

Report of the Joint Committee on State Building Construction to the 2018 Kansas Legislature

CHAIRPERSON: Representative Adam Lusker

VICE-CHAIRPERSON: Senator Rick Billinger

OTHER MEMBERS: Senators Marci Francisco, Laura Kelly, Carolyn McGinn, and John Skubal; and Representatives John Alcala, Steve Alford, J.R. Claeys, and Steve Huebert

CHARGE

The Committee is authorized by KSA 46-1701, which includes provisions allowing the 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;
- Review leases, land sales, and other statutorily required reports by agencies; and
- Travel throughout the state to observe State-owned buildings.

Joint Committee on State Building Construction

REPORT

Conclusions and Recommendations

The Joint Committee recommended all of the agencies' five-year capital improvement plans except for the following:

- Department of Corrections—The motion to approve the agency's five-year capital improvement plan made no recommendation on the Lansing Correctional Facility construction project for a new facility.
- The Committee recommended the Department of Corrections restart the bidding process for the Lansing Correctional Facility construction project for a new facility and write the request for proposals to receive design-build proposals.
- The Committee recommended the Department of Corrections bring in stakeholders for the new Lansing Correctional Facility construction project, including mental health groups and the Sentencing Commission.

Proposed Legislation: None

BACKGROUND

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

The 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 President of the Senate, the Senate Minority Leader, the Speaker of the House of Representatives, and the House Minority Leader. The Chairperson of the Senate Committee on Ways and Means and the Chairperson of the House Committee on Appropriations serve on the Committee, or each may 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 Committee is six members. The chairperson and vice-chairperson are elected by the members of the 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 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 Committee are set forth in KSA 2016 Supp. 46-1702. The 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 Committee also studies reports on capital improvement budget estimates that are submitted by the State Building Advisory Commission. The 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 2016 Supp. 46-1702).

Each state agency budget estimate for a capital improvement project is submitted to the 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 2016 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 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 Committee each January regarding the federally funded projects, and the Director of Kansas Correctional Industries advises and consults with the Committee prior to commencing such projects for Kansas Correctional Industries (KSA 2016 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 Committee on each change order or change in plans having an increase in project costs of \$125,000 or more, prior to approving the change order or change in plans (KSA 2016 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 2016 Supp. 76-786), and in 2004 for projects undertaken by the Kansas Bioscience Authority (KSA 2016 Supp. 74-99b16).

If the Committee will not be meeting within ten business days, and the Secretary of Administration determines 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 Committee. Under these circumstances, a summary description of the proposed change order or change in plans is mailed to each member of the Committee, and a member may request a presentation and review of the proposal at a meeting of the Committee. If, within seven business days of the date the notice was mailed, two or more members notify the Director of Legislative Research of a request to have a meeting on the matter, the Director will notify the Chairperson of the 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 Committee. If two or more members do not request the proposed matter be heard by the Committee, the Secretary of Administration is deemed to have advised and consulted with the Committee and may approve the proposed change order, change in plans, or change in proposed use (KSA 2016 Supp. 75-1264).

The “comprehensive energy bill,” 2009 Senate Sub. for HB 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 Committee that identifies properties where an excessive amount of energy is being used (KSA 2016 Supp. 75-37,128).

COMMITTEE ACTIVITIES

The LCC approved three meeting days for the Joint Committee on State Building Construction, of which there was to be one travel day. Those meetings were held September 26-27 and November 30, 2017. The Committee reviewed

agencies' five-year capital improvement plans and traveled to agency-occupied buildings around Topeka. All five-year capital improvement plans were approved, although the Department of Corrections' plan was modified as noted in the conclusions and recommendations.

Five-Year Plans

Kansas Department of Labor. The Chief Fiscal Officer of the Kansas Department of Labor spoke to the Committee regarding capital improvements for the Department of Labor. She spoke of the specific requests the Department had submitted for FY 2018 to FY 2023. An agency representative stated windows were replaced due to age.

Kansas Insurance Department. The Comptroller of the Kansas Insurance Department spoke to the Committee regarding the Department's capital improvement plan for FY 2018 through FY 2023. It was stated the windows on the agency's building were either replaced or repaired and all were repainted.

Kansas Department of Wildlife, Parks and Tourism. The Budget Director for the agency explained the capital improvement plan for FY 2018 through FY 2023 and how the funds are spent on the different projects. The agency was also asking for expanded funds for upgrades to various projects across the state.

Kansas Department for Children and Families. The Deputy Secretary of Operations for the agency described the capital improvement projects for the Myriad building, which the State will own outright in 2029. The Department pays into a fund for improvements in the amount of \$64,725 (\$0.75 per square foot) annually, with the current balance in the account being \$708,883.

Judicial Branch. The Chief Financial Officer of the agency presented the capital improvement plan. There was discussion over using docket fees for the security guard relocation. The agency representative stated the security guard issue was deemed a higher priority than filling positions.

Department of Administration. The Director of Facilities and Property Management for the

agency spoke about the capital improvement plan. There was discussion about the window replacement on buildings and energy efficiencies that might be gained.

Board of Regents. The Director of Facilities for the agency spoke about the deferred and annual maintenance program at the universities. There was discussion about the backlog of maintenance projects and the agency representative stated, at a certain point, it was cheaper to tear down older buildings than to continue to try to maintain them. There was additional discussion about the Educational Building Fund.

University of Kansas (KU). The University Architect spoke about KU capital improvement projects. He provided updates on current projects and asked to amend two projects for FY 2018: the Regents Center/Biotech Lab and Watkins Memorial Health Center. The agency also provided information on two projects funded with gifts and by the KU Endowment Association: the Horejsi Family Athletics Center, including a new volleyball facility and the Hogleund ballpark renovations.

University of Kansas Medical Center. The Director of Projects and Planning for the agency discussed four construction projects, including a new Medical Education Building in Wichita.

Kansas State University. The Associate Vice President for Facilities discussed numerous construction projects, which include the Kansas Veterinary Diagnostic and Research Center.

Wichita State University. The Associate Vice President for Facilities discussed numerous projects at the agency and provided an update on the construction projects within the Innovation Campus.

Emporia State University. The Vice President of Administration and Finance spoke to the Committee about the projects being undertaken at the university. The major focus was on the Morse Central and Northeast resident hall demolition and Abigail Morse Hall renovation.

Pittsburg State University. The Interim Director of Planning, Design and Construction for

the university discussed current and future construction projects for the agency and provided an update on the Block 22 project in downtown Pittsburg.

Fort Hays State University. The Director of Facilities Planning at the university provided an update on the construction projects and capital improvement plan for the agency.

Department of Corrections. The Director of Capital Improvements for the agency provided information on the capital improvement plan for FY 2018 through FY 2023. There was also an update of information on proposed new construction at the Lansing Correctional Facility. There was a presentation on the funding of the Lansing Correctional Facility project by a representative of the Legislative Division of Post Audit (LPA) and additional information from a representative of the Office of Revisor of Statutes.

The Secretary of Corrections spoke to the Committee about the Lansing Correctional Facility project and the findings of the LPA study. There was much discussion about the project and, at the time of the agency presentation, the Committee took no action on the agency's five-year capital improvement plan.

Department of Commerce. The Building Services Manager for the agency provided information on its capital improvement projects and budget. There was discussion about the maintenance of the elevators.

Kansas Schools for the Blind and the Deaf. The Chief Operating Officer for the agencies provided information on the capital improvement plans. He stated this is the last year for debt service payments for the School for the Blind and the debt service payments for the School for the Deaf will end in FY 2020.

State Historical Society. The Executive Director of the agency provided information on its capital improvement projects throughout the state.

Kansas Bureau of Investigation. The Executive Officer of the agency presented its five-year capital improvement plan to the Committee.

The Committee discussed roof replacements and the need for back-up generators.

Kansas Department for Aging and Disability Services and state hospitals. The Facilities Architect for the agency provided information on the capital improvement projects and plan for the agency and all the state hospitals throughout the state.

Kansas State Fair. The General Manger for the agency provided information on the capital improvement projects and plan for the agency. There was discussion on the stormwater utility rate and the demand transfer from the State General Fund that has been inconsistent throughout the years.

Adjutant General's Department. The Director of Public Works for the agency provided information on the capital improvement plan for the agency. There was discussion on the Fort Leavenworth readiness project.

Kansas Commission on Veterans' Affairs Office. The Director of the agency provided information on the capital improvement plan for the agency. There was discussion of the effects of a hail storm at the facility in WaKeeney.

Kansas Department of Transportation. The Director of Operations provided information on the capital improvement plan for the agency. There was discussion on re-roofing projects.

Kansas Highway Patrol. The Chief Financial Officer provided information on the capital improvement projects for the agency. There was discussion on a lease lot on Highway 24 in Topeka.

Additional Discussions and Reviews

In addition to the Committee reviewing the agency's five-year capital improvement plans, the Committee asked to review the safety issues at the Department of Revenue and received additional information on the Lansing Correctional Facility.

Department of Revenue. The Secretary of Revenue addressed the Committee and answered questions about an incident that occurred in

Wichita (the shooting of a Department of Revenue employee on September 19, 2017, at Department offices). The Secretary stated the agency must deal with two separate security issues. Internal Revenue Service requirements (*IRS Publication 1075*) deal with the security of documents and records the agency handles. The agency must also provide safety for employees with proper security measures. There was discussion on the security that was provided in Wichita and efforts being taken to increase security there. There was also discussion of security at the Topeka facility.

Department of Corrections. The Secretary of Corrections addressed the Committee and provided testimony on the proposed agreement with CoreCivic to provide a new correctional facility at the Lansing Correctional Facility as a lease purchase after 20 years.

The Secretary noted the central prison facilities were built in 1860 and need costly upgrades and increasingly expensive maintenance; he stated a new prison will provide more effective staffing and lower maintenance costs and will improve security; it will also reduce staff turnover (currently at 36 percent, as of the September meeting). By building at the present location, the Department of Corrections can utilize existing infrastructure, staffing, and community support. The proposed project includes 2 housing units (a 1,920-bed maximum security unit and a 512-bed minimum security unit with 75 percent 2-person cells and 25 percent 4-person cells) and modern ancillary support systems, all of which will provide significant staffing efficiencies and cost savings.

Reviewing the financing options, the Secretary stated no bids were received for a bond-financed design-build facility and only 2 bids were received for a 20-year lease purchase. CoreCivic was chosen as the vendor for a lease-purchase facility costing \$13.2 million annually. He stated the 20-year costs to the State with the existing facility total \$950,777,950; 20-year costs for a new facility with CoreCivic total \$927,101,749. The Secretary provided an overview of the advantages for the proposed project and outlined the consequences of delaying the project.

Tours of Facilities. The Committee toured the following facilities, all in Topeka:

- Kansas Department of Revenue, Scott Building, 120 SE 10th Ave.;
- Department for Children and Families, Athene Building, 555 S. Kansas Ave.;
- Department for Children and Families, Myriad Building, 500 Van Buren Street;
- Kansas Bureau of Investigation Headquarters, 1620 SW Tyler Street;
- Kansas Department of Revenue, Zibell Building, 300 SW 29th Street; and
- Department for Aging and Disability Services, Kansas Neurological Institute, 3107 SW 21st Street.

Statutorily Required Reports

Excess Property Report. The Director of Operations, Kansas Department of Transportation, provided the Excess Property Report required by KSA 2016 Supp. 75-3516. There was no discussion.

Excessive Energy Use of State-owned Buildings. The Director of the Office of Facilities and Property Management provided the Committee with the recent additions to the report since agencies are not required to report all buildings every year. There was discussion as to why some buildings all have the same readings at the major universities and it was thought that these buildings were all on the same meter. It was also noted there was large energy usage at the power plant buildings at the universities. There was additional discussion as to the usefulness of the report to the agencies. Each university representative responded to questions as to how they used the information from this report.

Leases and Sales

The Deputy Director and State Lease Administrator of the Office of Facilities and Property Management of the Department of

Administration provided the following leases to the Committee, all of which were recommended by the Committee:

- Lease for the Kansas State Board of Indigents' Defense Services in Topeka;
- Lease for the Department of Corrections in Salina; and
- Lease for the Kansas Department for Children and Families in McPherson.

CONCLUSIONS AND RECOMMENDATIONS

The Committee recommended all of the agencies' five-year capital improvement plans

except for the Lansing Correctional Facility construction project as part of the Department of Corrections' plan.

The Committee also recommended the Department of Corrections restart the bidding process for the Lansing Correctional Facility construction project for a new facility and write the request for proposals to receive design-build proposals.

The Committee also recommended the Department of Corrections bring in stakeholders for the new Lansing Correctional Facility construction project, including mental health groups and the Sentencing Commission.