

MINUTES

JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

June 28, 2004
Room 123-S—Statehouse

Members Present

Senator Stephen Morris, Chair
Representative Joann Pottorff, Vice-Chair
Senator Jim Barone
Senator Mark Buhler
Senator Greta Goodwin
Senator David Jackson
Representative Bob Grant
Representative Joe Humerickhouse
Representative Melvin Neufeld
Representative Melvin Minor

Staff Present

Robert Waller, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Helen Abramson, Committee Secretary

Conferees

Howard Fricke, Secretary, Department of Administration
Keith Meyers, Department of Administration
Chris Rieger, Department of Corrections
Art Hall, BEST
William Daughtery, Kansas State School for the Blind
Robert Maile, Kansas State School for the Deaf
Pete Seiler, Kansas State School for the Deaf
Alexa Pochowski, Department of Education

Others Attending

See attached list.

Morning Session

Senator Stephen Morris, Chairman, called the meeting to order at 10:00 a.m. on June 28, 2004, in Room 123-S of the Statehouse.

Howard Fricke, Secretary, Department of Administration (DOA) presented an update of the agency's activities concerning the Landon State Office Building (LSOB) and Docking State Office Building (DSOB). Secretary Fricke stated that prior to the administration's decision concerning the LSOB, he took into consideration the studies conducted previously along with direction and guidance from accountants, architects, and the Glaze Commercial Real Estate Advisors, Inc., who were hired as consultants on the project.

Secretary Fricke noted that because of years of deferred maintenance, substantial funds would be required to bring the LSOB up to minimal standards. He remarked that the footprint is not conducive to efficient office space, columns are narrowly spaced, and ceilings are low. The future use of the building has not been thoroughly explored nor determined, therefore, DOA does not recommend the investment of future state funds for reconstruction.

Secretary Fricke also noted that maintenance has been deferred for a number of years on the 50-year-old DSOB; although, unlike LSOB, the footprint of Docking is efficient and conducive to an office building. He explained the DSOB houses the power plant for the Statehouse, Judicial Center, LSOB, Memorial Building, part of the Curtis Building, and relocating the power would be very expensive. Secretary Fricke recommended tearing down DSOB to its cement columns and floors and reconstructing with new heating, ventilating, electrical, plumbing, and exterior. He further remarked that in discussions with the Governor, DOA's existing budget is sufficient to hire architects and engineers to provide an accurate project cost estimate. Secretary Fricke suggested that DOA use the University Research and Development Enhancement Corporation as an independent oversight board. However, for the Corporation to officially help DOA, a change in the statutes is needed with the addition of the wording "and Docking Building." Secretary Fricke suggested that space standards, as set forth by the prior administration, be employed as part of any proposed reconstruction.

Secretary Fricke proposed exploring available leasing space in and around the Capitol with the prospect of vacating the LSOB and while DSOB is reconstructed. The money saved in operating expenses for the DSOB could approach \$2 to \$3 per square foot (\$1 million to \$1.5 million) which would help in the reconstruction of the building.

Chairman Morris commented that using the present empty space in the Harrison Building and space made available in Docking when the Kansas Department of Transportation relocates could create enough space for relocating current Landon Building agencies. Besides the operating expenses savings from the Docking Building, savings would also occur from not operating the Landon Building or the revenue from the sale of the Landon Building.

Secretary Fricke stated that the DOA (in conjunction with the University Research and Development Corporation Board) will proceed to solicit RFP's from architects and engineers. All information on these proposals should be available prior to the 2005 Legislative Session.

Committee discussion followed concerning the cost of reconstructing the Docking Building, an economic evaluation to support justification to locate offices centrally instead of looking at other geographic locations, and the necessity that the JCSBC be kept abreast of progress on a monthly basis.

Secretary Fricke remarked that he would immediately contact the University Research and Development Corporation Board, if the Committee recommends that DOA proceed with the project.

Representative Minor moved for the Committee's recommendation for approval of the Department of Administration to proceed with the proposal to contact the University Research and Development Corporation Board as an oversight corporation to prepare a cost analysis and other recommendations concerning the reconstruction of the Docking Building and the future use of the Landon Building. Senator Goodwin seconded. Motion carried.

Keith Meyers, Director, Department of Administration, presented for Committee approval the following leases:

A five-year lease for the State Board of Indigents' Defense Services at 112 S. 6th Street, Suite 300, Topeka, for 6,220 square feet of office space at a cost of \$11.50 per square foot (Attachment 1).

A five-year lease for the State Board of Indigents' Defense Services at 714 SW Jackson, Suite 200, Topeka, for 6,000 square feet of office space at a cost of \$11.95 per square foot (Attachment 2).

A five-year lease for the State Board of Indigents' Defense Services at 700 SW Jackson, Suite 900, Topeka, for 6,503 square feet of office space at a cost of \$11.95 per square foot (Attachment 3).

A DOA staff member explained about the re-measurement of the space relating to the lease at 112 SW 6th, Suite 300, and the few employee parking spaces allotted for the lease at 714 SW Jackson, Suite 200, as well as the reasons for three different locations for the State Board of Indigents' Defense Services.

Director Meyers stated that these three leases were prepared in the last three weeks, as originally the State Board was considered for relocation to the Harrison Building. All leases have early termination clauses.

Representative Grant moved for the Committee's recommendation for approval of three five-year leases at 112 SW 6th, Suite 300; at 714 SW Jackson, Suite 200; and 700 SW Jackson, Suite 900, Topeka, for the State Board of Indigents' Defense Services. Representative Humerickhouse seconded. Motion carried.

A five-year lease for the Kansas State Fire Marshal for 7,231 square feet of office space at 700 SW Jackson, Suite 600, Topeka, at a cost per square foot of \$10.50 (Attachment 4). The Committee recommended delaying the approval of the lease until August, since the terms of the new lease do not go into effect until August 31, 2004, and directed the agency to pursue a 90-day termination notice instead of the requested 180-day notice.

A three-year lease for Kansas State University for 26,216 square feet of office space at 1615 Anderson Avenue, Manhattan, at a cost per square foot of \$4.73 for the first year and \$4.47 for the second and third years (Attachment 5). The increase in square footage is due to the conversion of storage space in the basement to office space. As the cost of the improvements is paid off, the rent rate decreases.

Representative Minor moved for the Committee's recommendation for approval of the three-year lease for Kansas State University at 1615 Anderson Avenue, Manhattan. Representative Neufeld seconded. Motion carried.

A five-year lease for the Governmental Ethics Commission for 2,869 square feet of office space and 300 square feet of storage space at 109 SW 9th Street (Mills Building), Topeka, at a cost per square foot of \$11.50 for office space and \$2.50 for storage space (Attachment 6).

Committee discussion followed concerning the absence of a termination clause and no parking spaces being provided.

Senator Buhler moved for the Committee's recommendation to approve the five-year lease for the Governmental Ethics Commission in the Mills Building. Representative Minor seconded. Motion carried.

A one-year lease for the Department of Social and Rehabilitation Services for 11,327 square feet of office space at 410 Commercial, Atchison, at a cost per square foot of \$7.25 (Attachment 7). This one-year extension would allow time to prepare an RFP and review options for co-locating in Atchison.

Representative Grant moved for the Committee's recommendation to approve the one-year lease for the Department of Social and Rehabilitation Services at 410 Commercial, Atchison. Senator Buhler seconded. Motion carried.

A five-year lease for the Department of Corrections for 2,925 square feet of office space at 109 W. First Street, Hutchinson, at a cost per square foot of \$10.00 (Attachment 8).

Chris Rieger, Parole Manager, Department of Corrections, explained that the office is a co-location with the local Community Corrections and Court Services Offices for Reno County and the lease cost is below Hutchinson's benchmark price.

Director Meyers remarked that Court Services, Community Corrections, and the Parole Board collaborated in 1999 with Reno County to remodel a car dealership facility to meet the needs of all three agencies. The lease amount for the Parole Board was \$6.00 per square foot for the first two years, but the landlord wanted \$8.00. The agency could only enter into a five-year lease at that point, so it was decided the cost would be \$6.00 for the first two years and \$8.00 for the following three years. Reno County decided to recoup their expenses over a ten-year period by raising the lease price.

Representative Minor moved for the Committee's recommendation for approval of the five-year lease for the Department of Corrections at Hutchinson. Senator Goodwin seconded. Motion carried.

A three-year lease amendment for the Kansas Department of Health and Environment for 8,581 square feet of office space at 800 W. 24th Street, Lawrence, at a cost per square foot of \$11.50 (Attachment 9). The landlord agreed to paint, replace carpet and linoleum, install two security cameras in the parking lot, replace or repair roof, and several other minor improvements. The benchmark price for Douglas County is \$8.24 per square foot.

Committee discussion followed concerning the lease renewal option.

Senator Goodwin moved for the Committee's recommendation for approval of the three-year lease amendment for the Kansas Department of Health and Environment for office space at 800 W. 24th Street in Lawrence. Representative Grant seconded. Motion carried.

A five-year lease amendment for the Kansas Department of Health and Environment for 5,925 square feet of office space at Dodge City at a cost per square foot of \$8.25 for office space and \$3.00

for storage space (Attachment 10). Douglas County's benchmark price for office space is \$10.47. The agency paid for utilities and janitorial services on the current lease (\$2.65 per square foot). However, the landlord will pay these costs on the new lease. The landlord will complete some improvements.

A five-year lease for the Kansas Department of Health and Environment for 5,000 square feet of office space at 2301 E. 13th Street, Hays, at a cost per square foot of \$9.25 per square foot (Attachment 11). The agency paid for utilities and janitorial services on the current lease (approximately \$1.93 per square foot). However, the landlord will pay these costs on the new lease. The benchmark price for leasing office space in Ellis County is \$8.71.

Discussion followed concerning the benchmark price of \$8.71 in Ellis County, the increase in cost per square foot, and shift from the agency paying all operating expenses to paying for just the phone services.

Representative Humerickhouse moved for Committee's recommendation for approval of the Kansas Department of Health and Environment for leased space at Dodge City and at Hays. Representative Minor seconded. Motion carried. Senator Barone voted no.

Mr. Art Hall presented Governor Sebelius' Budget Efficiency Savings Teams (BEST) report (Attachment 12). The team developed recommendations on the State's leasing processes and procedures. The Governor gave the leasing BEST team (of which the Department of Administration is an integral part) authorization to develop an implementation plan. Efforts were shifted from a process of searching for line-item budget savings to a process focused on change of management. The change-management process seeks to collect, synthesize, and act on the best knowledge available in the State's various agencies regarding ways to improve the efficiency and effectiveness of State operations.

The report listed the two guiding principle recommendations: (1) decentralized decision-making (with accountability), and (2) centralized knowledge systems (with access). These principles evolved out of a larger BEST project that has been evaluating how the DOA interacts with other state agencies and the discovery of numerous redundancies and decision-making bottlenecks within the process. Principles were adopted to guide the various BEST teams toward remedies of these operational deficiencies.

The leasing BEST team believes that the recommendations delivered to the Governor offer a promising pathway toward the dual goal of improving operational efficiency, effectiveness, and strengthening decision-making accountability.

Mr. Hall presented Committee member with copies of BEST's report of their goals, guiding principles, general findings, recommendations, and specific suggestions for processing improvements (Attachment 13).

Committee discussion followed concerning decentralized decision-making and centralized knowledge systems.

Mr. Hall stated that the database would be on the web as of July 1, 2004, to assist agencies regarding leases. In conjunction with the creation of the website, the Division of Facilities leasing staff has been reduced by two employees, thus reducing lease administration fees to state agencies from eight to three cents.

Chairman Morris remarked that for the agencies to negotiate leases themselves with the help of the database sounds good in theory, but smaller agencies may not have the expertise to negotiate effectively and the BEST proposal seems to be going backward.

Mr. Hall commented that this is a pilot project and is directing agencies to seek the best possible knowledge in order to receive the best deal for the state. Agencies would have the autonomy to make the choice whether to negotiate their own lease and be reviewed by DOA, or hire DOA to perform the work.

Committee discussion continued concerning removing the review by the Building Committee of leases of less than \$10,000 or 10,000 square feet, as set forth in BEST's recommendation.

Chairman Morris suggested that the Committee, Mr. Hall, and the Division of Facilities Management have a roundtable discussion to review the pilot project and related concerns.

Representative Grant moved for the Committee's recommendation to approve the Building Committee's May 27, 2004 minutes. Senator Buhler seconded. Motion carried.

At 12:00 p.m., Chairman Morris recessed the morning meeting until 1:30 p.m.

Afternoon Session

Chairman Morris called the meeting to order at 1:30 p.m., and informed Committee members that the Kansas State School for the Blind (KSSB) and the Kansas State School for the Deaf (KSSD) would give a comprehensive review of issues concerning the two schools. The Building Committee wanted to review these two schools because of the relatively low numbers of residents, thus ensuring that the state is providing the best possible service in a cost effective manner.

William Daugherty, Superintendent, Kansas State School for the Blind, presented testimony about issues surrounding the economic and educational considerations in operating the KSSB (copy of the written information is on file with the Legislative Research Department).

Review of capital budget issues included historical and current information on construction and renovation; specialized features of the two campuses; space utilization; future issues; and the school's five-year budget plan (FY 2005 – FY 2010). The agency requested \$142,460 for rehabilitation and repair projects (major maintenance) for FY 2005 funded by the State Institutions Building Fund (SIBF).

Robert Maile, Superintendent, Kansas State School for the Deaf, reviewed the school's capital budget, operations, and issues regarding possible consolidation or alternatives to the current service delivery system (copy is on file with the Legislative Research Department).

Committee discussion followed including issues of enrollment, funding for student transportation, the Omstead Services Act, the process used to direct where students attend school, outreach programs, staffing, and comparison of the school's program with other states as well as the renovation of the Roth Building.

Superintendent Daugherty reviewed the operations section of his presentation pertaining to the agency's structure, personnel costs, budget, campus-based programs, enrollment, residential

programs, and service delivery. He noted that the total number of elementary and secondary students for 2003 was 59 and the summer enrollment totaled 93.

Superintendent Maile reviewed the operations portion of KSSD relating to the agency's operating structure, personnel, budget, and service delivery. KSSD requested \$704,794 for completion of Roth Dormitory renovation and rehabilitation and repair projects for FY 2005, to be funded by the State Institutions Building Fund. He informed the Committee that total enrollment for 2003-04 was 135 students.

Superintendent Maile stated that KSSD does not receive the categorical aid that public schools receive. However, approximately \$100,000 was received from the federal government based on headcount. All state funding is legislatively appropriated outside of the student-funding program.

Alexa Pochowski, Assistant Commissioner, State Department of Education, explained that because KSSB is a state agency, they are excluded from the general education funding formula. The School receives federal special education funds that go into a KSSB account. Commissioner Pochowski stated that the Department of Education would provide Senator Barone with a breakdown of those funds.

Superintendent Daugherty closed his presentation by reviewing consideration of alternative service delivery recommended in prior studies, demographics, and service delivery issues.

Four studies were conducted on the operations and service delivery models of KSSB and KSSD since 1985. Thorough reading of the studies, especially when viewed within the context of school finance issues and actual educational and service delivery practices as of 2004, tends to support the notion that the current system of funding and service delivery is the most practicable of the alternatives. Themes in all of the studies were:

1. The two populations of students are programmatically and socially incompatible.
2. Combining students on one campus would be cost prohibitive due to necessary construction costs.
3. No alternative service delivery model calling for the closure of one or both schools is more desirable than the current operations.

Superintendent Daugherty discussed the issue of the itinerant (traveling-teacher) model used by the United School Districts, the growth of its statewide outreach service within existing resources, combining KSSB with KSSD on the Olathe Campus, and issues of two service delivery models involving the closure of KSSB and a shift of service delivery to the local or regional level.

A potential savings from combining the two Schools was estimated at \$657,220 from cutting salaries and benefits. Several student areas could be shared that would not necessitate the building of duplicate facilities. Potential construction costs, as set forth in the four previous studies, were estimated at \$6-\$8 million. The disposal of the KSSB campus and buildings, if not used as a state facility, could result in a considerable loss. Students with visual impairments and students with hearing impairments are generally thought to be incompatible.

Superintendent Daugherty discussed two likely scenarios to be implemented in discussing the closure of KSSB and delivery of services at the local level. One would be merely to return the current KSSB students to their USDs and require them to provide a Free and Appropriate Public Education (FAPE) as required by federal law. The second one would be to develop a regional

delivery model that would utilize centers of expertise center-based delivery. Both have the advantage of keeping most students with visual impairments in or near their home communities, and would maximize their contact with non-disabled peers.

He stated that if the students are returned to the school districts, USDs would be required to make provisions for the placement of students determined by their local educational planning team provided at a Special Purpose School for the Blind which would likely mean contracting with other states who have such schools. Teachers at KSSB would, almost without exception, not choose to move to any USD outside the immediate Kansas City area. This would necessitate the training and hiring of at least 30 new teachers of the visually impaired and perhaps 10 orientation and mobility specialists who would be willing to reside in areas of the state needing additional services for their students.

The use of a regional delivery model should include a feasibility study to review replication of mini-KSSBs in several areas around the state if there is to be a continuation of the types and quality of services the current KSSB model delivers.

Further, Superintendent Daughtery informed the Committee that Texas, the recognized leader in the delivery of services for students with visual impairments, utilizes a regional model through its 21 Educational Services Centers. Texas also has two university programs training new Teachers of the Visually Impaired (TVI), the largest number of TVIs working in the USDs, and has one of the largest schools for the blind in the country.

Superintendent Maile introduced Dr. Pete Seiler, who is profoundly deaf and the Director of Student Life and Services at KSSD. With the assistance of two interpreters, Dr. Seiler outlined facts regarding the differences between educating the deaf and the visually impaired, summarized the federal laws, and reviewed the positive and negative results of the service delivery options and some of his personal insights.

Chairman Morris informed the Committee that the renovation of the Roth Building at KSSD is one of the charges of the Building Committee because of the relatively low number of residents. The renovation issue was discussed during the 2004 Legislative Session, with the final decision to proceed with at least the fourth year as recommended.

Chairman Morris commented that it appears from the discussion today that it is not feasible to combine the two schools. However, this topic was an assigned topic during the interim for the Legislative Budget Committee.

Senator Barone suggested it would be helpful if the Legislative Research Department would make a study of in-house and out-of-house costs concerning the KSSB and KSSD and such studies to include surrounding states data.

Representative Neufeld suggested that the KSSD return to a future Building Committee meeting for presentation on the school's future projections together with a long-term plan and alternate plans for the Roth Building. Perhaps some of the plans for renovation could be delayed for a few years.

Chairman Morris requested the KSSD appear before the Building Committee, prior to the commencement of the legislative session, with an analysis of anticipated residential requirements for the next 10 years. If half of the Roth Building is renovated, the facility would probably be sufficient for a number of residential students on a short-term basis. Further information should be explored concerning the possibility of having some kind of life skills unit in the other part of the building.

Representative Neufeld remarked that KSSB requested \$200,000 for windows in the Roth Building, but if there is a delay in the parking lot renovation, then the replacement of windows should be considered.

Alexa Pochowski advised, in lieu of verbal testimony, she would leave her written report pertaining to services for visually impaired, blind, deaf or hard-of-hearing students (Attachment 14). The Department of Education's report demonstrated a data trend of ten years in terms of the number of students, and there has been little change in the number of students served in the public school districts versus the number of students served in the KSSB and KSSD.

Representative Neufeld remarked that for those being served by the local school district, it is generally perceived that an IEP is written to the level that is insisted on by the parent's attorney, and this could account for the reason there is not any change.

Chairman Morris asked Commissioner Pochowski to review the Department of Education's report for the Legislative Budget Committee.

Chairman Morris said the Building Committee has been invited to hold their meeting on September 16 and 17 during the Kansas State Fair. This will be confirmed at a later date. The Committee also discussed touring Fort Dodge, KNI, Parsons, and Osawatomie hospitals.

Chairman Morris adjourned the meeting.

The next meeting is scheduled for August 13 and 14.

Prepared by Helen Abramson, Committee Secretary
Edited by Amy Deckard and Robert Waller

Approved by Committee on:

August 12, 2004
(date)