

Judicial Branch Capital Construction Project Update

Interim Joint Committee
Budget Review Subcommittee
on Justice and Judiciary
August 2, 2023



Presented by the Administrative Office of the Courts
Danny Rhoades, Executive Officer, Department of Court Facilities
Carole Henderson, Budget Director





JUDICIAL BRANCH CAPITAL CONSTRUCTION PROCESS OVERVIEW

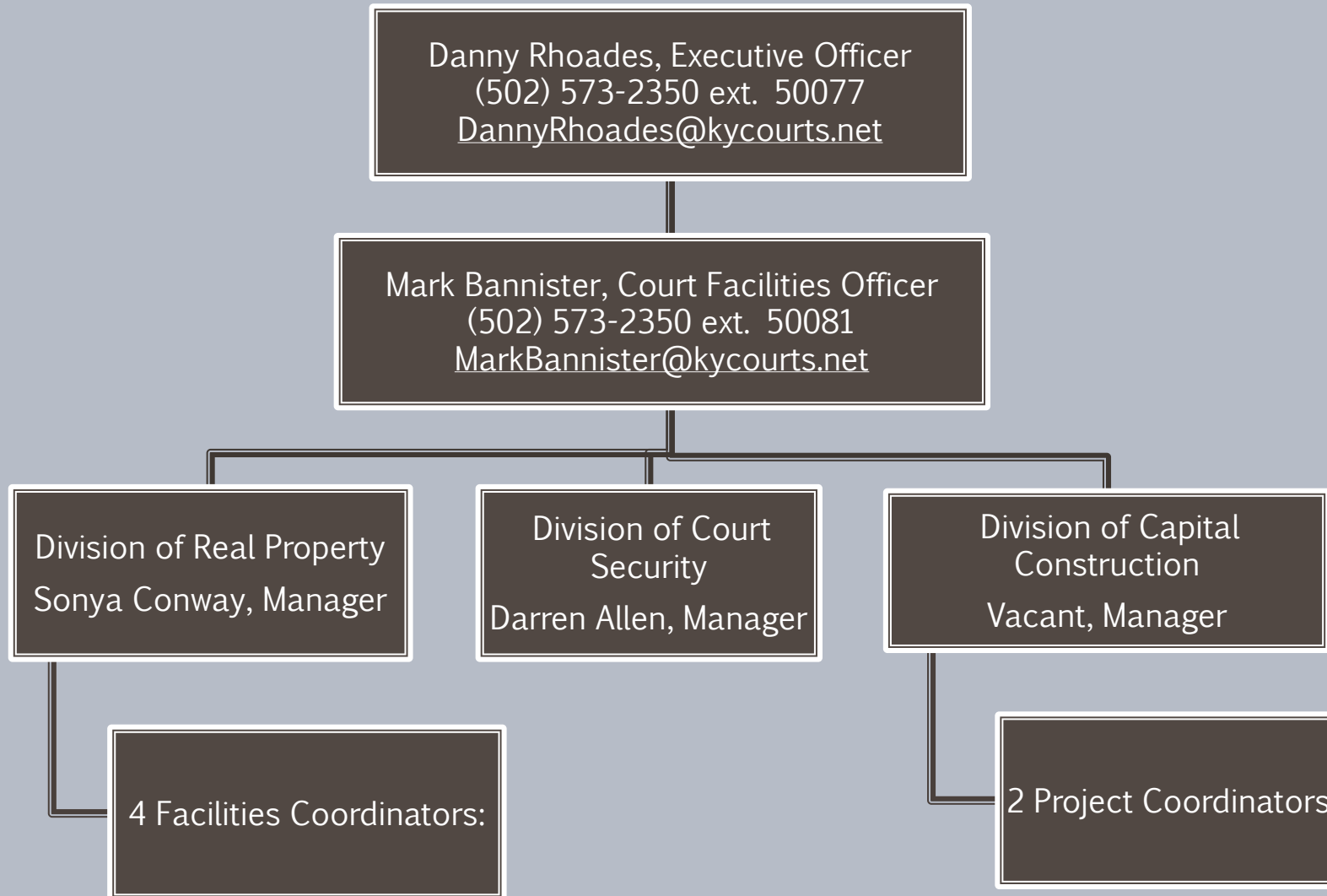
Administrative Office of the Courts

Department of Court Facilities

- The Department of Court Facilities includes the Division of Real Property, the Division of Capital Construction, and the Division of Court Security.
 - The Division of Capital Construction is charged with overseeing the design, financing, and construction or the capital renovation of court facilities.
 - The Division of Real Property is charged with overseeing the operation and maintenance of court facilities occupied by the state court system in all 120 counties.
-

Administrative Office of the Courts

Department of Court Facilities



Administrative Office of the Courts Department of Court Facilities

The state court system occupies approximately 5 million square feet in court facilities and other leased premises throughout the Commonwealth.

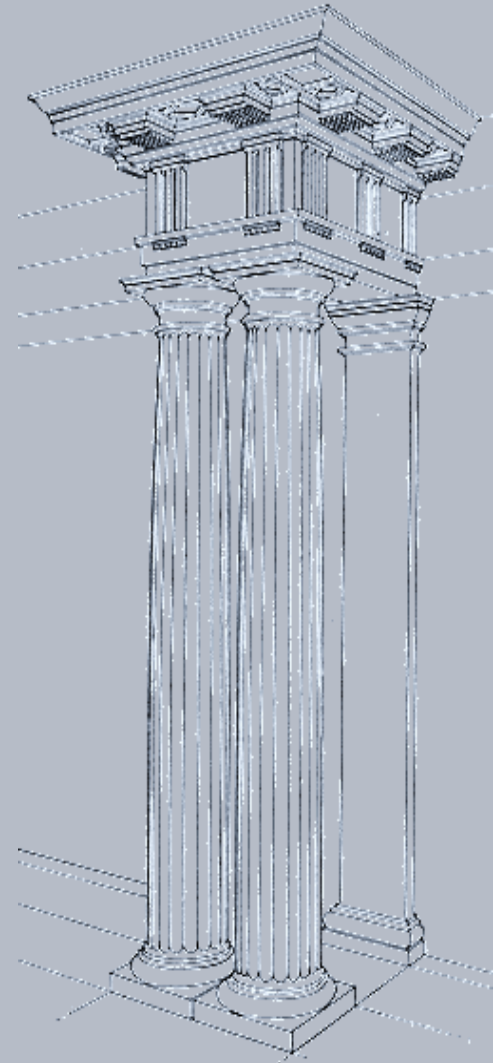
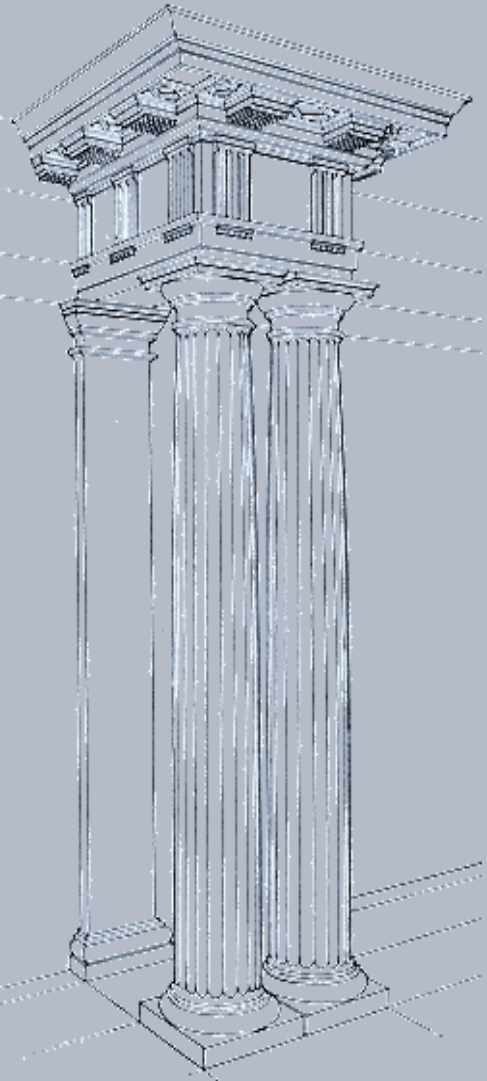
A “court facility” is the land and buildings owned or operated by a county or other unit of government in which space for the court of justice is provided. KRS 26A.090. Court Facilities include courthouses, judicial centers, and annexes occupied by the state court system.

The Circuit and the District Court *shall be held in the county courthouse of each county unless otherwise ordered by the Supreme Court* in which case it may be held at any other location made available by the county and owned, leased, or controlled by the county...[or] in such other locations in the county as may be convenient and approved by the Supreme Court. KRS 26A.100.

Compensation to the county is in the form of use allowance and operating costs.

USE ALLOWANCE

- ***For court facility projects authorized by the 2000 General Assembly or after***, use allowance is the judicial branch's proportional share of the annual principal and interest in connection with the construction or renovation of the facility, not to exceed the maximum annual use allowance authorized by the General Assembly. Use allowance for these court facilities is paid directly by the AOC to the debt service. When the judicial branch occupies 100% of the court facility, the AOC pays for 100% of the costs of construction / renovation.
- ***When there is no debt on a court facility authorized prior to the 2000 General Assembly***, use allowance is the court's proportional share of 2% of capital costs, paid annually. An additional 2% of capital costs is retained by the AOC for maintenance of court facilities state-wide.
- ***When there is debt on a court facility authorized prior to the 2000 General Assembly***, use allowance is the court's proportional share of the annual principal and interest cost in connection with the renovation or construction, but not to exceed 8% annually of capital costs.



OPERATING COSTS

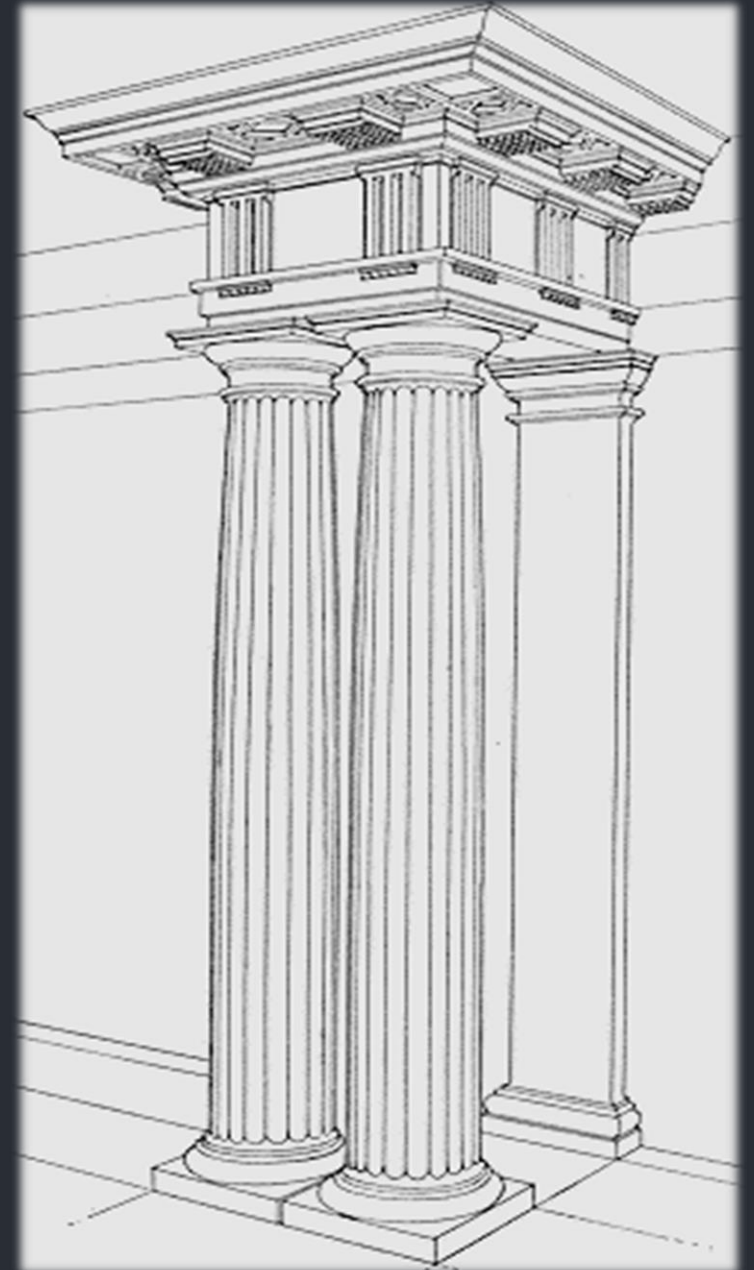
- **Regular operating costs:**

- Utilities
- Janitorial services
- Insurance
- Preventative maintenance contracts
- Any additional maintenance / repair / upkeep expenses that are less than \$2,500.

These costs are estimated annually on the Annual Reimbursement Form and paid in advance in quarterly installments.

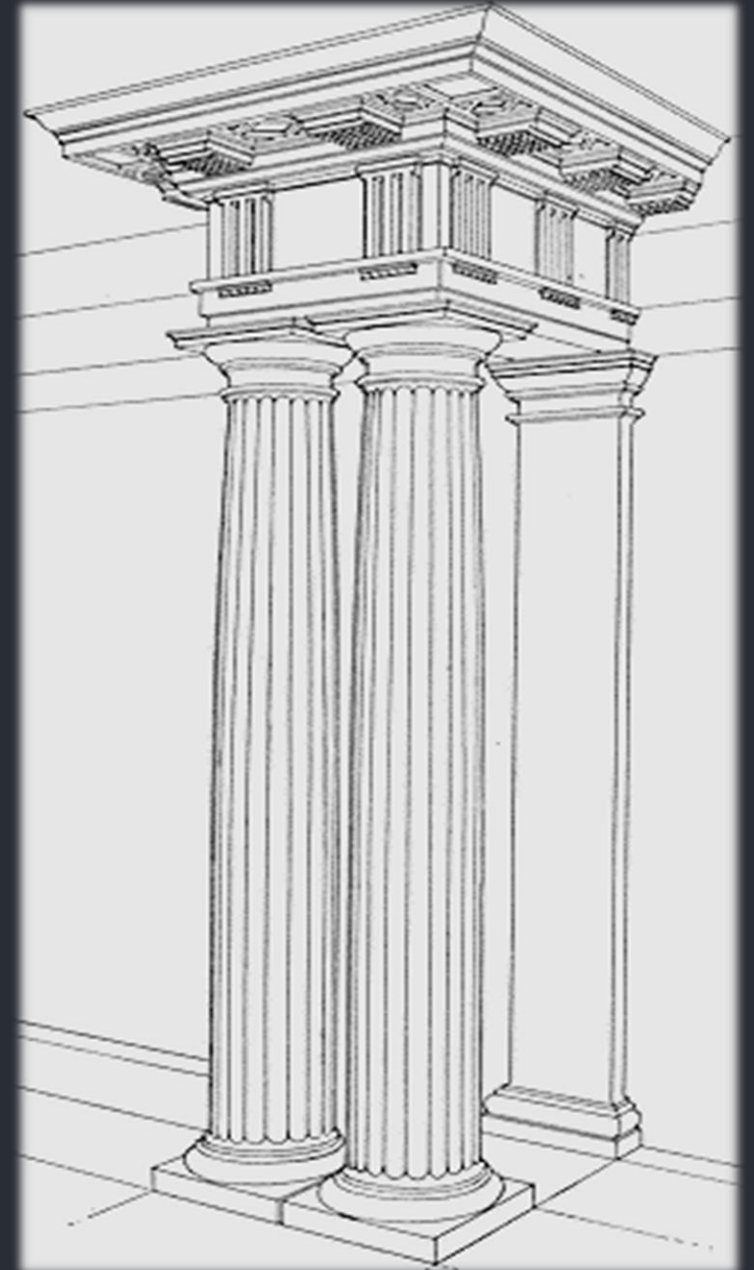
- **Nonrecurring operating costs** are maintenance / repair / upkeep / improvement expenses or projects costing \$2,500 or more.

- To be reimbursed for a nonrecurring operating cost, the local government must obtain approval of the AOC **prior to** incurring the cost.
- The AOC reimburses local governments for approved nonrecurring expenses/projects upon project completion and receipt of invoice and documentation demonstrating the amount paid.



UNIQUE ASPECTS OF JUDICIAL BRANCH PROJECTS

- Project is owned by the county, rather than the Commonwealth.
- Project is financed by the county, with the backing of the Commonwealth. Note: Because the Commonwealth agrees to pay the debt service, these projects do not count against a county's debt capacity.
- Appropriations are not needed until years after the project is *authorized* by the General Assembly.
- Authorization is requested *before* the Project Development Board is appointed, the site is selected, the professional service providers are selected, and the project is designed.



- AOC periodically assesses the need for court facility construction or renovation.
- Assessments are used to create a priority list.
- The list is used to develop the Capital Plan.

Assessment

- When a need is identified for a project, the AOC meets with local government.
- If local government agrees to undertake a project, an MOU is entered into detailing project scope, estimated cost, occupancy ratios, and rules that apply to the project.

MOU

- The Judicial Branch includes requested projects in its biennial budget request and recommendation.
- The General Assembly determines which projects to fund and sometimes adds additional projects into the biennial Judicial Branch Budget Bill.

Legislative Authorization

Judicial Branch Capital Construction Process

Service Provider Acquisition

- A Project Development Board acts as the agent of the county and the Court of Justice to design and construct the project.
- Once a project is authorized, appointments are made to the PDB, the PDB is formed, and the AOC trains the PDB.

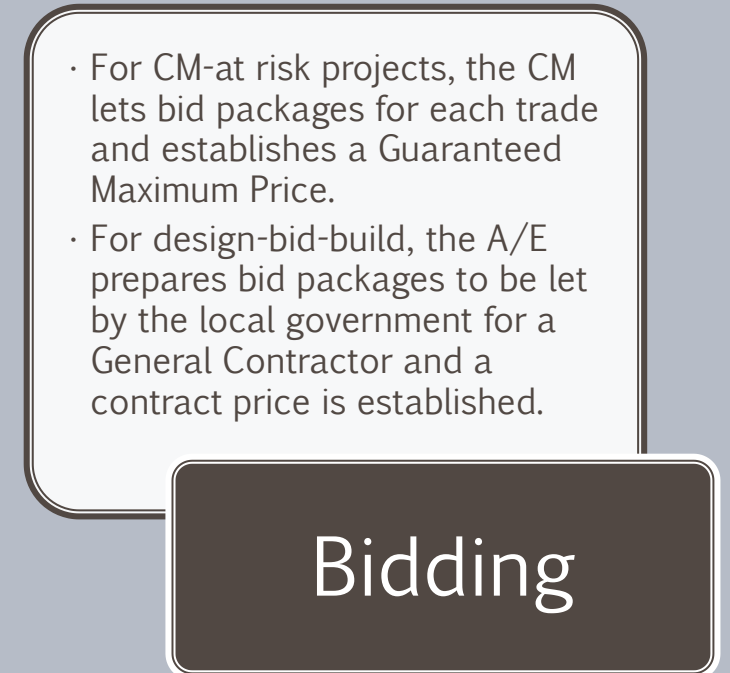
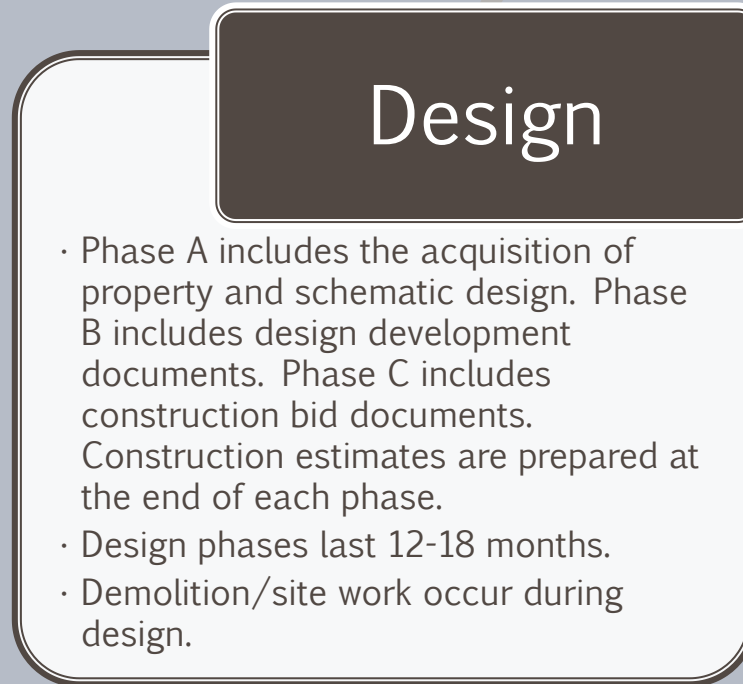
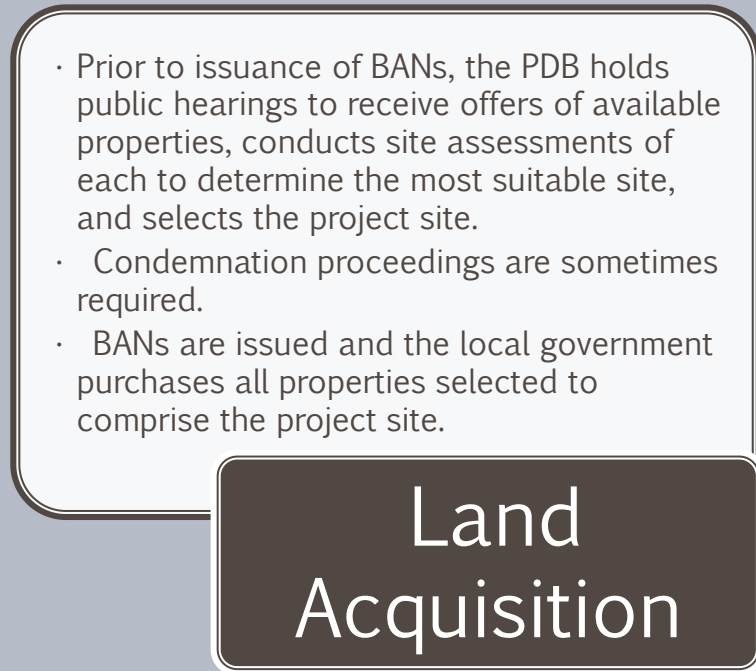
Formation of PDB

- The PDB advertises, receives proposals from, interviews, and selects a Financial Advisor and an Architect/Engineer.
- If the PDB decides to use a construction manager-at risk project delivery methodology, the PDB advertises, receives proposals from, interviews, and selects a CM.

- The local government develops a Public Properties Corporation to act as the agent of the local government to hold title to the property and issue debt.
- Once final land acquisition costs are determined, the PPC issues bond anticipation notes to cover the cost of land acquisition, design costs, and miscellaneous expenses of the project prior to issuance of bonds.

BANS Issued

Judicial Branch Capital Construction Process



Judicial Branch Capital Construction Process

Construction

- After the GMP/Contract Price is established, the financial advisor and bond counsel prepare bond documents.
- The PPC issues bonds for the total project amount, including the construction cost, repayment of BANs, design costs, and contingency.

Bonds Issued

- Phase D construction lasts approximately 20-30 months.

- AOC pays the debt service for 20 years. No annual payment may exceed the annual use allowance authorized by the General Assembly.
- AOC pays operating costs directly to county.

Payment of Debt Service

Judicial Branch Capital Construction Process

Timeline

April, even numbered year

Authorized by General Assembly; maximum use allowance established.

3-12 Months

Site selection, land acquisition, and Phase A design

*Bans are issued

3-4 Months

Bidding and contract development

**Actual costs known and bonds issued

20-25 Years

AOC pays debt service and operating costs

4-6 Months

Forming the PDB, onboarding professional service providers

3-9 Months

Design Phases B and C

20-30 Months

Construction

TOTAL TIME TO COMPLETION:
33-61 Months

Title reverts from PPC to County

AOC continues to occupy per KRS 26A.100 and pays operating costs.





STATUS OF CURRENT JUDICIAL BRANCH CAPITAL CONSTRUCTION PROJECTS

Bath County Judicial Center (Authorized by the 2018 General Assembly)

Authorized Annual Use Allowance: \$1,249,000*

Project Size: 21,434 sq. ft.

Total Project Cost: \$19,800,000

Project Architect: Sherman Carter Barnhart

Project Construction Manager: Codell
Construction

Current Status: Phase C-CM, Construction
Document Bidding and Contract Development

Anticipated Substantial Completion: May 2025



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Oldham County Courthouse Project (Authorized by the 2018 General Assembly)

Authorized Annual Use Allowance: \$2,855,800*

Project Size: 50,691 sq. ft.

Total Project Cost: \$ 44,400,000

Project Architect: Sherman Carter Barnhart

Project Construction Manager: Wehr
Constructors

Current Status: Phase D, 20% Complete

Anticipated Substantial Completion: September
2025



*Includes additional use allowance authorized by the 2021 General Assembly at the County's request, and the 2022 General Assembly.

Barren County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$3,593,000*

Project Size: 58,329 sq. ft.

Project Architect: Silling Associates Inc. & Integrity Architecture PLLC

Project Construction Manager: Alliance Corporation

Current Status: Phase A approval to be considered by the GCRC on August 8, 2023.

Anticipated Substantial Completion: January 2027



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Butler County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$1,274,000*

Project Size: 21,879 sq. ft.

Project Architect: Sherman Carter Barnhart

Project Construction Manager: Alliance Corporation

Current Status: Phase A Design. Site acquisition is complete and demo package prepared.

Anticipated Substantial Completion: July 2026



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Clinton County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$1,834,000*

Project Size: 31,177 sq. ft.

Project Architect: Sherman Carter Barnhart

Project Construction Manager:
Codell/Branscum

Current Status: Phase A approval to be
considered by the GCRC on August 8, 2023.

Anticipated Substantial Completion: January
2026



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Crittenden County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$1,296,000*

Project Size: 23,076 sq. ft.

Project Architect: Sherman Carter Barnhart

Project Construction Manager: N/A

Current Status: Phase C-GC, Construction Document Bidding and Contract Development.

Anticipated Substantial Completion: June 2025



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Jessamine County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$3,724,000*

Project Size: 58,238 sq. ft.

Project Architect: Brandstetter Carroll Architects

Project Construction Manager: TBD

Current Status: Phase B, Design Development. Site demolition has been completed. Currently procuring a Construction Manager.

Anticipated Substantial Completion: June 2026



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Scott County Judicial Center (Authorized by the 2020 General Assembly)

Authorized Annual Use Allowance: \$4,033,000

Project Size: 69,110 sq. ft.

Project Architect: Brandstetter Carroll
Architects

Project Construction Manager: Trace Creek
Construction

Current status: Phase C. Site has been procured
and demolition completed.

Anticipated Substantial Completion: December
2025

*Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.



Madison County Courthouse Renovation and Addition (Authorized by the 2021 General Assembly)

Authorized Annual Use Allowance: \$1,704,100

Project Size: 33,260 sq. ft. (Circuit Court only)

Project Architect: Integrity Architects, PLLC

Project Construction Manager: D.W. Wilburn, Inc.

Current Status: Phase D Construction

Anticipated Substantial Completion: December 2024



* Includes additional use allowance authorized by the 2022 General Assembly and the 2023 General Assembly.

Leslie County Judicial Center (Authorized by the 2022 General Assembly)

Authorized Annual Use Allowance: \$1,551,000

Project Size: 23,996 sq. ft.

Project Architect: Summit Architects

Project Construction Manager: N/A

Current Status: Phase A Design

Anticipated Substantial Completion: November
2026



* Includes additional use allowance authorized by the 2023 General Assembly.

Graves County Judicial Center (Authorized by the 2022 General Assembly)

Authorized Annual Use Allowance: \$1,779,000

Project Size: 27,000 sq. ft.

Project Architect: Integrity Architects / Silling Associates

Project Construction Manager: Solicitation Issued

Current Status: Selection of Professional Service Providers

Anticipated Substantial Completion: April 2027



* Includes additional use allowance authorized by the 2023 General Assembly.



PREVIEW OF JUDICIAL BRANCH CAPITAL CONSTRUCTION PROJECTS FOR
FB2024-2026 BUDGET REQUEST

OWSLEY COUNTY COURTHOUSE – CURRENT CONDITION



Owsley County Judicial Center

The Judicial Branch intends to request authorization for a new judicial center in Owsley County to meet the needs of the KCOJ.

Requested Project Scope: \$28,015,000

Project Size: square feet: 24,000

Requested Annual Use Allowance: \$2,353,000



Court of Appeals

The AOC has leased property for the offices of the Kentucky Court of Appeals in Frankfort for 30+ years.

- 18,376 sq ft
- Includes space for staff attorneys, clerks, shared space for judges, and courtroom.
- Annual rent: \$212,512.00

Inadequacies:

- Landlord has been unresponsive to repair and maintenance issues including water leaks and mold.
- Landlord has filed bankruptcy.
- Chase Environmental has determined there are unsafe levels of several fungal species.



COURT OF APPEALS

The AOC has activated its emergency leasing procedures due to the unsafe mold and is moving the Court of Appeals to a temporary lease space in August 2023.

- New lease will be at a cost of \$377,375.88 annually
- The fit-up is *emergency* in nature to meet *temporary* needs



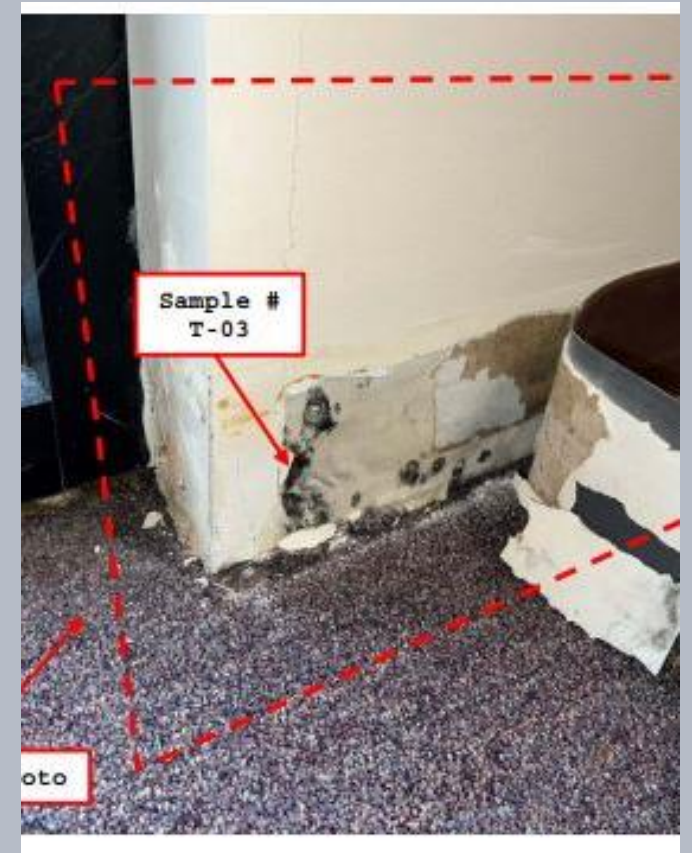
10 - Law Library / Leak shown in Light

11 - Sarak Ison Office / Staining



14 - Outside Office / Staining 1 of 2

15 - Outside Office / Reported leaking under heavy rain



Photo

Court of Appeals

The Judicial Branch intends to request an appropriation for a new facility in Franklin County to house the Kentucky Court of Appeals.

- Estimated Cost: \$12,100,000
- Project Size: Approximately 17,000 sq. ft.
- Site: Judicial Branch's Vandalay Drive property, adjacent to AOC

This project would not be a typical judicial branch capital construction project financed by Public Properties Corporation bonds. The judicial branch will request general funds for this project.





OVERVIEW OF JUDICIAL BRANCH CAPITAL PLAN

Facility Assessments

- Since 2020, GRW Architects/Engineers has performed assessments on the facilities in 37 Kentucky counties for which the Kentucky General Assembly had not already authorized a KCOJ Capital Construction Project.
- The assessment format / methodology is based on the following criteria:
 - Age and History
 - Structural Soundness
 - Security Requirements
 - Potential Environmental Hazards
 - Building Code and ADA Compliance
 - Interior and Exterior Quality of Existing Court Facilities
 - Performance and Lifecycle Assessment of Mechanical and Electrical Systems
 - Space Adequacy of the Facility Relative to the AOC Program Space Requirements

Facility Assessments

Based on the assessment rankings, the following counties were included in the Capital Plan for FY2022-2028:

- 2024-2026 Biennium: Owsley, Court of Appeals*
- 2026-2028 Biennium: Spencer, Caldwell
- 2028-2030 Biennium: Fulton, Estill

Others court facilities with the greatest needs based on assessment rankings are: Lee, Elliott, Edmonson, Clark, LaRue, Greenup

*COA was not included in the assessment rankings.