

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

September 15-16, 2005

Cottonwood Court, Kansas State Fair Grounds, Hutchinson, Kansas

Veterans Home, Winfield, Kansas

Members Present

Representative Joe Humerickhouse, Chairman
Senator Dwayne Umbarger, Vice Chairman
Senator Greta Goodwin
Senator Steve Morris
Representative Steve Brunk
Representative Bill Feuerborn
Representative Bob Grant
Representative Melvin Neufeld

Members Absent

Senator Jim Barone
Senator Pat Apple

Staff Present

Debra Hollon, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Helen Abramson, Committee Secretary

Conferees

Susan Duffy, Kansas Corporation Commission
Dale Worley, Kansas Corporation Commission
Mark Stock, Department of Administration
Denny Stoecklein, Kansas State Fair
Brad Rahl, Kansas State Fair
George Webb, Kansas Commission on Veterans' Affairs
Kafer Peele, Kansas Commission on Veterans' Affairs
Bill Ramsey, Kansas Soldiers' Home
Joe Gilbert, Kansas Soldiers' Home
Joe Fritton, University Research Development and Enhancement Corporation
Emmalee Conover, Warden, Winfield Correctional Facility, Kansas Department of Corrections

Others Attending

See attached list.

Thursday, September 15 Morning Session

Chairman Humerickhouse recognized Susan Duffy, Executive Director, Kansas Corporation Commission (KCC), who presented an overview of the Facility Conservation Improvement Program. The program was previously handled by the Department of Administration (DOA), but the program was transferred to the energy program at KCC. Under a memorandum of agreement, the KCC acts as DOA's agent. The DOA is still responsible, but the KCC is the agent for carrying out the program. The statute allows for the program to be used by municipalities and school districts, but that has never happened. The KCC is working with the Department of Education to make staff of that agency aware that this program exists. The KCC believes dollars could be freed up for the classroom by saving on capital improvement projects. Also, many schools have neglected some capital improvement projects because the funding has not been there. Staff of the KCC asks officials with the schools if they plan on being consolidated or closed, as some projects have a 10-year payback period.

The KCC also is working very hard to get the attention of cities and counties concerning this program. County courthouses also are being considered. The KCC suggests that state-leased buildings also should be considered by asking lessors to request an audit. Since the state pays indirectly for utility costs, perhaps this should be written in the contract. However, this would not be covered by the statute and may be something for the Legislature to consider.

This program is fee funded. The DOA provides for the debt service administration as KCC did not want to duplicate this service. The DOA receives a portion of the fees to cover the accountant reports to do this.

Dale Worley, Administrator, Facility Conservation Improvement Program (FCIP), presented a status report showing information about the FCIP and projects completed or under construction and in development ([Attachment 1](#)). Mr. Worley also informed the Committee about past changes in the program and how those changes have created opportunities for other units of government. Mr. Worley also included information on the State Energy Conservation Program (SECP) history, FCIP's Gantt Chart, project spread sheets, and a brochure for municipalities ([Attachment 2, 3, 4, and 5](#)). Mr. Worley remarked that the purpose of the SECP was to improve energy and operational efficiencies in state and municipalities' buildings by providing assistance in identifying projects during engineering/economical analysis. Also, SECP helps customers develop financing, project implementation, and with conservation before and after a project.

The success of the program has gained some national notoriety and the Kansas model is being viewed by several states as a model.

If an entity decides to sign a contract and starts construction after the audit is completed, the entity recovers the cost of the audit as it is built into the contract. Otherwise, the audit cost is borne by the entity.

Mark Stock, Division of Real Estate officer, Department of Administration, presented a five-year full-service lease for the Kansas Department of Health and Environment (KDHE) located at 2501

Market Place, Salina, Kansas. The lease is for 7,900 square feet of office space at \$12.25 per square foot (Attachment 6). The prior triple net lease was for 7,400 square feet at a cost of \$7.00 per square foot. The additional 500 square feet is for the inclusion of a conference room within the KDHE space. The cost of configuring this conference room and replacing the carpet for the entire space is included in the lease. Under the prior lease, KDHE paid for custodial services and all utilities. Under the proposed lease, the lessor pays all building operation costs except telephone. KDHE may renew this lease for five additional years at terms to be negotiated.

Mr. Stock noted that one reason for the increased price is because of the early termination clause after June 30, 2008, which will allow for a lease consolidation effort in Saline County, and that the terms of the renewal are to be negotiated. The Department of Social and Rehabilitation Services (SRS) consolidation expires in October 2008 and SRS usually influences those leases.

Committee discussion followed concerning the large increase (31 percent) in price per square foot, the effect of property tax on the lease cost, the competitive price of leases in the Salina area, the terms of continuation since the original lease has lapsed, and the availability of other facilities in the area.

George Plante, President, Pools Plus, and lessor of the KDHE facilities in Salina, addressed the Committee and stated that the average lease rate in Salina is \$12.71. The property taxes have increased from \$8,000 in 1999 to \$24,000 currently. Previously, the owner and KDHE had agreed upon \$11.00 per square foot for a full service lease, but renovation costs would need to be added to that amount. However, a cost per square foot of \$1.25 would be added for an early out termination clause. He stated he likes having KDHE in his facility and would like to continue doing so.

Mr. Stock informed the Committee that KDHE originally negotiated the lease and it is presently going through a transformation from triple net leases to full service leases. Also, there is a clause in the lease under special provisions that states that the first party may renegotiate this agreement, if utilities, gas, electricity, and water rates increase. However, a state attorney indicated this is really just an agreement to renegotiate.

The Committee requested Mr. Stock to investigate if this amount of square footage in Salina is being leased at a premium, determine the true market price of the present lease (excluding the Adjutant General's space), disregard an early termination clause, and consider negotiating a retroactive rate to the original termination date, which could bring the average rate cost down over a long period of time.

It was the consensus of the Committee that further study be undertaken regarding this lease and other leasing possibilities investigated prior to making a Committee recommendation.

Representative Grant moved for the Committee's approval of the Joint Committee on State Building Construction minutes of August 9-10, 2005. Representative Neufeld seconded. Motion carried.

Chairman Humerickhouse thanked the Kansas State Fair (KSF) for hosting this meeting and recessed the meeting at 12:15 p.m. for lunch.

Afternoon Session

Chairman Humerickhouse resumed the meeting at 1:00 p.m., at which time Denny Stoecklein, General Manager, Kansas State Fair, introduced board members and gave an update about happenings at the Fair this year, including the introduction of the newly minted Kansas quarter; the 100th birthday celebration of Kansas' 4-H and a dedication of its building; hosting 9,000 people at one night show; and that the dairy barn noted yesterday was its single biggest day ever encountered.

Brad Rahl, Board Member, Kansas State Fair, stated that the projects over the past few years have gone very well. Looking back over the process, the KSF entered at a time when interest rates were very low, so it was a good time for bonding projects. However, some participation was received from the city and the county. Also, at that time, schools had already been built so contractors were very competitive for new projects. Even when steel prices escalated, the estimated building construction costs did not increase very much.

Mr. Rahl remarked that renovations have been completed on many of the facilities and some functions have been moved. The grandstand renovation came in below the contractor's estimate. Gate nine to the fair grounds will be upgraded next year. The sheep and swine areas need upgrading and the Expocenter will need to be re-skinned. As upgrades are made, exhibits will go up in those areas. The Tie Building will be converted to the shop building next year. The Bison Arena renovation project was not part of the master plan and the cost for the renovation is expected to be \$4.5 million - \$5.5 million. Until the fair has a specific use for it, however, this project will be on hold.

Chairman Humerickhouse recessed the meeting for a tour of the buildings and grounds.

Friday, September 16 Morning session

At 10:00 a.m., Chairman Humerickhouse called the meeting to order at the Veterans Home, Winfield, Kansas.

George Webb, Executive Director, Kansas Commission on Veterans' Affairs (KCVA), welcomed the Committee and presented some background information. The Veterans Home was advised in the Spring of 2004 that the Correctional Facility in Winfield would no longer be able to provide the Home with back-up power. The back-up generator can provide enough power for everything except air conditioning. A grant request for a power plant pump and controller has been submitted to the Veterans' Administration.

Kafer Peele III, Program Director, updated the Committee regarding the cemeteries and presented the KCVA five-year capital improvement budget for FY 2006 through FY 2011 ([Attachment 7](#)).

Cemetery projects for FY 2007 consisted of \$4,507,403 for Fort Riley and \$100,000 for repair and rehabilitation at Fort Dodge.

Mr. Peele stated that the cemeteries are 100 percent federally funded. The State of Kansas is responsible for the planning money (\$450,000 from the State Institutions Building Fund) and as each cemetery is completed, the money is reimbursed. Winfield Cemetery is in the last year of its grant. The completion of the Fort Riley cemetery is scheduled for FY 2008. Repair work is needed

at the cemetery at Fort Dodge. The wall in the old cemetery needs repaired. There are approximately 1,300 grave sites in the old cemetery. The KCVA will negotiate with the Veterans' Administration regarding sharing the expense to repair the old wall.

When the cemeteries are completed, it is the state's responsibility for the operating costs. Fort Riley is estimating an annual operating cost of \$175,000 per year. The budget for all cemeteries for the current fiscal year is approximately \$451,000. This amount will increase to \$575,000 in FY 2007 as Fort Riley will have been in operation for a full year. The cemeteries must stay within the National Cemetery Administration guideline standards.

Requested for FY 2006 was \$450,000 for the Fort Riley Cemetery and \$357,600 for the Winfield Cemetery. Also requested was \$257,130 for repair and rehabilitation for the Kansas Soldiers' Home and \$169,568 for the Kansas Veterans' Home.

Bill Ramsey, Superintendent, Kansas Soldiers' Home, spoke about what has been done at the Home. The most significant thing accomplished with the last federal grant was the installation of fan cooling units in the domiciliary building, which was not air conditioned. Also completed was a total upgrade of the cooling and air-conditioning system at Halsey Hall and security fire alarm replacements. Repair and rehabilitation projects completed were: renovation of the water tower, updating of the Nimitz' women's restroom, and the ceiling being lowered in the domiciliary building. Projects scheduled for this year are: lift station retrofit, cottage roofs and sheds, domiciliary guttering, power plant pump and controller, portico, and water way repair.

For FY 2007, Superintendent Ramsey is requesting a grant for a 35-bed Alzheimer's unit. Other FY 2007 projects include waste water ponds, street renovation, and automatic doors for the domiciliary.

Federal grants are being requested for the Soldiers' Home health and safety projects and for generators. If state matching funds are not available for these grants, or if these grants are not awarded, items within the grants will need to be placed with the five-year plan.

Jim Hays, Superintendent, Veterans' Home, Winfield, noted that the effects of the first federal grant awarded in 1999 will be seen on the tour scheduled for today. The total value of the grant was \$17.1 million. Out of that, \$10.6 million was from the federal government and \$5.2 million was from the State of Kansas for the renovation of four residential buildings, asbestos abatement, a new pump station, and new main sewer line. The second grant of \$3.9 million, of which the federal government supplied \$2.5 million and the state \$1.3 million, is being completed and closed out. The Committee was shown slides of the effects of the grant. The new grant, which is pending at this time, is for \$1.4 million (federally funded at \$939,000 with a state match of \$505,000). The grant is for a back-up generator for the Home. The reason this is necessary is because the facility has an elderly and frail population and the loss of air conditioning would be a major problem. Part of that grant includes a re-roofing of Triplett Hall and fire sprinkling system for Donlon Hall. For FY 2007, the Veterans' Home has requested \$1.6 million, including \$1.4 million for the grant, \$8,000 for a maintenance shop, \$31,500 to modify the entrance to Bleckly Hall, and \$120,000 for rehabilitation and repair projects.

Committee discussion followed concerning the cost of operating the cemeteries after they are completed, the cottage repairs at Fort Dodge, the possibility of replacing old cottages with new construction, the resolution of the nitrate problem in the water, the need to evaluate the cost for upkeep of the cemeteries and to determine if there is a more efficient way than spending the estimated \$750,000 yearly operating costs, the occupancy count, and the fact that qualified persons should utilize the facilities at the Veterans' and Soldiers' Home as the state spends far more for people staying at nursing home facilities.

George Webb, KCVA, informed the Committee that, until last fall, federal law prevented someone from accepting Medicaid in Veterans' Administration per diem funds. Several states in the country similar to Kansas were doing that, unaware of the federal law. However, Congress very rapidly passed a law and allowed both funds to be utilized.

Joe Fritton, University Research Development and Enhancement Corporation, presented a change order of the addition of \$342,888 pertaining to the waste disposal system piping at the University of Kansas Medical Center Bio-Research Center (Attachment 8). Originally, the waste was going to be ground and sent down the sewer. The charge for this would be \$60,000 yearly. This change installs a vacuum disposal system and a sealed dumpster to remove the waste at an annual cost for dumpster pickup of \$10,000.

Discussion follow about the legal way to dispose of the waste.

Senator Morris moved for the Committee to recommend to approve the addition of \$342,888 for the change order for the University Research Development and Enhancement Corporation. Senator Goodwin seconded. Motion carried.

Mr. Fritton next presented a change order for the Kansas State University Bio-security Research Institute project for an addition of \$444,926 (Attachment 9). This change will place a secured security communications room in the basement of the Bio-Security Facility. It is funded from a federal grant and the contract must be entered into by the end of September. Approval is contingent upon approval by the Board of Regents, which will meet next week to take action on this matter.

One of the federal grants had approximately \$500,000 of additional funds to construct a communication secure room somewhere on the Kansas State University campus. The ideal site to locate this room is in the basement of the Bio-Security Research Center.

Representative Feuerborn moved for the Committee's recommendation to approve the addition of \$444,926 change order for the Bio-Security Research Institute at Kansas State University. Representative Grant seconded. Motion carried.

At 11:30 a.m., Chairman Humerickhouse adjourned the meeting for a tour of the facility.

Joe Gilbert, Cemetery Manager, conducted the tour and distributed packets to Committee members containing general information on regulations, facts, eligibility, and pre-certification applications (Attachment 10). Mr. Gilbert informed the Committee that the cemetery comprises 27 developed acres with 150 trees on the site. The cemetery has space for 9,600 casket placements. Thus far, 44 veterans have been interred.

Emmalee Conover, Warden, Winfield Correctional Facility, lead the tour through the facility. This facility houses 500 inmates, with a capacity of 556.

Prepared by Helen Abramson
Edited by Debra Hollon

Approved by Committee on:

November 16, 2005
(date)