

# Report of the Joint Committee on State Building Construction to the 2021 Kansas Legislature

**CHAIRPERSON:** Senator Rick Billinger

**VICE-CHAIRPERSON:** Representative J. R. Claeys

**OTHER MEMBERS:** Senators Marci Francisco, Tom Hawk, Carolyn McGinn, and John Skubal; Representatives John Alcala, Eileen Horn, Michael Houser, and Marty Long

## **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 authorized to:

- Study, review, and make recommendations on all agency five-year capital improvement plans, leases, land sales, and statutorily required reports by agencies. The Committee is authorized to make use of one travel day.



# Joint Committee on State Building Construction

## ANNUAL REPORT

### Conclusions and Recommendations

All five-year capital improvement plans and leases were recommended by the Committee.

*Proposed Legislation:* None

### BACKGROUND

The Joint Committee on State Building Construction was established during the 1978 Legislative 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 Senate President, 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 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 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.

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 75-3717b). The budget estimate requirement does not apply to federally funded projects of the Adjutant General's Department 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 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 the Kansas Correctional Industries (KSA 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 cost of \$125,000 or more, prior to approving the change order or change in plans (KSA 75-1264). This threshold was increased from \$25,000 to \$75,000 by 2000 HB 2017 and to \$125,000 by 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 76-786) and in 2004 for projects undertaken by the Kansas Bioscience Authority (KSA 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 75-1264).

The “comprehensive energy bill,” 2009 Senate Sub. for HB 2369, required the State to establish energy-efficient 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 75-37,128).

## COMMITTEE ACTIVITIES

The LCC approved three meeting dates for the Committee. The Committee met on two days, September 22 and December 14, 2020. The Committee reviewed agencies’ five-year capital improvement plans, reviewed leases, received the Department of Transportation’s Excess Right-of-Way Annual Report, and received an update on the sale of a building in Topeka that was owned by the Kansas Insurance Department. All agency five-year capital improvement plans were recommended.

### Five-Year Capital Improvement Plans

**Department of Commerce.** An agency representative presented the five-year capital improvement plan. Projects include re-roofing and facade replacement at the Garden City Job Center (JC) in fiscal year (FY) 2021; elevator #2 improvement in the Topeka JC in FY 2022; a project regarding heating, ventilation, and air conditioning (HVAC) controls at the Topeka JC and re-roofing the Salina JC in FY 2023; re-roofing the Dodge City JC and waterproofing the exterior of the Topeka JC in FY 2024; new carpet and paint and electrical improvements for the Hays Workforce Center in FY 2025; and electrical improvements and exit door replacement for the Topeka JC in FY 2026.

**Kansas Commission on Veterans Affairs Office.** The Director of the Kansas Commission on Veterans Affairs Office (KCVAO) provided the five-year capital improvement plan. The approved FY 2021 capital improvement plan contains four projects for the Kansas Veterans' Home, four projects for the Kansas Soldiers' Home, and one project for the Cemetery Program. For FY 2022, KCVAO requested approval for three projects at the Kansas Veterans' Home, three projects at the Kansas Soldiers' Home, and three projects for the Cemetery Program. The Director listed projects for FY 2023 through FY 2026, but noted projects could change depending on the status of the different buildings.

**State Historical Society.** The Director of the State Historical Society discussed the five-year capital improvement plan. The Director stated the agency uses State General Fund (SGF) moneys, as well as federal and private funds, on capital improvement projects. The Director said the agency receives \$250,000 SGF each year for repairs to address cyclical maintenance issues and emergency repairs due to age, accidents, or weather-related causes, and she stated without those funds, the agency would not be able to function. The FY 2022 agency budget contains an enhancement request for additional SGF moneys for delayed maintenance of the entrance and lobby of the Kansas Museum of History. The project was previously funded by the Legislature and the Governor for FY 2021, but was removed from the budget through the allotment process. The agency is making a one-time request for \$650,000 SGF for that delayed maintenance. In addition, the agency intends to spend \$6.0 million on new exhibits, with 91 percent of funding coming from private donations. Currently, the agency has secured close to 70 percent of the private funds needed. The Director said projected installation of the new exhibits will start in calendar year 2023, and these exhibits will use historic artifacts and documents to tell the stories of Kansas. She noted it is important to provide more information through virtual and digital means. An agency representative provided additional information on the breakdown of the requested funds.

**Judicial Branch.** A representative of the Judicial Branch presented the five-year capital improvement plan, which encompasses two potential capital improvement projects for the

Judicial Center, subject to grant funding. The representative said these projects will proceed only if grant funding is secured, and an application has been submitted to the Strengthening People and Revitalizing Kansas (SPARK) Taskforce. The first project is an office restructure for Judicial Administration in the amount of \$200,000 during FY 2021. The second is expansion of the information technology help desk in the amount of \$200,000, also during FY 2021.

**Kansas Highway Patrol.** An agency representative presented the five-year capital improvement plan. The agency's five-year plan is separated into six categories: Training Academy Major Projects, Training Academy Maintenance/Repair, Troop Facility Major Projects, Troop Facility Maintenance/Repair, Scale House/Scale Repair/Replacement, and New Construction. For FY 2021, the agency has an approved capital improvements budget of \$3.15 million, with funding earmarked through special revenue funds. These planned expenditures were approved by the Committee and the Legislature during the 2020 Legislative Session. A list of projects and related budget information was provided for FY 2022 through FY 2026.

**Department of Labor.** An agency representative presented the five-year capital improvement plan. The representative stated there is very little change from what was presented last year. The plan includes general rehabilitation and repair each year. In FY 2021, it includes renovation of the first floor; installation of an intercom system; masonry work; and repair or replacement of HVAC vents at the 2650 East Circle Drive South, Topeka, building. Also included are barriers for the front desk and roof replacement at the 401 Southwest Topeka Boulevard, Topeka, building. Plans for later years include phases 3, 4, and 5 of renovation at 2650 East Circle Drive South, repaving and overlay of parking lots at 401 and 1309 Southwest Topeka Boulevard, and brickwork maintenance and window and air conditioning unit replacements at 401 Southwest Topeka Boulevard.

**School for the Blind.** An agency representative presented the school's five-year capital improvement plan. Projects include safety and security systems maintenance, campus boilers and HVAC upgrades, major maintenance for the

next five years, and a renovation project for a student elevator and upgrade to the Brighton Recreation Center in FY 2023.

**School for the Deaf.** The Director of the School for the Deaf presented the five-year capital improvement plan. The Director stated there are some changes to the plan related to COVID-19; the School is not asking for new funding, but is asking for a reappropriation. Funds were not able to be bid out due to the COVID-19 pandemic. No changes are anticipated for the safety and security systems projects during the next five years. The Director stated some of the HVAC efficiency upgrade and maintenance work will be done using SPARK Taskforce funds. Regarding major repairs for the next five years, the Director said the priority is to keep facilities in functional and safe condition for the staff and general public. The major remodeling of the main campus auditorium/theater is underway after it suffered significant damage from ruptured steam lines.

**Kansas Bureau of Investigation.** An agency representative discussed the five-year capital improvement plan, the agency's accomplishments in FY 2020, and the agency's priorities for FY 2021 through FY 2026. In FY 2020, the KBI completed renovation of the Garden City Regional Office, replacement of a HVAC system at the Topeka headquarters, repairs to the parking lot at the Topeka annex, and expansion of the Kansas City Regional Office. Additionally, the KBI began a two-phased approach to replacing the HVAC systems in the Great Bend Regional Office. The first phase is anticipated to be completed in October 2020. For FY 2023, the KBI expects to complete the HVAC system replacement in the Great Bend Regional Office. Due to concerns related to the COVID-19 pandemic, the KBI sought the use of federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding to replace the two systems, but has been told the replacement funding would not cover all of the costs for the project. Other FY 2023 priorities include renovation of the laboratory space in the Pittsburg and Kansas City laboratories and the postponed FY 2021 renovation of the auditorium at KBI Headquarters in Topeka. In FY 2024, renovations to the Great Bend Regional Office are scheduled.

**Department of Administration.** An agency representative presented the five-year capital improvement plan. He stated the agency continues to rely on rehabilitation and repair (R&R) funds to address deferred maintenance projects for the Capitol Complex. The representative noted the projects completed in FY 2020: a re-roof for Memorial Hall and elevator modernization for the Landon State Office Building. The representative also provided a list of planned projects for FY 2021 through FY 2023, including maintenance projects for the Landon, Eisenhower, and Curtis state office buildings; Docking Utility Plant; and Judicial Center. Responding to a question regarding capital improvement projects funded by federal moneys, he replied federal CARES Act funds are not shown in the five-year plan, but were used for some capital improvement work. The representative expressed appreciation for the restoration of R&R funds.

**Department of Corrections.** The Secretary of Corrections presented the five-year capital improvement plan for the Kansas Department of Corrections (KDOC). The Secretary said a new building had been donated to the Lansing Correctional Facility, and the additional space will be used for education and programming. The Secretary also briefed the Committee on projects in progress, including additional substance-abuse treatment space at Lansing Correctional Facility and the transfer of two buildings at the Winfield Correctional Facility for housing the agency's geriatric population from KCVAO to KDOC. The Secretary also announced issuance of a request for proposal to assess the condition of all KDOC facilities, determine the costs for improvements, and recommend a tiered approach to address identified needs. An agency representative referenced the five-year capital improvement plan and reported that no large projects are currently being planned.

**Kansas State Fair.** An agency representative presented the five-year capital improvement plan. He detailed the history of the Kansas State Fair, reporting the COVID-19 pandemic has resulted in a 90.0 percent loss of revenue during the past year, and for the first time in its history, the Kansas State Fair was canceled. All expenditures and projects, except for staff salaries, have been placed on hold.

The representative also cited the ongoing need for repairs, including roof repairs, pathway/road overlay, and repair of concrete deterioration of the grandstand. The representative explained the need for rehabilitation and repurposing of the Bison Building and the long-term concerns regarding the Expo Center. Responding to questions, the representative indicated there is no private funding for the Bison Building. Additionally, all maintenance work is presently on hold. Any available funds are allocated for staff salaries and utilities.

**Department of Wildlife, Parks and Tourism.** An agency representative outlined the five-year capital improvement plan. The representative said the \$14.9 million budget had been supplemented by an additional \$2.0 million from the SGF, but the FY 2022 budget request reduces that amount to \$10.5 million in order to complete the previous year's projects. Answering a question, the representative said two shooting ranges are operational, but more are planned. A member expressed appreciation that Kansas state parks were being kept open during the pandemic.

**Adjutant General's Department.** An agency representative reviewed the five-year capital improvement plan, citing a third-party statewide installation status report on facility assessments and deficiencies. The representative expressed gratitude for the Legislature's financial support for several projects, specifically the Leavenworth Kansas Army National Guard Readiness Center, a \$28.0 million project. The representative noted the consultant's status report concluded that 97.0 percent of agency facilities were failing or near failing and illustrated conditions with photographs. The representative explained the needs of the Kansas Emergency Operations Center and presented two options: build a new facility at Forbes Field in Topeka (\$38.4 million) or remodel the present State Defense Building in Topeka (\$21.0 million).

**Kansas Department of Transportation.** A representative from the Kansas Department of Transportation (KDOT) presented information regarding FY 2022 projects and the agency's five-year capital improvement plan. The representative reported KDOT's FY 2022 capital improvements budget of \$4.1 million is focused primarily on preserving building assets, including 981 buildings

for a total of 2.9 million square feet. The representative noted 11 re-roofing projects across the state, 4 subarea modernization projects, land purchases, and a relocation project in Concordia.

**Kansas Board of Regents.** A representative from the Kansas Board of Regents (Board) introduced the five-year capital improvement plan. The representative said the Board has initiated a comprehensive plan to assess its oversight of capital improvements, and he noted the key element in the plan, the Educational Building Fund, as the primary source for funding of capital improvements.

**University of Kansas.** An agency representative reviewed the five-year capital improvement plan. The representative referenced KU's deferred maintenance projects, including re-roofing the east wing of Murphy Hall and replacing air handler units in Strong Hall. The representative also discussed current capital improvement projects, including elevator upgrades in various buildings and Phase 1 of the Spencer Museum of Art renovation. The representative commented on future projects in various stages of development. Responding to a question, he replied in nearly all buildings the air quality is much better than standards require.

**KU Medical Center.** An agency representative outlined the five-year capital improvement plan. The representative identified deferred maintenance projects, such as the Robinson Building fire alarm upgrade, which replaces an outdated fire alarm system with a system featuring a digital voice command unit. The project is funded by the Educational Building Fund (EBF). The representative also listed current capital improvement projects, including the installation of a solar array funded by utility savings and commented on future projects, including the expenditure of \$22.0 million for construction of a building to house the Comprehensive Cancer Center.

**Kansas State University.** An agency representative presented the five-year capital improvement plan. She expressed appreciation for the funding that has addressed critical needs. The representative explained the EBF has allowed significant deferred maintenance projects to go

forward, including various roofing projects, infrastructure upgrades, and ventilation improvements to the Eisenhower Building. The representative also listed current projects, which include a new Multi-Cultural Student Center funded with private donations and, referencing the College of Agriculture Master Plan, the representative noted three future projects, one of which is a new Agriculture Research and Extension Facility. The project's entire \$150.0 million cost will be provided by private funding.

**Wichita State University.** An agency representative presented the five-year capital improvement requests. The representative noted the projects recently completed, including improvements to Eck Stadium and renovation of the Charles Koch Arena Student-Athlete Center. The representative also listed requested projects with funding support: a new School of Business building (private funds and revenue bonds), replacement of the Central Energy Plant cooling tower (funding to be determined), a pedestrian bridge to Woolsey Hall (private funds), Cessna Stadium demolition (private funds), a new building to house the National Institute for Digital Transformation (bond), and an addition to the Marcus Welcome Center (private funds). The representative also noted partnership building projects that are completed and ongoing.

**Emporia State University.** An agency representative outlined the five-year capital improvement plan. After commenting on recently completed projects, including renovation of the Abigail Morse Complex and the relocation of several utility lines, the representative identified the funding sources for each of the current projects, including the Beach Hall re-roofing project (EBF) and renovation of the Student Veterans Association building (private funds). The representative then listed planned projects, such as repurposing the Morse Central building. The representative referenced Emporia State's 2014-2020 Master Plan and thanked the Committee for the \$2.5 million allocated for R&R.

**Pittsburg State University.** An agency representative reviewed the five-year capital improvement plan. The representative listed \$204,000 of deferred maintenance projects and commented on the current projects, including renovation of the Leonard H. Axe Library

(\$800,000 from R&R funds) and the Block22 initiative to repurpose four buildings in downtown Pittsburg (\$18.0 million from private funds). The representative also referenced planned projects, such as expanding the Tyler Research Center.

**Fort Hays State University.** An agency representative commented on the five-year capital improvement plan. The representative referenced several R&R projects, such as the Gross Memorial Coliseum roof replacement, and he identified ten completed projects. Current projects include construction of the Center for Student Success (from private and student fee funds) and the replacement of generators at the Akers Energy Center (\$2.5 million). Referring to Fort Hays State's new Master Plan, the representative noted future projects, including a new football facility funded from private and university sources.

**Kansas Department for Aging and Disability Services.** An agency representative from the Kansas Department for Aging and Disability Services (KDADS) reviewed the five-year capital improvement plan for the four state hospitals, which house and treat about 1,100 Kansans daily. The four campuses include nearly 200 buildings, and many of them and their ancillary equipment are more than 50 years old. The representative explained that in FY 2021, KDADS received \$3.2 million for R&R for addressing deferred maintenance. The 2020 Legislature also allocated \$5.3 million from the State Institutions Building Fund to renovate and expand capacity for the Biddle Building at Osawatimie State Hospital. For FY 2022, the representative identified \$3.2 million to address critical building needs and \$4.4 million for second-priority projects. The representative also noted an additional \$1.8 million request to raze seven abandoned buildings at Osawatimie State Hospital.

**Kansas Department for Children and Families.** An agency representative from the Kansas Department for Children and Families (DCF) presented the five-year capital improvement plan. He gave a brief history of the agency and the Topeka Service Center and



outlined the five-year expenditures for R&R with an estimated total cost of \$1.5 million.

### **Statutorily Required Reports**

The State Transportation Engineer, in accordance with KSA 75-3516, reported on KDOT's inventory system for real property and real estate transactions. The representative highlighted the agency's Bureau of Right of Way (Bureau), which maintains the inventory system for all real property and is responsible for acquiring property rights for infrastructure and non-infrastructure projects. The Bureau also disposes of excess right-of-way property. The agency is working to digitize its records. The representative explained there is a tiered decision-making process in place to dispose of excess right-of-way property. Funds from sales have gone back into the SGF, to the agency, or to the federal government.

### **Leases and Land Sales**

The State Lease Administrator, Office of Facilities and Property Management, presented the following leases, all of which were recommended by the Committee.

**State Board of Pharmacy.** A representative from the Department of Administration provided the Committee information on the lease amendment for the State Board of Pharmacy (Board). The lease amendment is for an additional term of five years at a rate of \$16.50 per square foot; the negotiated rate and terms over the five years is approximately \$42,000 less than the original proposal from the lessor. The Board is also provided with 492 square feet of office space free of charge. The proposed lease rate is within the market range of properties within the area and in the building. The representative said the lease is a full-service lease and the Department of Administration is supportive of it. The Committee asked for information regarding the difference in parking costs, to which the representative responded that landlords have begun charging for parking as a response to demand from business revitalization efforts in downtown Topeka.

**Board of Indigents' Defense Services.** A representative from the Department of Administration presented lease information on the

State Board of Indigents' Defense Services (BIDS) Salina Regional Public Defender Office. That office has been at its current location since approximately 1997. A request for proposal was released by BIDS in 2019; only one proposal was received at \$20.81 per square foot, excluding janitorial services and trash, so the search for space continued. This proposed lease is for 5,750 square feet for a term of 10 years at a rate of \$17.72 per square foot. A five-year renewal option is available at the same rate, at the discretion of the agency. The proposed lease rate is within the market range of properties within the area. The lease is a full-service lease and includes new carpet and paint, as well as other office renovation to suit the functionality and needs of BIDS. The Committee had concerns about cutting three parking spaces and was informed there were several lots nearby.

### **Office of the Attorney General.**

A representative from the Department of Administration presented lease information for the Office of the Attorney General (OAG). Currently, the OAG is centrally located in Topeka in the Memorial Hall building, which it shares with the Secretary of State, with additional personnel in the Landon and Curtis state office buildings. The representative said none of the current OAG locations can accommodate the Office of the Medicaid Inspector General (OMIG), nor the recently authorized increase in staff of the Medicaid Fraud Control Unit (MFCU). Because no additional space will become available in any of the current state office buildings, the OAG had to seek lease space outside state ownership. A search was conducted by the OAG, and the Department of Administration assisted with the leasing process. The lease for consideration is for the seventh floor in the Mills Building in Topeka. The representative said this space will provide multiple advantages to the existing operational footprint for both the OMIG and MFCU, and the space will house both of these entities, resulting in improved efficiency as they routinely interact with each other regarding the Medicaid program. The lease is for 12,260 square feet for a term of 10 years; the initial base lease rate is \$14.50 per square foot and increases to \$16.50 per square foot in years nine and ten. Thereafter, two five-year renewal options are available, at the discretion of the Department of Administration, with rates to be determined.

## **Update on Sale of the Kansas Insurance Building in Topeka**

A representative from the Department of Administration provided an update on the sale of the property located at 420 Southwest 9th Street in Topeka, formerly occupied by the Kansas Insurance Department. A survey, a Phase I environmental assessment, and an appraisal were ordered and completed for the property, and the property was advertised for sale *via* the *Kansas Register*; the Department of Administration's email list to approximately 300 registered participants, and by the state-contracted auctioneer using various media. The property was appraised at \$1.16 million, and the highest bid at the public auction on September 2, 2020, was \$535,000. The representative explained the disparity between the appraised price and the highest bid was due to the relative age of the building as well as the repairs that would be needed to maintain it. The highest bidder, a private individual, provided an earnest

money check to hold in escrow until the sale is approved by the State Finance Council.

The Kansas Insurance Department continues to be responsible for upkeep and maintenance until the building is sold. The monthly expense for utilities is \$2,395, or \$28,741 annually. A typical budget is \$35,000 for annual repairs, not including capital improvements, so the total annual cost would be approximately \$63,741, or \$5,312 a month. The Department of Administration also maintains the grounds. The sale proceeds, minus fees paid by the Department of Administration, will be deposited according to statute. The State plans to close on this property as soon as approval is received from the State Finance Council.

### **CONCLUSIONS AND RECOMMENDATIONS**

All agency five-year capital improvement plans were recommended by the Committee.