

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Vice-Chairman Lee Tafanelli at 9:30 A.M. on April 27, 2007, in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research Department
Becky Krahl, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Theresa Kiernan, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Proposed House Deferred Maintenance Plan, April 27, 2007
- Attachment 2 List of Historic Buildings included in the list of Deferred Maintenance Projects

Representative Feuerborn moved to introduce legislation pertaining to state educational institutions and enhancement of leave benefits for certain employees. The motion was seconded by Representative Schwartz. Motion carried.

Discussion and Action on SB 21 - State educational institutions; enhancement of leave benefits of certain employees thereof.

Representative Schwartz made a motion to remove the language of **SB 21** and amend in language concerning the proposed House deferred maintenance plan at the state universities and tax credits for communities and technical colleges into **House Substitute for SB 21**. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Schwartz explained that the Proposed Deferred Maintenance Plan dated April 27, 2007 (Attachment 1), is the latest version of a plan developed by Committee leadership to address the deferred maintenance issue; however, because of the haste with which it was developed, there may be necessary modifications. The new plan would provide for the following:

- \$106.0 million, including \$62.0 million from the State General Fund (SGF), for deferred maintenance at the Regents universities, community colleges, and technical colleges, over the next three years.
- The total includes \$2.0 million in tax credits for the community and technical colleges, designed to leverage \$4.0 million in private donations.

Modification of items in the Proposed Maintenance Plan dated April 27, 2007, to indicate the intent of the developers of the plan include:

- Delete Item No. 4 which refers to the creation of an oversight board.
- Language to be included in the bill should indicate that "The Board of Regents would submit monthly progress reports to the Joint Committee on State Building Construction and the Joint Legislative Budget Committee.
- The intent of the developers with regard to oversight, is to follow the same procedures put in place with regard to the construction of the Bioscience Facilities concerning the hiring of a technical expert to assist the Board of Regents with the deferred maintenance items. It

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 27, 2007, in Room 514-S of the Capitol.

was also the intent that the services of the state architect could be used when necessary.

During discussion, items of concern including:

- The need for a distribution formula and limitations with regard to the tax credits for community colleges and technical colleges. It was noted that there is currently an application process for tax credits with rules and regulations used by the Department of Commerce that could be used as a model to be for the distribution of tax credits and incorporated into this legislation.

In response to a question from the Committee, Eric King, Director of Facilities, Board of Regents, explained that a document distributed to the Committee with regard to the historic buildings included in the list of deferred maintenance projects, should indicate "radio towers" instead of "radio tours" (Attachment 2).

Representative Bethell moved to recommend **House Substitute for SB 21** favorable for passage. The motion was seconded by Representative Pottorff. Motion carried.

The meeting was adjourned at 9:55 a.m. The next meeting of the Committee will be "On call of the Chair".


Sharon Schwartz, Chair

House Appropriations Committee

April 27, 2007

9:00 A.M.

NAME	REPRESENTING
SUE PETERSON	K-State
Nebraska Privedaux	FHSU
Scott Powell	FHSU
Kelly Ours	KBOR
Sheila Graham	KACCT
Janis Ross	KACCT
Jon Sullinger	KCSSTAR
Eric Stafford	AGC of KS
Keith Yehle	KV
Doug Smith	Pinegar, Smith & Associates
ERIC SEXTON	WGU

**Proposed House Deferred Maintenance Plan
April 27, 2007**

The proposed House plan would provide \$106.0 million, including \$62.0 million from the State General Fund, for deferred maintenance at the Regents universities, community colleges, and technical colleges over the next three years. The total includes \$2.0 million in tax credits for the community colleges and technical colleges, designed to leverage \$4.0 million in private donations. In addition, the plan would provide additional oversight for universities' deferred maintenance projects. The proposed plan would include the following components:

1. **Additional State Funding** - Appropriate \$10.0 million, all from the Statewide Maintenance and Disaster Relief Fund in FY 2008, and \$10.0 million, all from the State General Fund in FY 2009 and each year thereafter for Regents university deferred maintenance.
2. **Technology Upgrade Matching Fund** - Permit each Regents university campus to select one technology upgrade project that they would match at a rate of at least dollar for dollar out of a Technology Upgrade Matching Fund, beginning in FY 2008. The Matching Fund would have a total of \$5.0 million, from the Statewide Maintenance and Disaster Relief Fund in FY 2008 and from the State General Fund in FY 2009 and each year thereafter, that would be matched with another \$5.0 million from university funds, for a total of \$10.0 million in technology upgrade projects. Funding would be awarded on a competitive basis, and projects would have to be reviewed by both the Joint Committee on State Building Construction and the Deferred Maintenance Oversight Board, before the Board of Regents could award the funding.
3. **Tax Credits for Community Colleges and Technical Colleges** - In FY 2008 and FY 2009, implement \$1.0 million in tax credits for donors to community colleges and technical colleges. The credits would be available for 50.0 percent of the donation for maintenance at the institution, and would be refundable and transferrable.
4. **Establish Regents Deferred Maintenance Oversight Board** - Require the Board of Regents to form a subsidiary corporation to oversee and implement the deferred maintenance projects. The corporation's Board of Directors would consist of five voting members and one non-voting member, who will all serve without compensation. The members would have expertise in construction, engineering, architectural services, finance or endowment fund management. The members will be appointed as follows:
 - i. One member by the Speaker of the House;
 - ii. One member by the President of the Senate;
 - iii. One member by the House Minority Leader;
 - iv. One member by the Senate Minority Leader;
 - v. One member appointed by the Governor;
 - vi. The Secretary of Administration (or the Secretary's designee) will serve as the non-voting member.

The Board of Directors would be authorized to select the appropriate construction model—either the traditional “design, bid, build” approach used for most state construction projects or a variation of the “construction manager at risk” approach. The “construction manager at risk” allows the Board of Directors to hire a construction manager from a list of qualified firms developed by the State Building Advisory Commission. The construction manager then becomes the person responsible for developing the project specifications and solicitation of competitive bids for construction services. Firms submitting bid proposals on project components must provide evidence of bonding to be considered qualified.

The Legislative Coordinating Council would hire a technical expert with the appropriate qualifications to assist the Oversight Board.

The Board of Regents would submit monthly progress reports to the Joint Committee on State Building Construction. Final inspection of the projects will be the responsibility of the Board of Regents and the Division of Facilities Management.

The Board of Directors and the Board of Regents would work together to determine which projects would be exempt from review by the Deferred Maintenance Board.

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Summary of Additional Funding for Regents Deferred Maintenance

Item	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		TOTAL	
	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds
Annual Appropriation for University Deferred Maintenance	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$40,000,000	\$50,000,000
Technology Matching Grant	0	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	20,000,000	50,000,000
Tax Credits for Community Colleges and Technical Colleges	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0	0	2,000,000	2,000,000
Private Funds Leveraged by Tax Credits	0	2,000,000	0	2,000,000	0	0	0	0	0	0	0	4,000,000
TOTAL	\$1,000,000	\$23,000,000	\$16,000,000	\$23,000,000	\$15,000,000	\$20,000,000	\$15,000,000	\$20,000,000	\$15,000,000	\$20,000,000	\$62,000,000	\$106,000,000



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

April 25, 2007

Memorandum

To: Kip Peterson, Director of Government Relations & Communications
From: Eric King, Director of Facilities

Subj: Historic Buildings included in the list of Deferred Maintenance projects

Of the 736 total buildings located on our university campuses, nine are on the State and/or National Historic Register. Of those nine, one is a pair of radio towers at K-State that is not listed as a building, and another is the Anderson Library at Emporia State University that they are in the process of selling. The remaining seven buildings are included in the \$663 million backlog estimate and identified below, along with their replacement cost value and the current cost to renew them:

<u>Campus</u>	<u>Replacement Cost</u>	<u>Renewal Cost</u>
KU Bailey Hall	\$12,367,259	\$2,712,879
KU Dyche Hall	19,874,666	4,663,303
KU Lippincott Hall	5,382,166	1,831,786
KU Spooner Hall	4,133,253	846,056
KU Strong Hall	28,568,309	4,573,497
KSU Anderson Hall	10,871,116	4,313,115
KSU Facilities Grounds	<u>328,478</u>	<u>150,279</u>
Total	\$81,525,247	\$19,090,915

The current backlog on these historic buildings is approximately \$19 million, and the annual cost to maintain them is conservatively 2% of the replacement cost, or approximately \$1.6 million per year.

HOUSE APPROPRIATIONS

DATE 4-27-2007
ATTACHMENT 2