

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

June 6, 2007
Room 123-S—Statehouse

Members Present

Representative Joe Humerickhouse, Chairman
Senator Dwayne Umbarger, Vice-Chairman
Senator Greta Goodwin
Senator Laura Kelly
Senator Stephen Morris
Representative Steve Brunk
Representative Bill Feuerborn
Representative Jo Ann Pottorff

Members Absent

Senator Pat Apple
Representative Bob Grant

Staff Present

Theresa Kiernan, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Audrey Dunkel, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Heather O'Hara, Legislative Research Department
Helen Abramson, Committee Secretary

Conferees

Richard Gaito, Department of Administration
Major James L. Bunch, Adjutant General's Office
Dan Hazlett, Judicial Branch
Marilyn Jacobson, Department of Administration
Eric King, Board of Regents

Others Attending

See attached list.

The meeting was called to order by Chairperson Joe Humerickhouse at 9:10 a.m. on June 6, 2007, in Room 123-S of the Statehouse.

Staff distributed copies of the status of State Education Building Funds from FY 2005 - FY 2010 to members of the Committee.

Richard Gaito, Deputy Director, Division of Facilities Management, Department of Administration, presented a lease for the Adjutant General's recruiting office at 4100 SE Harry Street, Wichita, KS (Attachment 1). It is a five-year full service lease but exceeds state space standards. This lease was presented at the Committee's May 22, 2007 meeting and discussed. The Committee objected to the terms of an up-front lump sum payment of \$18,309.04 (tied to CPI) and requested the lease be renegotiated. Today's lease is the renegotiated one and does not include the up-front lump sum payment. However, it includes a 3 percent yearly base increase cost to cover increases in utilities. The Adjutant General's Office appears to have followed the leasing procedures in procurement of the lease and the lease is acceptable to the Department of Administration.

Major James L. Bunch, Planner, Adjutant General's office, presented a lease summary of the terms, usage and key issues concerning the proposed recruiting office in Wichita (Attachment 2) and an income statement analysis of utility increases (Attachment 3). The five-year lease has a five-year option renewal with a 90-day termination clause. It is for 1,850 square feet of retail space, and quarterly rent of \$6,037.50 (\$15.00 per square feet) is to be paid in advance. Designated space for recruiter stations is 1,360 square feet, for receiving area and displays is 250 square feet and for storage to support Recruit Sustainment Program is 340 square feet. The lease is federally funded from Kansas Army National Guard's recruiting program budget. The location is critical due to other existing recruiting offices. There is a slightly higher unit cost to accommodate the risks involved with increasing utility costs, property taxes, and termination clauses. Additional space is required to support "retail" functions, and recruiting offices is critical to mission accomplishment. This recruiting office is positioned right on "recruiters' row."

Committee discussion followed concerning the 3 percent yearly cost increase of the lease, parking space, and the possibility of additional full-time employees (FTE).

After personally driving by the location of the proposed recruiting office, Representative Pottorff spoke in favor of the location.

The Committee requested the Adjutant General's office provide a lease costs comparison of other recruiting offices located in the same strip mall as the proposed recruiting office.

Mr. Gaito presented an 8-year lease for the Judicial Branch (Office of the Disciplinary Administrator) 701 SW Jackson, in Topeka, KS (Attachment 4). The lease is a renewal of the current lease at the same location that expired June 30, 2007. The lease is for the same amount of square footage (5,655) as the previous lease. It is a full service lease as is the current lease and the only change in the previous proposed lease to the current lease is a rate increase of \$.50 per square foot from \$14.50 to \$15.00. The proposed lease includes a rate increase in year six to \$15.50 per square foot and then to \$16.00 per square foot in the last year of the lease. The leased space exceeds the state space standard of 250 square feet as it has 476 square feet. The Judicial Branch is exempt under normal leasing procedures, however, the Department of Administration leasing section assisted the administrative office with the development of the lease and worked extensively with them on its development. The lease is acceptable to the Department of Administration.

Discussion followed concerning the term of lease increasing from five years to eight years.

Dan Hazlett, Disciplinary Administrator, Disciplinary Administrative Office, remarked that a hearing room was built ten years ago and the Judicial Branch wants to stay at the same location as long as possible.

Senator Morris moved that the Judicial Branch (Office of the Disciplinary Administrator) Topeka, KS lease be reviewed favorably. Senator Kelly seconded. Motion carried.

Marilyn Jacobson, Director, Division of Facilities Management, Department of Administration (DOA), gave an update on the Landon State Office Building repairs. The \$2.5 million legislative appropriation is only for repairing the facade of the building. It does not include the fire system. The DOA contracted with the Tevis Architecture Group (TAG) for the facade repairs. The detailed construction documents have been reviewed in order to pursue the project. They currently are working at the ground level at this point. In a couple of weeks they will move to the roof for repairs before the big swing boom is set in place in order to go up and down each side of the building, finalize the construction documents, and begin the repairs to the facade. Work has been delayed because of the moisture increase behind the facade due to recent rains. An infrared system has identified the moisture behind each of the facade pieces and only those pieces will be taken off and repaired. In approximately two weeks work will begin on the top of the building and work downward. Work on the front of the building will be started first so that the chain link fence and shelter house can be removed before the end of the summer and the south entrance reopened.

Eric King, Director of Facilities Management, Kansas Board of Regents (Regents), said that since the end of the 2007 Session, the Regents have notified the campuses of the amounts they are to receive based on the requirements established in the bill specifying a formula based on square footage, age, and building type (Attachment 5). The campuses were directed to prepare five-year maintenance plans outlining their priority projects and the amounts that will be spent each year. Those five-year plans were presented on June 1 and the Board staff is currently reviewing them. It is anticipated that the Board will take action on the plans during the June 28 meeting. Legislative staff have been notified that the Board of Regents would like to meet with the Joint Committee on State Building Construction in July to review the finalized plans.

The Regents staff has scheduled an all-day meeting with the university architects on July 20. The purpose of this meeting will be to coordinate the forthcoming maintenance initiative program with other agencies and to lay ground rules for administering the program. The Governor put forth a directive on energy conservation, so time will be spent with the Kansas Energy Office. Also, the Regents will talk with the Division of Facilities Management, Department of Administration about coordinating with their office on plan reviews. Parameters include:

- Projects must be a deferred maintenance initiative, not new construction;
- The projects shall not provide for additional space requirement;
- The projects shall not reflect new program requirements; and
- The proposed projects shall not include exceptional levels of finish, equipment, etc. The Regents will be focusing on the basic repairs needed that the Regents spoke about during the 2007 legislative session.

Mr. King noted that he plans to discuss the quarterly progress report format (that is a requirement of HB 2237) with the campus architects on July 20, and he is particularly interested in feedback from this Committee as to the information that they want to see.

A quarterly progress format schedule will be presented to this Committee after the July 20 campus architects' meeting. The Regents needs to know if the Building Committee is not seeing the kind of transparency or type of information desired. The quarterly progress report format is going to take place over a period of years and the Regents want to start out with a format that is acceptable to the Building Committee.

Mr. King continued by stating that the Regents' office also will be working over the summer to update the Board's Policy Manual to incorporate the accountability principles adopted by the Board at its January meeting. These principles include improved management of facilities with increased justification for new space, disposition of vacated space, and space and utilization standards. The Regents recognize improvements can be made to better manage the physical plant and are committed to making those improvements. A discussion that has not taken place is what happens to the space that is vacated when moving people from one building to another. Also, the present old space standards developed in 1973 needs to be looked at and updated.

Mr. King presented the Board of Regents FY 2008 rehabilitation and repair projects (Attachment 6). Statutes require that the Building Committee be advised and consulted before funds can be transferred by Accounts and Reports to the universities. The 2007 Legislature approved the allocation of \$25 million from the Educational Building Fund. The Board of Regents approved the list of projects at its December meeting.

Discussion followed if it would be more economical to build a new building than renovate the West Stadium at Kansas State University. Mr. King said this is such a large project that it did not appear on the rehabilitation and repair project list distributed today. Mr. King stated that this building is fairly large for the alumni. Also, one issue is that the building is a WW I Memorial. He also stated that he will find out if an analysis has been made as to the cost of converting that space to new space, and report back to Senator Morris. Typically, there is a rule of thumb, that if renovation costs exceeds two-thirds of the cost of construction, new construction is better. Senator Morris explained that the reason he brought up the West Stadium at Kansas State University (KSU) is that it would cost \$8 million to renovate the stadium and only \$4 million to build new space. Another way should be found to fund this project. Mr. King replied that he would follow up on Senator Morris' suggestion.

Other Committee discussion followed concerning prioritizing deferred maintenance projects, safety issues of the students/faculty, and how the campuses will prioritize projects.

Mr. King said the Board of Regents has asked the campuses to provide a narrative. If they have a campus fire code improvement they will probably state which buildings are involved and whether improvements are for fire alarms, exit ways, or whatever is the concern.

Mr. King related that the way he reads HB 2337 is that all the funds that are part of this bill need the Building Committee's approval, and nothing is said in the bill that this matter will be handed off to an oversight committee. All of the projects (five years) will be brought before the Building Committee during July, 2007.

Mr. King continued by remarking that the Regents went through the whole process of looking at the university's needs this past fall. The Regents tried to take a self examination and ask themselves if they did as good a job as they could have, and here is the response. The Regents' staff prepared for the Board of Regents a list of things that in the future could be done better. Over previous years, perhaps there has been some relaxation on how things are done. Some of the

business offices, campus architects, and legal staff will hold a meeting this summer to better develop facilities management's portion of the policy manual. This should help everybody if they know specifically what is going into that building. The Regents also need to know when a building is moved out of, what will be the disposition of that space, as the campuses just seem to spread. If a university cannot reuse an old existing building and a new one is needed, there is a need to know if the old one will be torn down or whether there a legitimate use for it, because all that is doing is adding more square footage, but the Educational Building Fund amount remains the same. In the past there have not been adequate annual fiscal year funds to maintain the buildings. Another issue will be the age of the buildings. The five-year list will be made up based on what is known at this point and time. The list will change if new projects occur that have higher priorities than a project already on the list.

Senator Umbarger emphasized that the Building Committee will be playing a key role as it relates to the expenditure and oversight of this deferred maintenance issue and will be a very working and active committee. This Committee's job description does increase because of the passage of HB 2237 and the bill does not solve the whole issue of deferred maintenance, but is a step in the right direction. The tax credit of the portion of HB 2237 is being met with a lot of support, especially in the community college environment, and will be an ongoing debate. Staff distributed copies of the committee report brief substitute for Senate Substitute for HB 2237 to Committee members (Attachment 7). Also distributed were copies of page two of new section five (c) (Attachment 8). The bill states that "The Joint Committee shall develop recommendations for a plan for the management and oversight of projects financed under the program. Such recommendations shall be submitted to the president of the Senate and Speaker of the House of Representatives on or before January 14, 2008."

Further Committee discussion followed concerning the Regents' policy manual, ongoing maintenance projects to be reviewed in order to prevent deferred maintenance in the future, the bidding process, a course of action if a project comes in way over the estimated cost, the Regents' flexibility on projects, the possibility of tuckpointing being done by a crew moving from one campus to another to save money, the need of reports from each campus, and a system for reporting.

Senator Umbarger remarked that a development recommendation should be submitted to the Senate President and Speaker of the House of Representatives by on or before January 8, 2008, and therefore this Committee needs to start preparing a development plan.

Representative Feuerborn moved that the Committee review favorably the \$15 million from the Educational Building Fund to the Board of Regents for the allocation of FY 2008 rehabilitation and repair appropriation - systemwide. Senator Umbarger seconded. Motion carried.

Major Bunch, Adjutant General's Office, reappeared before the Committee with the information requested earlier in the morning and informed members that the oldest comparable lease is the active Army component one. The rental amount is \$12.78 per square foot which does not include electricity. The estimate including electricity raises the cost per square foot to \$13.98. The newer of comparable leases is the Air Guard lease with a base lease cost of \$14.00 per square foot which does not include maintenance or janitorial costs. Estimating \$1.30 per square foot for these two costs raises the price to \$15.30 per square foot. The cost per square foot of the Adjutant General's proposed five-year lease presented today is priced in the middle of the range of the other two comparable leases.

Senator Kelly moved that the lease for the Adjutant General's Recruiting Office at 4100 SE Harry in Wichita be favorably reviewed by the Committee. Representative Pottorff seconded. Motion carried.

Representative Feuerborn moved that the Committee minutes of December 13-14, 2006 and February 13, February 14, February 16, March 20, and May 22, 2007, be approved. Senator Goodwin seconded. Motion carried.

Chairman Humerickhouse adjourned the meeting at 11:45 a.m. and reminded Committee members that the Committee will tour the Dillon House this afternoon and also the suggested buildings to be razed at the Juvenile Correctional Facility in Topeka.

The next meeting is scheduled for July 19, 2007.

Prepared by Helen Abramson
Edited by Reagan Cussimano

Approved by Committee on:

July 19, 2007

(Date)