

Report of the Joint Committee on State Building Construction to the 2016 Kansas Legislature

CHAIRPERSON: Representative Steve Brunk

VICE-CHAIRPERSON: Senator Kay Wolf

OTHER MEMBERS: Senators Marci Francisco, Laura Kelly, Forrest Knox, and Larry Powell; Representatives John Alcala, Steve Alford, Mark Hutton, and Adam Lusker

CHARGE

The Joint Committee is authorized by KSA 46-1701, which includes provisions allowing the Joint Committee to meet on call of its Chairperson at any time and any place within the state and to introduce legislation. The Committee is to:

- Study, review, and make recommendations on all agency five-year capital improvement plans; and
- Study, review, and make recommendations on leases, land sales, and statutory required reports by agencies.

Joint Committee on State Building Construction

ANNUAL REPORT

Conclusions and Recommendations

The Joint Committee recommended all the agencies' five-year capital improvement plans and, in addition, recommends the following supplemental requests:

- Judicial Branch, \$402,778, all from the State General Fund, for two new judicial suites;
- Kansas Commission on Veterans' Affairs Office, FY 2016, \$22,500 for the Kansas Soldiers Home and \$43,750 for the Kansas Veterans' Home, both from the State Institutions Building Fund (SIBF); and in FY 2017, \$161,500 from the SIBF for the Custer House and \$100,000 from the Expanded Lottery Act Revenues Fund for the Cemetery Program;
- Kansas Bureau of Investigation, FY 2016, \$334,705 all from the State General Fund, for repairs to the parking garage at the headquarters and an amount not to exceed \$150,000, from the State General Fund, for roof repair at the Topeka Annex;
- Department of Corrections, FY 2017, \$222,500, all from the Inmate Benefit Fund, for a Visitor's Center at the Lansing facility;
- Department of Transportation, FY 2017, \$2.0 million, all from the State Highway Fund, for the Concordia subarea building relocation;
- Kansas State Fair, FY 2016, \$116,060 for emergency exit doors for Bison Arena, subject to a resolution between the agency and the State Fire Marshal; and
- Department of Wildlife, Parks and Tourism, FY 2016, \$120,000 from the Wildlife Fee Fund, Boating Fee Fund, and Park Fee Fund for replacement of a water line to the Region 2 Office in Topeka.

The Joint Committee recommends changing the State Gaming Revenues Fund distribution (KSA 2015 Supp. 79-4803 and 79-4804) to 12.5 percent going to the Correctional Institutions Building Fund and 82.5 percent to the Economic Development Initiatives Fund.

The Joint Committee recommends the Department of Administration pursue legislation to repeal the statute that requires the Excessive Energy Use Report.

The Joint Committee rejected a lease in Chanute for the Department of Children and Families and requested the Department of Administration present a comprehensive plan to look at possible efficiencies in co-locating agencies and review all available facilities in addition to possible new construction.

Proposed Legislation: None.

BACKGROUND

The Joint Committee was established during the 1978 Session. The Special Committee on Ways and Means recommended the bill creating the Joint Committee, 1978 HB 2722, as a result of its interim study of state building construction procedures.

The Joint Committee was expanded from six members to ten members by 1999 HB 2065. It is composed of five members of the Senate and five members of the House of Representatives. Two members each are appointed by the Senate President, the Senate Minority Leader, the Speaker of the House of Representatives, and the House Minority Leader. The Chairpersons of the Senate Committee on Ways and Means and the House Committee on Appropriations serve on the Joint Committee or appoint a member of such committee to serve (KSA 46-1701).

Terms of office are until the first day of the regular legislative session in odd-numbered years. A quorum of the Joint Committee is six members. The Chairperson and Vice-chairperson are elected by the members of the Joint Committee at the beginning of each regular session of the Legislature and serve until the first day of the next regular session. In odd-numbered years, the Chairperson is to be a Representative and the Vice-chairperson is to be a Senator. In even-numbered years, the Chairperson is to be a Senator and the Vice-chairperson is to be a Representative (KSA 46-1701).

The Joint Committee may meet at any location in Kansas on call of the Chairperson and is authorized to introduce legislation. Members receive the normal *per diem* compensation and expense reimbursements for attending meetings during periods when the Legislature is not in session (KSA 46-1701).

The primary responsibilities of the Joint Committee are set forth in KSA 2015 Supp. 46-1702. The Joint Committee is to review and make recommendations on all agency capital improvement budget estimates and five-year capital improvement plans, including all project program statements, presented in support of appropriation requests, and to continually review

and monitor the progress and results of all state capital construction projects. The Joint Committee also studies reports on capital improvement budget estimates that are submitted by the State Building Advisory Commission. The Joint Committee makes annual reports to the Legislature through the Legislative Coordinating Council (LCC) and other such special reports to the appropriate committees of the House of Representatives and the Senate (KSA 2015 Supp. 46-1702).

Each State agency budget estimate for a capital improvement project is submitted to the Joint Committee, the Division of the Budget, and the State Building Advisory Commission by July 1 of each year. Each estimate includes a written program statement describing the project in detail (KSA 2015 Supp. 75-3717b).

The budget estimate requirement does not apply to federally funded projects of the Adjutant General or to projects for buildings or facilities of the Kansas Correctional Industries of the Department of Corrections that are funded from the Correctional Industries Fund. In those cases, the Adjutant General reports to the Joint Committee each January regarding the federally funded projects, and the Director of Kansas Correctional Industries advises and consults with the Joint Committee prior to commencing such projects for the Kansas Correctional Industries (KSA 2015 Supp. 75-3717b and 75-5282).

The Secretary of Administration issues monthly progress reports on capital improvement projects including all actions relating to change orders or changes in plans. The Secretary of Administration is required to first advise and consult with the Joint Committee on each change order or change in plans having an increase in project cost of \$125,000 or more, prior to approving the change order in plans (KSA 2015 Supp. 75-1264). This threshold was increased from \$25,000 to \$75,000 in 2000 HB 2017, and to \$125,000 in 2008 HB 2744. Similar requirements were prescribed in 2002 for projects undertaken by the State Board of Regents for research and development facilities and state educational facilities (KSA 2015 Supp. 76-786), and in 2004 for projects undertaken by the Kansas Bioscience Authority (KSA 2015 Supp. 74-99b16).

If the Joint Committee will not be meeting within 10 business days and the Secretary of Administration determines that it is in the best interest of the state to approve a change order or change in plans with an increase in project costs of \$125,000 or more, 2000 HB 2017 provided an alternative to prior approval by the Joint Committee. Under these circumstances, a summary description of the proposed change order or change in plans is mailed to each member of the Joint Committee and a member may request a presentation and review of the proposal at a meeting of the Joint Committee. If two or more members notify the Director of Legislative Research and request a meeting on the matter within seven business days of the date the notice was mailed, the Director will notify the Chairperson of the Joint Committee, who will call a meeting as soon as possible. At that point the Secretary of Administration is not to approve the proposed action prior to a presentation of the matter at a meeting of the Joint Committee.

If two or more members do not request the proposed matter be heard by the Joint Committee, the Secretary of Administration is deemed to have advised and consulted with the Joint Committee and may approve the proposed change in plans or change in proposed use.

The comprehensive energy bill 2009 Senate Sub. for 2369 required the State to establish energy efficiency performance standards for State-owned and -leased real property, and for the construction of state buildings. State agencies are required to conduct energy audits at least every five years on all state-owned property, and the Secretary of Administration is prohibited from approving, renewing or extending any building lease unless the lessor has submitted an energy audit for the building. Each year, the Secretary of Administration shall submit a report to the Joint Committee that identifies properties where an excessive amount of energy is being used.

COMMITTEE ACTIVITIES

The LCC approved two meeting days for the Joint Committee on State Building Construction with no travel days. Conference call meetings were held on July 9 and August 20. The Committee used the two days approved by the

LCC to meet on October 20 and 21. During the 2015 interim meetings, the Joint Committee reviewed agencies' five-year capital improvement plans. All plans were recommended for approval.

Five-Year Plans

The Deputy Director, Design, Construction, and Compliance, Office of Facilities and Property Management, Department of Administration, presented the agency's five-year capital improvement plan. The work within the Landon State Office Building was discussed. The deferred maintenance of the Judicial Center also was discussed. It was stated that the \$75,000 annual appropriation was not sufficient to maintain the Judicial Center.

The Budget and Fiscal Officer for the Judicial Branch requested a supplemental budget of \$402,778 for two additional judicial suites. The Joint Committee recommended the supplemental request.

The Comptroller for the Department of Insurance presented the agency's five-year plan for an annual \$95,000 allocated for rehabilitation and repair. The Comptroller identified four projects for which the money would be used.

The Chief Fiscal and Property Officer for the Commission on Veterans' Affairs Office presented two supplemental requests with the FY 2016 budget and two enhancement requests with the FY 2017 budget for additional capital improvement projects. The FY 2016 supplemental projects were for an additional \$66,250 in expenditures from the State Institutions Building Fund (SIBF) and the FY 2017 request was for an additional \$161,500 in expenditures from the SIBF and \$100,000 in expenditures from the Expanded Lottery Act Revenues Fund (ELARF) for the Cemetery Program, which does not qualify for SIBF moneys. The Joint Committee recommended the five-year plan including the supplemental requests.

The Facilities Architect with the Department for Aging and Disability Services stated that much of \$3.0 million received for rehabilitation and repair projects was redirected to enhanced safety improvements to patient housing facilities. As a

result, many of the FY 2016 projects will be carried forward to FY 2017.

The Building Services Supervisor for the Department of Commerce described the rehabilitation and repair projects for the Workforce Centers; all the funds used are from the U.S. Department of Labor.

The Director of Facilities for the Kansas Board of Regents discussed the need for \$20.0 million in expenditures from the ELARF to reduce the backlog of deferred maintenance. The reduction of the amount of Educational Building Fund (EBF) moneys available in FY 2016 and for FY 2017 also was discussed. The Joint Committee recommended the Board of Regents request \$20.0 million from the ELARF for deferred maintenance and the full \$35.0 million from the EBF starting for FY 2018.

The Director of the Office of Facilities Planning at Fort Hays State University discussed the University's five-year plan.

The Director of Facilities Planning at Pittsburg State University discussed the University's five-year plan. The deferred maintenance needs and future plans also were discussed.

The Director of Facilities Planning at Wichita State University discussed the University's five-year plan. A project for the Innovative Campus involves a partnership with Airbus and other mixed-use buildings that may include space for private tenants, retail space, and a hotel.

The Executive Director of Campus Master Planning at Emporia State University discussed the completed forensic science classroom labs and future projects.

The Director of Projects and Planning at the University of Kansas Medical Center discussed the \$75.0 million Health Education Building. A new parking garage also was discussed with current parking nearing capacity.

The University Architect/Director at the University of Kansas provided an update on projects and the Central District Development project which will be a public-private partnership

(a "P3" project). The Joint Committee members asked questions on the financing of the project, which were answered by the Chief Financial Officer. Committee members discussed the proposed P3 financing at length and expressed the following concerns:

- There is a possibility that the State will, in fact, become liable in the event of a default;
- The P3 approach bypasses the legislative process, including appropriations, and sets a questionable precedent for future funding policies; and
- The use of student fees to fund new buildings is appropriate for non-revenue (classroom) buildings, but student-fee authority for other buildings falls into a gray area.

The Associate Vice President and University Architect for Kansas State University presented the University's five-year plan. This included completed and current projects with funding sources as well as planned or conceptual projects.

The Director of the Kansas Bureau of Investigation updated the Joint Committee on the completed Forensic Science Center located at Washburn University. Along with the five-year plan presentation, two supplemental requests were discussed: the parking garage at the Topeka headquarters and replacing a leaking roof at the headquarters annex. The Joint Committee recommended the five-year plan as well as the supplemental requests but recommended the roof replacement costs not exceed \$150,000.

The Corrections Manager for the Department of Corrections presented the five-year plan and expenditures from the Correctional Institutions Building Fund (CIBF). The Joint Committee discussed the current allocation to the CIBF and made a recommendation to change the State Gaming Revenues Fund distribution to 12.5 percent going to the CIBF and 82.5 percent to the Economic Development Initiatives Fund (EDIF). A supplemental request to build a new Visitor's Center at the Lansing facility using funds from the

Inmate Benefit Fund also was discussed and recommended by the Joint Committee.

The Director of Public Works for the Adjutant General's Department presented the agency's five-year plan. The discussion emphasized the importance of the State's contribution for rehabilitation and repair to supplement the federal funding for building maintenance.

The Director of Operations for the Department of Transportation discussed rehabilitation and repair projects, re-roofing, and subarea bay modernization projects. A FY 2017 supplemental request for \$2.0 million to relocate the Concordia subarea building was discussed and recommended by the Joint Committee.

The Chief Financial Officer for the Highway Patrol discussed the five-year plan as well as the moving of Troop F at the end of the year. The project was completed under budget.

The Executive Director of the Kansas State Historical Society expressed appreciation to the members of the Joint Committee on their continued support. The annual State allocation for rehabilitation and repair will be sufficient barring any unforeseen events.

The Chief Operating Officer for the Schools for the Blind and Deaf discussed the completed safety upgrades, boiler upgrades, and major maintenance projects.

The Chief Financial Officer for the Department of Labor discussed that agency's list of projects. All capital improvements for this agency are funded with federal funds.

The Interim General Manager for the Kansas State Fair updated the Committee on the deteriorating condition of the Expo Center and an engineering firm's recommendation to replace it. The State Fire Marshal is requiring emergency exit doors for Bison Arena which, if completed, would increase the FY 2016 budget by \$116,060. The Joint Committee recommended the agency's plan subject to a resolution between the agency and the State Fire Marshal regarding Bison Arena.

The Budget Director for the Department of Wildlife, Parks and Tourism discussed both new construction and rehabilitation and repair projects for the agency. A supplemental request for \$120,000 to replace a water line at the Topeka Region 2 office was requested. The Joint Committee recommended the plan, including the supplemental request.

Statutorily Required Reports

The Deputy Director of Facilities Operations of the Department of Administration presented the Excessive Energy Use report. The Joint Committee discussed the value of the report and recommended the Department of Administration pursue legislation repealing the statute that requires the report.

The Deputy Director and State Transportation Engineer updated the Joint Committee on identifying excess property. In FY 2014 and FY 2015, a total of 47 tracts were sold and 43 tracts were released to the land owners. These actions disposed of 300 acres and produced revenue of \$1.2 million.

Sales and Leases

The State Lease and Property Manager from the Office of Facilities and Procurement in the Department of Administration presented the following sales of property:

- 552 State Ave., Kansas City, office building for the Department of Commerce;
- 1500 W. Seventh Street, Chanute, office building for the Department for Children and Families (this sale to the Neosho Memorial Regional Medical Center was included as a proviso in 2015 House Sub. for SB 112); and
- 1020 S. Kansas Ave., Topeka, office building owned by the Department of Administration and sold to the Department of Wildlife, Parks and Tourism.

The Lease Administrator from the Office of Facilities and Procurement in the Department of Administration presented the following leases:

- Department of Credit Unions in Topeka;
- Department of Revenue Driver's License Examination State office in Olathe;
- Department of Health and Environment in Chanute; and
- Department for Children and Families in Chanute.

There was much discussion by the Joint Committee on the sale of the building in Chanute and the relocation of the five agencies from that building: the Department for Children and Families, Department of Health and Environment, Corporation Commission, Department for Aging and Disability Services, and Department of Wildlife, Parks and Tourism. The Joint Committee recommended the lease for the Department of Health and Environment. However, the Committee rejected the Department for Children and Families lease and requested a comprehensive plan by the Department of Administration be presented to the Joint Committee looking at possible efficiencies in co-locating agencies and reviewing all available facilities in addition to possible new construction.

CONCLUSIONS AND RECOMMENDATIONS

The Joint Committee recommended all the agencies' five-year capital improvement plans and, in addition, recommends the following supplemental requests:

- Judicial Branch, \$402,778, all from the State General Fund, for two new judicial suites;
- Kansas Commission on Veterans' Affairs Office, FY 2016, supplemental expenditures of \$22,500 for the Kansas Soldiers Home and \$43,750 for the Kansas Veterans' Home, both from the SIBF; and in FY 2017, \$161,500 from the SIBF for the Custer House and \$100,000

from the ELARF for the Cemetery Program;

- Kansas Bureau of Investigation, FY 2016, \$334,705 all from the State General Fund, for repairs to the parking garage at the headquarters and an amount not to exceed \$150,000, from the State General Fund, for roof repair at the Topeka Annex;
- Department of Corrections, FY 2017, \$222,500, all from the Inmate Benefit Fund, for a Visitor's Center at the Lansing facility;
- Department of Transportation, FY 2017, \$2.0 million, all from the State Highway Fund, for the Concordia subarea building relocation;
- Kansas State Fair, FY 2016 \$116,060 for emergency exit doors for Bison Arena, subject to a resolution between the agency and the State Fire Marshal; and
- Department of Wildlife, Parks and Tourism, FY 2016, \$120,000 from the Wildlife Fee Fund, Boating Fee Fund, and Park Fee Fund for replacement of a water line to the Region 2 Office in Topeka.

The Joint Committee rejected the Department for Children and Families lease in Chanute and requested the Department of Administration present a comprehensive plan to look at possible efficiencies in co-locating agencies and review all available facilities in addition to possible new construction.

The Joint Committee discussed the current allocation to the CIBF and made a recommendation to change the the State Gaming Revenues Fund distribution to 12.5 percent to the CIBF and 82.5 percent to the EDIF.

The Joint Committee discussed the value of the Excessive Energy Use report and recommended the Department of Administration pursue legislation repealing the statute that requires the report.