



Kentucky Council on Postsecondary Education

Andy Beshear
Governor

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Aaron Thompson
President

February 27, 2020

Capital Projects and Bond Oversight Committee
Room 34, Capitol Annex
702 Capital Avenue
Frankfort, KY 40601

RE: CPE Approval of KCTCS Parking Lot project

Dear Senator Girdler and Representative Thomas,

The Council on Postsecondary Education's Finance Committee met on February 18, 2020, and, per KRS 164.020 (11), approved a \$1,000,000 Restricted Funds scope increase for the KCTCS Fire Commission Parking Lot project, making the project's new total scope \$3,000,000.

A copy of the CPE Finance Committee's agenda items is attached for your information. If you have questions or require additional information, please contact me at (502) 892-3039.

Sincerely,


Shaun McKiernan
Director for Budget and Finance

C: President Jay Box, KCTCS
Wendell Followell, KCTCS
Carla Wright, OSBD

TITLE: Interim Capital Project – KCTCS Parking Lot Scope Increase

RECOMMENDATION: Staff recommends that the Finance Committee (on behalf of the Council as approved at its January 24, 2020 meeting) approve a \$1,000,000 agency fund scope increase for the Fire Commission's National Responder Preparedness Center Parking Lot.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

SUPPORTING INFORMATION

At its January 24, 2020 meeting, the Council delegated the final review of, and accompanying action on, this request to the Finance Committee. The Finance Committee will provide an update of the action taken at the Council's April 24, 2020 meeting.

The Commonwealth's approved budget for 2018-20 includes a capital project that was requested by the Kentucky Community and Technical College System (KCTCS) for the Fire Commission's National Responder Preparedness Center Parking Lot. The original scope of the project was \$2,000,000.

After beginning the project, it was discovered that soil conditions on the site required extensive remediation, and KCTCS requested a scope increase of \$1,000,000 in agency funds.

On December 3, 2019, KCTCS officials requested the scope increase from the Finance and Administration Cabinet. Historically, scope increases have not required Council approval.

The Legislative Research Commission's (LRC) Capital Projects and Bond Oversight Committee staff contacted CPE staff in mid-January (after the January 9 Finance Committee meeting) and asked if the Council would be approving the project. While the Council historically has not approved scope increases, CPE staff agrees that this project

should be approved by the Council since the magnitude of the increase exceeds 15% and the source of funds is agency restricted funds.

The Capital Projects and Bond Oversight Committee approved this project at its meeting on January 21, 2020, contingent on Council review and approval.

KCTCS has stated the Council's review and approval can be completed as late as mid-February without negative consequences to the project. CPE staff needed additional time to review the project before making a recommendation to the Council, therefore, CPE staff recommended that the Council delegate the review and related action to the Finance Committee at its February 19 meeting. Staff recommends that the Finance Committee approve this increase.

NEXT STEPS

Following Finance Committee action (on behalf of the full Council), staff will notify the president of KCTCS, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.