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Appropriations Committee
February 24, 2016

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The Committee on Appropriations met at 1:30 p.m. on Wednesday, February 24, 2016, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on the University of Nebraska-Omaha request to use revenue bond surplus funds. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Tanya Cook; Ken Haar; Bill Kintner; John Kuehn. Senators absent: John Stinner, and Dan Watermeier.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and serve as Chairman of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first with my good friend Senator Bill Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner and I live in...or I represent Legislative District 2: Sarpy, Cass, and Otoe County.

SENATOR MELLO: Sitting next to Senator Kintner who will be joining us shortly is Senator Tanya Cook from Legislative District 13, representing north Omaha. Sitting next to Senator Cook is Senator John Kuehn, who will be joining us shortly. Senator Kuehn represents the 38th Legislative District in south-central Nebraska.

SENATOR HILKEMANN: And I'm Senator Robert Hilkemann. I represent District 4, which is west Omaha.

SENATOR MELLO: Sitting at my immediate right here is Senator John Stinner, who will also be joining us shortly. Senator Stinner represents the 48th Legislative District in Scotts Bluff County.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29 in south-central Lincoln.

SENATOR HAAR: I'm Ken Haar. I represent District 21. I'm one of the visible senators.

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SENATOR MELLO: Sitting next to Senator Haar is Senator Dan Watermeier, who will be joining us shortly. Senator Watermeier represents the 1st Legislative District in southeast Nebraska. Assisting the committee today is Laurie Vollertsen, our committee clerk; and our fiscal analyst of the afternoon is the infamous Kathy Tenopir. Our committee page for the day is Julia Oestmann. On the cabinet to your right you will find some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Julia, our page, when you come up. It helps us keep an accurate record of today's public hearing. There is also a white sheet on the cabinet that if you do not wish to testify but you would like to record your position on a budget item, you would do so there. When we hear testimony regarding state agencies, we will first hear from a representative of that state agency. We will then hear from anyone who wishes to speak on the agency's budget request. We ask that you begin your testimony today by giving us your first and your last name, and spelling it for the public record. If you have any handouts, please bring at least 11 copies of them and give them to Julia, our page, when you come up. If you do not have enough copies, please let her know so that she can make more for us. We will be using a five-minute light system today, except for those testifying on behalf of the agency, in this case on behalf of the University of Nebraska. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask that you wrap up with your final thoughts. As a general matter of committee policy, I'd like to remind senators that the use of cell phones and other electronic devices is not allowed during our Appropriations Committee public hearing. At this time, I'd ask all of us, including senators, to please look at your cell phones and make sure they are on the silent or the vibrate mode. And with that, at this time we will hear testimony this afternoon from the University of Nebraska-Omaha's request to use revenue bond surplus funds.

WILLIAM CONLEY: (Exhibit 1) Good afternoon, Senators. My name is William Conley, W-i-l-l-i-a-m C-o-n-l-e-y. I am vice chancellor for Business and Finance at the University of Nebraska at Omaha. And I'm joined by John Amend.

JOHN AMEND: John Amend, J-o-h-n A-m-e-n-d, associate vice chancellor for Facilities at UNO.

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WILLIAM CONLEY: We're here today to talk to you about one project in particular and that is the request, which has been approved by the Board of Regents, to use some of our bond surplus funds for an improvement at one of our housing complexes. This housing complex is called University Village on the Dodge Street Campus of UNO. It's a complex that has 576 beds, 12 buildings. They're each three stories tall. This complex was built in 1999. And by the way, I've handed out a little bit of information, most notably the photos which really tell the story about the reason why we're here today. The stair towers to this building are in bad shape. They, as you can see, they're rusting. They're not all stable and in many cases unsafe. So the proposal is to replace these stairwells. This project, individually being over a half million dollars out of surplus funds, requires your approval. So that's a little bit about the project in a nutshell. I'm going to turn it over to John Amend for him to comment further about the reason for the project.

JOHN AMEND: Bill summarized it pretty well so I will not take too much more of your time, but there are 2 stair towers on each of the buildings, so 12 buildings, 24 each, and approximately \$750,000 to construct. We would hope to have that finished--bid, designed, and constructed--to get the students back in this fall, may go a little past that. But we should be able to get that accomplished.

SENATOR MELLO: Thank you for your testimony this afternoon, Mr. Conley, Mr. Amend. Are there any questions from the committee? Senator Haar.

SENATOR HAAR: So you don't think a couple cans of Rust-Oleum on these, huh? (Laugh) Just thought I'd ask.

JOHN AMEND: Unfortunately, no.

SENATOR HAAR: I tried it on my rusted van; it didn't work either, so.

JOHN AMEND: Does not work.

SENATOR MELLO: Senator Hilkemann.

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SENATOR HILKEMANN: So are all of these steps outside?

JOHN AMEND: Yes.

SENATOR HILKEMANN: And we're talking about \$30,000 for each flight. Is that right?

JOHN AMEND: So you have 12 buildings, 2 per building, 3 floors, so we have...how many flights would that be? My math has gone on me here a little. It's 36 times 2, 72 flights of...that you have going there, so.

SENATOR HILKEMANN: So they're about \$10,000 for each.

JOHN AMEND: We're looking for 24 divided into there. It's about \$30,000 per stairwell.

SENATOR HILKEMANN: Right. That's kind of what I had here. Now are these going to be...is this...are you going to do this the same thing with these wrought iron steps?

JOHN AMEND: No.

SENATOR HILKEMANN: What are we doing different this time?

JOHN AMEND: Much more permanent, something that will withstand the exterior environment that they're exposed to. That was probably the case of this that happened long before Bill and I came to the university. The construction was probably not what we would have done at that time, so we definitely will not do it this time. They should last the rest of the usable life of those facilities as they exist.

SENATOR HILKEMANN: Is there going to be an attempt to enclose these?

JOHN AMEND: Not at this time that I know of, no.

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SENATOR HILKEMANN: Did this...it looks to me like...Senator Haar referred to the Rust-Oleum factor. Were they...was maintenance not done on them on a regular basis that they got to this level?

JOHN AMEND: I would say that they have been maintained as well as they could be, as they're exposed to the elements. We did not take over the operation of this particular facility until...

WILLIAM CONLEY: 2010.

JOHN AMEND: ...'10, four, five years ago. At that time they were be...they were actually built by a developer, Campus Living Communities or they've...

WILLIAM CONLEY: Uh-huh.

JOHN AMEND: ...several different names. They operated and maintained the facilities. We purchased them at that time. Since then we put some money back into it through the...and during the original purchase of the facility, and have slowly but surely been trying to manage some of the other shortfalls that it had. This is one of the main ones that is in front of us now.

SENATOR HILKEMANN: Are these platforms or these...are they going to be being replaced on this (inaudible)?

JOHN AMEND: The platform? I think you're talking about the landings that you're looking at.

SENATOR HILKEMANN: Yes, the landings, right.

JOHN AMEND: Those should be okay. I think it's mainly the stringers and the stairs in between. We would go with more of a reinforced concrete steps that are again as weather-proof as we can make them.

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SENATOR HILKEMANN: So, okay, that was my next question: What were you going to use to make them more sustainable? Are these...did these come as prefabbed or are they going to be custom-made?

JOHN AMEND: The current ones or the ones that we'll replace them with?

SENATOR HILKEMANN: The ones that are planned for replacement.

JOHN AMEND: I believe that they could be one of a couple. We could cast them in place or we could buy them as precast units that we would put in.

SENATOR HILKEMANN: Okay. That's it for now.

SENATOR MELLO: Thank you, Senator Hilkemann. Senator Kintner.

SENATOR KINTNER: I think he asked about everything I was going to ask. But I would say for government work, this is about as cheap as it gets. I mean I'm used to seeing huge amounts of money for relatively small things. Now that I know the bar is set pretty low for government work but this is pretty cheap (inaudible). (Laugh) I don't think we get too many requests for \$750,000 from our colleges and universities. So at the first blush it looks like we're getting some bang for the buck on this one. So I'm glad you're going to do this for under a million dollars. That's something unheard of, at least in my short time here, so.

JOHN AMEND: We're keeping our fingers crossed (inaudible) getting there.

SENATOR KINTNER: Good. I hope I didn't jinx you. Sorry about that. Appreciate it. Oh jeez. Okay.

SENATOR MELLO: Thank you, Senator Kintner. Senator Haar.

SENATOR HAAR: Yeah, they answered (inaudible) question.

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SENATOR MELLO: Okay. Senator Cook.

SENATOR COOK: I'm sorry I was late. I was introducing a bill in another committee. Which building is this?

WILLIAM CONLEY: This is University Village,...

SENATOR COOK: Oh, there it is.

WILLIAM CONLEY: ...kind of in the heart of our Dodge Street Campus. It's our first housing complex that we ever had on campus.

SENATOR COOK: Okay. Over by the...where they have the Shakespeare...

WILLIAM CONLEY: Yes.

SENATOR COOK: ...on the Green?

WILLIAM CONLEY: Yep.

SENATOR COOK: Okay. Thank you.

SENATOR MELLO: Senator Hilkemann.

SENATOR HILKEMANN: Are these going to be put out for public bid?

JOHN AMEND: Yes.

SENATOR HILKEMANN: Okay. Could this project come in at less costs than what this...?

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JOHN AMEND: Depending on what the market is right now and depending on what the...how busy the trades are that will be involved here. There's...it's totally possible. We are, as with any construction projection, you are at the mercy of what the market is doing at the time.

SENATOR HILKEMANN: So there you have had no bids on this at this point or you've had no one look at it.

JOHN AMEND: No. We will shortly. We have the designs. We are ready to go out for bids, but obviously we had to pass this step.

SENATOR HILKEMANN: So this \$750,000 is a best estimate?

JOHN AMEND: Best estimate.

SENATOR HILKEMANN: So we could be coming back in and next year you could say, you know, this is...our bids were a little low; it's \$1,600,000.

JOHN AMEND: If it's \$1,600,000, we're going to have to go back to the drawing board.

SENATOR HILKEMANN: Okay.

SENATOR MELLO: Thank you, Senator Hilkemann. Any other questions from the committee? Seeing none, thank you, gentlemen.

WILLIAM CONLEY: Thank you.

JOHN AMEND: Thank you.

SENATOR MELLO: We'll next open, is there anyone else here who wish to testify on the University of Nebraska's request for revenue bond surplus funds at the University of Nebraska-Omaha? Seeing none, that will close today's public hearing on the University of Nebraska's

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request for revenue bond surplus funds at the University of Nebraska-Omaha, and will end the Appropriations Committee hearings for the day. Thank you.