

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on April 30, 2004 in Room 514-S of the Capitol.

All members were present except:

Representative Bill McCreary- excused
Representative Dean Newton- excused
Representative Larry Campbell- excused
Representative Tom Klein- excused
Representative Vern Osborne- excused

Committee staff present:

Amy VanHouse, Legislative Research
Michele Alishahi, Legislative Research
Debra Hollon, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Joe Fritton, Executive Director, University Research and Development Corporation

Others attending:

See Attached List.

- Attachment 1 Testimony by Joe Fritton, University Research and Development Corporation

Chairman Neufeld recognized Joe Fritton, Executive Director, University Research and Development Corporation, who presented an update on the status of the construction of research facilities and Corporation projects (Attachment 1).

Responding to a question from the Committee, Mr. Fritton stated that savings have been realized by the use of "construction manager at risk" on the Kansas State project because the construction manager is able to analyze the construction after the design process and bids are let, which could result in better methods of construction of the project; thus realizing a cost savings. Mr. Fritton felt the construction manager is valuable to the Kansas State project because it is a bioterrorism facility and further assures that the facility will be accredited in order to receive research dollars. Responding to another question, Mr. Fritton indicated that if the State increases the bonding, Kansas State will be able to meet the cash flow. Mr. Fritton noted that Kansas State University is aggressively pursuing funds to reduce their debt to the State.

The Chair thanked Mr. Fritton for his testimony.

Chairman Neufeld recognized Reginald Robinson, Board of Regents. Mr. Robinson stated that the Board of Regents is keeping in contact and receiving updates on the three university research projects. In response to a question concerning the excessive funds from the University of Kansas project bid, Mr. Robinson indicated that he did not have up-to-date figures but stated that the Corporation Board will meet on May 20th to review the funds and equipment needs for the project. Mr. Robinson noted that the Board of Regents is aware of the Committee's action in proposing that \$6 million of the excess be used on the Wichita University project.

Chairman Neufeld thanked Mr. Robinson for responding to the Committee's questions.


The Chair indicated that the minutes of April 21, April 22, April 29 and April 30 will be available at Sine Die for Committee members to review. If no corrections are noted, the minutes will be considered approved and will be filed.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on April 30, 2004 in Room 514-S of the Capitol.

Chairman Neufeld thanked the Committee members for their dedication and hard work during the past two years. It was noted that Representatives Minor, Osborne, and Campbell will not be returning for the 2005 Legislative Session. Chairman Neufeld thanked the Staff for their hard work and contribution to the Committee. The Committee expressed their appreciation to Representatives Neufeld, Shultz and Feuerborn for their leadership of the Committee.

With no more business to come before the Committee, the meeting was adjourned at 9:30 a.m.



Melvin Neufeld, Chairman

**University Research and Development Corporation
Clay Blair - Chairman**

**Update on Corporation Projects
House Committee on Appropriations**

**Joe Fritton P.E.
Executive Director
April 30, 2004**

Mr. Chairman, and members of the Committee. I am Joe Fritton and I come to you today as the Executive Director of the University Research and Development Corporation. Thank you for this opportunity to provide an update on the Corporation projects. Clay Blair apologizes for being unable to attend this hearing, but asked me to convey his appreciation in your interest in the Corporation.

As some of you may remember, the Corporation and its projects were born out of this committee during the 2002 Legislative Session. The legislation which created this corporation had three visions:

1. To provide seed funding for research initiatives at KUMC, K-State and Wichita State.
2. To construct facilities that would be paid for from the research dollars they generated.
3. To look at state construction projects from a new perspective and look at ways of reducing facility costs.

The Corporation Board has been very active with all members taking a leadership role in accomplishing the Corporation's objectives. The Board is composed of eight members: three appointed by the Board of Regents, four by the Legislative Leadership and a non-voting member appointed by the Secretary of Administration. I serve as the non-voting member of the Board.

The Corporation is responsible for three projects:

The Aviation Research project at Wichita State is least furthest along with design development drawings anticipated to be completed later this month. The original estimate for this project was \$10 million, however, we will need to bid the project before we will know actual costs.

The Bio-terrorism project at Kansas State is nearing 60% design. Originally, estimated as \$40 million animal science facility, the Corporation discovered that the only way the anticipated research could cover the construction costs would be by adding a plant sciences section to the facility. Thus, the total cost of the project will be approximately \$53 million. Kansas State has taken an aggressive approach to raising the additional funds from other sources and at this time has received \$5.8 million in addition funds.

The Life Sciences Research project at KU Medical Center is the furthest along. Construction bids have just been received for \$42.2 million. The original estimate of the project cost was \$65

HOUSE APPROPRIATIONS

DATE 4-30-2004
ATTACHMENT 1

million with \$56.3 million estimated for construction costs. Thus with the bids received, we appear to have significant savings on the project. However, the equipment and furniture for this project have yet to be bid, so we are unsure of what our final savings will be for this project.

There are many reasons for the savings on these projects, but some of the major ones are better negotiation of architectural fees, use of a Construction Manager at Risk on the Kansas State project, negotiation of KDFFA fees and KDFFA attorney fees. Additionally the Board has been very involved challenging all parties to "think outside the box" in order to reduce project costs while meeting the program intent. Another savings has been achieved by using a new fee schedule developed by the Board of Regents and the Department of Administration.

The Corporation remains optimistic that there will be overall savings on these facilities but with the Wichita State and Kansas State projects left to bid and furniture and equipment for the Medical Center project also left to bid, we believe it would be premature to indicate how large those savings are.

The Corporation is striving to continue to meet its three objectives and is excited about its accomplishments to this date.

I will be happy to stand for questions.