

## MINUTES

### JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

August 22-23, 2007  
Room 123-S—Statehouse

#### Members Present

Representative Joe Humerickhouse, Chairperson  
Senator Pat Apple  
Senator Greta Goodwin  
Senator Laura Kelly  
Representative Steve Brunk  
Representative Bill Feuerborn  
Representative Bob Grant  
Representative Jo Ann Pottorff

#### Members Absent

Senator Dwayne Umbarger, Vice-Chairperson  
Senator Pat Apple (August 23)  
Senator Steve Morris  
Representative Steve Brunk (August 22)

#### Staff

Audrey Dunkel, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Amy VanHouse, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Kimbra Caywood, Kansas Legislative Research Department  
Jim Wilson, Office of the Revisor of Statutes  
Mike Corrigan, Office of the Revisor of Statutes  
Helen Abramson, Committee Assistant

#### Conferees

Eric King, Board of Regents  
Ray Hauke, Emporia State University  
Mark Runge, Emporia State University

Dana Cunningham, Fort Hays State University  
Paul Stewart, Pittsburg State University  
John Gist, Wichita State University  
Tom Rawson, Kansas State University  
Abe Fattaey, Interim Director of Facilities Management, Kansas State University  
Ed Heptig, Director of Facilities Management, Kansas State University  
Jim Modig, University of Kansas  
Ed Phillips, University of Kansas Medical Center  
Richard Gaito, Kansas Department of Administration  
Sherry Diel, Kansas Real Estate Commission  
John Moyer, Lease Administrator, Department of Social and Rehabilitation Services  
Susan Duffy, Kansas Corporation Commission  
Russ Rudy, Kansas Corporation Commission  
Colonel William Seck, Kansas Highway Patrol  
Sheryl Weller, Kansas Highway Patrol  
Mike Crow, Kansas Department of Transportation  
Jaci Vogel, Kansas Department of Transportation  
Jerry Sloan, Judicial Branch  
Laura Heflin, Kansas Department of Commerce

### **Others Attending**

See attached list.

### **Wednesday, August 22 Morning Session**

Chairman Humerickhouse called the meeting to order at 9:40 a.m.

Staff distributed the Board of Regents' (BOR) five-year (FY 2008-FY 2013) capital improvement budget plan and the five-year (FY 2008-FY 2013) deferred maintenance plan for the institutions. (Copy is filed with the Legislative Research Department.) Staff handed out the revised BOR deferred maintenance reporting draft with the changes requested by the Committee at its last meeting and a copy of a memorandum dated August 17, 2007, explaining why Kansas State University's (KSU) interest earnings estimate is considerably more than the University of Kansas' (KU) estimate.

Ray Hauke, Vice-President, Administration and Fiscal Affairs, Emporia State University (ESU), presented ESU's five-year deferred maintenance projects and five-year capital improvement budget plan (Attachment 1).

Mr. Hauke first remarked about the Fall 2006 reopening of the second tower of the Towers Residential Complex, which was a large bond-funded deferred maintenance project.

Deferred maintenance requests for FY 2008 for ESU funded by the Infrastructure Maintenance Fund (IMP) and the University Interest Fund (UI) were:

- Utility tunnels;
- Physical Education Building — replacement of the roof system;

- William Allen White Library — HVAC and electrical repairs/replacement; and
- Roosevelt Hall - foundation stabilization repair, HVAC repairs/replacement, and plumbing repairs.

Deferred projects for FY 2009-FY 2012 at ESU were:

- Physical Education Building — HVAC repairs/replacement and plumbing replacement;
- William Allen White Library — HVAC repairs/replacement, electrical repairs/replacement, elevator repairs/replacement, and partition repairs/replacement;
- Utility tunnels — repairs/replacement;
- Roosevelt Hall — foundation stabilization/repairs, HVAC repairs/replacement, and plumbing repairs/replacement;
- Cremer Hall — elevator repairs/replacement;
- King Hall — elevator repairs/replacement;
- Vesser Hall — HVAC repairs/replacement;
- Stormont Maintenance Building — HVAC repairs/replacement; and
- Power House — roof replacement.

Mark Runge, Director of Facilities Management, Emporia State University, stated ESU has 25-30 maintenance employees.

Mr. Hauke noted that in-house maintenance personnel are used a great deal in conjunction with ESU's regular repair and rehabilitation budget; however, they will probably not be working on the 2008 deferred maintenance projects since they are specialized projects, but they may be useful on some deferred maintenance projects such as the tunnels.

Mr. Runge described the type of roof that will be used on the physical education building. He explained that the state's insurance plan does not include damages for simple roof deterioration and it has a \$5 million deductible for catastrophic purposes.

Eric King, BOR, said that a five-year deferred maintenance plan was prepared, as it was thought that the Legislature wanted a plan beyond just one year and estimated a cost increase of three percent annually over a five-year period. This plan will be updated each year, and budgets will be modified if there is more money than expected in the University Interest Fund. The universities will appear before the Joint Committee on State Building Construction anytime changes are made.

Mr. Hauke noted that the BOR deferred maintenance priority list totals \$663 million and ESU's share of this total is \$41.2 million. The plan approved in HB 2237 totals \$8.8 million for ESU over five years. The BOR requests additional funding of \$4,164,000 in FY 2009 and anticipates similar requests for subsequent years of the five-year plan to help fund the difference between the funding provided in the bill and the actual project costs. The \$8.8 million for ESU approved in HB 2237 is just a little over 20 percent for all the projected deferred maintenance projects. The \$4,164,000 request in FY 2009 is working toward retiring the backlog of deferred maintenance projects in seven or eight years. The following is a list of high need projects for which financing is not available:

- Remodeling of approximately 50 teaching laboratories;
- Electrical Distribution System for King Hall;
- Replacement of fan coil units with more efficient units for Science Hall and other academic buildings;
- Renovation of King Hall;

- Renovation of William Allen White Library;
- Remodeling of Health Physical Education Building; and
- Replacing single-pane windows at multiple locations.

*Senator Kelly moved that the Committee pass out favorably ESU's FY 2008 deferred maintenance request of \$2,461,000. Motion seconded by Senator Goodwin. The motion carried.*

Mr. Hauke next addressed ESU's five-year (FY 2008-FY 2013) capital improvement requests. ESU will seek authority for preliminary planning in FY 2008 and completion of preliminary planning as well as final planning in FY 2009 for renovation of Memorial Union, a non-state financed project costing an estimated \$20 million. Also requested in FY 2009 were parking lot improvements estimated at \$90,000, funded by the Parking Fund.

Dana Cunningham, Director of Facilities Planning, Fort Hays State University (FHSU), presented the FY 2008 deferred maintenance items totaling \$2,668,000 for Picken Hall Improvements, Utility Tunnel Replacement, Sheridan Hall Roof Repair, Service Building(s) Masonry Cleaning and Sealing, Cunningham Hall Gyms Repainting, Felten-Start Theater Seating Replacement, and Campus Exterior Graphics/Phase II (Attachment 2).

Deferred maintenance project requests for FY 2008-FY 2013 totaling \$9,378,000 (also Attachment 2) follow:

- Picken Hall Improvement — including new electrical service; new HVAC system; plumbing improvements; painting; floor finishes; ceiling tile replacement; door replacement; roofing repairs; asbestos abatement; and wood floor framing repairs in FY 2008 and 2009;
- Electrical System Improvements — includes major upgrades to existing high voltage conductors, switches and transformers in FY 2010 and 2011;
- Energy Center — includes the replacement of three 39-year-old boilers with new efficient fire tube boilers in FY 2012;
- Street Improvements — includes the replacement of portions of 50+ year old deteriorated concrete paving in FY 2009, 2011, and 2012;
- Utility Tunnel Improvements — includes the replacement of one section of 1930 tunnel in FY 2008;
- Sheridan Hall Roof Repairs — replaces deteriorated sections of roofing membranes in FY 2008;
- Service Building(s) Masonry Cleaning and Sealing — includes cleaning, repair and sealing of limestone and brick veneers in FY 2008;
- Cunningham Hall Gyms — repainting gyms in FY 2008;
- Felten-Start Theater Seating — replace 316 existing theater seats in FY 2008; and
- Campus Exterior Graphics — Phase II - replace existing traffic, parking and way finding signage across campus in FY 2008.

Capital Improvement request for FY 2009 was \$400,000 for parking improvements funded by the Parking Fee Fund.

Mr. Cunningham noted that FHSU has approximately 20 in-house maintenance employees.

Committee discussion followed concerning routine scheduling of outside cleaning of campus buildings.

Senator Kelly remarked that she understood that the February BOR document concerning deferred maintenance referred to a \$200 million plan, but the ultimate number approved was much less. However, she expected to see the same projects on the list and not new ones.

Eric King, Director of Facilities, BOR, explained that they should be the same projects. They may have been re-ordered somewhat based on the money actually funded by the 2007 Legislative Session. These projects also were strung out over a five-year period. The numbers may change again, once the projects are bid, as presently they are estimates. The BOR's February list is different than the June list, on which the campuses base their presentations.

*Senator Apple moved that the Committee pass out favorably FHSU's FY 2008 deferred maintenance projects totaling \$2,668,000. The motion was seconded by Representative Pottorff. The motion carried.*

Paul Stewart, Director of Facilities Planning, Pittsburg State University (PSU), stated that PSU needs \$58 million for deferred maintenance projects, but it received only \$10 million. Deferred maintenance projects for McCray Hall and Porter Hall totaled \$2,820,000 for FY 2008 and \$6,900,000 for FY 2009 (Attachment 3).

Pittsburg State University's five-year deferred maintenance projects (FY 2008-FY 2013) were as follows:

- Plumbing for Axe Library;
- Plumbing for Campus Utility Tunnel;
- Electrical for Heckert Wells;
- HVAC for Whitesitt Hall;
- Exterior Skin for McCray Hall Windows;
- Exterior Skin for Kelce Basement;
- Exterior Skin for Russ and Hartman;
- Exterior Skin for Porter Hall Classroom;
- Exterior Skin for Kelce Structure;
- Exterior Skin for Hughes and Porter;
- Exterior Skin for Axe Library; and
- Interior repairs for Weede and Grubbs.

Mr. Stewart remarked that the University has between 20-25 in-house maintenance employees and those individuals are acting all they can on initial needs.

*Representative Grant moved that the Committee pass out favorably \$2,820,000 for Pittsburg State University's FY 2008 deferred maintenance projects. The motion was seconded by Representative Pottorff. The motion carried.*

Mr. Stewart, PSU, reviewed the \$15 million FY 2008 Kansas Air National Guard (KSANG) Armory Classroom/Health Physical Education and Recreation (HPER) project, which is funded by federal and state dollars, along with Pittsburg State University private funds and student fees. The contract was awarded in September 2006. The facility has 99,000 square feet (SF), 41,000 SF is for campus for the Kansas National Guard and 58,000 SF is for PSU. Among the square footage is a lot of shared spaces. PSU provided the land for the project. The project completion date is scheduled for March or April 2008.

Mr. Stewart informed the Committee that the Kansas Polymer Research Center was completed in July 2007. The project was funded by dollars bonded through the University Research and Development Corporation (URDEC). A formal dedication is planned for September 22, 2007.

In the five-year capital improvement budget plan for PSU, \$4,575,000 was requested for FY 2009. Projects include the following items:

- KTC Diesel and Heavy Equipment Building funded by private gifts;
- Parking Maintenance and Improvements funded by parking fees;
- Student Center Improvements funded by student fees;
- Student Health Improvements funded by restricted fees;
- New Student Health Center funded by restricted fees and private gifts; and
- Housing System Maintenance funded by housing funds.

John Gist, Director of Facilities Planning, Wichita State University (WSU), presented the five-year (FY 2008 - FY 2013) capital improvement budget plan and the five-year deferred maintenance plan. He also reviewed the following projects (Attachment 4):

Capital Improvement projects for FY 2008:

- Engineering Complex Expansion/Research Laboratory Building — Phase I, municipal bond funded;
- Engineering Complex Expansion/Research Laboratory Building — Phase II, funded by municipal and revenue bonds. Completion of the project is projected for November 2007; and
- Parking Maintenance and Improvement funded by parking funds.

Capital Improvement projects for FY 2009:

- \$270,000 for Parking Maintenance and Improvement funded by parking funds; and
- \$370,000 for Ninnescah Biological Research Facility funded federally and by private gifts.

Next, Mr. Gist, WSU, reviewed the deferred five-year maintenance program submitted in June 2007 (see also Attachment 4). The maintenance program has been fine-tuned based on funding, what the BOR has agreed upon for reasonable projections for five years, what the BOR has agreed upon as reasonable projects for tuition interest earnings, as well as WSU's engaging its on-call engineers to do four studies on campus. One study involves the central energy plant and the distribution of infrastructure

on campus. Another study involved the heating/ventilating and air-conditioning system for Duerksen Fine Arts Center, HVAC systems in the Engineering Building, and Grace Wilkie Hall.

The studies are still in progress, but the Board staff worked with the University to fine-tune the dollar estimates for the University's needs. The University also has met internally and developed a reasonable game plan for addressing the implementation of the five-year plan. Projects for FY 2008 totaling \$4,254,000 are as follows:

- \$1,161,000 for Duerksen Fine Arts Center;
- \$101,000 for Engineering Building;
- \$70,000 for Grace Wilkie Hall;
- \$120,000 for Visual Communication Building;
- \$220,000 for Wallace Hall;
- \$300,000 for Ahlberg Hall;
- \$450,000 for McKnight Art Center;
- \$300,000 for Central Energy Plant;
- \$252,000 for Lindquist Hall;
- \$36,000 for Jardine Hall;
- \$680,000 for Infrastructure;
- \$300,000 for Haskett Center; and
- \$240,000 for National Institute for Aviation Research.

Mr. Gist stated that the University has 115-120 in-house maintenance employees.

Discussion followed concerning the termite damage at Fiske Hall.

*Representative Pottorff moved that the Committee pass out favorably the \$4,254,000 for Wichita State University's deferred maintenance for FY 2008. The motion was seconded by Senator Goodwin. The motion carried.*

Chairman Humerickhouse recessed the meeting at 12:05 p.m. until 1:30 p.m.

### **Afternoon Session**

Chairman Humerickhouse called the meeting to order at 1:20 p.m.

Tom Rawson, Vice-President of Finance, Kansas State University (KSU), reviewed the University's five-year deferred maintenance plan and the five-year capital improvement plan (Attachments 5 and 6).

Mr. Rawson presented an overview concerning deferred maintenance. KSU, including the Manhattan and Salina campuses, has an estimated deferred maintenance backlog of approximately \$254 million. This figure does not include deferred maintenance for the president's residence, the athletics facility, residence halls, and the student union. KSU appreciates the additional \$45.8 million in additional funding that will be provided to the University over the next five years and the opportunity to secure private funds for deferred maintenance because of the newly-enacted tax incentive program. When the new funding is combined with the University's Educational Building Fund allocation and the University's own operating expenditures for maintenance, the University should be able to prevent the further accumulation of deferred maintenance over the next five years. If substantial private funds are attracted

under the new incentive program, the backlog should begin to shrink. KSU is seeking \$30.22 million per year, including the additional special funds approved by the 2007 Legislature. The University's deferred maintenance plan is based on rough estimates of the cost of each individual project and not on contractor's estimates. It was noted that the estimates are acceptable ballpark figures, but it is recognized that final cost figures may vary somewhat once the projects are underway because of unforeseen complications or conditions.

Mr. Rawson cited two examples about deferred maintenance projects. KSU's English Department is in a 1950's building formerly called Lafene Student Health Center. It is located next to the Library. KSU relocated Lafene off-campus and moved the English Department to that facility. The English Department had been in the building three or four months when the HVAC piping started to leak. KSU made a decision to use deferred maintenance money to fix the pipes. Everybody was moved out of the building the day after Commencement. A contractor came in and worked all summer to replace the HVAC piping and put in a more dependable system. That project cost approximately \$1.5 million. A week before school commenced, the contractor left and the moving company moved everybody back into the building. The English Department is starting classes on Monday. That is one example of an expensive project that the University did not foresee.

A second example of an unforeseen deferred maintenance project occurred on July 19, 2007, when a coil of a HVAC unit went out in 35-year old Durland Hall. It occurred during the weekend and caused water damage all over the south wing of the building. The water was mopped up but some of the water wicked up between two layers of drywall and mold started to grow. The bottom three feet of drywall and much of the first floor of Durland Hall was repaired. The cost is estimated to be at least \$10,000. The classroom was back in service a few days before school commenced. However, the faculty is still not back in their offices.

Those two unexpected projects will come out of the Educational Building Fund by reallocating some other projects already approved.

These examples are what KSU faces, and it is unknown what the next one might be.

The BOR requested additional money from the State General Fund to go ahead and allow the universities to begin to address some more of the backlog of deferred maintenance projects.

Ed Heptig, Director of Maintenance, KSU, added information about the Durland Hall HVAC problem. As a stop measure the coils were plugged. If the coils were taken out, the air-conditioning would need to be stopped for a week. Even if the coils were entirely replaced, the unit is old and the compressor could very likely stop working. There are roughly four of those units per floor on four floors.

Deferred maintenance projects for FY 2008 for KSU total \$12,566,500.

The five-year (FY 2008-FY 2013) deferred maintenance projects are as follows:

- Utilities infrastructure and power plant improvements — This project will replace the antiquated 4,160 volt electrical system that serves the core of the central campus with a 12.5 kilovolt system, replace deteriorated sections of the steam distribution lines, and an inefficient 56-year old boiler;
- Renovate academic and academic support space in old Memorial Stadium — This project will begin the improvement of this 1921 structure;
- Leasure Hall Renovation — This project will bring a 100-year-old building into code compliance;



- Willard Hall — This improvement project concerns a number of safety and code compliance issues;
- Seaton Court — This project concerns the needs of major repair and renovation to meet current safety and code compliance standards;
- Roof and other projects — This project is for critical roof repairs to the academic portion of McCain and academic spaces in Justin Hall, Call Hall and Kedzie Hall which includes repair and maintenance to the seating, HVAC, laboratory exhaust systems, and similar work.

Abe Fattaey, Director of Planning, KSU, presented the University's five-year capital improvement budget plan (FY 2008-FY 2013) as follows for FY 2009:

- \$189,446 for the annual payment for the KSU-Salina campus aero lab expansion from the State General Fund;
- \$600,000 for parking lot improvements from parking funds;
- \$500,000 for Child Care Center from revenue bonds private gifts;
- \$12,000,000 for Jardine Apartment Housing from housing funds and revenue bonds; and
- \$900,000 for Student Life Center - Phase I - Salina from revenue bonds and parking funds.

Mr. Heptig stated that there are 115-120 in-house maintenance employees at the University.

*Representative Pottorff moved that the Committee pass out favorably the \$12,566,500 for FY 2008 deferred maintenance for Kansas State University. The motion was seconded by Representative Feuerborn. The motion carried.*

Jim Modig, Director, Design and Construction Management, University of Kansas (KU), presented the five-year (FY 2008 - FY 2013) deferred maintenance projects and the five-year (FY 2008 - FY 2013) capital improvements budget plan (Attachment 7).

Mr. Modig remarked that KU invests approximately \$10 million annually for ongoing maintenance for facilities. In recent years, KU has received approximately 28 percent of the EBF appropriation for repair and rehabilitation or approximately \$4.4 million for the purpose of major repairs of the University's buildings. The University is faced with a deferred maintenance backlog of \$180 million, and in the 2007 Legislative Session, \$32.97 million was allocated over five years to KU's budget.

The University's deferred maintenance projects total \$9,951,000 for FY 2008 for the following projects:

- Utility tunnel improvements;
- Wescoe Hall — replacement of failed HVAC and control systems on three floors and construction of existing offices and classrooms; and

- Haworth Hall — provide for replacement of deficient fume hoods, upgrade fire alarm systems, and replace deteriorated mechanical system components.

Mr. Modig spoke about the need for capital improvement projects not only for buildings, but also with the underground utilities, streets, and sidewalks. Within the buildings, the University requests funding to address life safety improvements and infrastructure repairs, mechanical system repairs and replacement, electrical system replacements, plumbing improvements, and other associated infrastructure repairs. He also emphasized some emergency repairs such as: the replacement of a collapsed storm sewer line in 2007, a transformer failure in Wescoe Hall, a high voltage cable failure in Nichols Hall, a chiller failure at Green Hall in 2006, and a section of a sanitary sewer line that collapsed on August 15. Unfortunately, the University has to tap into repair and rehabilitation funds for emergencies from time to time. Crisis management continues to be the mode of operation.

An example of crisis management was related by Mr. Modig. About three months ago, near Wescoe Hall a section of leaking water lines was replaced. The University was suspicious that the water leaks might have caused the damaged floor slabs in the lower level of Wescoe Hall. The floor slabs were removed in the last few months, and it was discovered that water flowed under the north foundation.

On August 15, the day before classes commenced, the sewer line collapsed and backed up sewage to the point that it overflowed the manhole and went down the hillside. It was assumed the bottom of the manhole was lost which plugged up the sewer line. The University went into an emergency repair mode and the source of the problem was caused by the manhole collapsing five or six feet above the floor of the manhole. Repairs currently are underway. There are sewage pumps in a manhole upstream, piping over ground to a manhole downstream, and final cut overs will occur right away. Everything will be restored and back in operation by tomorrow at a cost of about \$75,000 and a lot of overtime.

Deferred maintenance continues to grow and inflation continues to drive the cost of repairs higher and higher. The money funded for deferred maintenance is helpful in slowing down the rate of growth of the backlog. Last year, the University indicated the growth in deferred maintenance was approximately \$25 million per year. With the current funding plan, the rate of growth in the backlog is now approximately \$20 million per year. The University is faced with a backlog of \$180 million. The 2007 Legislature allocated \$32.97 million over five years to KU's deferred maintenance budget.

The five-year (FY 2008-FY 2013) deferred maintenance projects consisted of utility tunnel improvements and projects in the following facilities: Wescoe Hall, Haworth Hall, Malott Hall, Art and Design, Murphy Hall, Smisson Research Lab, Lippincott Hall, Lindley Hall, Bailey Hall, Watson Library, and Learned Hall.

Mr. Modig reviewed FY 2008 and FY 2009 capital improvement projects. Projects totaled \$25,575,000 for FY 2009 as follows:

- \$3,000,000 for a new football facility funded by private gifts;
- \$8,000,000 for Lindley Hall Addition and Renovation funded by private gifts;
- \$800,000 for parking repairs and improvements funded by parking funds;
- \$700,000 for Stouffer Place Apartment Renovations funded by housing funds; and
- \$13,075,000 for Grace Sellards Pearson Renovation funded by revenue bonds.

Mr. Modig spoke regarding the proposed Interdisciplinary Research Facility (\$122,226,000). The office of the Provost and KU Center for Research seek to plan for, design, and construct a facility suitable for interdisciplinary research in the Life Sciences on the KU-Lawrence campus. This proposal is for construction of a facility on the west campus, an area of the Lawrence campus where today there are facilities supporting research associated with multi-disciplinary projects, state-of-the-art analysis of small and large molecules, and expansion of promising drug discovery programs including those related to cancer research. Representatives of the following disciplines are expected to participate in the planning process: Bio-Informatics, Biology and Molecular Bioscience; Chemistry, Medicinal and Pharmaceutical Chemistry; and the Molecular Structures Group. It also is anticipated that work with hazardous organisms and pathogens at a BSL-3 level and associated animal care space could be part of the program of activities.

The total area identified in this proposal is 178,466 gross square feet and estimated cost for FY 2010 completion is \$122,226,000. KU is exploring various funding options.

Mr. Modig also related that maintenance money is being built into KU's programs when private funds are used for new facilities.

Mr. Modig remarked that KU has approximately 200 in-house maintenance employees.

*Representative Feuerborn moved that the Committee pass out favorably \$9,951,000 for the University of Kansas' FY 2008 deferred maintenance projects. The motion was seconded by Representative Grant. The motion carried.*

Ed Phillips, Vice-Chancellor, Administration, University of Kansas Medical Center (KUMC), presented KUMC's five-year (FY 2008 - FY 2013) deferred maintenance project list and five-year (FY 2008 - FY 2013) capital improvement budget plan (Attachment 8). FY 2008 deferred maintenance project list totaled \$3,634,500.

Concerning current projects, Mr. Phillips noted that Kansas Life Science Innovation Center was completed in October 2006. Over 300 research staff are located here. Parking Garage #3 was opened in March 2007 and since that time parking has been 100 percent available for patient parking.

Currently, there is a joint project (University and unified government) to improve the access to Rainbow Boulevard from this parking lot and also to improve the flow of traffic along Rainbow Boulevard.

FY 2009 capital improvement projects totaling \$9,330,000 were for the following items:

- \$630,000 for Parking Facility #4 funded by revenue bonds;
- \$6,000,000 for Ambulatory Care Facility funded by revenue bonds;
- \$2,100,000 for Lied Biomedical Research Building Renovation federally funded and by private gifts; and
- \$600,000 for Parking Lot/Garage Maintenance funded by parking funds.

Five-year (FY 2008-FY 2013) deferred maintenance projects total \$71.6 million. Deferred maintenance projects for FY 2008 amount to \$3,634,500.

The Applegate Energy Center and the primary distribution systems (electricity, steam, and chilled water services) is the number one priority. Black and Veach presented a five-phase project in its 2000 study, which at that time amounted to \$35.9 million to address those issues. The driving force for the past five/six years has been to address infrastructure problems. KUMC used the ESCO projects on phase I for the electrical switch, and automated computer controls for chilled radiator and steam generation capacity. After a KUMC investment of \$14.1 million, and with the hospital building its own Central Utility Plant, this further reduced the project by \$7.1 million. The current requirement is \$14.7 million for the following items:

- Replace all electrical transformers and distribution centers, high voltage cables, and building transformers;
- 4 new boilers;
- 3 new chillers;
- New pumps, motors for chilled water, boiler feed water, cooling tower, tower fans and motors; and
- Steam/chilled water distribution systems.

KUMC's share of the revenue that will come from HB 2237 is about \$11.4 million (from FY 2008 to FY 2012). This list is a staff assessment of how the money should be spent. To get a best staff assessment, the University selected Black and Veach as the architectural engineer of record for the Applegate project. KUMC is ready to negotiate the contract and its first deliverable is November 15, 2007. The assessment will tell KUMC whether the staff assessment is the most appropriate use of the first dollars available and will identify the items of greatest risk. If the risk is even, then identify what items would provide the greatest return on investment.

Mr. Phillips said that the annual maintenance repair and rehabilitation investment since FY 2001 averages \$1.3 million. This year it is expected to be approximately \$1.6 million. Dollars spent in FY 2006 were \$7,872,030 and in FY 2007 were \$7,473,005. Each year, dollars were reallocated because things happened throughout the year that brought the totals to \$7,565,800 for FY 2006 and \$7,863,590 for FY 2007. This equates to \$3.62 per square foot in FY 2006 and \$3.82 per square foot in FY 2007. In FY 2007, 10 percent was spent for preventive maintenance, 8 percent was spent for alterations/renovations, and 82 percent was spent for repair from the \$7,863,590 for FY 2007.

Several years ago, the National Institute of Health recommended an investment of \$4.84 per square foot (adjusted for inflation) as a benchmark. KUMC spent \$3.82 in FY 2007. An adjustment is needed of \$1.02 per square foot. This will require an additional annual funding of \$2,100,180 to stop growth of the maintenance backlog. Over 5 years, the annual deferred maintenance growth will be \$1.2 million. In FY 2013, the deferred maintenance will be \$77.6 million. The benchmark may be higher than some of the other campuses in the BOR system, but again, KUMC has patients in the buildings and a higher obligation to maintenance on campus.

*Representative Grant moved that the Committee pass out favorably \$3,634,500 for the University of Kansas Medical Center for FY 2008. The motion was seconded by Representative Feuerborn. The motion carried.*

Discussion followed concerning private tax dollars for maintenance, which is a 50 percent credit off the bottom line of a tax return.

Chairman Humerickhouse adjourned the meeting at 3:45 p.m. until August 23.

### **Thursday, August 23 Morning Session**

Chairman Humerickhouse called the meeting to order at 9:15 a.m.

Richard Gaito, Deputy Director, Division of Facilities Management, presented a 3-year proposed lease for the Correctional Parole Office, Manhattan, effective as of September 1, 2007 (Attachment 9). This lease was advertised in the *Manhattan Mercury* newspaper for a three-day period in May. There were two responses. However, one bidder withdrew his proposal when he learned that sex offenders would be visiting the facility. The location of the proposed lease is the same as the current lease which is a full-service lease except for janitorial services, which the Department of Corrections' staff will perform. The proposed lease includes a pro-rated share of common space that was not charged in the previous years. This was an oversight by the landlord and is being corrected in this proposal. The proposed lease includes a rate decrease in the rental rate, from \$15.22 to \$14.87 per square foot. However, the overall lease increase is due to the increased number of square feet that the Department of Corrections has had since they have been in the facility since 1999. The rental space is within the suggested space standards, the lease rate is favorable to the State of Kansas, and the Department of Administration is supportive of the lease.

*Representative Grant moved that the Committee pass out favorably the 3-year lease for the Corrections Parole Office in Manhattan. The motion was seconded by Senator Goodwin. The motion carried.*

Mr. Gaito next presented a five-year lease for the Real Estate Commission, Topeka (Attachment 10). The Real Estate Commission advertised in the *Topeka Capital Journal* for two days in April. The agency received two proposals; however, one of the proposals was submitted late and was not accepted. The lease is a full service lease for the current location, where it has been located since 1993. This five-year lease has a one-year renewal option. In the event the renewal option is exercised, the base rate will be reduced from \$15.68 per square foot to \$14.00 per square foot. The reduction in the base rent during the renewal period is due to the cost of tenant improvements in the amount of \$50,000 being amortized during the initial five-year period. In addition, a one-time payment of \$20,000 will be made by the agency for recently completed security enhancements which was included in the modification of the reception area. The lease includes an increase of 400 square feet due to the addition of two full-time employees. The proposed lease exceeds established space standards of 250 square feet maximum. The agency explains that the initial lease was in place before the space standards were established. In addition, individual filing cabinets are required in the offices. Also, there is a reduction in space for a non-rentable area that most likely will be charged back to the agency rental rate. The proposed lease procedure is acceptable to the Department of Administration and the Department is supportive of the lease.

Mr. Gaito said the \$20,000 charge relates to added security. There was a recent security issue with an individual who had problems with their license and came to the office and threatened the staff. At that time, the reception room was open, so walls were added to make the area more secure for the staff. The added 400 square feet was due to the addition of two full-time employees, and modification of the conference room, including carpet and paint.

Sherry Diel, Executive Director, Kansas Real Estate Commission, stated that they were suspending the license of an individual by withholding their application for a broker's license. The reception area was blocked off because it was learned that this individual had previously threatened a prior broker with a gun.

*Representative Feuerborn moved that the Committee pass out favorably the five-year lease for the Real Estate Commission. The motion was seconded by Representative Grant. The motion carried.*

Mr. Gaito lastly presented a proposed lease amendment (No. 1) for the Department of Social and Rehabilitation Services, Disability Determination Services (DDS) in Topeka (Attachment 11). The original lease was reviewed by this Committee on March 7, 2007. The amendment contains four change orders totaling \$67,914. The change orders consist of the following items:

- ● Installation of ten automatic door openers to meet the request for re-zoning combination totaling \$54,541.00;
- Installation of various electrical and tele-data additions and changes requested by Social Security Administration totaling \$4,471.00;
- Installation of magnetic office door to hold open as requested by DDS totaling \$4,707; and
- Installation of ten additional floor outlets requested by DDS totaling \$4,195.00.

The Social Security Administration has agreed to authorize funding for all requested change orders totaling \$67,914.00.

John Moyer, Lease Administrator, Social and Rehabilitation Services, said this lease was executed not long ago but now there are changes which they were not aware of at that time. The reason they are needed now is reasonable accommodation issues (three employees cannot open the doors without help). Also, the floor plan was not certified and signed off by architects. Some changes needed to be made, and based on those changes, they had to add some electrical outlets. Social and Rehabilitation Services also said they needed some more wiring.

*Representative Feuerborn moved that the Committee pass out favorably the change orders totaling \$67,914.00 for lease amendment No. 1 for Social and Rehabilitation Services (DDS) at Topeka. The motion was seconded by Representative Pottorff. The motion carried.*

Susan Duffy, Executive Director, Kansas Corporation Commission, presented an overview of the Facilities Conservation Improvement Program.

Ms. Duffy gave previous history about the Facility Conservation Improvement Program (FCIP). FCIP is a streamlined program enabling all public entities to use a known tool, energy savings performance contracting (ESPC), to access financing for planning and implementing projects quickly and easily. Tax-exempt financing with a very attractive interest rate makes a project more economical and reduces the pay-back period. Financing can be customized to meet the particular cash flows associated

with projects. The ESCO can bid out and arrange an equipment lease-purchase agreement with a private financing institution for a project. The Governor (Executive Directive No. 07-373) directed the Department of Administration to adopt a policy to require an energy audit on any facility being considered as lease space and require the landlord to either make the necessary improvements on the property or make them a condition of the lease before it is executed (Attachment 12). The Governor also directed the Department of Administration to collect energy data associated with state-owned and leased space and identify locations appearing to use excessive energy.

Russ Rudy, Director of FCIP, Kansas Corporation Cooperation (KCC), remarked that the Executive Directive directed the DOA to include information on fuel efficiency in the operation of vehicles and include questions on this topic in the examination for all classes of operator licenses. Also, the FCIP is available to local governments and school districts and some have utilized the program. The Executive Directive requested the Legislature to require the Kansas Energy Office to review all state construction projects, both new and remodeling, that exceed \$100,000 for possible inclusion in the FCIP. This will include the Regents' facilities. The Kansas Corporation Commission is busy on a number of different venues. In implementing the Facility Conservation Improvement Program, the KCC is being asked to accelerate the efforts of the markets, which they are doing, even though they have more in progress now than they have ever had. The last requirement was to review projects over \$100,000 for possible inclusion in the FCIP.

Mr. Rudy said he met and worked with Eric King, Board of Regents, who showed him an analysis the Board had done through all the Regents institutions of all of the deferred maintenance projects (\$600 million) listed by priority. They looked at \$200 million worth of the projects most in need. Mr. Rudy said he looked at the lists and reviewed the list for each university. He found that \$140 million of those individual projects have listings of energy performance components, so some savings can be realized. When meeting with Wichita State University, it was discovered that it had 34 projects listed. Of those projects, the majority have a small energy component, and the other components of the projects are large enough such that they do not fit within the statutory requirement of the FCIP. Since savings should pay off cost, it is difficult to bring them into the FCIP. However, the FCIP realizes that in every one of those components, there is some energy savings. The savings could pay back a component of the cost if they employ the analysis and the lending capabilities that ESCO brings to the table. They do not know exactly how this will work, but they know it does not statutorily pay all the costs within the limited time given by the FCIP. However, they would like to encourage some dialogue about the possibility that savings/funding a component of each project could be incorporated to give another potential funding pool, in addition to the interest and the money that was provided by the Legislature. During the discussion with Wichita State University, the only thing that looks like a viable FCIP project may be the dormitories, and they are looking forward to moving forward in that direction. They are open to talking about how they can use that potential savings to fix some increment of cost.

Mr. Rudy noted that he conducts power point presentations that he shares with potential customers. FCIP now has ten energy service companies that have been qualified to work with the FCIP program. As part of the contract, his office expects to keep all of them busy and expects each to bring at least three jobs annually to the state program.

Ms. Duffy, Kansas Corporation Commission, informed the Committee that the FCIP would like to report its progress to this Committee on a regular basis, at least once a year.

Ms. Duffy noted that USDs have many challenges, but they are asking those that have been successful with the projects to talk with their counterparts across the county line. For example, Atwood is being considered as a potential project. However, the Atwood School District is not large enough, and it is not known if it can combine with the county and city to all work together. The question is whether there would be enough liability for a company to do business there. They have been pursuing actively getting the attention of USDs.

Senator Goodwin remarked that the Wichita State project really stands out as to the annual savings. Mr. Rudy reported that \$1 million of savings resulted in the estimates of \$1,976,000 because an energy analysis program was done. All the lighting, mechanical systems, control systems, the water use systems, and the energy savings can be predicted. For verification, he also explained that the actual savings are set forth in the International Performance Measurement and Verification (IPMS) as established by the Department of Energy.

The Kansas Energy Office contracts with 10 ESCO companies which are all pre-qualified. They actually do the analysis. Their function is to educate the decision makers in the community, at hospitals, and at schools about what they should be reviewing. For example, an ESCO would look for what risks are involved, what benefits are involved, how their view of what these companies are offering should be tempered, and whatever wisdom they can provide. They are simply the advocate for the customer throughout the process and the full term of the contract.

Mr. Rudy also explained that if the company guaranteed requirement is not met, by statute they have to write a check (rebate) to cover the difference.

The Kansas Energy Service establishes caps on the cost that companies can charge for investment grade analysis. They have to work below those caps, and customers are encouraged to negotiate the caps downward so they actually are not choosing the lowest cost bid. What they are looking at is life cycle costs in order to get the best return on the investment. Typically, when there has been a shortfall, there has been a material change in the way the building is being used.

Mr. Rudy remarked that they will be working with all the universities regarding their deferred maintenance projects, as well as some capital improvement projects.

Committee discussion followed concerning the ESCO companies working with local contractors, safeguards in case an ESCO would get into a serious financial situation, all four of the original contracted companies are still being used, the dollar size amount of projects, and bundling of projects.

Colonel William Seck, Superintendent, Kansas Highway Patrol (KHP), spoke regarding Troop F's facility located in Wichita. The agency has been trying to get new construction there for about 15 years. Several months ago, he met with Duane Goossen, Director of the Budget Division for the State of Kansas, and Secretary Miller, Kansas Department of Transportation, to discuss the infrastructure of the Highway Patrol. Troop F needs to be replaced, and also Troop B in Topeka at some time in the future needs to be replaced. At some point, the agency's headquarters in Topeka needs to be consolidated from three or four buildings into one. It was decided that Troop F was probably the highest priority. With that decision, the replacement of headquarters of Troop F is included in the Kansas Department of Transportation's (KDOT) five-year capital improvement budget plan together with the program statement.

In previous years, a number of projects have been co-located with KDOT. The new Troop F 80-acre site is proposed at Highway 254 and Rock Road in Wichita. It is owned by KDOT and 15 of those acres would be set aside for the Highway Patrol Troop F. To date, some things have been done to make the transition, including contacting city officials in Kechi who have re-zoned the land for the Patrol's needs. The location connects Highway 254 to the Turnpike and it also has great access to I-35. The proposed square footage is approximately 25,000 at an estimated cost of \$6.3 million to be funded by State Highway Funds. Troop F serves 13 counties and has 40 employees. One of the biggest challenges in the agency is communication (dispatching). About 10 years ago, the agency decided to consolidate dispatch function across the state where they were done in respective troops and bring it to a central location at the facility in Salina where the Academy is located. It has worked pretty well, but it is noted that Salina has a limited pool of resources in terms of recruiting dispatchers. As a result, the agency is hiring young individuals who are basically commuting to Salina from outlining areas. When weather is a factor, it is better to have people that are close by to quickly report to work. The IT people



of the state want a redundant system when it concerns disaster recovery. If a new facility is built for Troop F, there should be a significant dispatching capability. For example, four months ago there was a major lightning strike that hit dispatch in Salina that shut down the whole statewide system. At some point, the agency might want to consider a north/south dispatching configuration. The bulk of the dispatching should stay in Salina, but sufficient square footage should be allowed in the Troop F headquarters to accommodate possible future dispatching. Other requirements for a new facility would be an evidence room, a large conference room, a squad room, a secure room for the national crime information center computer system, and an impound lot.

Sheryl Weller, Chief Fiscal Officer, Kansas Highway Patrol, reviewed the agency's five-year (FY 2008 - FY 2013) capital improvement budget plan ([Attachment 13](#)). The KHP's first three priorities are to continue funding for existing debt service. The final payment for the Patrol's Training Academy debt will be made in the current fiscal year (2008).

The Training Academy is a mini-campus and has maintenance needs similar to larger state-owned campuses and facilities. The rains this year in Kansas have escalated the need for five roof replacements, and the boiler is at the end of its 30-year useful life. The plan proposes to complete these projects from FY 2009 through 2011, based on retention of this funding. However, the funding is insufficient to replace the roof in most immediate need, and the boiler for the Administration Building. An additional \$295,199 is requested in State General Funds for FY 2009 for the roof and boiler. The Division of Facilities Management estimates the cost of the roof and boiler at \$845,000.

Funding alternatives for roofing the Administration Building include (1) suspending the annual \$500,000 transfer from the Highway Patrol Training Center Fund to the State General Fund, or (2) bid the roof replacement as one package which should result in a cheaper total rate, but would require more immediate additional funding.

The remainder of the KHP's plan includes annual funding for routine rehabilitation and repair of the various agency buildings, including \$50,000 for the Academy, and the repair and replacement of the large scales required for motor carrier enforcement.

Ms. Weller remarked that roofs other than for the Administration Building could be split out over a number of years, so that repairs could be accomplished with available funds, except for the Administration Building roof. She also noted that there was not any roof repair in last year's capital improvement requests for these 13-year-old roofs.

Ms. Weller said that the KHP is no longer using the Castle Building, as somebody else purchased it, but other buildings on the campus are being used.

Representative Feuerborn suggested that the agency prepare some kind of roof maintenance program where so much money is set aside for roofs in the capital improvement items.

Mike Crow, Director of Division of Planning and Development, Kansas Department of Transportation, presented the agency's five-year (FY 2008-FY 2013) capital budget plan ([Attachment 14](#)).

Mr. Crow presented slides showing the agency's 11 capital improvement items totaling \$7,300,184 for FY 2009, which did not include the \$6,367,00 for the Kansas Highway Patrol.

Jaci Vogel, Assistant Bureau Chief, KDOT, stated that some of the existing facility adjacent landowners have been contacted about purchasing their land and whether they would be willing to do so.

Jerry Sloan, Budget and Fiscal Officer, Judicial Branch, reviewed its FY 2008 capital improvements expenditures of \$167,919, all from the State General Fund, to create a judicial suite for the 13<sup>th</sup> judge on the Court of Appeals and 2.0 FTE positions associated with the Judge who are scheduled to be added in January 2008 ([Attachment 15](#)). The bids for the suite will be closed next week. The statute also requires an additional judge on January 1, 2009.

Last year when the legislative omnibus bill was being considered, there was some confusion as to where the Judicial Council offices would move. They received some additional responsibilities for judicial performance and actually needed additional space, and it is the space they had been in that is being built for Judge 13. The use of the word *temporary* was there because a report was requested. A committee was established and it looked at the building to see where additional space could be used. They identified some space that might cause a minimal amount of disruption. The term *temporary* was used because the space to be developed would not have any permanent walls, doors, or other remodeling. However, the current commitment is to permit the current Judicial Council to occupy that space as long as it meets the Council's need. On the other hand, there are no plans to provide the Judicial Council any other space in the building. It is not known what kind of staff the new Judge will need. If they will be able to live with the existing staff, they are welcome to stay there. If they need to move out, that is up to them.

Laura Heflin, Budget Officer, Department of Commerce, presented the agency's five-year (FY 2008 - FY 2013) capital budget plan ([Attachment 16](#)). Last year (2008) the agency requested money for an HVAC/Boiler upgrade and a roof replacement, together with money for a parking lot and Hays Work Force Center (WFC). After the DOA looked at those projects, it determined that the HVAC/Boiler upgrade and the roof repair would not need replacing. The agency is asking that those two items be funded this year. Also, the agency wants to make an adjustment and remove the Hays WFC project because the agency is moving out of that building. For FY 2009, \$100,000 is requested for the Kansas City roof repair. There is a possibility that this item also might be removed, as the agency may be selling that building. The remaining out-year requests are \$80,000 annually for rehabilitation and repair, but may be adjusted because of FY 2008 project requests that were withdrawn.

Mike Gaito, DOA, presented the Department of Corrections' (DOC) five-year (FY 2008 - FY 2013) capital budget plan ([Attachment 17](#)). For FY 2009, \$5,000,000 was requested for rehabilitation and repair at all the DOCs' facilities to be funded by the Correctional Institutions Building Fund (CIBF). A lot of the facilities' flat roofs are being replaced with sloped metal roofs. Another request for FY 2009 is for an expansion of the visiting room at Hutchinson Correctional Facility.

Mr. Gaito informed the Committee about the collaborative effort between the City of Larned, the Humane Society, and the State to provide a needed public service while at the same time making available meaningful work for inmates to do while in prison. The City has proposed that an animal shelter be constructed at Larned Correctional Mental Health Facility (LCMHF) ([Attachment 18](#)). The building would be constructed by the City, at the City's expense, estimated to be \$70,000 with the utility connection hook up. After construction, the building would be donated to the State of Kansas. The DOC would then enter into a Memorandum of Agreement with the City. This would provide for LCMHF to make inmates available to work in the animal shelter. The City would be responsible for all costs resulting from the operation of the shelter. This agreement basically is just an allocation of land. The City will vote on this proposal after the Committee's recommendation.

*Representative Feuerborn moved that the Committee pass out favorably the proposal for an animal shelter to be constructed at the Larned Correctional Mental Health Facility. The motion was seconded by Representative Pottorff. The motion carried.*

Mr. Gaito spoke about a work release program at Topeka Correctional Facility where the inmates go out and work in the community during the day. The inmates currently use the sidewalk to go to the

street and the DOC contacted the City about erecting a bus shelter. The DOC will bear the cost of \$850,000 to construct the shelter on Rice Road so that the inmates will be out of the weather while waiting for the bus.

*Representative Brunk moved that the Committee pass out favorably the construction of a bus shelter for inmates on Rice Road in Topeka costing the DOC \$850,000. Representative Grant seconded the motion. The motion carried.*

*Senator Goodwin moved that the Committee approve the Committee minutes of July 18 and 19, 2007. The motion was seconded by Representative Grant. The motion carried.*

At 11:15 a.m., Chairman Humerickhouse adjourned the meeting and reminded the Committee about the Legislative Biennial Tour beginning September 10, 2007, and the next Committee meeting in October 2007, at which time the Committee will review the Capitol Restoration project and tour the west wing and the basement of the Capitol.

Prepared by Helen Abramson  
Edited by Kimbra Caywood

Approved by Committee on:

July 10, 2008  
(Date)

