

# Report of the Joint Committee on State Building Construction to the 2017 Kansas Legislature

**CHAIRPERSON:** Senator Kay Wolf

**VICE-CHAIRPERSON:** Representative Mark Hutton

**OTHER MEMBERS:** Senators Marci Francisco, Laura Kelly, Forrest Knox, and Larry Powell; and Representatives John Alcala, Steve Alford, Will Carpenter, and Adam Lusker

## **CHARGE**

The Joint Committee is authorized by KSA 46-1701, which includes provisions allowing the Joint 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

## ANNUAL REPORT

### Conclusions and Recommendations

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

- Department of Administration—7B-Heat Plant, 7C-Demolition to three floors, 7D-Total renovation, 7E-Deconstruction all for the Docking State Office Building, and 8-New Energy Center; and
- Department of Corrections—S2-Construct two cell houses at El Dorado Correctional Facility.

The Committee recommended the Department for Children and Families (DCF) move forward with the sale of the property in Chanute and if DCF considers the offered price of \$121,000 to be reasonable, to finalize the sale. The Committee believes this to be a reasonable rate based on issues affecting the property.

The Committee does not object to the advancement of the construction of the Capitol Snack Bar project.

*Proposed Legislation:* None

### BACKGROUND

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

The Joint 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 Joint 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 Joint Committee is six members. The chairperson and vice-chairperson are elected by the members of the Joint 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 Joint 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 Joint Committee are set forth in KSA 2016 Supp. 46-1702. The Joint 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 Joint Committee also studies reports on capital improvement budget estimates that are submitted by the State Building Advisory Commission. The Joint 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 Joint 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 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 Joint Committee each January regarding the federally funded projects, and the Director of Kansas Correctional Industries advises and consults with the Joint Committee prior to commencing such projects for the 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 Joint 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 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 Joint 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 Joint Committee. Under these circumstances, a summary description of the proposed change order or change in plans is mailed to each member of the Joint Committee, and a member may request a presentation and review of the proposal at a meeting of the Joint 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 Joint 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 Joint Committee. If two or more members do not request the proposed matter be heard by the Joint Committee, the Secretary of Administration is deemed to have advised and consulted with the Joint 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 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 Joint Committee that identifies properties where an excessive amount of energy is being used (KSA 2016 Supp. 75-37,128).

## COMMITTEE ACTIVITIES

The LCC approved two meeting dates for the Joint Committee on State Building Construction, of which there were to be no travel days. Those meetings were held October 4 and 5, and the Committee reviewed agencies' five-year capital improvement plans. All plans were approved, although two were modified as shown in the conclusions and recommendations. There were also two phone-in conference call meetings of the Committee on July 19 and December 2.

### Five-Year Plans

**Schools for the Deaf and Blind.** The Chief Operating Officer (COO) for the Kansas Schools for the Deaf and Blind noted the debt service for energy conservation for the School for the Blind would soon be retired and the agency would be purchasing a new heating, ventilation, and air conditioning system, which was more cost-effective than repairing the old system. Regarding the School for the Deaf, the COO outlined four capital improvement needs to be addressed.

**Insurance.** The Comptroller for the Kansas Insurance Department discussed routine maintenance and repair projects.

**Commerce.** The Building Services Manager for the Department of Commerce discussed the agency's seven workforce centers across the state. All capital improvements are federally funded.

**Highway Patrol.** The Chief Financial Office of the Kansas Highway Patrol (KHP) stated the final payment for the Billard Airport facility will be made in FY 2018. Other plans include upgrading the security system at the Governor's residence, improvements to Training Academy buildings at Salina, and construction of a vehicle-storage building at the Troop F headquarters in Wichita. The total costs of \$6.4 million will be met

with various funds but no State General Fund (SGF) moneys.

**Adjutant General.** The Director of Public Works for the Adjutant General's Department reviewed the agency's rehabilitation and repair projects, which total \$40 million in estimated costs. There was further conversation on the Facility Conservation Improvement Program.

**Transportation.** The State Transportation Engineer of the Kansas Department of Transportation (KDOT) noted the agency's primary focus is to preserve building assets and infrastructure and reviewed priorities scheduled for the next five years with all costs being met through the State Highway Fund. It was explained rectangle buildings with gable roofs are less expensive to build and maintain, even though they sacrifice space efficiency. It was noted the agency's plans nearly double over the course of five years; it was stated the agency includes some maintenance plans even though funding may not be available.

**Corrections.** The Director of Capital Improvements and Facilities Maintenance for the Kansas Department of Corrections (KDOC) reviewed the agency's five-year capital improvement plans. The rehabilitation, repair, and replacement costs total \$30.0 million for adult correctional facilities, all drawn from the Correctional Institutions Building Fund, and \$6.7 million for juvenile correctional facilities drawn from the State Institutions Building Fund (SIBF). It was stated the construction of two cell houses (Project S2) would be postponed, bringing the total estimated costs (including debt service and new construction) to \$63.0 million. The Director stated projections are required by statute and are made by a sentencing group. The prison count includes not only state facilities but also offenders housed in city and county jails. It was stated the Larned Juvenile Correctional Facility was too expensive to maintain, and KDOC will make it available to other state agencies.

**Labor.** The Chief Fiscal Officer (CFO) for the Kansas Department of Labor discussed the rehabilitation and repair projects that are all paid with federal funds. It was noted the funding source for capital improvements had changed from

Federal Unemployment Insurance to the Workers Compensation Fund, and the CFO traced current and planned rehabilitation and repair projects. Item one, rehabilitation and repair, is used primarily for unexpected and emergency expenses.

**Board of Regents and universities.** The Director of Facilities for the Kansas Board of Regents (KBOR) discussed KBOR's intention to minimize demands on the SGF except for deferred maintenance and to draw from the Educational Building Fund (EBF) and the Expanded Lottery Act Revenue Fund for some projects. He requested \$35.0 million from the EBF. He also explained, in response to the 2016 Legislative Session, policy changes were made regarding public-private partnerships; any sublease must now be approved by KBOR. Following a request for proposal, each school makes its own selection of a contractor; KBOR was encouraged to establish a standardized format for procuring contracted services.

**Kansas State University.** The Associate Vice President and University Architect at Kansas State University discussed the five-year plans that will complete the last of seven large projects; outlined current and future projects total an estimated \$928.5 million. He stated bond payments for the Seaton Hall project will be drawn from the EBF.

**Fort Hays State University.** The Director of Facilities Planning for Fort Hays State University discussed details regarding current and future projects, for which costs total \$109.3 million. The Director stated the University's wind-generation project provides 54 percent of the campus' required energy; future plans are to produce and sell hydrogen through wind generation.

**Pittsburg State University.** The Director of Facilities Planning for Pittsburg State University reviewed the campus' current projects. The Director provided details and illustrations of current and future projects, for which costs totaled an estimated \$58.9 million. The school was congratulated on its Block 22 interactions with the city.

**Wichita State University.** The Director of Facilities Planning for Wichita State University discussed current and future projects, noted the only project funded by SGF is the Central Energy

Plant, and offered details regarding other current and future projects, for which costs total an estimated \$128.1 million. It was explained that the Innovative Campus initiative is a private development using private funds. The Director provided additional information:

- Funding for the bonds and infrastructure (\$1.2 million and \$15.0 million respectively) comes from Wichita's Public Building Commission;
- The ground lease for the Innovative Campus project is paid by a city sales tax;
- The lease for the off-campus site is contracted through the private Wichita State Innovative Alliance Board; and
- The city/county owns the Law Enforcement Center, except for the ground lease.

**Emporia State University.** The Vice President of Administration and Finance for Emporia State University reviewed the school's five-year capital improvement plans. It was noted that recently completed projects, including rehabilitation and deferred maintenance, total \$1.9 million; future projects were outlined, with estimated costs totaling \$47.9 million.

**University of Kansas Medical Center.** The University Architect and Assistant Director of Projects from the University of Kansas Medical Center highlighted the new Health Education Building, which was expected to be completed on July 15, 2017, at a cost of \$75.0 million. It was stated the new parking garage was 50 percent completed as of the meeting date.

**University of Kansas.** The University Architect/Director of Design and Construction Management for the University of Kansas provided a status update of current projects and listed proposed future projects. He noted the significant private support for the new Capitol Federal School of Business building.

**Ageing and Disability Services.** The Facilities Architect for the Kansas Department for Ageing

and Disability Services stated a bond issue for general rehabilitation and repair was refinanced and will be retired in several years. The building at Osawatomie is in excellent shape; the added costs are required to comply with federal regulations. It was recommended an agency's debt service extend beyond the five-year plans.

**Veterans' Affairs.** The Director of the Kansas Commission on Veterans' Affairs Office discussed the agency's five-year capital improvement plans, which include improvements at the Kansas Soldiers' Home in Dodge City and the Kansas Veterans' Home in Winfield. Ongoing projects were identified and details were provided regarding the need for rehabilitation, repair, and renovation of the agency's buildings—a total of \$13.6 million funded through the SIBF. It was noted projects at the cemetery in Fort Dodge were done using Kansas Lottery funds. It also was noted that unspent funds are returned to the SIBF. Responding to other questions, he stated roof replacement cost calculations are provided by the Department of Administration's Office of Facilities and Property Management (OFPM) and that, before developing a veterans' facility in northeast Kansas, the state must first commit to providing its share of the federal/state (65 percent federal/35 percent state) costs. The Director stated a veterans' facility is still needed for western Kansas. The agency's Chief Fiscal and Property Officer stated bids are submitted to the OFPM, and the agency selects the lowest bid.

**Judicial Branch.** The Budget and Fiscal Officer for the Judicial Branch briefed the Committee on the branch's five-year capital improvement plans, which included workspace for the eCourt Information Technology project and remodeling of the Judicial Center, a total of \$502,778. She stated no extra funds were left over from the insurance payment for the damaged roof.

**Wildlife, Parks and Tourism.** The Budget Director for the Kansas Department of Wildlife, Parks and Tourism reviewed the agency's five-year capital improvement plans. The Director stated all projects draw from federal funds matched with agency fee funds, with none sourced from the SGF. It also was stated the plans are bifurcated, with some funds allocated to new construction and the remaining allocated to rehabilitation and repair of current assets, with a

total estimated cost of \$38.9 million. It was stated land acquisition is limited to a certain number of acres per year and no land is acquired for conservation easements. A member encouraged the agency to publicize Kansas trails to stimulate tourism.

**Historical Society.** The Director of the Historical Society noted \$250,000 is regularly allotted to meet needs for emergency repairs of the 50-plus buildings under the oversight of the agency, and he itemized other planned projects; some costs will be met with private funds.

**Bureau of Investigation.** The Director of the Kansas Bureau of Investigation (KBI) commented on successes for the KBI as follows:

- Moved to the new Forensic Laboratory building on the Washburn University campus;
- Enhanced funding for 12 more forensic staff; and
- Relocated to the KHP Troop F headquarters in Wichita, a move that doubled the office space with no additional cost.

The KBI will not seek further enhancements even though the annual appropriation of \$100,000 for rehabilitation and repair does not address the needs of the agency's facilities.

The Director provided additional information:

- The KBI owns 12 vacant properties next to the Topeka headquarters; the total assessed value is \$140,000;
- There is no insurance coverage for the roof hail damage at the Great Bend facility; and
- The evidence backlog at the Forensic Laboratory has improved slightly, but the backlog may increase until all the new forensic equipment is validated.

**State Fair.** The General Manager of the Kansas State Fair noted that, besides during the 10 days of the State Fair, 150 buildings are used throughout the year to host more than 600 outside events. The General Manager highlighted the need to address the crucial needs of the Expo Building and Bison Arena; the General Manager stated some events have chosen not to use the Expo Building because of its condition, and the Fair Board is still considering razing the Bison Arena rather than repairing it. A member suggested having a phone company provide wireless connectivity for the fairgrounds, and another member recommended the DA418A document show bond payments beyond the five-year parameter.

**Administration.** The Deputy Director, Design, Construction, and Compliance, of the Department of Administration outlined the agency's five-year capital improvement plans. The Deputy Director reviewed completed and current projects and identified future rehabilitation and repair initiatives. A member expressed concern that funds allocated for rehabilitation and repair were insufficient. The Deputy Director noted, if the agency were granted more flexibility in the appropriations process, some projects could move forward more efficiently.

The Deputy Director, Facilities Operations/Engineering Operations, Department of Administration, outlined procedures for decommissioning the Docking State Office Building (DSOB); by July 2017, only security personnel and the power plant employees will occupy the building. The Deputy Director noted that as of the date of the meeting, the Legislature had given no further directions regarding the DSOB. The Legislative Liaison for the Department of Administration affirmed the agency is waiting for legislative authorization before committing any more funds to the DSOB.

The Director of Facilities for the Department of Administration added, for either a one-story or a three-story building at the DSOB site, several thousands of dollars will be needed for design. A member recommended that a design-build approach would quantify uses for the property. The Deputy Director stated that during the previous week, an independent preservation group toured the DSOB, but it had presented no

recommendations for the building as of the date of the meeting.

The Deputy Director presented a request from Department for Children and Families (DCF) to construct a snack bar at the Visitor's Center of the Capitol. It was stated an architect is preparing a preliminary plan. The Deputy Director stated J.E. Dunn Construction estimated a cost of \$250,000. The Director suggested \$150,000 would likely be the cost of renovation. He noted DCF has allocated \$50,000 for the project.

### **Statutorily Required Reports**

The State Transportation Engineer, in accordance with KSA 2016 Supp. 75-3516, reported on KDOT's inventory system for real property and real estate transactions. The Engineer illustrated the process of disposing of excess right-of-way properties with a table showing tracts identified and sold. It was noted that in fiscal year 2015, tracts marketed produced \$820,379.39 in revenue. The Chief of KDOT's Bureau of Right of Way explained most property is acquired through negotiation, usually without any permanent easement; if a property is acquired through eminent domain, the landowner is paid the appraised value for the property.

### **Leases and Sales**

The State Lease Administrator, OFPM, presented the following leases and the Deputy Director of Real Estate presented an update on the sale of a building and land, all of which were recommended by the Committee:

- Lease for the Department for Children and Families, Corporation Commission, Department for Aging and Disability Services, and Wildlife, Parks and Tourism, all in Chanute;
- Lease for the Department of Revenue in Olathe; and
- Proposed sale of the building vacated by the Department for Children and Families in Chanute.

## CONCLUSIONS AND RECOMMENDATIONS

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

- Department of Administration—7B-Heat Plant, 7C-Demolition to three floors, 7D-Total renovation, 7E-Deconstruction all for the Docking State Office Building and 8-New Energy Center; and
- Department of Corrections—S2-Construct two cell houses at El Dorado Correctional Facility.

The Committee recommended DCF move forward with the sale of the property in Chanute if DCF considers the offered price of \$121,000 to be reasonable, to finalize the sale. The Committee believes this to be a reasonable rate based on issues affecting the property.

At the October 5 meeting, the Committee recommended to the LCC that DCF not move forward with the creation of the Capitol Snack Bar in the Visitor's Center. After the meeting, the Committee reviewed additional information. During a conference call meeting on December 5, the Committee adopted a motion to say the Committee does not object to the advancement of the construction of the Capitol Snack Bar project.