

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

December 9, 2011
Room 144-S—Statehouse

Members Present

Representative Jo Ann Pottorf, Chairperson
Senator Dwayne Umbarger, Vice-chairperson
Senator Marci Francisco
Senator Laura Kelly
Senator Jeff Longbine
Senator Carolyn McGinn
Representative Steve Brunk
Representative Bob Grant
Representative Kay Wolf

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
Ryan Weir, Kansas Legislative Research Department
Susan Duffy, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Sarah Shipman, Deputy Director, Leasing and Real Estate, Office of Facilities and Property Management, Kansas Department of Administration
Denny Stoecklein, General Manager, Kansas State Fair
Gary Haulmark, Legislative Director, Kansas Department of Social and Rehabilitation Services
Jerry Younger, Deputy Secretary and State Transportation Engineer, Kansas Department of Transportation
Catherine Patrick, Director of Operations, Kansas Department of Transportation
Eric King, Director of Facilities, Kansas Board of Regents
Kathy Bohnhoff, Comptroller, Kansas Insurance Department
Robin Jennison, Secretary, Kansas Department of Wildlife, Parks and Tourism
Jake Baldwin, Engineer, Kansas Department of Wildlife, Parks and Tourism
George Werth, Deputy Director, Engineering and Operations, Office of Facilities and Property Management, Kansas Department of Administration
Kim Fowler, Chief Fiscal Officer, Office of Judicial Administration

Major Mark Bruce, Kansas Highway Patrol

Morning Session

The Chairperson called the meeting to order and welcomed Sarah Shipman, Deputy Director, Leasing and Real Estate, Office of Facilities and Property Management, Kansas Department of Administration, who reviewed two proposed leases (Attachments 1 and 2). She stated the first proposed lease for the Kansas Department of Revenue was for a driver's license examination office in Pittsburg. The Request for Proposal (RFP) produced one response—from the current landlord for \$12 per square foot (psf), with all services, taxes, insurance, parking, and utilities included.

Ms. Shipman presented the second proposed lease for the Kansas Commission on Veterans' Affairs, a five-year lease in the same building with the same landlord, but moving from the seventh floor to the tenth floor, resulting in a smaller space with an increase in square-foot costs (from \$11.76 to \$12.27). All services are included in the base. An escalator clause allows for increases in services with a \$2,000 annual cap.

Motions were made, seconded, and passed to approve both leases. (Motion by Senator Kelly and seconded by Senator Umbarger for the first lease; motion by Senator Umbarger and seconded by Senator Kelly for the second lease.)

Denny Stoecklein, General Manager, Kansas State Fair, appeared before the Committee, stating the Fair will complete its bond payments for capital improvements in FY 2012. However, the state has failed to meet its statutorily-obligated match (up to \$300,000 annually) for capital improvement funds for six of the past seven years, leaving the Fair's Capital Improvements Fund approaching zero for FY 2013 (Attachments 3 and 4). He listed several projects needing attention (roof repairs, asphalt repairs, and Expo Center restrooms), saying, without state support, the projects must be deferred. Mr. Stoecklein responded to questions regarding the Governor's suggestion that the Fair's opening date be changed to Labor Day weekend and he listed several concerns of the Fair Board if the date is changed.

Gary Haulmark, Legislative Director, Kansas Department of Social and Rehabilitation Services (SRS), presented the agency's five-year capital-improvements plan (Attachment 5). He discussed a planned conversion of a cottage at Parson State Hospital to a transition house for the sexual predator program at a cost of \$202,000. Members questioned whether creating a transition house within the Larned State Hospital might be a better use of funds. Senator Kelly questioned whether the program at Parsons is more effective, and whether a new tier at Parsons might be a better choice.

Mr. Haulmark updated the Committee on space available at various offices. He noted that the agency plans to consolidate offices where feasible (Attachment 6). Mr. Haulmark also stated the LIHEAP program (Low-Income Housing Assistance Program), previously outsourced, is being brought under SRS aegis again; a move that will require additional office space.

Catherine Patrick, Director of Operations, Kansas Department of Transportation (KDOT), reported on the agency's FY 2013 capital improvements projects (Attachment 7) and the five-year plan (Attachment 8). She said the agency's goal is to preserve building assets through rehabilitation and repair. She stated the agency has 946 buildings, 740 of which are support buildings. She cited roofing projects on sub-area buildings, modernization of sub-area buildings to accommodate larger trucks, and the relocation of sub-areas at Concordia, Wichita Hillside, and Newton. Some land purchases will be required.

Jerry Younger, Deputy Secretary and State Transportation Engineer, KDOT, reported on excess land owned by the agency, stating the agency has completed a review of all 105 counties and has identified 1,185 excess tracts of land. Some tracts are marketable and 42 tracts were transferred to local units of government. In FY 2011, 65.8 acres were sold for \$107,000.

Eric King, Director of Facilities, Kansas Board of Regents, provided the quarterly report for the Regents' Long-Term Infrastructure Maintenance Program ([Attachment 9](#)). Fiscal Year 2012 completes the initial five-year period of the Program, and the present report outlines project expenditures of \$70.1 million: \$56.3 million from the State General Fund (SGF), \$13.1 million from university interest earnings, and \$738,979 from tax-credit donations. He also noted the subsidized loan program (Post-Educational Institution Infrastructure Maintenance Program Bonds) of deferred maintenance projects at Washburn University, the 19 community colleges, and the five technical colleges. Answering a question about an excess property list, he stated nearly all land is still in use, but, to meet the requirements, the Regents created a list based on "condition value." Senator Francisco requested Mr. King to share his report with the Legislative Education Planning Committee.

Kathy Bohnhoff, Comptroller, Kansas Insurance Department, reported on the agency's five-year capital-improvements plans. She stated the Department has only one building and on-going maintenance is the only current expenditure. In October, the agency paid off its bonds for the heating/ventilation/air conditioning project four years early, saving \$4.5 million.

Members suggested items to include in the Committee's annual report:

- The Kansas Historical Society needs regular annual funding of \$125,000 for emergency repairs;
- The Commission on Veterans' Affairs must deal with the changing needs of veterans, such as post-traumatic-stress disorder, drug-and-alcohol rehabilitation, and the unique needs of single mothers. Members requested further updates regarding the agency's facilities and programs;
- The visits to Kansas University and Kansas State University were informative and provided a more thorough understanding of programs and facilities; and
- The Committee recommends state matching funds for capital improvements at the Kansas State Fair.

Afternoon Session

Robin Jennison, Secretary, Kansas Department of Wildlife, Parks and Tourism, presented the agency's five-year capital improvements plan ([Attachment 10](#)). He explained the FY 2012 budget did not include capital improvements covered by the Agriculture Fund; the present report includes that fund. Estimated expenditures for the current year total \$5.7 million and, for FY 2013, \$7.3 million. Mr. Jennison commented on several projects:

- A pipeline to supply water to the Cheyenne Bottoms should be concrete. After considering a plastic aqueduct, a concrete conduit appeared to be the better

choice. Jake Baldwin, engineer for the agency, explained plastic pipe, under certain conditions, can float to the surface.

- The Water and Conservation Fund is used for major maintenance of parks, such as replacing the water system at Perry State Park;
- Trail developments are usually within state parks and do not interconnect; nevertheless, Kansas has more trails than any other state;
- Boating access is being considered for the Kansas River and perhaps the Arkansas River;
- The declining level of the Ogallala Aquifer will not affect the agency except as it results in changing farming methods that will change wildlife habitat;
- Zebra mussels and silver carp are a growing problem. The agency can at best only slow the spread of these non-native species;
- The 2011 Legislature mandated that any land purchase over 320 acres must be approved by the Kansas Development Finance Authority; and
- The federal government is providing a grant to the agency for purchasing 710 acres of mining ground for reclamation in southeast Kansas.

George Werth, Deputy Director, Engineering and Operations, Office of Facilities and Property Management, Kansas Department of Administration, provided details on the agency's five-year capital-improvements plans (Attachments 11 and 12). The agency's first priority is to address the deterioration of the electrical bus duct at the Docking State Office Building, a 13,400-volt system installed in 1955. Noting the future of the Docking building has yet to be decided, replacement of the bus duct (estimated cost, \$3.6 million) is necessary whether or not the Docking building is razed, since the bus duct supports heating and cooling for the Capitol Complex buildings. If the Docking building is allowed to remain, another \$4.2 million will be required to upgrade the building's electrical system. Mr. Werth distributed a detailed study identifying the needs of the Docking building. (The document is on file in the Kansas Legislative Research Department office.) Other rehabilitation and repair projects are for the other Capitol Complex buildings, the printing plant, and Cedar Crest, with the costs totaling about \$3.9 million, including \$3.2 million from the State General Fund.

Mr. Werth stated:

- There are no present plans for remodeling the Dillon House;
- Deficiencies listed for the Capitol are being addressed by the current rehabilitation of the north wing;
- Since the capitol's water system was flushed two years ago, the water has been deemed safe to drink;

- The future of the printing plant is being evaluated; a decision will be made soon; and
- The fountain repairs on the Judicial Center grounds include replacement of crumbling walkways. Presently, they are a safety hazard.

Kim Fowler, Chief Fiscal Officer, Office of Judicial Administration, appeared before the Committee to request \$144,499 to add a 14th judicial suite and to move two judicial suites to the second floor (Attachments 13 and 14). SB 97 of the 2011 Legislative Session expanded the Court of Appeals by adding a 14th judge beginning January 2013. The vacant space on the third floor will enable the Supreme Court to centralize staff.

Major Mark Bruce, Kansas Highway Patrol (KHP), presented two requests for funds: construction of a new Troop F headquarters in Wichita and purchase of a presently leased facility in Topeka (Attachment 15). A different location has been identified in Wichita—80 acres of land owned by KDOT. Co-locating with KDOT will save the Patrol about \$2.3 million in construction costs, since KDOT will provide for infrastructure work. The cost of the building will total \$5.4 million (\$1.2 for financing), paid with bonds from the Kansas Development Finance Authority; the bonds will be repaid over 15 years from the KHP Operations Fund. The Kansas Bureau of Investigation has expressed interest in moving its Wichita operation to the new building. Mr. Bruce stated the source of the Operations Fund is KDOT's Highway Fund. Members suggested by allowing KDOT to pay off the bonds, KHP would save the financing costs.

Regarding the currently leased property in Topeka, Mr. Bruce said KHP desires to purchase the facilities, which presently serve as headquarters for Troops B and N. He explained that, because of asset seizures from drug arrests, large storage spaces are needed. The present five buildings provide office space and extensive storage areas. Since costs for the five-year lease will total \$1.3 million, the KHP believes purchasing the buildings at an estimated cost of \$2 million to be a fiscally sound choice.

A motion was made, seconded, and passed to move toward purchase of the five buildings by requesting an appraisal for the facilities. (Motion by Senator Umbarger and seconded by Representative Brunk.)

Members discussed the recommendations to be included in the Committee's annual report:

- Regarding the \$125,000 for emergency repairs for the Kansas State Historical Society, members preferred adding funds under rehabilitation and repair rather than showing a separate line item for emergency funds;
- Members recommend a further update from the Commission on Veterans' Affairs regarding new uses for facilities;
- Members expressed appreciation for tours of the campuses of the University of Kansas and Kansas State University. Seeing the new School of Pharmacy at KU and the Leadership Center at K-State were especially worthwhile;

- The Committee recommends the State resume its statutorily mandated matching funds for the Kansas State Fair Capital Improvements Fund;
- The Committee supports KHP's plans for construction of new facilities for Troop F in Wichita; and
- The Committee recommends that the Department of Administration consider action on the future of the Dillon House and the Docking State Office Building. The Committee requests an updated report by its March 2012 meeting.

The meeting was adjourned. The next JCSBC meeting is tentatively scheduled for Wednesday, January 18, 2012.

Prepared by Gary Deeter
Edited by Audrey Dunkel and Ryan Weir

Approved by the Committee on:

March 13, 2012

(Date)