

Report of the Joint Committee on State Building Construction to the 2022 Kansas Legislature

CHAIRPERSON: Representative Marty Long

VICE-CHAIRPERSON: Senator Rick Billinger

RANKING MINORITY MEMBER: Senator Marci Francisco

OTHER MEMBERS: Senators J.R. Claeys, Tom Hawk, and Gene Suellentrop; and Representatives John Alcalá, Michael Houser, Susan Humphries, and Jarrod Ousley

CHARGE

Study, Review, and Make Recommendations on Capital Improvement Expenditures and Other State-owned Properties and Leases

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;
- Travel throughout the state to observe state-owned buildings; and
- Review proposals to construct or renovate a building and to equip a Kansas Department of Health and Environment laboratory, and make recommendations to the State Finance Council concerning this capital improvement project pursuant to provisions of 2021 SB 159.

Joint Committee on State Building Construction

ANNUAL REPORT

Conclusions and Recommendations

All five-year capital improvement plans were recommended by the Committee with the following notations:

- The Committee recommends the Kansas Bureau of Investigation reconsider cost estimates for installation of heating, ventilation, and air conditioning systems and renovations at the Great Bend office; and
- The Committee recommends the Legislature consider increased funding from the Correctional Institutions Building Fund and the State Institutions Building Fund for the Department of Corrections for FY 2023 through FY 2027 to address growing maintenance costs throughout the correctional system.

The Committee recommends construction of a Kansas Department of Health and Environment laboratory at the Kansas Neurological Institute site and renovation or construction of a three-story event center at the Docking State Office Building site.

The Committee expresses concern regarding deferred maintenance at state universities and recommends the Kansas Board of Regents (Board) provide the Legislature with alternative funding options concerning the matter. Further, the Committee notes the Board's recent policy that expenditures equaling 2.0 percent of the current building replacement value be used annually to maintain buildings.

The Committee recommends expenditures from the State Institutions Building Fund be increased to address agency capital improvements priorities, including the disposition of obsolete buildings, rather than retain a large ending balance in the fund annually.

Proposed Legislation: None.

BACKGROUND

The Joint Committee on State Building Construction (Committee) 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 member to ten members by 1999 HB 2065. It is composed of five members of the Senate and five member 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).

The Committee may meet at any location in Kansas on call of the Chairperson and is authorized to introduce legislation. (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 instances, the Adjutant General reports to the Committee each January regarding federally funded projects, and the Director of the 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 and 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 that increases project cost by

\$125,000 or more, prior to approving the change order or change in plans (KSA 75-1264). Similar requirements were prescribed in 2002 for projects undertaken by the Kansas Board of Regents for research and development facilities and the state educational facilities (KSA 76-786).

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, KSA 75-1264(d) provides an alternative method for achieving approval by the Committee. A summary description of the proposed change order or change in plans is transmitted to each member of the Committee, and a member may request a presentation of the proposal at a meeting of the Committee. If, within seven business days of the date the notice was transmitted, 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, and the Chairperson will call a meeting as soon as possible. At that point, the Secretary of Administration is not to approve the proposed action prior to presentation of the matter at a meeting of the Committee. If fewer than two members 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 or change in plans.

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 or it is not economically feasible to conduct such energy audit.

Each year, the Secretary of Administration is required to 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 five meeting dates for the Committee. The Committee met on September 7, October 11, and November 1, 2021. The Committee reviewed agencies' five-year capital improvement plans, received the Department of Transportation's Excess Right-of-Way Annual Report, and reviewed proposals for construction or renovation of a building to house the Kansas Department of Health and Environment (KDHE) laboratory. The Committee also toured the recently renovated Hale Library at Kansas State University.

Presentation of Five-Year Capital Improvement Plans

Department of Commerce. An agency representative presented the five-year capital improvement plan. Projects include installation of no-touch control fixtures in the restrooms at the Topeka Workforce Center (WFC) in FY 2022; a project regarding heating, ventilation, and air conditioning (HVAC) controls at the Topeka WFC for FY 2023; upgrading the storefront, including weatherizing windows, at the Topeka WFC for FY 2024; weatherproofing the brick exterior at the Topeka WFC for FY 2025; elevator #2 improvement at the Topeka WFC for FY 2026; and installation of LED lighting at the Topeka WFC for FY 2027. The agency will make final debt service payments for the Topeka Jobs Center in FY 2022.

Kansas Commission on Veterans Affairs Office. The Director of the Kansas Commission on Veterans Affairs Office (KCVAO) presented the five-year capital improvement plan. The approved FY 2022 capital improvement plan contains three projects for the Kansas Veterans' Home, three projects for the Kansas Soldiers' Home, and four projects for the Cemetery Program. For FY 2023, KCVAO requested approval for three projects at the Kansas Veterans' Home, two projects at the Kansas Soldiers' Home, and two projects for the Cemetery Program. The Director noted the Halsey Hall kitchen project at the Kansas Soldiers' Home in Dodge City is complete. Additionally, the agency received a grant to fund the expansion of the columbarium wall at the Winfield Cemetery and listed projects for FY 2024 through FY 2027.

State Historical Society. The Director of the State Historical Society stated the agency uses

State General Fund (SGF) moneys, as well as federal and private funds, for capital improvement projects. 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. The Director stated that without these SGF moneys, the agency would be challenged to maintain structures. The FY 2022 agency budget contains the delayed maintenance of the entrance and lobby of the Kansas Museum of History. For FY 2023, the agency is delaying the request for an increase to the annual SGF allocation until FY 2024 due to other urgent operating needs. The approved FY 2022 capital improvement plan contains four projects. For FY 2023, the approved capital improvement plan contains three projects.

Kansas State School for the Deaf. The Chief Operating Officer (COO) for the School for the Deaf stated there had been progress related to HVAC efficiency upgrade and maintenance work done using COVID-19 federal relief funds distributed by Strengthening People and Revitalizing Kansas (SPARK) Taskforce. The COO stated the agency is continually working on upgrading its emergency notification systems and building security. The approved FY 2022 capital improvement plan contains four projects. For FY 2023, the approved capital improvement plan contains five projects. The school's centralized boiler system will be decommissioned in FY 2025, which the COO indicates would allow for efficiencies on a multi-building campus.

Kansas State School for the Blind. An agency representative stated the school's five-year capital improvement plan projects include safety and security systems maintenance, HVAC upgrades, and major maintenance through FY 2027. The renovation project for a student elevator and upgrade to the Brighton Recreation Center is anticipated to be completed in FY 2023, with the gym floor replacement and remodeling beginning in FY 2024.

Department of Labor. An agency representative stated the five-year capital improvement plan includes general rehabilitation and repair expenditures for each year. For FY 2022, major projects include phase 3 of renovations to the 2650 East Circle Drive South, Topeka, building and repairs to brickwork on the

1309 Southwest Topeka Boulevard, Topeka, building. Major projects for FY 2023 include phase 4 of renovations to the 2650 East Circle Drive South, Topeka, building and repaving parking lots at the 401 and 1309 Southwest Topeka Boulevard sites. For FY 2024, the plan includes phase 5 of renovations to the 2650 East Circle Drive South, Topeka, building, and upgrading of air conditioning units at the 401 Southwest Topeka Boulevard, Topeka, building. Other projects include boiler replacement and window repairs at various buildings.

Judicial Branch. A representative of the Judicial Branch presented the five-year capital improvement plan, which encompasses four projects for the Judicial Center. The representative stated these projects would depend on the availability of funds provided through docket fees, grants, and the federal American Rescue Plan Act (ARPA). Projects in FY 2022 include restructuring space in the Judicial Center to create a secure mail room for processing an increased volume of mail resulting from implementation of a centralized payment system and remodeling the office space on the second floor to provide research attorneys with greater confidentiality. Projects in FY 2023 include an expanded information technology (IT) help desk to support increased audio-visual communications in courtrooms and remodeling of office space to enable shared workstations that accommodate periodic work from home.

Kansas Bureau of Investigation. An agency representative noted the agency maintains offices in Garden City, Great Bend, Kansas City, Pittsburg, Topeka, and Wichita. In addition, forensic laboratories are maintained in Great Bend, Kansas City, Pittsburg, and Topeka.

In FY 2022, the agency deferred large renovation projects due to a projected revenue shortfall, and instead focused on COVID-19 mitigation measures. For FY 2023, projects include renovation and installation of an HVAC system at the laboratory in Great Bend. The agency notes ARPA funds may be suitable for this purpose. For FY 2024, projects include renovation of a laboratory in Pittsburg; continued renovation of the Great Bend office, including installation of a second HVAC system estimated at \$1.0 million; and renovation of the auditorium at the Topeka headquarters. Projects for FY 2024 also include

renovation of a laboratory in Pittsburg, which includes a firearms ballistics area. In the out years, the agency identified a need to provide temperature control for an evidence storage building in Great Bend to avoid degradation of biological evidence.

Kansas Highway Patrol. An agency representative stated the five-year capital improvement 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 2022, major projects primarily include concrete work and window replacement at the Kansas Highway Patrol Training Academy and replacement of a motor carrier scales in North Olathe. For FY 2022 through FY 2027, major projects include repairs to the Troop C headquarters building elevator and updating of HVAC systems at the Fleet and Aircraft Building at Billard Airport in Topeka and continued scale replacements. Plans for construction of an equipment storage building for Troop A were deferred due to rising construction costs.

Kansas Department for Aging and Disability Services (KDADS). The Deputy Secretary for Aging and Disability Services 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, of which many are more than 50 years old. The Deputy Secretary explained that in FY 2022, KDADS received \$3.2 million for rehabilitation and repair and to address a backlog of maintenance items. Due to increased labor and construction costs related to the COVID-19 pandemic, total costs have exceeded projected budgets for several projects in FY 2022. For FY 2023, KDADS identified \$10.7 million in rehabilitation and repair projects at the four state hospitals. The agency is requesting an enhancement of \$457,000 from the State Institutions Building Fund to demolish three obsolete buildings at the Parsons State Hospital and Training Center. An additional request will be made to fund the repair or replacement of the power plant at Larned State Hospital and other construction projects.

Department of Administration. An agency representative reviewed an annual assessment conducted on the Capitol, state office buildings in the Capitol Complex, and structures at Forbes Field and noted elevator modernization was recently completed at the Eisenhower and Landon buildings. He further noted that the Curtis Building and the State Printing Plant, which are both more than 20 years old, are beginning to show signs of wear. In FY 2022, the agency will utilize an annual appropriation of \$3.5 million for projects such as window replacement at the Judicial Center, fire alarm systems, and air handler upgrades at various buildings. Major projects for FY 2023 through FY 2027 include exterior stone mortar repairs on the Landon Building and reroofing of the State Printing Plant. The representative clarified that the agency retains on-call engineers to consult on matters, such as the configuration of boilers and HVAC systems, for agencies that request such service.

Kansas State Fair. The General Manager of the Kansas State Fair stated the agency utilizes an annual allocation of \$300,000 for ongoing maintenance. For FY 2022, major projects include asphalt surface replacement, repairs to the Expo Building roof and walls, and concrete restoration of the grandstand. For FY 2023 through FY 2027, major projects include repurposing the Bison Arena, which is estimated at \$9.4 million, and construction of a storage building, which is estimated at \$199,800. For subsequent years, the agency is developing plans for removal of the race track, which receives minimal use, and construction of a multi-use arena.

Department of Wildlife and Parks. An agency representative stated the agency budgeted \$11.6 million for capital improvements in FY 2022, which is less than in previous years due to concerns that the COVID-19 pandemic would adversely impact park admission revenues. Capital improvements expenditures total \$16.5 million for FY 2023 and \$13.0 million annually for FY 2024 through FY 2027. All capital improvements for the Department are funded from fee funds and federal funds. The agency representative noted that revenues had increased in recent months despite the COVID-19 pandemic. Answering a question, the representative stated that repairs to damages from recent floods at the Tuttle Creek State Park

are ongoing pending reimbursement from the Federal Emergency Management Agency.

Department for Children and Families. A representative of the Kansas Department for Children and Families reviewed the agency's lease to buy agreement with the Department of Administration for the Topeka Service Center and outlined the five-year expenditures for rehabilitation and repair, with an estimated total cost of \$353,825 in FY 2022 and \$850,000 in FY 2023.

Adjutant General's Department.

A representative of the Adjutant General's Department noted that, in recent years, a total of \$1.4 million SGF was matched with \$4.2 million in federal funds for updating fire suppression systems among 37 National Guard Readiness Centers. An annual building assessment, which is utilized to determine funding priorities, indicates 89.0 percent of agency facilities were poor or failing. Deferred maintenance for FY 2022 through FY 2027 is estimated to total \$24.2 million, including \$12.1 million SGF. These expenditures include large restoration projects requiring engineering services. Rehabilitation and repair projects for FY 2022 through FY 2027 are estimated to total \$6.0 million, including \$3.0 million SGF, and includes expenditures for immediate repairs, such as leaking pipes and failing HVAC systems. The agency reviewed plans for remodeling the State Defense Building to house the Kansas Division of Emergency Management, which is estimated at \$21.0 million SGF and scheduled to be completed in FY 2026. The agency also referenced plans for construction of a new Joint Forces Headquarters building on federal property at Forbes Field in Topeka, which is estimated at \$16.5 million.

Kansas Department of Transportation (KDOT). The State Transportation Engineer reported KDOT's FY 2023 capital improvements budget of \$23.0 million includes rehabilitation and repair of buildings, such as salt domes, and modernization of subarea shops, many of which were built prior to 1963 and are insufficient to store modern plow trucks. Expenditures of \$11.0 million for FY 2023 and \$7.5 million for FY 2024 are identified for construction of a new District One Headquarters in Topeka. The current structure, built in 1934, is not adequate to house modern equipment and presents growing maintenance and

safety concerns. A more suitable location has been identified near the intersection of Southeast 21st Street and Southeast Rice Road in Topeka. The agency indicates the City of Topeka is interested in acquiring the current District One Headquarters facility and revenue from sale of the property would go the State Highway Fund.

Department of Corrections. The Secretary of Corrections indicated design work for expansion projects involving substance abuse treatment centers and an assisted living unit at Lansing and Winfield correctional facilities was delayed. Preliminary findings of a recent systemwide buildings assessment indicate most structures in the correctional system are in poor condition, with the most severe issues at Hutchinson, Norton, and Winfield. The Secretary reviewed plans for construction of a Career Campus Center at Lansing, which would provide for education and job-skills training for inmates. The Secretary said obsolete buildings are a growing concern. Inquiries were made with local entities regarding the repurposing of the old Lansing Penitentiary structure, but little response was received. The agency is exploring plans to utilize the former Topeka Juvenile Correctional Facility for staff training and plans to demolish former honor camps in El Dorado and Toronto in FY 2023. For FY 2024, major projects include entrance reconfiguration and renovation of the medical unit at the Topeka Correctional Facility, which is estimated at \$29.9 million. The agency expressed concern that funding from the Correctional Institutions Building Fund has been fixed at approximately \$5.0 million annually since 1997, which has not kept pace with the increased costs of materials and repair services.

Kansas Board of Regents. A representative of the Kansas Board of Regents (Board) noted that the Board has focused its attention on deferred maintenance issues, citing assessments documenting critical rehabilitation and repair needs. The Board has drafted and approved a policy by which 2.0 percent of building replacement values would be expended each year to decrease deferred maintenance. The Kansas Educational Building Fund is the primary source for funding of capital improvements among state universities.

University of Kansas. A university representative noted no new construction is planned for FY 2022. Most projects relate to deferred maintenance, remodeling, and master planning and are scheduled through FY 2024. The pharmaceutical chemistry building was recently demolished and the university was taking a holistic approach to projects. The university conducted classroom audits to determine the priority of projects.

University of Kansas Medical Center. An agency representative provided details on control upgrades that provide safeguards when switching from regular to emergency power during outages. Additional projects include the roof replacement at the Landon Center to support solar panels and restroom renovations to be compliant with provisions of the federal Americans with Disabilities Act. There is construction on a federally mandated clean room for the cancer pharmacy in the Cancer Research Center. Future projects include construction of a brain health building and a health education building expansion in Wichita.

Kansas State University. A university representative stated the university has 529 buildings, of which 181 are deemed mission critical. The total replacement value of these buildings is \$2.3 billion. Three projects were recently completed: Derby Dining Center, McCain Auditorium, and Bill Snyder Football Stadium improvements. New facilities include the Volleyball and Olympic Training Center, an indoor practice facility, and a 100-bed residential facility on the Salina Campus financed through the Kansas State University Foundation. Future projects include a new agriculture and Extension Service facility, West Memorial Stadium Band renovation, renovation of space at Mosier Hall into a biomedical research center, and an interior renovation of the Seaton Hall architectural engineering courses facility.

Wichita State University. A university representative noted that the costs for some projects have escalated due to supply chain disruptions caused by the COVID-19 pandemic. The representative also listed requested projects with funding support: a new School of Business building including a pedestrian bridge (private funds and revenue bonds), plans to raze the Cessna

Stadium, and the construction of a new science facility. Private gifts and university funds will accommodate a career center in the Marcus Welcome Center.

Emporia State University. After commenting on recently completed projects, including renovation of the Student Veterans Association building, chiller and HVAC replacements, the university representative listed planned projects include re-roofing the William Allen White library, HVAC improvements in King Hall, fire alarm upgrades, and the Breukelman Laboratories upgrades. Future projects include a new maintenance facility, a new science lab space, repurposing a former residence hall, and upgrades to the Welch Stadium.

Pittsburg State University. A university representative commented on rehabilitation and repair work as well as the current projects, including Phase IV renovations of the Axe Library, solar canopy installation in partnership with Everygy, renovation and expansion in the Kelce College of Business, a simulation hospital for nursing training in McPherson Hall, and office consolidation in Russ Hall. Additionally, the school of nursing agreed to expand to accommodate increased enrollment. The representative referenced planned projects, such as expanding the Tyler Research Center.

Fort Hays State University. A university representative stated current projects include masonry cleaning and sealing, HVAC upgrades, pool liner replacement, automated access to nine academic buildings, air-cooled condenser and chiller replacement, lighting upgrades, metal roof replacement, and improvements to the swine facility building. The representative noted that the Fischli-Wills Center for Student Success will be completed by April 2022. Future projects include parking infrastructure upgrades at Gross Memorial Coliseum, modernization of the Forsyth Library, and a new football facility.

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 State Transportation Engineer highlighted the agency's Bureau of Right

of Way (Bureau), which maintain 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 State Transportation Engineer reported that in FY 2021, the agency acquired 392 right-of-way parcels, 72 permanent easements, and 251 temporary easements. For the same period, the agency sold 15 parcels and released easement interests in 2 parcels.

Additional Discussions and Reviews

In addition to reviewing five-year capital improvement plans, the Committee reviewed proposals for construction or renovation of a KDHE laboratory, considered matters related to renovation of the Docking State Office Building (Docking Building), and requested overviews of the State's three primary building funds.

KDHE Laboratory and the Docking Building. The Joint Committee reviewed proposals for construction or renovation of building to house a KDHE laboratory within an eight-mile radius of the Capital Complex in Topeka, pursuant to Section 61 of 2021 SB 159. Representatives of KDHE presented eight proposals, which included three previously discussed proposals for state-owned properties and five proposals for commercial properties submitted as part of recent request for proposal process. Additionally, the Secretary of Administration provided updated cost estimates regarding options for renovation of the Docking Building. The Department of Administration estimated that up to 50.0 percent of total project costs for construction or renovation of a KDHE lab and renovation of the Docking Building may be eligible for ARPA moneys. The Joint Committee's report on this topic has been submitted to the State Finance Council and can be found in Appendix A.

Educational Building Fund. An analyst from the Kansas Legislative Research Department (KLRD) provided an overview of the Kansas Educational Building Fund (EBF), which was established in 1941 for the erection, equipment, and repair of buildings at state universities pursuant to KSA 76-6b01 and 76-6b02. Revenue to the fund was initially provided through a one-

quarter-mill levy on all property in the state. In 1974, KSA 76-6b01 was amended to direct a one-mill levy on all tangible property and changed the EBF to benefit the institutions of higher education rather than all state educational institutions. The EBF was changed to a no-limit fund administered by the Kansas Board of Regents in 2017. Currently, revenue to the EBF from the one-mill levy is approximately \$40.0 million annually.

The KLRD analyst referenced deferred maintenance needs among state universities estimated at \$1.3 billion and reviewed previous efforts to address such deferred maintenance.

State Institutions Building Fund. An analyst from KLRD provided an overview of the State Institutions Building Fund (SIBF). The SIBF was established in 1953 for the use and benefit of state institutions caring for person who are mentally ill, visually handicapped, or hearing impaired; deprived and delinquent children and juveniles in need of residential care; and institutions providing vocational rehabilitation for persons with disabilities, pursuant to KSA 76-6b04. The fund draws revenue from a mill levy on real property. This mill levy has fluctuated throughout the years, but is currently set at one-half mill. State agencies appropriated SIBF moneys primarily include state hospitals, veterans homes, the Kansas State School for the Deaf, the Kansas State School for the Blind, and juvenile correctional facilities. The fund retained an unspent balance of \$13.8 million in FY 2019 and \$14.7 million in FY 2020.

Correctional Institutions Building Fund. An analyst from KLRD provided an overview of the Correctional Institutions Building Fund (CIBF), which was established in 1976 for the use and benefit of state correctional facilities pursuant to KSA 76-6b09. Revenue to the CIBF was initially provided from a mill levy on real property. However, KSA 79-4803 was amended in 1994 to direct that revenues to the fund be provided through a transfer of the 10.0 percent from the first \$50.0 million in traditional lottery revenue credited to the State Gaming Revenue Fund. Moneys from the CIBF are appropriated to KDOC and the eight adult correctional facilities for rehabilitation and repair. The fund retained an unspent balance of \$2.1 million in FY 2019 and \$2.4 million in FY 2020.

Tours of facilities. The Committee toured Hale Library at Kansas State University in Manhattan to observe recently completed renovations required following a fire at the Library in FY 2018.

CONCLUSIONS AND RECOMMENDATIONS

All five-year capital improvement plans were recommended by the Committee with the following notations:

- The Committee recommends the Kansas Bureau of Investigation reconsider cost estimates for installation of HVAC systems and renovations at the Great Bend office; and
- The Committee recommends the Legislatures consider increased funding from the CIBF and the SIBF for the Department of Corrections for FY 2023 through FY 2027 to address growing maintenance costs throughout the correctional system.

The Committee recommends construction of a KDHE laboratory at the Kansas Neurological Institute site and renovation or construction of a three-story event center at the Docking Building site.

The Committee expresses concern regarding deferred maintenance at state universities and recommends the Kansas Board of Regents provide the Legislature with alternative funding options concerning the matter. Further, the Committee notes the Board's recent policy that expenditures equaling 2.0 percent of the current building replacement value be used to annually maintain buildings.

The Committee recommends expenditures from the SIBF be increased to address agency capital improvement priorities, including the disposition of obsolete buildings, rather than retain a large ending balance in the fund annually.

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Joint Committee on State Building Construction

Report to the State Finance Council

Recommendations

The Committee recommends construction of a Kansas Department of Health and Environment laboratory at the Kansas Neurological Institute site and renovation or construction of a three-story event center at the Docking State Office Building site.

BACKGROUND

Section 61 of enacted 2021 SB 159 directs the Kansas Department of Health and Environment (KDHE) to issue a request for proposals (RFP) in FY 2022 to construct or renovate a building and equip a KDHE laboratory located within an 8-mile radius of the Capital Complex in Topeka. The bill directs the Joint Committee on State Building Construction (Committee) to review these proposals and make recommendations to the State Finance Council concerning the laboratory.

Section 61 of 2021 SB 159 also authorizes the issuance of bonds for capital improvement projects, not to exceed \$65.0 million for the KDHE Laboratory and \$120.0 million for the Docking State Office Building (Docking Building). Prior to proceeding with these projects, the bill requires approval for both projects from the State Finance Council in a single resolution.

Prior to the issuance of bonds for these projects, the Director of the Budget, in consultation with the Secretary of Administration and the Secretary of Health and Environment, is required to determine whether COVID-19 federal relief funds provided for discretionary purposes are available for such capital improvement projects.

COMMITTEE ACTIVITY

At its meeting on September 7, 2021, representatives of KDHE presented the Committee with eight proposals for a KDHE Laboratory site, which included five proposals submitted as part of

a recent RFP process. Additionally, the Secretary of Administration provided the Committee with updated cost estimates regarding two options for the renovation of the Docking Building. At its October 11 meeting, the Committee made recommendations regarding both projects.

Kansas Department of Health and Environment Laboratory

On September 7, the Committee received a presentation from the Director of Kansas Health and Environmental Laboratories (KDHE laboratory) summarizing building site proposals for a KDHE laboratory. The KDHE laboratory provides more than one million clinical and environment tests annually, including tests of public water supplies, newborn screenings, and breath alcohol. Further, the laboratory maintains readiness to respond to chemical or biological attacks and infectious disease outbreaks.

Studies presented to the Committee in January 2020 concluded that the current laboratory structure, which is located in a 1950s-era former military hospital at Forbes Field in Topeka, is insufficient with unsafe and unrepairable structural components. To ensure employee safety, for recruitment and retention of qualified scientists, and to reduce operating costs, these studies recommended the construction of a new laboratory. Construction projects on three state-owned properties in Topeka were proposed, with a total project cost of \$64.3 million estimated in March 2021. These sites were:

- Lot 4 in Downtown Topeka, near the Docking Building;

- A site on the grounds of the Kansas Neurological Institute (KNI); or
- A site adjacent to the current KDHE laboratory at Forbes Field.

Pursuant to 2021 SB 159, the Department of Administration, in collaboration with KDHE, issued an RFP open from August 2, 2021, to August 31, 2021, seeking building sites within an 8-mile radius of the Capitol Complex capable of supporting a 100,000 gross-square-foot laboratory facility with suitable utilities services, vehicular access, and on-site parking. Land purchase and lease proposals were allowable, as well as options to renovate an existing building.

The Director of KDHE laboratories presented the proposals and agency evaluations determining viability for each. The proposals submitted included the following commercial properties:

- The former Payless Shoesource corporate headquarters at 3231 Southeast 6th Avenue, which did not include lease payment amounts due to the proposer's pending acquisition of the property via commercial sale and would likely necessitate the sharing of space with other tenants;
- Mostly vacant lots near downtown Topeka at 11th Street and Quincy Street, which would entail annual lease payments of \$65,000 for the site and \$20,000 for parking;
- Vacant lots in east Topeka between 21st Street and Cyprus Drive west of Cedarwood Drive, which would entail an annual lease payment of \$25,000;
- Partially vacant lots at the Kanza Business and Technology Park at Kanza Drive and MacVicar Avenue, which entails a land purchase of \$1.0 million, and
- An existing building in downtown Topeka at 220 Southeast 6th Street, which did not meet the minimum space requirements of the RFP and entails an annual lease payment of \$1.9 million.

The Director of KDHE laboratories stated that commercial lease agreements would necessitate contract negotiations and land purchases would require legislative action. Further, use of these commercial properties would require engineering and soil composition assessments, which could delay the start of construction. Due to this, KDHE recommended consideration of the three state-owned properties.

On October 11, the Committee received testimony from the Department of Administration stating that construction of a new KDHE laboratory was critical to the continued COVID-19 public health emergency response. A new laboratory would add capacity for COVID-19 testing to support public health agencies and private employers, allow for social distancing among laboratory employees, allow for appropriate ventilation to comply with public health guidance, and address negative economic conditions by facilitating the return to work of state employees. Because of this, the Department of Administration estimated that up to 50.0 percent of the total project cost could be eligible for moneys from the State Fiscal Recovery Fund provided through federal American Rescue Plan Act (ARPA) of 2021.

The Committee received written-only testimony from the City of Topeka in favor of constructing the laboratory on Lot 4 in downtown Topeka. Testimony generally supported the increased presence of state employees in downtown Topeka and noted that similar laboratories are located in densely populated areas.

The Committee discussion included the potential use of the KNI site for a state veterans home to accommodate provisions of enacted 2021 HB 2021, which authorizes the issuance of bonds for the construction of a state veterans home in northeast Kansas.

Docking State Office Building

On September 7, the Committee received updated cost estimates from the Secretary of Administration regarding two options for renovation of the Docking Building. These options were initially presented to the Committee in January 2020 pursuant to Section 141 of 2019 SB 25, which directed the Department of Administration to develop plans for the building.

The Secretary noted these updated costs estimates consider increasing construction costs related to the COVID-19 pandemic and integration of the design-build project delivery method, as provided in 2021 SB 159. Both options would utilize the existing energy center. The two options presented are these:

- Option A would reuse and rehabilitate all 14 floors of the building and include an event center on the first floor, food venue, exhibition space, shared conference space, Capitol Police offices, and 268,948 square feet for state agencies for a total project cost of \$127.3 million, with a construction completion date of April 2024; or
- Option B would remove the upper 11 floors of the building, reuse the lower three floors, and add three floors for a total of 6 floors. This option would include an event center on the top floor, food venue, exhibition space, Capitol Police offices, and 188,527 square feet for state agencies for a total project cost of \$112.6 million, with a construction completion date of April 2025.

The Secretary noted that both options would provide additional space allowing state agencies to maximize services and provide event space for large meetings, which is a critical need and does not currently exist in the Capitol Complex. However, Option B would provide more flexibility in the configuration of this event space. Due to this, the Department of Administration recommended Option B.

The Secretary referenced a previous proposal to house the KDHE laboratories inside a fully renovated Docking Building for total project cost of \$152.9 million estimated in January 2021. Full renovation of the Docking Building in conjunction with construction of a KDHE laboratory on Lot 4 would require a parking structure estimated to cost \$35.3 million.

On October 11, the Committee received testimony from the Department of Administration stating that renovation of the Docking Building

was key to the State's return-to-work strategy during the COVID-19 pandemic. The proposed options would facilitate social distancing, allow temporary housing of state agencies while public health modifications are made to other buildings, and provide enhanced virtual and teleworking capabilities. Because of this, the Department of Administration estimates that up to 50.0 percent of the total project cost may be eligible for moneys from the State Fiscal Recovery Fund provided through ARPA. However, eligibility for such funds would depend on the approved use of the building. Moneys from the State Fiscal Recovery Fund must be encumbered by December 2024 and expended by December 2026.

The Committee received written-only testimony in favor of Option A from the American Institute of Architecture, Kansas Preservation Alliance, Manhattan/Riley County Preservation Alliance, Shawnee County Historical Society, and three private citizens. Testimony generally advocated for maintaining the building's historic integrity and indicated the building's unique design offers energy efficiency potential.

The Committee received written-only testimony in favor of Option B from the City of Topeka, which generally indicated that full renovation of the Docking Building would adversely impact the commercial leasing of office space in downtown Topeka.

The Committee discussion topics included full demolition of the building and reconstruction of the energy center. Such demolition would first require construction of a new energy center to maintain continuity of services to the Capitol Complex, which could prolong efforts and impact availability of federal relief funds. Further, the Committee discussed an option for full renovation that would utilize only six floors, leaving remaining floors as a shell for future potential use.

CONCLUSIONS AND RECOMMENDATIONS

After discussion, the Committee recommends construction of a KDHE laboratory at the KNI site and renovation or construction of a three-story event center at the Docking Building site.

MINORITY REPORT
Docking State Office Building
October 19, 2021

We agree with the decision of the committee that the new laboratory for the Kansas Department of Health and Environment (KDHE) can be appropriately sited at the Kansas Neurological Institute.

We object to the proposal adopted by a vote of 6-4 by the committee to tear down a minimum of nine occupiable floors in the Docking State Office Building and to only provide meeting and event space. After more than two years of study and public meetings, the motion was the first to limit the scope in this way.

We object to the idea that the renovated building should only house event and meeting spaces.

The vision for the future of the Capitol Complex presented to the Joint Committee on State Building Construction (JCSBC) by the Department of Administration included the provision of modern, secure, and energy-efficient office space for state agencies. The program for the Docking Building developed by the planning team and presented to members of the JCSBC on January 27th, 2020 included a conference/training center along with office space, a “grab and go” food venue, interactive state exhibits, and outdoor event space. The vision statement noted that nearly one-third of state agencies are split between multiple physical locations within Topeka; cabinet agencies have an average of five separate locations.

There was no supporting evidence for the need for more meeting/event space than called for in the program; it was not clear on what basis the suggestion was made. Meeting and event space used by the legislature and our constituents would not be year-round. Space for new employee training would be far more convenient if it were located adjacent to a state agency’s office. It was not demonstrated that we have an abundance of office space. A spur-of-the-moment decision to change the programming of the Docking building without adequate data and vetting is likely to result in an expensive mistake.

No reference was made in the motion for housing the Capitol Police in the building.

We suggest that, if no additional state-owned office space is needed, the state should keep and maintain its most desirable and efficient office space and sell or demolish less efficient and less useful space.

The Docking State Office Building is the largest state office building in Topeka and is part of the Capitol Complex. It is the Department of Administration’s best opportunity to centralize and co-locate agencies.

Docking is a fully-concrete-encased steel building and is extremely robust. This building has been well-studied and its structure is shown to be in remarkably good condition. Studies done by HTK, McCownGordon Construction, and Clark|Huesemann all have slightly different details but they ALL support the feasibility of a full renovation.

The renovated building would be energy efficient. The *DOCKING BUILDING STUDY UPDATE 2021 09 01* notes that “The upgrades to the building infrastructure significantly improve energy performance, capitalizing on the existing central plant, and saving energy and operational costs into the future. The renovated building’s energy performance would rank within the top 3% of similar buildings that are located within the Topeka area (p1 of the Executive Summary).

In a 2011 article published in *Kansas Preservation*, architect Dave Griffin states that Docking “was an important building, at the time, and the quality of materials exemplifies this importance.” These materials

included Vermont Greenstone, a metamorphic rock harder than marble, cut limestone, and polished marble, with these materials being “handsome, durable, and easily maintained”.

Before demolishing the office floors in Docking, comparisons should be made with the office space in the other 23 state-owned buildings in Topeka.

The building is an investment that was made by the taxpayers of Kansas.

Over two million dollars were wasted on the ill-conceived proposal to replace the power plant systems in 2016. Why add to that waste by ignoring all the studies that have been done to date? Why begin again to come up with plans and a feasibility study for something we are not sure that we even need?

The Docking State Office Building has been one of the most efficient state-owned buildings, providing over sixty years of quality service to Kansas. The cost comparisons made it clear that a fully-renovated building would cost less per square foot than the alternative to remove nine of the floors and build back three. There are NO cost estimates for the additional demolition.

Federal funds may be available for renovation, and perhaps more likely to be obtained for office rather than event space. If they are not granted, keeping four floors as “shell space” and eliminating the pedestrian bridge to the parking lot would bring the cost estimates below the \$120 million identified for bonding.

The Docking State Office Building is treasured as an example of mid-century modern architecture. It is considered to be historic and was nominated by the Topeka Landmarks Commission to be placed on the National Register of Historic Places.

Let’s not send nine stories of sound building materials to the landfill. Let’s work to conserve, not waste, additional tax-payer dollars.


Senator Marc Francisco


Representative Jarrod Ousley

Electronic Attachments:

[Testimony from the Dept. of Administration to the Joint Committee on State Building Construction](#)

[Statement of the Program from DOCKING BUILDING STUDY UPDATE 2021 09 01 \(p 28, 29\)](#)

[The Docking State Office Building, Revisiting the Energy Performance of a Modern Glass Tower](#)

[Nomination of the Docking State Office Building to the National Register of Historic Places](#)

[Testimony in support of Option A](#)