

## **MINUTES**

### **JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION**

March 17, 2010  
Room 144-S—Statehouse

#### **Members Present**

Senator Dwayne Umbarger, Chairperson  
Representative Jo Ann Pottorff, Vice-chairperson  
Senator Pat Apple  
Senator Jay Emler  
Senator Marci Francisco  
Senator Laura Kelly  
Representative Steve Brunk  
Representative Bill Feuerborn  
Representative Mitch Holmes

#### **Members Absent**

Representative Bob Grant

#### **Staff**

Audrey Dunkel, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Matt Sterling, Office of the Revisor of Statutes  
Gary Deeter, Committee Secretary

#### **Conferees**

Richard Gaito, Deputy Secretary, Division of Facilities Management, Kansas Department of Administration  
Caleb Asher, Deputy Secretary, Kansas Department of Commerce

#### **Others Attending**

See attached sheet.

The Chairman called the meeting to order at 12:35 p.m., thanked Florence's Gourmet Dining for the St. Patrick's Day lunch, and welcomed Richard Gaito, Deputy Secretary, Division of Facilities Management, Kansas Department of Administration, who presented proposed leases to the Committee.

The first lease, said Mr. Gaito, is for the Kansas Technology Enterprise Corporation, which has been at its current location since 1995 (Attachment 1). The request for proposal (RFP) in January produced nine bidders; the proposed lease is the lowest total cost, a full-service, five-year lease with two one-year renewal options. He noted that the new location includes parking and is a reduction of 3,027 square feet and the reduction in area and lease cost (from \$13.90 to \$9.14 per square foot) represents a savings of \$77,000. Energy savings are being addressed by the landlord, who is installing a new heating/air conditioning/ventilation (HVAC) system and new lighting. The building presently has an energy rating of 85.

Responding to questions, Mr. Gaito replied that more forceful negotiations resulted in significantly lower lease costs. He replied that the lease included a 90-day buyout. The lease was approved. (*Motion by Representative Brunk and seconded by Senator Emler*)

Mr. Gaito reviewed a proposed lease for the Kansas Arts Commission, commenting that the lease remains at the current location, where the Commission has been located since 1996 (Attachment 2). He said that the RFP in January resulted in seven bidders; the proposed lease is the lowest total cost, a full-service lease for three years with two one-year renewal options. He stated that the lease rate is being reduced from \$12 to \$9.99 per square foot, with an expense stop at \$1,600 annually. The landlord is targeting energy savings through energy-efficient light bulbs, tuck-pointing, and window caulking. The building's current energy rating is 69; the Department of Administration plans a new energy audit in 2011.

Answering questions, Mr. Gaito replied that renewal options are fixed at \$10.58 psf and \$11.25 psf respectively. The lease includes an early-termination provision. Chris Howell, Chief Operating Officer, Kansas Arts Commission, replied that the Commission plans to move its offices to the Dillon House in three years. A motion was made, seconded, and passed to approve the lease. (*Motion, Representative Feuerborn; second, Representative Pottorff*)

Presenting a proposed lease for the State Board of Indigents' Defense Fund (SBIDS), Mr. Gaito said that the full-service, four-year lease is the lowest total cost among nine bids and that the reduction in space, as well as the lower psf rate (from \$14.28 to \$10.95) resulted in savings for the agency. The new lease includes internet access, parking, storage, and a new HVAC system. The building has an energy rating of 79. A member commented that the new location is less desirable, since it is located further from the county courthouse. Answering a question, Patricia Scalia, State Director, SBIDS, replied that before the current lease had expired, the landlord leased the space to another entity, and new space in the same building was more expensive. Mr. Gaito replied that moving costs are based on \$1,850 per employee. The lease was approved. (*Motion by Representative Holmes and seconded by Representative Brunk*)

Caleb Asher, Deputy Secretary, Kansas Department of Commerce, referenced a previous presentation (February 25, 2010), at which time the Department announced its plan to sell three buildings in Chanute, Hutchinson, and Pittsburg (Attachment 4). He noted that the buildings were purchased in 1962 using federal funds to house Workforce Centers or administrative offices. The Chanute center, appraised at \$65,000, will be sold at auction with a reserve bid of \$35,000. The Pittsburg office, appraised at \$125,000, will be sold at auction "as is," since it has a mineshaft under the property. The Hutchinson center, appraised at \$183,000, will be placed on the open market.

Mr. Asher explained that, since the buildings were purchased with federal funds, monies received from the sales must be used for federal projects or returned to the federal government.

The meeting was adjourned at 1:04 p.m. The next meeting is scheduled for Wednesday, April 28, 2010, in Room 144-S of the Capitol.

Prepared by Gary Deeter  
Edited by Audrey Dunkel

Approved by Committee on:

April 28, 2010  
(Date)