Four (4), Township Seven (7) South,
Range Seven (7) West of the 6th P.M.; thence Westerly on the
section line approximately 927 feet; thence Southerly 548.3 feet;
thence Westerly to the U.S. Highway 24 Right-of-Way line; thence
along said Right-of-Way line southeasterly to the South line of
the Northeast one-fourth (NE 1/4) of the Northeast one-fourth (NE
1/4) of the above cited section; thence Easterly along such line
to the Southeast corner of the Northeast one-fourth (NE 1/4) of
the Northeast one-fourth (NE 1/4) of above cited section; thence
Northerly along the section line to the point of beginning.

Sec. 3. K.S.A. 75-3352 is hereby amended to read as follows:
75-3352. (a) Before any property ~~shall--be~~ is sold under the
provisions of this act, the real estate described in K.S.A.
75-3351 and amendments thereto shall be appraised by three (3)
disinterested appraisers acquainted with land values in the
county in which such land is located and appointed as provided in
K.S.A. 75-3043a. ~~Such--appraisement~~ and amendments thereto. The
appraisal shall be in writing and filed with the secretary, and
the cost of the ~~appraisement~~ appraisal shall be paid from the
proceeds of the sale.

(b) Upon the filing of such appraisal the secretary of ~~social--and-rehabilitation-services~~ administration shall ~~advertise-for-sealed-bids--on~~ proceed to sell the real estate described in K.S.A. 75-3351 ~~for--not--less-than-three consecutive-weeks-by--publications--in--a--newspaper--of--general circulation--in-Mitchell-county, Kansas, and authorized by law to publish-legal-notices~~ and amendments thereto in accordance with this section. Such sale shall be made to the highest responsible bidder whose bid is submitted within thirty (30) days after the last publication of such notice, except that said secretary may reject any and all bids, and in case all bids are rejected, bids may be called for again as in first instance. Each bid shall be accompanied by a certified check in the amount of five percent (5%) of such bid which sum shall be forfeited in case of default by any bidder whose bid is accepted. In no event shall such real estate be sold for less than the appraisal thereof. Upon acceptance of any such bid, a deed conveying such real estate shall be executed by the secretary, and duly acknowledged by him or her before an officer authorized by law to take acknowledgments. Said deed shall contain a recital of all proceedings in compliance with this act, and said recital shall be prima facie evidence that said proceedings were had in the manner and form recited. Such deed shall be approved as to form by the attorney general. When such real estate shall be so sold, The secretary of administration shall develop and adopt procedures for the sale of the real estate described in K.S.A. 75-3351 and amendments thereto. The procedures adopted for such sale may prescribe competitive bidding procedures, public

ction, public requests for proposals and negotiation with interested parties or such other process as may be deemed by the secretary of administration to be in the best interests of the state in consultation with the commissioner of juvenile justice. The procedures may include provisions for bid bonds or such other sureties as may be required thereunder.

(c) Conveyance of title in such real estate offered for sale by the secretary of administration in accordance with this section shall be executed on behalf of the state of Kansas by the secretary of administration. The deed for the conveyance may be by warranty deed or by quitclaim deed as determined to be in the best interests of the state by the secretary of administration in consultation with the commissioner of juvenile justice.

(d) The proceeds thereof of the sale of such real estate under this section, after deduction of the expenses of such sale and the cost of the appraisement appraisal of the real estate, shall be ~~paid-into~~ deposited in the state treasury and credited to the state general fund.

HOUSE BILL No. 2170

By Joint Committee on State Building Construction

1-28

9 AN ACT concerning certain real estate owned by state agencies; relating
10 to the sale thereof; amending K.S.A. 75-3352 and repealing the existing
11 section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) When used in this section, "surplus real estate"
15 means real estate which is no longer needed by the state agency which
16 owns such real estate.

17 (b) The secretary of administration shall develop criteria for the iden-
18 tification of surplus real estate. In accordance with such criteria, the sec-
19 retary shall assist state agencies in the identification of surplus real estate.

20 The secretary of administration shall develop guidelines for the sale of
21 surplus real estate. In accordance with such guidelines and upon the writ-
22 ten consent of the head of the state agency which owns such surplus real
23 estate, the secretary may offer such property for sale. Subject to the ap-
24 proval of the state finance council as required by subsection (c), the sec-
25 retary of administration may sell surplus real estate and any improvements
26 thereon on behalf of the state agency which owns such property.

27 (c) Prior to the sale of any surplus real estate under subsection (b),
28 the state finance council shall approve the sale, which is hereby charac-
29 terized as a matter of legislative delegation and subject to the guidelines
30 prescribed in subsection (c) of K.S.A. 75-3711, and amendments thereto.
31 The matter may be submitted to the state finance council for approval at
32 any time, including periods of time during which the legislature is in
33 session.

34 (d) Prior to offering any real estate for sale, such property shall be
35 appraised pursuant to K.S.A. 75-3043a, and amendments thereto. The
36 costs of such appraisal may be paid from the proceeds of the sale.

37 (e) Conveyance of title in surplus real estate offered for sale by the
38 secretary of administration shall be executed on behalf of the state agency
39 by the secretary of administration. The deed for the conveyance may be
40 by warranty deed or by quitclaim deed as determined to be in the best
41 interests of the state by the secretary of administration in consultation
with the head of the state agency which owns the surplus real estate.

(f) Any proceeds from the sale of surplus real estate and any improve-

by one of the following means:

- (1) public auction;
- (2) by listing the surplus property with a licensed real estate broker or salesperson; or
- (3) by sealed bid

3-2

1 ments thereon, shall be credited to a surplus real estate special revenue
 2 fund of the state agency established under subsection (g) or any other
 3 special revenue fund that is available to the state agency. The costs of
 4 appraisal as provided under subsection (d), other costs of the sale and the
 5 administrative fee charged by the secretary pursuant to this subsection
 6 shall be paid from the special revenue fund to which the proceeds of the
 7 sale are credited.

8 The secretary of administration shall direct the director of accounts
 9 and reports to transfer from the special revenue fund to which the pro-
 10 ceeds of the sale of surplus property is credited an administrative fee in
 11 an amount equal to 15% of the gross proceeds of the sale. The adminis-
 12 trative fee shall be transferred and credited to the property contingency
 13 fund created under K.S.A. 75-3652, and amendments thereto, and may
 14 be expended for any operations of the department administration.

15 (g) Any state agency may apply to the director of accounts and reports
 16 for authority to establish a surplus real estate special revenue fund in the
 17 state treasury. State agencies may deposit in a surplus real estate special
 18 revenue fund the proceeds from the sale of surplus real estate. Subject
 19 to the provisions of appropriations acts, moneys in a surplus real estate
 20 special revenue fund may be expended for operations of the agency.

(h) The provisions of this act do not apply
 to the disposition of property interests by the
 secretary of transportation under K.S.A. 68-413.

21 Sec. 2. K.S.A. 75-3352 is hereby amended to read as follows: 75-
 22 3352. (a) Before any property ~~shall be~~ sold under the provisions of this
 23 act, the real estate described in K.S.A. 75-3351 shall be appraised by three
 24 ~~(2)~~ disinterested appraisers acquainted with land values in the county in
 25 which such land is located and appointed as provided in K.S.A. 75-3043a.
 26 ~~Such appraisement, and amendments thereto. The appraisal shall be in~~
 27 ~~writing and filed with the secretary, and the cost of the appraisement~~
 28 ~~appraisal shall be paid from the proceeds of the sale.~~

29 Upon the filing of such ~~appraisement appraisal~~, the secretary of social
 30 and rehabilitation services shall advertise for sealed bids on the real estate
 31 described in K.S.A. 75-3351, ~~and amendments thereto~~, for not less than
 32 three consecutive weeks by publications in a newspaper of general cir-
 33 culation in Mitchell county, Kansas, and authorized by law to publish legal
 34 notices. Such sale shall be made to the highest responsible bidder whose
 35 bid is submitted within ~~thirty (30)~~ 30 days after the last publication of
 36 such notice; ~~except that said~~. The secretary may reject any and all bids;
 37 ~~and in case~~. If all bids are rejected, bids may be called for again as in ~~the~~
 38 first instance. Each bid shall be accompanied by a certified check in the
 39 amount of ~~five percent (5%)~~ 5% of such bid which ~~sum~~ shall be forfeited
 40 in case of default by any bidder whose bid is accepted. ~~In no event shall~~
 41 ~~such~~ Real estate ~~shall not~~ be sold for less than the ~~appraisement~~ thereof
 42 ~~appraisal value~~.

43 Upon acceptance of any such bid, a deed conveying such real estate



KANSAS BOARD OF REGENTS

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March 29, 2000

Sen. Dave Kerr, Chairman
Senate Ways & Means Committee
Room 123-South
Kansas Statehouse
Topeka, Kansas 66612

Dear Sen. Kerr,

Thank you for the opportunity to provide input, as the Senate Ways & Means Committee takes up House Bill 2996. As you are aware, the measure is an outgrowth of the Higher Education Coordination Act of 1999, and modifies the distribution formula for community college operating grants.

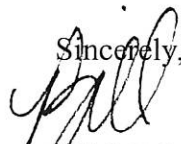
These proposed changes are viewed by the Board of Regents as a means of providing for a more equitable distribution of SB 345 funding to community colleges. After allocating 80 percent of the new funding to property tax relief (as indicated in SB 345), the proposal determines individual community college aid based on total enrollment and allocates the total based on each institution's percentage of previous year state funding, rather than calculating operating grants on a school-by-school basis.

Additionally, out-district tuition is phased out over a four year period and a funding adjustment will be phased in over four years to increase vocational funding from 1 to 1.75 times the regular credit hour rate for the 14 schools not currently receiving vocational funding at the rate of 2 to 1.

As one of their first responsibilities, the Board of Regents' Commission for Community Colleges and Technical Schools, chaired by Regent Jack Wempe, began work on this proposed funding formula change last summer, shortly after the appointment of the new Board of Regents.

This measure is historic on a number of fronts, not the least of which is the unanimous agreement it received from the 19 community college presidents and their Boards of Trustees. The Board of Regents has wholeheartedly endorsed these formula changes, as has the Legislative Educational Planning Committee.

One of the true champions of this proposal is Sheila Frahm, Executive Director of the Kansas Association of Community College Trustees. The Board of Regents is proud to have Sheila represent us today before your committee.

Sincerely,

BILL DOCKING
Chairman

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment #

4



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

700 SW Jackson, Suite 401 • Topeka, KS 66603-3757 • 785-357-5156 • FAX 785-357-5157
Sheila Frahm, Executive Director • E-mail: frahmkaact@cjnetworks.com

MEMO

TO: SENATOR DAVE KERR, Chair Senate Ways & Means Committee
From: Sheila Frahm, Executive Director
Date: March 29, 2000
Regarding: **HB 2996**

Senator Kerr and Members of the Senate Ways & Means Committee:

The 19 Kansas Community Colleges welcome the opportunity to provide your committee an update on our recommendation for distribution of the state's portion of funding for each community college. Immediately following the adoption of SB 345 in the 1999 Legislative Session, the 19 community colleges began a process of developing a recommendation for distribution of the operational grant that would be as fair as possible, and one that all 19 college Boards of Trustees could endorse. Nineteen Trustees, 19 Presidents and 19 Chief Financial Officers met many times.

Beginning parameters and assumptions:

1. We are where we are--We have what we have--Inequities exist.
2. The Governor would recommend and the 2000 Legislature would fund as agreed.
3. A newly developed distribution had to be within the dollars contained for community college funding in SB 345 -- No more, No less! And, the new distribution had to work on into the three out-years, FY 2002, 2003, 2004.
4. "Property Tax Relief" commitment remains the same: Out-district tuition phase out and 80 percent of new monies for local property tax relief.
5. "Vocational Funding Equity" had to be addressed.
6. Each college must receive a *fair* portion of the 20 percent "enhancement" allocations.

The recommendations contained in HB 2996 reflect the result of the gathering and updating of data, and negotiations and compromise by each of the 19 Kansas Community Colleges. The recommendation was presented first to the Post Secondary Education Funding Task Force, then the Commission for Community College/AVTS/TC, and finally the full Kansas Board of Regents for their review and endorsement. HB 2996 was introduced at their request.

During the 2000 session, these requests for FY 2001 have been made to the House Appropriations and the Senate Ways and Means Higher Education Subcommittees. Each Subcommittee recommended support to their full committee. Following introduction and debate in the House of Representatives, HB 2996 received a 125-0 vote. Today we request your recommendation to the full Senate.

Printout attached.

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment #

5

FIRST YEAR FUNDING BASED ON ADJUSTING VOCATIONAL 25% IN FIRST YEAR

5-2

Comm. College St. Aid plan
Senate Bill 345
Year 2000-2001
50% Funding
December, 1999

50% of Cost= 2079.5
Aid @ 98-99 FTE 74,086,918
First & Second Allocation 74,086,918
Adjusted State Aid 74,086,918

Voc Adj Phase In converts 1.5/1 to 1.75/1 at 25% per year.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Note 1	Note 1	Note 2			Note 2	Note 2	Total		Note 1				99-00	00-01	
	EST	EST	EST	00-01	00-01	00-01	Adjust to	00-01	State Aid	Less FY	Net Aid	Property	Amnt. For	Aid	Aid	%
	99-00	99-00	00-01	Voc Adj.	State Aid	FTE	Proposed	Proposed	Difference	2001 COT	Increase	Tax Relief	Add. Enhanc	per FTE	per FTE	Increase
	Total St. Aid	FTE	FTE	Phase In	Allocation	INCR.	Aid	State Aid	(Col. 8-1)	Phase-Dn	(Col 9-10)	(80%*Col.11)	(20%*Col.11)	(Col. 1/2)	(Col. 8/3)	
										25%	Net of Adj.	Plus Adj.				
Allen Co.	2,022,596	1,083.03	1,093.86	13,565	2,392,672	23,927	(46,194)	2,383,970	361,374	160,518	200,856	149,832	51,023	1,868	2,179	9.93%
Barton Co.	4,485,669	2,379.92	2,379.92	57,109	5,306,415	0	(101,434)	5,262,090	776,422	314,472	461,950	323,872	138,077	1,885	2,211	10.30%
Butler Co.	7,036,146	3,806.15	3,882.27	72,424	8,323,555	166,471	(162,290)	8,400,160	1,364,014	527,700	836,314	611,112	225,202	1,849	2,164	11.89%
Cloud Co.	2,998,280	1,457.17	1,457.17	25,425	3,546,877	0	(67,800)	3,504,503	506,223	243,990	262,233	189,446	72,787	2,058	2,405	8.75%
Coffeyville	1,529,643	942.65	942.65	17,766	1,809,522	0	(34,590)	1,792,699	263,056	79,974	183,082	132,253	50,829	1,623	1,902	11.97%
Colby	2,153,162	1,134.88	1,134.88	25,626	2,547,127	0	(48,689)	2,524,064	370,902	154,578	216,324	152,559	63,765	1,897	2,224	10.05%
Cowley Co.	4,125,618	2,030.13	2,070.74		4,880,485	97,610	(95,158)	4,882,937	757,319	252,552	504,767	403,814	100,953	2,032	2,358	12.23%
Dodge City	2,340,298	1,248.32	1,223.35		2,768,504	0	(52,921)	2,715,583	375,285	97,122	278,163	222,531	55,633	1,875	2,220	11.89%
Fort Scott	2,056,616	1,090.00	1,090.00	26,771	2,432,916	0	(46,506)	2,413,182	356,566	143,142	213,424	149,322	64,102	1,887	2,214	10.38%
Garden City	2,486,350	1,567.17	1,614.18	46,834	2,941,279	88,238	(57,910)	3,018,442	532,092	105,678	426,414	303,664	122,750	1,587	1,870	17.15%
Highland	2,417,306	1,240.00	1,364.00	11,021	2,859,602	285,960	(60,128)	3,096,455	679,149	202,506	476,643	372,498	104,146	1,949	2,270	19.72%
Hutchinson	4,269,301	2,239.83	2,284.63		5,050,458	101,009	(98,472)	5,052,995	783,694	211,062	572,632	458,106	114,526	1,906	2,212	13.41%
Independence	1,127,980	726.07	726.07	9,859	1,334,367	0	(25,507)	1,318,720	190,740	60,306	130,434	96,460	33,974	1,554	1,816	11.56%
Johnson Co.	12,400,879	8,139.93	8,384.13		14,669,877	440,096	(288,832)	14,821,141	2,420,262	326,886	2,093,376	1,674,701	418,675	1,523	1,768	16.88%
Kansas City	4,513,025	2,910.45	2,881.35	58,071	5,338,777	0	(102,052)	5,294,796	781,770	222,540	559,230	400,927	158,303	1,551	1,838	12.39%
Labelle	1,928,864	1,218.60	1,218.60	27,364	2,281,789	0	(43,617)	2,265,536	336,672	79,392	257,280	183,933	73,347	1,583	1,859	13.34%
Neosho Co.	1,359,390	769.37	846.30	15,293	1,608,118	160,812	(33,814)	1,750,409	391,019	92,274	298,745	226,762	71,983	1,767	2,068	21.98%
Pratt	1,654,210	785.28	800.99		1,956,882	39,138	(38,155)	1,957,865	303,655	101,706	201,949	161,559	40,390	2,107	2,444	12.21%
Seward Co.	1,358,803	858.33	875.49	23,141	1,607,425	32,148	(31,341)	1,631,373	272,570	61,692	210,878	150,189	60,688	1,583	1,863	15.52%
Totals	62,264,134	35,627.28	36,270.58	430,270	73,656,648	1,435,410	(1,435,410)	74,086,918	11,822,784	3,438,090	8,384,694	6,363,540	2,021,154	1,748	2,043	13.47%

Note: The estimated increases and decrease in FTE for the various schools have been assigned arbitrarily and are only presented as an example (what-if scenario).

Note 1: Actual figures for YE 2000 will be known by early June, 2000. These actual figures will be inserted in columns 1 and 2 for the calculation of column 5. Column 4 is based on actual YE 1999 Vocational amounts. the actual YE 2000 amounts in column 2 will be duplicated in column 3 as the YE 2001 estimate for determining the actual amount of the YE 2001 operating grant to be distributed during the period July 1, 2000 to June 30, 2001, and the amount of the 80% tax reduction for the tax levy which will be approved in August 2000.

Note 2: Actual FTE amounts for YE 2001 will be known by early June 2001. These actual FTE amounts will be inserted in column 3 at that time. This will cause an adjustment to be calculated in columns 6 and 7 for each college. The net of these adjustments for the nineteen colleges will equal zero. The amount of the adjustments for each college will be added to or deducted from the August 2001 operating grant distribution, which is the first distribution of the YE 2002 operating grant. This adjustment will become a part of the YE 2002 80% tax reduction calculation which will be approved in August 2001.

Ways and Means Committee
Kansas Senate
Written Testimony of the Kansas Corporation Commission Staff
March 29, 2000

House Bill 2603

Chairman Kerr, members of the committee, I am Jim Ploger, Energy Program Manager for the Kansas Corporation Commission. I support House Bill 2603 which will enable public entities to engage in energy performance contracting for energy conservation measures.

This bill deals with the use of performance contracting as a financing mechanism for public entities (i.e., state, school districts, hospitals, counties or municipalities) to make energy conservation improvements in buildings.

This is considered "enabling legislation" that removes any questions or doubt whether or not a public entity can enter into a multi-year contract to cover the financing of energy improvements from utility cost savings. This is a generic bill to cover all public entities. There is no fiscal cost to the state for this legislation.

Forty-two states in our country have implemented some form of enabling legislation—as energy performance contracting has become a very popular tool to make energy improvements without the public entity having to come up with funding sources for capital improvements.

Briefly, this is how energy performance contracting works. A building owner can make the energy upgrades needed now—with no up-front capital—and pay for them later through the energy savings that result. Best of all, those savings can be guaranteed. How? Through energy performance contracting.

Many types of building improvements can be funded through performance contracting--new lighting technologies, boilers and chillers, energy management controls, insulation and new windows, to name a few.

A building owner enters into an agreement with a private energy service company or ESCO. The ESCO will identify and evaluate energy-saving opportunities and then recommend a package of improvements to be paid for through utility savings. The ESCO will guarantee that savings meet or exceed annual payments to cover all project costs—usually over a contract term of seven to 20 years. If savings don't materialize, the ESCO pays the difference. To ensure savings, the ESCO offers staff training and long-term maintenance support services to the institution.

As the result of interest in using performance contracting as a tool for public entities from a couple of workshops our office sponsored last summer, and the overwhelming support of this legislation, we have scheduled four more informational workshops later next month in Scott City, Wichita, Topeka and Olathe. Joining us in supporting these workshops as co-sponsors are the Division of Architectural Services, Kansas Department of Education, Kansas Association of

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment # *6*

Counties, League of Kansas Municipalities, Kansas Hospital Association, Midwest Energy Managers Organization, U.S. Department of Energy, Western Regional Coalition of State Energy Offices and Energy Service Companies, and the hosts of the workshops: Scott County USD #466, Wichita Public Schools and Olathe Unified School District.

I urge your support and passage of HB 2603.

Thank you.

The University of Kansas

Office of the Chancellor

28 March 2000

The Honorable Dave Kerr, Chairman
Senate Ways and Means Committee
Statehouse
Topeka, Kansas

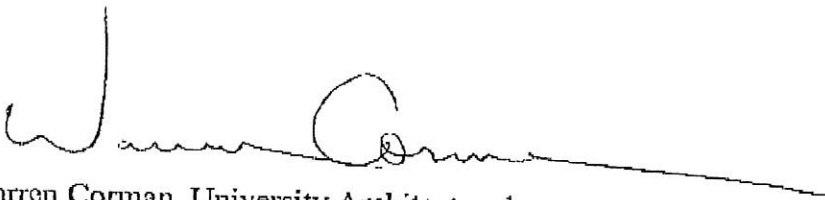
Dear Senator Kerr:

This letter is to request your support of the passage of House Bill 2603 concerning the ability to save energy and reduce the cost of our utility billings at state institutions in Kansas. I believe that this bill will enable Kansas to save millions of dollars over the years ahead. During the years since the oil embargo of the 70's we have strived to conserve energy and have done a fair job of doing so at all of the state facilities. There are still many large projects to be done that will be very beneficial to our budgets and to our annual cash outlay.

This House Bill 2603 was created after much thoughtful preparation by experts in the energy field and from the professions. It will enable state institutions to approach savings in a professional and systematic way with the goal of saving the state of Kansas millions of dollars in energy bills.

It should be a WIN-WIN situation for everyone. I would urge you and your committee to endorse this bill.

Thank you for all you do to support higher education in Kansas.



Warren Corman, University Architect and
Special Assistant to the Chancellor

cc: Chancellor Hemenway

230 Strong Hall • Lawrence, KS 66045-1500 • (785) 864-3131 • Fax: (785) 864-4120
Main Campus, Lawrence • Medical Center, Kansas City and Wichita • Edwards Campus, Overland Park

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment # *7*

The University of Kansas

Office of General Services

March 28, 2000

The Honorable David Kerr
Chairman
Senate Ways and Means Committee
State Capitol, Room 123-S
Topeka, Kansas 66612

Dear Senator Kerr,

House Bill 2603 is scheduled for Hearing on Wednesday, March 29, 2000. Through this letter, I am encouraging your support for this bill. It's passage will provide a new mechanism through which the University of Kansas and other state agencies, municipalities and school districts, can make improvements in facilities and systems, which will reduce energy consumption. Under this concept, we will utilize the experience of companies that specialize in energy conservation improvements, to audit our current facilities and identify projects that they, in turn, will guarantee to provide annual savings sufficient to repay the debt incurred for all costs related to the projects. KU would determine which projects would be implemented from a list of feasible projects developed by the energy service company.

The benefits of projects that could be done with the passage of HB2603 extend beyond basic energy conservation. The improved environmental quality in classrooms, offices and other workstations, resulting from improved climatic controls, lighting and indoor air quality would have a positive impact upon the building users and visitors.

The concept is built upon the fact that we currently expend several million dollars each year for utilities to support our campus operation. With the ability to redirect the verified savings resulting from the energy conservation projects, to fund the debt of the projects, we can implement the retrofits without having to wait for capital funding. This approach won't address all the campus energy equipment upgrade needs, however, it will allow us a mechanism with which to get started on this overdue work. Savings in energy expenditures will be reallocated to repay the multi-year debt, by which the program is financed. The University will continue to request capital improvement funding for projects that exceed the amount capable of being financed by energy savings. For example, the Campus Electrical Distribution System, when replaced, will produce minimal energy savings, and will not be a candidate project for this method of funding.

230 Strong Hall • Lawrence, KS 66045-1500 • (785) 864-4168
Main Campus, Lawrence • Medical Center, Kansas City and Wichita

Senate Ways and Means Committee

Date *March 29, 2000*

Attachment #

8

03/28/00 16:58

Senator Kerr
March 28, 2000
Page Two

The key to developing successful energy conservation projects will be the initial energy audit, which would be funded through this mechanism. The benefit of a campus-wide audit is that we would be able to identify cause-effect relationships, which would ultimately result in additional savings. For example, more efficient lighting results in less cooling requirements; less cooling requires less horsepower in motor size or air-handling capacity; less air-handling capacity reduces filter media consumption, etc. The end result is less expenditure for utilities and supplies.

Lastly, with approval of HB 2603 and our subsequent development of projects, we can build a comprehensive use profile of our energy use for each building. There is much speculation about how we will purchase our energy resources in the future, but one constant in the speculation, is that energy costs will be closely related to time-of-day demand. Thus, the energy use profile will most likely be required data to have available as we purchase energy in the future.

Once again, I appreciate your support along with that of your committee, of House Bill 2603. Its passage will benefit the University of Kansas and the State of Kansas.

Respectfully,



Rodger Oroke
University Director
For General Services

RO:lo

cc: Chancellor Hemenway