

INFORMATION ITEM

2018 General Assembly Budget Update

CPAB PROJECT RECOMMENDATIONS - MAINTENANCE

The Capital Planning Advisory Board's (CPAB) *2018-2024 Statewide Capital Improvements Plan* recommended that maintenance of existing state facilities be considered as the highest priority for funding in the 2018-20 Executive Budget, and specifically referenced state agency maintenance pools. The 2018-2020 Executive Branch Budget includes an **overall increase of 60% in funding for agency miscellaneous maintenance pools (Attachment A)**. Maintenance pool appropriations for several agencies increased this budget cycle, those agencies receiving increases include the Department of Education, Operations and Support; the Finance and Administration Cabinet; the Justice Cabinet, Kentucky State Police; and the Tourism, Arts, and Heritage Cabinet, Department of Parks. Maintenance pool funding for the Department of Education, General Administration and Support, decreased from \$4,350,000 in the last budget to \$800,000 in the current budget.

A significant deviation during this budget period is the authorization of a \$6 million bond-funded maintenance pool for the Kentucky State Fair Board. In its last capital plan, the Fair Board notes that declining revenues and greater capital obligations significantly and adversely impacted their ability to address capital needs, and as a result, one of the Fair Board's highest priorities during the budget cycle was the authorization of a maintenance pool. Additionally, the Department of Military Affairs received authorization for an \$8 million Armory Modernization Pool (\$6 million federal; \$2 million bond funds). In testimony to the board last year, the Department of Military Affairs reported an opportunity to leverage additional federal dollars for such a pool.

CPAB PROJECT RECOMMENDATIONS

The 2018-20 Executive and Judicial Branch Budgets authorize several of the specific capital projects recommended by CPAB in its *2018-2024 Statewide Capital Improvements Plan*.

Project	Fund Source	Authorization
Campus Telecommunications Upgrade, NKU*	Restricted Funds	\$1,500,000
Capital Renewal and Deferred Maintenance Pool, KCTCS*	Restricted Funds	10,000,000
Capital Renewal and Maintenance Pool, E & G, MoSU*	Restricted Funds	6,200,000
Capital Renewal Pool, WKU*	Restricted Funds	10,000,000
Construct Bowling Green Veteran's Center	Bond Funds	10,500,000
Department of Veterans' Affairs	Federal Funds	19,500,000
Court Facility Construction – Bath County	Other Funds	9,315,000
Court Facility Renovation – Jefferson County Hall of Justice	Other Funds	2,590,000
Electrical & Telecom Upgrade Western State Hospital, CHFS	Bond Funds	3,410,000
Enhance Library Automation Resources, MoSU*	Restricted Funds	1,539,000
Information Technology Infrastructure Upgrade, KCTCS*	Restricted Funds	9,500,000
Integrated Tax System, Dept. of Revenue	Bond Funds	92,500,000
KET FCC Transmitter Repack, Workforce Dev. Cabinet	Bond Funds	2,100,000
KY State Police 2-Way Radio System Replacement, Phase I	Bond Funds	35,100,000
Modernization Pool Ky National Guard Armories,	Federal Funds	6,000,000
Department of Military Affairs	Bond Funds	2,000,000
Nurse Call System, Department of Veterans' Affairs	Inv. Income	1,550,000
Renew/Modernize Facilities, UK	Agency Bonds	125,000,000
	Restricted Funds	125,000,000
Repair Boilers & Aging Distribution Lines Ph II-KSU	Agency Bonds	11,410,000
Renovate and Upgrade Heat Plant, EKV*	Restricted Funds	5,500,000
Repair Structural Heaving Landrum/Fine Arts, NKU*	Restricted Funds	7,000,000
State-Owned Dam Repair Pool, Energy and Environ. Cabinet	Bond Funds	10,000,000
Upgrade Instructional Technology Pool, NKU*	Restricted Funds	3,500,000
Upgrade IT Infrastructure, WKU*	Restricted Funds	6,000,000
Upgrade Underground Infrastructure, WKU*	Restricted Funds	55,000,000

*During the capital planning process, fund source was identified as General Funds.

The 2018-20 Executive Budget contains three projects for the Kentucky State Fair Board that were not included in the Tourism, Arts and Heritage Cabinet's last capital plan.

Construct Agri-Plex at Exposition Center - Authorization to pursue the construction of an Agri-Plex Center at the Kentucky Exposition Center. This would be a 100,000-200,000 square foot facility dedicated to the agribusiness and livestock industries.

Construct Gate One Hotel at Kentucky Exposition Center - Authorization to pursue gate one hotel development at the Kentucky Exposition Center. A third party developer would operate and maintain the hotel.

Construct Hotel Development at Exposition Center - Authorization to pursue a hotel development at the Kentucky Exposition Center. A third party developer would operate and maintain the hotel.

The Judicial Branch budget contains one project for the Kentucky Court of Justice not included in their last capital plan.

Renovation/Addition-Oldham County-\$22,590,000 Local bonds, \$1,600,000 General Fund use allowance – The scope of work will include renovation of the existing facility, and construction of an addition. The total square footage will be about 71,000 square feet.

The budget also includes authorization for two of the largest capital projects included in the *2018-2024 Statewide Capital Improvements Plan*:

Finance Cabinet - Department of Revenue Integrated Tax System - \$92,500,000 bond funds

Justice Cabinet - Kentucky State Police 2-Way Radio System Replacement, Phase I - \$35,100,000 bond funds

SUMMARY INFORMATION

Attachment A–Miscellaneous Maintenance Pool allocations

Attachment B–House Bill 200, Executive Branch Budget (state-funded projects only)

Attachment C–Capital projects authorized in House Bill 201, Transportation Budget capital projects and House Bill 203, Judicial Branch Budget

BOARD ACTION: Information only. No action is required.

Attachment A

	2018-2020 Executive Branch Budget Appropriations		2018-2024 Statewide Capital Plans Agency Maintenance Pool Requests		
	2016-18	2018-20	2018-20	2020-2022	2022-24
Department of Military Affairs	\$2,000,000	2,000,000	8,000,000	9,720,000	11,720,000
Department of Veterans Affairs	800,000	800,000	0	0	0
Dept. of Education-Gen. Admin.	4,350,000	800,000	3,000,000	3,000,000	3,000,000
Dept. of Education-Oper. & Support	800,000	1,350,000	800,000	800,000	800,000
Edu & Workforce Dev.-KET	600,000	600,000	1,000,000	1,000,000	1,000,000
Energy & Environment Cabinet	400,000	400,000	503,000	400,000	400,000
Finance and Admin. Cabinet +	5,700,000	9,700,000	9,000,000	9,000,000	9,000,000
Health & Family Services Cabinet*	4,750,000	4,750,000	20,000,000	8,095,000	6,969,500
Justice-Adult Corrections*	5,225,000	6,000,000	25,014,000	19,960,000	12,819,000
Justice-Juvenile Justice	1,500,000	2,000,000	3,543,000	3,324,000	1,351,000
Justice-Kentucky State Police	800,000	1,500,000	2,000,000	2,000,000	2,000,000
Tourism-Center for the Arts	320,000	320,000	1,100,000	1,100,000	1,100,000
Tourism-Kentucky Horse Park	1,150,000	1,200,000	3,000,000	5,000,000	5,000,000
Tourism-Dept. of Parks*	7,600,000	20,000,000	17,280,000	18,288,000	20,071,000
Tourism-Secretary's Office	0	0	1,500,000	1,500,000	1,500,000
Tourism-State Fair Board*	0	6,000,000	6,000,000	6,000,000	6,000,000
Total	\$35,995,000	57,420,000	\$101,740,000	\$89,187,000	\$82,730,500

+Restricted funds (\$4,000,000) and bond-funded (\$5,700,000) maintenance pool

*100% bond-funded maintenance pool

Unless otherwise noted, maintenance pools are funded with investment income. Chart does not reflect pools for specific categories of needs (e.g., aircraft, chillers, deferred maintenance pools, handicapped access, parking garages, roofs) or non-construction items (e.g., equipment maintenance).

**2018-2020 Executive Branch Budget - State-Funded Projects
House Bill 200 Enacted**

	Agency/Project	State Fund Source	HB 200 Appropriation	Additional Funding Sources
General Government				
	Armory Modernization Pool	BF	\$2,000,000	FF - \$6,000,000
	Dept. of Veterans' Affairs-Maintenance Pool	II	800,000	
	Dept. of Veterans' Affairs-Nurse Call System	II	1,550,000	
	KIA Fund A - Federally Assisted Wastewater Program	BF	6,802,000	FF - \$34,010,000; AB - \$30,000,000
	KIA Fund F - Drinking Water Revolving Loan Program	BF	5,176,000	FF - \$25,882,000; AB - \$30,000,000
	Military Affairs - Maintenance Pool	II	2,000,000	
	SFCC - Special Offers of Assistance	BF	15,263,000	
	SFCC - Offers of Assistance	BF	58,000,000	
Department of Education				
	Gen. Admin. & Program Support Maintenance Pool	II	800,000	
	KET Maintenance Pool	II	600,000	
	KET Transmitter and Repack	BF	2,100,000	
	Operation & Support Services Maintenance Pool	II	1,350,000	
Energy and Environment Cabinet				
	Maintenance Pool	II	400,000	
	State-Owned Dam Repair	BF	10,000,000	
Finance and Administration				
	Emergency Generator Repair or Replacement, COT/CHR	BF	2,600,000	
	Integrated Tax System	BF	92,500,000	
	L&N Building Security and Structural Upgrades	BF	9,800,000	
	Legacy System Retirement	BF	20,000,000	
	Maintenance Pool	BF	5,700,000	RF - \$4,000,000
	Upgrade Capitol Mechanical & Electrical System, Phase I	BF	4,500,000	
Health and Family Services				
	Electrical & Telecom Upgrade West. State Hosp. Phase II	BF	3,410,000	
	HVAC System Replacement - Hazelwood	BF	8,000,000	
	Maintenance Pool	BF	4,750,000	
	Renovate/Replace Cottages-Oakwood, Phase I	BF	4,000,000	

AB = Agency Bonds; FF = Federal Funds; GF = General Funds; II = Investment Income;
RF = Restricted Funds

**2018-2020 Executive Branch Budget - State-Funded Projects
House Bill 200 Enacted**

	Agency/Project	State Fund Source	HB 200 Appropriation	Additional Funding Sources
Justice and Public Safety				
	Adult Corrections - Maintenance Pool	BF	6,000,000	
	Adult Corrections-Replace Perimeter Fence KY State Reformatory	BF	3,116,000	
	Juvenile Justice – Maintenance Pool	II	2,000,000	
	State Police – Maintenance Pool	II	1,500,000	
	State Police – 2-Way Radio System Replacement, Phase I	BF	35,100,000	
Tourism, Arts and Heritage Cabinet				
	Horse Park – Maintenance Pool	II	1,200,000	
	State Fair Board – Maintenance Pool	BF	6,000,000	
	State Fair Board – Replace Roof, KY Intern. Convention Center	BF	5,000,000	
	Center for the Arts - Maintenance Pool	II	320,000	
	Parks – Maintenance Pool	BF	20,000,000	
POSTSECONDARY EDUCATION				
Eastern Kentucky University				
	Construct New Model Laboratory School	AB	45,000,000	
	Improve Campus Pedestrian, Parking and Transportation	AB	15,000,000	RF - \$12,000,000; Other-\$3,000,000
	Renovate Moore-Memorial-Roark Building	AB	40,000,000	
Kentucky Community and Technical College System (No state-funded projects authorized.)				
Kentucky State University				
	Develop Campus Master Plan	AB	250,000	
	Renovation & Renewal Education and General Project Pool	AB	5,950,000	
	Repair Boilers & Aging Distribution Lines – Phase II	AB	11,410,000	
Morehead State University (No state-funded projects authorized.)				
Murray State University (No state-funded projects authorized.)				
Northern Kentucky University				
	Reconstruct West Side Parking	AB	7,000,000	Other - \$7,000,000
	Renew Kenton Garage	AB	2,400,000	Other - \$2,400,000
University of Kentucky				
	Construct Housing	AB	50,000,000	
	Renew/Modernize Facilities	AB	125,000,000	RF - \$125,000,000
	Renovate/Improve Housing	AB	50,000,000	
	Renovate/Upgrade HealthCare Facilities	AB	75,000,000	
	UK HealthCare Disparities Initiative	BF	40,000,000	
University of Louisville				
	Demolish and Replace Miller Resident Hall	AB	70,600,000	
	Renovate and Expand Threlkeld Resident Hall	AB	33,275,000	
Western Kentucky University (No state-funded projects authorized.)				

AB = Agency Bonds; FF = Federal Funds; GF = General Funds; II = Investment Income; RF = Restricted Funds

**2018-2020 Transportation Budget – State-Funded Capital Projects
House Bill 201**

Project Title	State Fund Source	HB 201 Appropriation	Additional Funding Sources
Aviation – Aircraft Maintenance Pool	Investment	\$1,400,000	
Construct Crittenden Co. Maintenance Facility & Salt Storage	Road Fund	1,850,000	
Construct Hopkins Co. Maintenance Facility & Salt Storage	Road Fund	1,800,000	
General Admin. & Support - Maintenance Pool	Road Fund	5,900,000	
Highways – Repair Loadometers & Rest Areas	Road Fund	3,000,000	
Highways – Road Maintenance Parks	Road Fund	2,500,000	
Highways – Various Environmental Compliance	Road Fund	930,000	

2018-2020 Judicial Branch Budget – State-Funded Capital Projects

House Bill 203

Project Title	Fund Source	HB Appropriation	General Fund Use Allowance
Construction-Bath County	Other (local bonds)	\$9,315,000	745,700
Renovation/Addition-Oldham County	Other (local bonds)	22,800,000	1,600,000
Renovation-Jefferson County Hall of Justice	Other (local bonds)	2,590,000	452,000

For the court facility projects, amounts appropriated from the General Fund are for use allowance payments that support the debt service for local bonds issued by the county to construct the project. Annualized use allowance payments totaling \$2,345,700 for the Bath and Oldham county projects are deferred to the 2020-2022 fiscal biennium.