2020-2026 STATEWIDE CAPITAL IMPROVEMENTS PLAN

Attached is a draft of the *2020-2026 Statewide Capital Improvements Plan*.

The <u>Summary</u> (pages 6-7) provides a statistical summation of the agency plans submitted this year, and an overview of the capital planning process. In total, the 2020-2026 capital plans submitted by state agencies, postsecondary institutions, and the judicial branch, reported the need for 1,342 projects totaling approximately $22 billion from all fund sources over the next 6 years.

The <u>Policy Recommendations</u> section (pages 8-15) includes three potential recommendations for your review and approval. The recommendations are titled "Potential Recommendations" until they are approved by vote. Two potential recommendations - regarding funding of state agency maintenance pools and funding the budget reserve trust fund - are general in nature, and have been used in past plans.

The third recommendation encourages the Governor and the General Assembly to support the Council on Postsecondary Education's (CPE) proposed framework for funding postsecondary capital projects. Over the last several biennia, CPE recommended a multi-biennia, blended approach to address asset preservation and new construction needs simultaneously in each biennium. This multi-biennia funding approach provided a balanced investment as recommended by the VFA Study. Since 2011, the board endorsed this approach in the form of a policy recommendation, and included it in statewide capital plans.

In 2017, rather than recommending state funds for asset preservation and new construction, CPE and the institutions decided to focus on funding asset preservation projects. Subsequently, in its 2018-2020 budget request, CPE requested a $300 million bond-funded pool, that when combined with some level of institutional matching funds, would address 20 percent of the identified asset preservation need. Funding was not requested for equipment or IT. The board endorsed this recommended funding approach, and included it as a policy recommendation in the 2018-2024 Statewide Capital Plan. (At the time, the formula for allocating the bond funds and the exact allocations by institution had not been determined.)

At the board's September 9 meeting, CPE reported plans to again focus on funding asset preservation projects only. In its 2020-22 budget request, CPE plans to request $400 million in state bond funds to establish an asset preservation pool. No funds will be requested for equipment or IT. The $400 million, combined with anticipated institutional matching funds of $200 million, will allow for a $600 million pool to address high priority asset preservation projects identified by the institutions. Below is the chart identifying the potential allocations by institution. State funds will be distributed based on each institution's share of system total asset preservation need.

In past plans, the allocation of the funds by institution was not known. The board will need to determine if it wants to continue to endorse this recommendation.

Council on Postsecondary Education
Asset Preservation Allocation by Institution

Campus	2013 VFA Study Renovation and Renewal Need [1]	Percent of Total	General Fund Debt Supported State Bonds	Institutional Matching Funds [2]
University of Kentucky	$2,242,371,700	36.8%	$147,364,600	$73,682,300
University of Louisville	1,032,082,300	17.0%	67,826,600	33,913,300
Eastern Kentucky University	438,941,900	7.2%	28,846,500	14,423,250
Kentucky State University	113,775,500	1.9%	7,477,100	3,738,550
Morehead State University	321,567,500	5.3%	21,132,800	10,566,400
Murray State University	347,559,000	5.7%	22,840,900	11,420,450
Northern Kentucky University	294,015,900	4.8%	19,322,200	9,661,100
Western Kentucky University	537,725,000	8.8%	35,338,300	17,669,150
KCTCS	758,556,600	12.5%	49,851,000	24,925,500
	$6,086,595,400	100.0%	$400,000,000	$200,000,000

[1] Figures obtained from *Kentucky Postsecondary Education System Facility Condition and Space Study* , Vanderweil Facilities Advisors, Paulien & Associates, and NCHEMS, February 2007 (updated in 2013).

[2] Given the institutions have sustained a decade of funding cuts and are facing KERS rate increase or buyout costs, CPE staff recommends a **fifty cents on the dollar match** for asset preservation funds.

The Project Recommendations section includes two items:

- The recommendations under "Projects To Be Financed From State Funds" (page 17) includes recommendations for financing state agency maintenance pools, state agency equipment pools, and replacement schedules. This section also discusses long-range plans for housing state agencies, and encourages the Department for Facilities and Support Services to continue its efforts to reduce the amount of state-leased space in Franklin County through a variety of methods.

- The "Specific Project Recommendations" (pages 18-25) includes project recommendations by board members in the categories of maintenance and renovation (construction to protect investment in plant), new construction, and information technology. The projects will be listed in alphabetical order, and do not reflect a prioritized ranking.

- The recommendations under "Projects To Be Financed From Other Than State Funds" (page 26) addresses factors that should be taken into consideration when authorizing projects with restricted funds, federal funds, road funds, agency bonds, cash/private donations, or long-term financing arrangements.

The Status of Major State-Funded Construction Projects (pages 27-29) reflects information as reported in the October Quarterly Report submissions.

The Comprehensive Listing of Proposed Projects (page 30) is not included in this draft due to the volume of materials involved. In the published document, this section will include the listings of all projects involving the general fund and other projects proposed by each agency for the 2020-2026 planning period. This section will comprise about 1,342 project listings from state agencies, postsecondary institutions, and the judicial branch.

The Appendices are included in this draft, and comprise three documents–the board's governing statutes, KRS Chapter 7A.010 to 7A.170, and two reports reviewed by the board this year–the report of the Commonwealth Office of Technology, and the report of the Council on Postsecondary Education.

BOARD ACTION: A motion is needed to approve the attached draft *2020-2026 Statewide Capital Improvements Plan*, which includes three policy recommendations, and project recommendations made by board members in the categories of maintenance and renovation, new construction, and information technology. Also, included within the motion, should be the authorization for staff to make editing/proofreading changes to finalize the plan for publication. There will be no content changes to the plan after today's meeting.

2020-2026 Statewide Capital Improvements Plan

**Capital Planning Advisory Board
of the Kentucky General Assembly**

November 2019

Capital Planning Advisory Board
Membership

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Representative John Blanton, Co-Chair

Senator Whitney Westerfield

Representative Derek Lewis

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Governor's Executive Cabinet

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Kentucky Supreme Court

Staff

Shawn Bowen, Committee Staff Administrator
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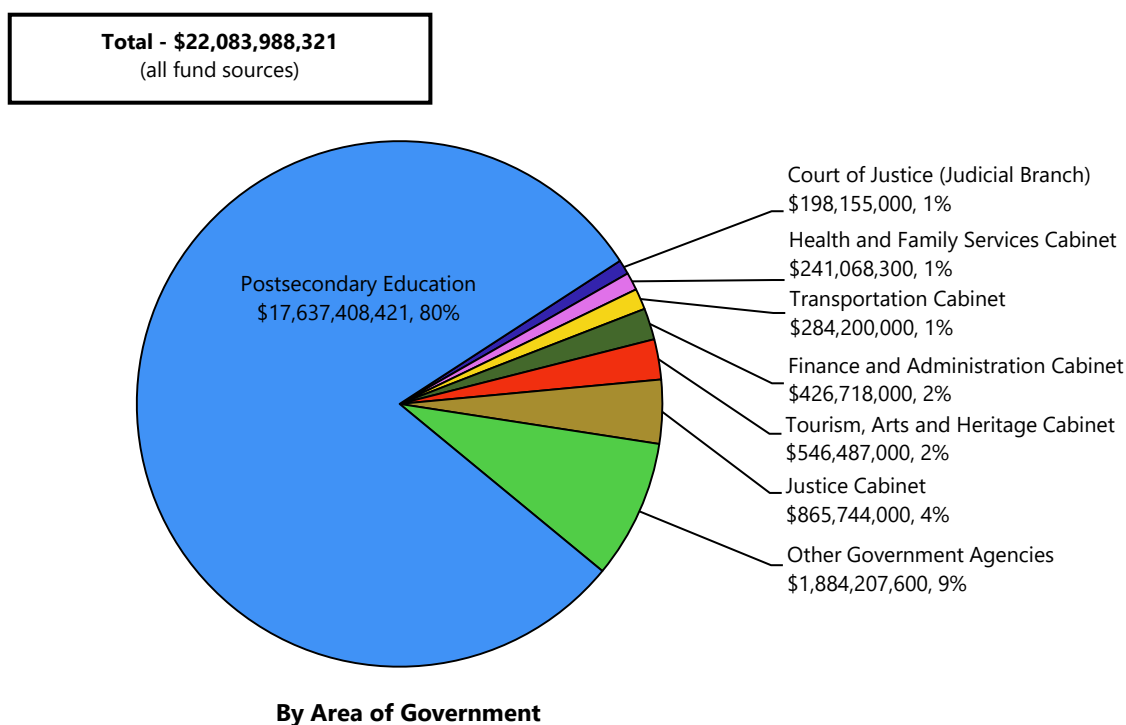*(as it will appear in the statewide capital plan book)*

Summary

The Capital Planning Advisory Board's *2020-2026 Statewide Capital Improvements Plan* focuses on providing the facilities, technology, and equipment that will allow state services to be provided to the citizens of the commonwealth in an efficient and effective manner. To meet these objectives, the plan contains a series of policy and project recommendations.

The state is responsible for administering approximately 89 million square feet of space with an insured value of $21 billion. State facilities are an important tool for the delivery of the services that citizens need and desire. They include office buildings, hospitals, classrooms, postsecondary educational facilities, penal institutions, juvenile detention and treatment centers, and park lodges and other recreational/conference facilities.

The 2020-2026 capital plans submitted by executive branch state agencies, the judicial branch, and postsecondary institutions reported the need for 1,342 projects totaling approximately $22 billion *from all fund sources* over the next 6 years. General fund dollars represent about $7 billion of the total need. Other funding sources include restricted, federal, and road funds; agency bonds; and cash or third-party financing arrangements.

The following chart reflects the project needs by area of government.

Total - $22,083,988,321
(all fund sources)

Postsecondary Education
$17,637,408,421, 80%

Court of Justice (Judicial Branch)
$198,155,000, 1%

Health and Family Services Cabinet
$241,068,300, 1%

Transportation Cabinet
$284,200,000, 1%

Finance and Administration Cabinet
$426,718,000, 2%

Tourism, Arts and Heritage Cabinet
$546,487,000, 2%

Justice Cabinet
$865,744,000, 4%

Other Government Agencies
$1,884,207,600, 9%

By Area of Government

*The category of "Other government agencies" represents three cabinets (Economic Development, Energy and Environment, and Public Protection); four departments (Agriculture, Local Government, Military Affairs, and Veterans Affairs); Kentucky Higher Education Assistance Authority, Kentucky Infrastructure Authority, Kentucky River Authority, Teachers' Retirement System, State Treasurer, and the School Facilities Construction Commission.

For the 6-year period, approximately $22 billion from all funding sources is needed. A total of $8 billion is needed for new construction and expansion of existing facilities; $11 billion for maintenance and renovation of existing facilities; $156 million for equipment; $2.3 billion for information technology projects; and $996 million for the grant and loan programs that provide assistance to non-state entities for water and sewer infrastructure, schools, and economic development.

Capital Construction - New
$7,907,784,900, 36%

Information Technology
$2,305,952,600, 10%

Equipment
$156,127,000, 1%

Grant/Loan Programs
$996,408,000, 4%

Capital Construction -
Maintenance and Renovation
$10,717,715,821, 49%
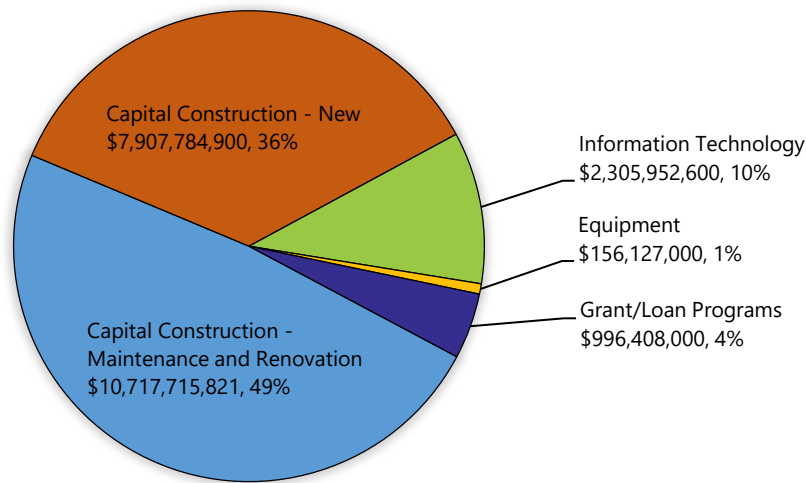
By Project Type

The board and the 6-year capital planning process were established by the 1990 General Assembly and codified as KRS Chapter 7A (Appendix A). The 16-member board has appointees from each of the three branches of state government. The board's main purpose is to create a 6-year comprehensive statewide capital improvements plan, encompassing all state agencies and postsecondary institutions, to be submitted to the heads of the three branches—the Governor, the Chief Justice, and the Legislative Research Commission (LRC)—by November 1 of each odd-numbered year. The capital plan is used in the subsequent budget process and legislative session.

Agency capital plans were due April 15, 2019, and submitted using a web-based system developed by the LRC Office of Computing and Information Technology. The plans were required to include information about the agency's mission and programs, information about the facilities and space that the agency manages or occupies, and information about projects that are proposed to be undertaken during the upcoming 6 years.

The plan review meetings and development of this statewide plan by the board occurred over the course of meetings from June through October. At these meetings, the board received testimony from the state agencies and postsecondary institutions concerning the projects reflected in their plans. The board also received reports and recommendations from the Council on Postsecondary Education and the Commonwealth Office of Technology, and a presentation from the Office of State Budget Director regarding the state's financial outlook.

Policy Recommendations

2020-2026
Statewide Capital Improvements Plan

2020-2026 STATEWIDE CAPITAL IMPROVEMENTS PLAN
CONSIDERATION OF POLICY RECOMMENDATION

Budget Reserve Trust Fund

> **POTENTIAL RECOMMENDATION**
>
> **The Capital Planning Advisory Board recommends that the Governor and General Assembly continue to prioritize replenishing Budget Reserve Trust Fund balances and consider statutory deposits linked directly to revenue receipts and statutory withdrawal provisions.**

BACKGROUND

The Budget Reserve Trust Fund (BRTF) was formally established by House Bill 2, as enacted by the 1995 Special Session of the General Assembly and codified as KRS 48.705. The Capital Planning Advisory Board typically recommends that the BRTF, also referred to as a "Rainy Day Fund" (RDF), be adequately funded in accordance with the provisions of KRS 48.705, which requires deposits of the lesser of either 50 percent of the general fund surplus or the amount necessary, from the general fund revenue surplus plus the unexpended balance of appropriations, to make the balance of the BRTF account equal to five percent of general fund revenue receipts.

The following table shows the BRTF's deposits and withdrawals, fiscal year-end balances, and fiscal year-end balance as a percentage of general fund revenues.

Budget Reserve Trust Fund
Deposits, Withdrawal, and Fiscal Year Ending Balances
1995 to Present ($)

Fiscal Year	Deposits	Withdrawals	Ending Balance	As a Percent of Revenues
1995	100,000,000		100,000,000	2.0
1996	100,000,000		200,000,000	3.8
1997	0		200,000,000	3.6
1998	0		200,000,000	3.4
1999	30,533,000		230,533,000	3.8
2000	8,750,400		239,283,400	3.8
2001	39,337,536	38,789,073	239,831,863	3.6
2002	182,520	240,014,383	0	0
2003	5,087,400		5,087,400	0.1
2004	49,677,429	4,000,000	50,764,829	0.7
2005	13,277,315	35,277,300	28,764,844	0.4
2006	90,250,256		119,015,100	1.4
2007	112,474,636		231,489,736	2.7
2008	0	16,714,300	214,775,436	2.6
2009	11,349,722	219,000,000	7,125,158	0
2010	0	7,125,158	0	0
2011	0		0	0
2012	121,722,555		121,722,555	1.4
2013	0		121,722,555	1.3
2014	25,600,851	70,229,470	77,093,936	.8
2015	0	0	77,093,936	.8
2016	146,014,310	13,661,200	209,447,046	2.0
2017	26,354,485	85,310,048	150,491,483	1.4
2018	0	56,711,500	93,779,983	.9
2019	35,587,800	290,000	129,077,783	1.1
2020	195,064,500	18,051,500	306,090,783	2.7

<u>Source:</u> Office of State Budget Director/Staff calculations

RATIONALE

The Pew Charitable Trusts has released reports regarding RDFs with rating agency input. In one, Pew refers to rating agencies' preferences of linking RDF deposits directly to revenues, noting that "tying rule-based deposits to historical fluctuations in revenue is essential to good reserve policy"; mechanisms for restoring RDF balances; statutory withdrawal provisions; and a state's compliance with its own policies.[1] In another, Pew states that rating agencies believe that "fund usage should fit into a pattern of reinforcing structural balance, with deposits during times of expansion and revenue growth and withdrawals during times of economic distress. This underscores why withdrawal conditions linked to underlying volatility and established in statute are so important—they provide a clear signal to ratings agencies that a state's reserve policy is attentive to the business cycle."[2]

While there do not appear to be set parameters of reserves to revenue receipts percentages when rating agencies monitor RDF levels, Kentucky's most recent credit reports did mention that the fiscal year 2020 budgeted BRTF deposit would replenish the fund.

BOARD ACTION: Discussion. Direction to staff.

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[1] The Pew Charitable Trusts, *Rainy Day Funds and State Credit Ratings*, May 2017
[2] The Pew Charitable Trusts, *When to Use State Rainy Day Fund*s, April 2017

2020-2026 STATEWIDE CAPITAL IMPROVEMENTS PLAN
CONSIDERATION OF POLICY RECOMMENDATIONS

Council on Postsecondary Education–Focus on Asset Preservation
Postsecondary Capital Projects

Potential Recommendation

The Capital Planning Advisory Board endorses the Council on Postsecondary Education's strategy for financing the capital needs of the postsecondary institutions and recommends that the Governor and the General Assembly endorse the Council's proposed asset preservation investment framework and provide funding in the 2020-2022 biennium.

Background

A report on the condition and needs of the state's postsecondary facilities, commissioned by the Council on Postsecondary Education (CPE) and the postsecondary institutions, was completed in April 2007 by Vanderweil Facility Advisors, Inc. (VFA). In 2013, VFA provided an update of the cost estimates contained in the report. The 2013 update indicated that between 2007 and 2021, $7.3 billion would be required to bring existing education and general facilities up to good condition and modern standards. CPE acknowledges a need for new and expanded space at the campuses, but believes asset preservation is of the highest priority. Since 2008, the state has funded $262 million (about 3.6%) of the estimated total $7.3 billion asset preservation need.

Over the last several biennia, CPE has used a multi-biennia, blended approach to address asset preservation and new construction needs simultaneously in each biennium. This multi-biennia funding approach provided a balanced investment as recommended by the VFA Study. For the 2018-20 budget period CPE recommended state General Fund support for just asset preservation projects. For 2020-22, CPE again recommends that any general fund appropriations for capital be used exclusively to address asset preservation projects. CPE will not request general fund supported bonds for new and expanded space or information technology or equipment projects in its 2020-22 budget request. CPE's request will include a request for state funds to establish an asset preservation pool.

CPE's focus represents a much more aggressive approach to funding asset preservation than in previous biennia. The rationale for adopting this funding strategy is based on several factors, including an inventory of aging facilities, infrastructure, and systems in need of asset preservation; increasing construction costs (up 17 percent between 2007 and 2013, based on VFA estimates); minimal state investment in asset preservation since 2007 ($262 million in appropriations versus $7.3 billion need); and renovating aging facilities and systems to reduce operating costs through greater efficiencies.

CPE will continue to advocate for a pooled approach, and anticipates recommending a sufficient level of General Fund supported bond debt, that when combined with $200 million in institutional matching funds (50 cents on institutional funds for every dollar of state funding), addresses 8.2 percent of the identified asset preservation need, or $600 million, in 2020-22. Each institution will have the flexibility to use their pool of funding for asset preservation projects included in the biennial budget and for projects falling below the capital project threshold. Each institution's pool will be supported by a list of projects in priority order.

For 2020-22, CPE is recommending general fund pool funds be allocated as follows for funding postsecondary capital needs:

1. Asset Preservation and Renovation..$400
2. Information Technology and Equipment $0
3. New and Expanded Spaces...$0

(Dollars in millions)

Throughout its history, the Capital Planning Advisory Board has made numerous recommendations regarding the need to adequately and appropriately address major capital renewal, and maintenance and renovation needs of state-owned facilities, including those managed by the postsecondary education institutions.

CPE has requested that the board endorse its strategy for funding capital needs of the postsecondary institutions. Rather than focus on a balance of new construction and asset preservation, as in the past, CPE's strategy will focus on providing funding for asset preservation projects. The critical need to fund such projects is evident in the postsecondary capital plan submissions for this planning period. Five of nine institutions had their highest-ranked asset preservation project as their number one priority, two as their number two priority, and two as their number three priority.

The need for new and expanded space on postsecondary campuses still exists; however, the state must first address the maintenance and renovation needs of existing facilities to protect the state's significant investment in its physical plant.

While past executive budgets have not funded the requested pools, the Capital Planning Advisory Board has endorsed CPE's previous framework for funding capital needs since 2011.

BOARD ACTION:　　　　Discussion. Direction to staff.

2020-2026 STATEWIDE CAPITAL IMPROVEMENTS PLAN
CONSIDERATION OF POLICY RECOMMENDATION

<u>State Agency Maintenance Pools</u>

POTENTIAL RECOMMENDATION

The Capital Planning Advisory Board recommends that in each biennium sufficient funding be appropriated for the agency miscellaneous maintenance pools to allow agencies to address maintenance projects in order to protect taxpayer investment in the state's physical plant.

The appropriation of bond funds for agency maintenance pools has had the positive effect of allowing agencies to undertake needed maintenance projects that otherwise would have required line-item budget authorization. However, this funding reduces the flexibility of agencies to undertake small projects that do not meet the 20-year useful life requirement for bond funding. As such, despite its benefits, bond funding should not be used to the exclusion of traditional cash funding.

BACKGROUND

Miscellaneous maintenance pools appropriated to the various state agencies are used primarily for both planned and unanticipated projects (maintenance, minor construction, etc.) costing less than the threshold requiring line-item authorization in the biennial budget bill (currently $1,000,000). Such pools are provided for almost all agencies with the responsibility for managing state facilities, and include:

Department of Education
Department of Military Affairs
Department of Veterans Affairs
Education and Workforce Development/General Administration
Education and Workforce Development/KET
Energy and Environment Cabinet
Finance and Administration Cabinet
Health and Family Services/General Administration

Justice and Public Safety/Corrections
Justice and Public Safety/Juvenile Justice
Justice and Public Safety/Kentucky State Police
Tourism/Department of Parks
Tourism/Kentucky Center for the Arts
Tourism/Kentucky Horse Park
Tourism/State Fair Board

<u>Funding for Miscellaneous Maintenance Pools</u>
($ millions)

Biennium	Cash	Bonds	Restricted	Total
2000-02	$28.8	$0		$28.8
2002-04	25.4	0		25.4
2004-06	17.7	13.2		30.9
2006-08	19.6	10.0		29.6
2008-10	16.2	14.0		30.2
2010-12	7.3	18.5		25.8
2012-14	9.02	22.5		31.5
2014-16	7.05	26.5		33.5
2016-18	9.7	26.2		35.9
2018-20	10.9	42.5	4.0	57.4

Note: Figures account for miscellaneous maintenance pools and do not reflect pools for specific categories of needs (e.g., handicapped access, life safety, roofs, chillers) or non-construction items (e.g., equipment maintenance).

<u>Other Funding for Maintenance Needs</u> - In a few instances, agencies that have a dedicated revenue source or operate largely from restricted funds have been expected to also finance their maintenance pools from that source (e.g., State Fair Board, Department of Fish and Wildlife Resources, and the Transportation Cabinet).

<u>Use of Facility-Generated Revenues for Capital Needs</u> - The statutory authorities under which several agencies/facilities were established provide for facility-generated and other revenues to be used for managing and operating the facility

and to create a reserve for repair, replacement, debt service and capital improvements (i.e., the Kentucky Center for the Arts, Northern Kentucky Convention Center, Kentucky Artisans Center at Berea, and Eastern Kentucky Exposition Center).

RATIONALE

The Capital Planning Advisory Board has long recommended adequate amounts for agency miscellaneous maintenance pools as a top priority for funding in the biennial budget. These small expenditures can keep small items from escalating into major maintenance or renovation needs.

Maintenance pool funding increased during the 2018-2020 budget period due to the authorization of $20 million for the Department of Parks to address deferred maintenance needs at various state parks. Despite this increase in funding for the current budget period, state agency maintenance pools have not seen consistent and significant increases in funding to keep up with the increasing costs of construction and maintenance. For the first biennium of the current planning period (2020-2022), state agencies identified the need for $113 million for miscellaneous maintenance pool funding.

The chart on the following page identifies state appropriations for the agency maintenance pools from the last two budgets, and the amounts proposed for the pools in the 2020-2026 agency capital plans.

BOARD ACTION: Discussion. Direction to staff.

State Agency	Executive Budget Maintenance Pool Authorizations			Maintenance Pool Needs Proposed in 2020-2026 Capital Plans		
	2016-2018	2018-2020		2020-2022	2022-2024	2024-2026
Department of Education	$800,000	$1,350,000		$6,530,000	$7,348,000	$4,637,000
Department of Military Affairs	2,000,000	2,000,000		8,000,000	8,000,000	8,000,000
Department of Veterans Affairs	800,000	800,000		1,000,000	2,500,000	2,500,000
Educ and Workforce Dev./Gen. Admin.	4,350,000	800,000		1,000,000	1,000,000	1,000,000
Educ and Workforce Dev./KET	600,000	600,000		1,500,000	1,500,000	1,500,000
Energy and Environment Cabinet	400,000	400,000		592,000	500,000	500,000
Finance and Administration Cabinet+	5,700,000	9,700,000		9,000,000	9,000,000	9,000,000
Health and Family Services Cabinet*	4,750,000	4,750,000		16,100,000	12,100,000	8,400,000
Justice and Public Safety/ Corrections*	5,225,000	6,000,000		34,288,000	48,488,000	308,488,000
Justice and Public Safety/Juvenile Justice	1,500,000	2,000,000		3,160,000	2,045,000	2,145,000
Justice and Public Safety/Ky State Police	800,000	1,500,000		3,000,000	3,000,000	3,000,000
Tourism/Center for the Arts	320,000	320,000		1,100,000	1,100,000	1,100,000
Tourism/Dept of Parks*	7,600,000	20,000,000		17,280,000	18,288,000	20,071,000
Tourism-Kentucky Horse Park	1,150,000	1,200,000		3,000,000	5,000,000	5,000,000
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**		**$113,050,000**	**$127,369,000**	**$382,841,000**

+*Partially bond-funded 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).

Project Recommendations

2020-2026

Statewide Capital Improvements Plan

- **Projects To Be Financed From State Funds**
- **Projects To Be Financed From Other Than State Funds**

Project Recommendations
Projects To Be Financed From State Funds

Recommendation

The Capital Planning Advisory Board believes that good stewardship of assets acquired with revenues from the taxpayers requires that those assets owned by the commonwealth be adequately maintained in order to continue providing services to the citizens of Kentucky. Adequately maintaining residential facilities (such as hospitals and treatment facilities) that house the state's most vulnerable citizens is particularly important. Maintenance of the state's postsecondary education buildings is also important to protect the state's substantial investment in its facilities.

The board recognizes that the state agencies and postsecondary institutions have proposed many needed and worthwhile projects. However, the following recommendations reflect the desire to emphasize the priority the board believes should be placed on appropriately maintaining existing facilities and equipment. In making its project recommendations, the board has traditionally emphasized that, as a planning body, its focus should be on the priority and need to be addressed rather than on the specific details of each project (such as cost). The recommendation for projects to be financed with state funds in the 2020-2022 Executive Budget continues that approach.

State Agency Maintenance Pools For Construction Needs

The board recommends that maintenance pool appropriations for all agencies be significantly increased in the 2020-2022 biennium. In a separate policy recommendation, the board has reiterated its belief in the importance of the state agency maintenance pools to finance minor planned and unanticipated construction project needs. In their 2020-2026 capital plans, the agencies have identified the need for approximately $623 million for maintenance pools over the 6-year period. In the first biennium, the request for maintenance pool funding totals $113 million. This is significantly more than has been appropriated for this purpose in past biennia.

State Agency Equipment Maintenance Pools And Replacement Schedules

The board also recommends that funds be provided, as appropriate, for equipment and systems maintenance pools. Similar to the need to protect the state's investment in facilities, agencies that are responsible for major equipment assets of the state need the ability to address ongoing maintenance needs of those items. This would include aircraft and communications equipment. **The board further recommends that funding be appropriated on a regular basis to allow agencies to establish and adhere to equipment replacement schedules** so that replacement and upgrade needs can be addressed on a periodic basis, rather than accumulating until a major infusion of funds is required.

Long-Range Plan For Housing State Agencies In The Frankfort Area

The board commends the Department for Facilities and Support Services on its continuing progress toward implementing the plan developed in response to KRS 42.425 to reduce the amount of space leased to house state agencies in Franklin County. This progress has been accomplished through a combination of approaches, including state-funded new construction, state-funded renovations, and long-term financing arrangements.

The board requests that the department continue to address reducing the amount of space leased by state government in other locations around the state. This action is consistent with KRS 42.425(2)(b)2, which directs the development of long-range plans for housing state agencies in metropolitan areas.

Grant And Loan Programs

Various agencies have proposed significant funding in 2020-2022 for programs that would provide assistance, through a competitive application process, to nonstate entities. Included are programs of the Cabinet for Economic Development, the Department for Local Government, the Kentucky Infrastructure Authority, and the School Facilities Construction Commission. Because of the limited resources available and the significant needs in other areas of government, **the board urges that decision makers carefully analyze existing fund balances/carryforwards prior to authorizing additional appropriations for these programs**.

Specific Project Recommendations

The board also recommends various other specific projects in the categories of maintenance/renovation (construction to protect investment in plant), information technology, and new construction.

In addition to the pools to address minor projects, the board recommends funding in the 2020-2022 budget for the following **maintenance/renovation projects** (costing $1,000,000 or more) to protect the state's significant investment in its physical plant. This list is in alphabetical order; it does not reflect a prioritized ranking.

Capital Renewal and Deferred Maintenance Pool–Kentucky Community and Technical College System
Capitol Building Window Restoration Project Phase 1–Finance and Administration Cabinet
Capitol First Floor Public Corridor Renovation–Finance and Administration Cabinet
Capitol Great Hall Ceiling Repair–Finance and Administration Cabinet
Capitol Terrace and Tunnel Repairs Phase 1–Finance and Administration Cabinet
Construct Morale Welfare and Recreation Facility at Wendell H. Ford Training Center–Department of Military Affairs
Design the Renovation of the CHR Building–Finance and Administration Cabinet
East Kentucky Correctional Complex Various Roof Replacements–Department of Corrections
Facilities Renewal and Modernization–University of Kentucky
Install Solar Panels at Armories Statewide–Department of Military Affairs
Modernization Pool KY National Guard–Department of Military Affairs
State Schools HVAC Pool–Department of Education
State Schools Roof Repair and Replacement Pool–Department of Education
State Schools Safety and Security Pool–Department of Education
Upgrade Capitol Mechanical and Electrical System Phase 2–Finance and Administration Cabinet
Western State Hospital Electrical and Telecom Upgrade Phase 3–Cabinet for Health and Family Services

Investments in **information technology** are vital as the state seeks to deliver services in an efficient and effective manner. As such, the board recommends the following information technology projects for funding in the 2020-2022 budget. This list is in alphabetical order; it does not reflect a prioritized ranking.

ATSC 3.0 Conversion Phase 2–Kentucky Educational Television (KET)
Cable Infrastructure Improvements–Department of Parks
Case Management System–Education and Workforce Development Cabinet
Child Support System (KASES III)–Cabinet for Health and Family Services
College to Career Pathways Portal–Council on Postsecondary Education
DAIL System Modernization–Cabinet for Health and Family Services
Digitization Project–Kentucky Heritage Council
Emergency Radio System Replacement–Kentucky State Police
Enhance and Upgrade Cyber Security System–Northern Kentucky University
Enterprise Content Management–Commonwealth Office of Technology
Health Immunization Information System–Department of Public Health
Kentucky All Schedule Prescription Electronic Reporting (KASPER) System–Cabinet for Health and Family Services
Online Permitting and Submittal (eForms)–Energy and Environment Cabinet
The Workers Information System (TWIST) Modernization–Cabinet for Health and Family Services
Upgrade KY Regional Optical Network Infrastructure–Council on Postsecondary Education

Recognizing that **new construction** may also be needed to facilitate the delivery of state services, the board recommends the following for funding in the 2020-2022 budget. This list is in alphabetical order; it does not reflect a prioritized ranking.

Construct Armed Forces Readiness Center Somerset–Department of Military Affairs
Construct Bowling Green Veterans Center–Department of Veterans Affairs
Construct Butler County Court Facility–Court of Justice
Construct Science and Engineering Building–Morehead State University
Construct Two Medium Sized Box Hangars–Transportation Cabinet
Crittenden County Court Facility-Renovation and Addition–Court of Justice
Expand Campground–Kentucky Horse Park

Facilities Renewal and Modernization–Murray State University
HVAC Replacement and Repairs Various Kentucky State Police-Owned Facilities–Kentucky State Police
Improve Whalen Building and Bay Facility–University of Kentucky
Install Emergency Generators-Luther Luckett and Green River Correctional Complexes–Department of Corrections
Install Yard Fence for Seven Buildings Luther Luckett Correctional Complex–Department of Corrections
Kentucky Exposition Center Replace Gate Entrances–State Fair Board
New Posts Construction-Harlan and Richmond–Kentucky State Police
Roof Repairs and Replacement Various Kentucky State Police-Owned Facilities–Kentucky State Police
State-Owned Dam Repair Pool–Department for Environmental Protection
State Superfund Sites Remediation–Department for Environmental Protection
Statewide Microwave Network (KEWS) Shelter Upgrade-Commonwealth Office of Technology

Note: The following project descriptions reflect the brief description/justification narratives provided by the agencies in their capital plans.
_____

Maintenance/Renovation
(Construction To Protect Investment in Plant)

Capital Renewal and Deferred Maintenance Pool
Kentucky Community and Technical College System (KCTCS)   **$30,000,000**
The intent of this project is to provide KCTCS with a source of funds to address the replacement of building systems such as roofs, HVAC, and electrical systems that have reached or exceeded their expected useful lives.

Capitol Building Windows Restoration Project Phase 1
Finance and Administration Cabinet   **$2,100,000**
This project will include the restoration, repair, and painting of windows in the Capitol Building due to deterioration over time. Phase 1 will include the north side of the building.

Capitol First Floor Public Corridor Renovation
Finance and Administration Cabinet   **$2,154,000**
This project will provide for the replacement of a suspended ceiling system and the related infrastructure in the public corridors of the first floor of the Capitol Building.

Capitol Great Hall Ceiling Repair
Finance and Administration Cabinet   **$1,400,000**
This project will include plaster, repair, and repainting of the great hall ceiling in Capitol Building pavilion.

Capitol Terrace and Tunnel Repairs Phase 1
Finance and Administration Cabinet   **$3,500,000**
This project will make repairs to the Capitol terrace and terrace base to address general deterioration and leaks in occupied and unoccupied spaces underneath the terraces.

Construct Morale Welfare and Recreation Facility at Wendell H. Ford Training Center
Department of Military Affairs   **$2,000,000**
This project proposes to construct an approximate 5,000-square-foot facility at Wendell H. Ford Training Center in Muhlenberg County. The facility will provide soldiers and airmen with a place to fellowship and unwind from the stress of intense training. These facilities are proven to improve the health, attitude, and overall welfare of the military workforce. The project budget includes $1,000,000 federal funds and $1,000,000 state capital construction surplus funds.

Design the Renovation of CHR Building
Finance and Administration Cabinet   **$9,444,000**
This project includes a feasibility study and design to renovate the CHR building and the adjacent Health Services building. The buildings were constructed in the early 1970s and now, at approximately 40 years old, need improvements related to building codes, building systems, energy conservation, and functionality.

East Kentucky Correctional Complex Various Roof Replacements
Department of Corrections   **$6,531,000**
The project will replace all roofs except the warehouse roofs. The original single-ply roof membrane is comprehensively failing. Installed in the late 1980s, the roofs are approximately 30 years old, and well past the manufacturer's warranty. Worsening conditions have created life safety hazards; impeded normal prison operations; increased maintenance costs; destroyed interior finishes, electronics, and furnishings; and have reduced facility energy efficiency.

Facilities Renewal and Modernization
University of Kentucky   **$250,000,000**
Projects included in this pool will improve accessibility; modernize academic, administrative, and support spaces; improve energy efficiency and related infrastructure; repurpose or renovate historically significant buildings; and address deferred maintenance due to general deterioration of facilities. This pool of projects may finance projects that cost $1,000,000 or more. The project budget includes $125 million agency bonds and $125 million general funds.

Install Solar Panels at Armories Statewide
Department of Military Affairs **$2,000,000**
This project will install solar panels on all National Guard armories throughout the commonwealth. This project could significantly reduce utility costs for the commonwealth, as well as meet federal mandates that specify a requirement for both renewable energy generation and monitored energy reduction. The project budget is $1,500,000 federal funds and $500,000 state funds.

Modernization Pool KY National Guard
Department of Military Affairs **$8,000,000**
The purpose of the project is to modernize the commonwealth's National Guard facilities to meet current National Guard requirements. The majority of the facilities in Kentucky are over 40 years old, and modern requirements, such as female latrines and energy efficient windows, were not required at the time of construction. This project proposes to address those needs. Federal funds, at an amount to be determined, will account for a portion of the project scope.

State Schools HVAC Pool
Department of Education **$13,112,000**
This pool project will provide for a comprehensive study and implementation to phase in new HVAC systems at the Kentucky School for the Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center. The remainder of the pool will give the Kentucky Department of Education the flexibility to address the most pressing needs prior to failure. Many of these facilities serve disabled students, ranging from preschool through high school, on a 24-hour basis. They include dormitories, classroom spaces, cafeterias, and recreational facilities.

State Schools Roof Repair and Replacement Pool
Department of Education **$3,272,000**
This pool will provide the department with a source of funds for small capital construction projects at the Kentucky School for the Deaf, the Kentucky School for the Blind, and the FFA Leadership Training Center. There are over 50 buildings in various stages of roof failure, and most are between 30 to 50 years old with many small repairs that have been made over the years. This pool will assist in making meaningful improvements in those facilities. The projects will not exceed $1 million in scope.

State Schools Safety and Security Pool
Department of Education **$5,039,000**
The pool will provide the department with a source of funds for safety and security projects with a total scope of less than $1 million, primarily for the Kentucky School for the Deaf, the Kentucky School for the Blind, and the FFA Leadership Training Center.

Upgrade Capitol Mechanical and Electrical System Phase 2
Finance and Administration Cabinet **$5,500,000**
This project will make necessary repairs and upgrades to the Capitol Building mechanical and electrical systems. The basic mechanical and electrical systems are over sixty years old and have had few significant upgrades. Examples of systems to be addressed are electrical power distribution, heating systems, cooling and humidity control systems, and temperature control systems.

Western State Hospital Electrical and Telecom Upgrade Phase 3
Cabinet for Health and Family Services **$3,493,000**
Continuation funding is being requested for the third and final phase of the infrastructure upgrade. Phase 3 work will include repair and replacement of electric distribution equipment and corrections to electrical system code issues and deficiencies.

Information Technology Projects

ATSC 3.0 Conversion Phase 2
Kentucky Educational Television (KET)   **$1,000,000**
This project will complete Phase 2 of a four-phase project to move KET's 16 stations to new channels as required by the FCC. By 2020, KET will have rebuilt its statewide transmission network at a cost of about $21 million reimbursed by the FCC. Phase 2 work will enable the statewide transmission system to include geographically-targeted emergency alert systems on its broadcast channels for weather and natural disasters. Emergency alert system receivers and processors are needed for the 16 transmitters.

Cable Infrastructure Improvements
Department of Parks   **$6,000,000**
This project will document the location and condition of communications cable and coax cable, both underground and aerial, and document the details and condition of wiring closets. Additional work includes detailed planning to include cost estimates required to replace aging cable and upgrade wiring closets, and a plan to maintain infrastructure cabling.

Case Management System
Education and Workforce Development Cabinet   **$4,620,000**
This project will allow for the development of an updated case management system for the Department of Vocational Rehabilitation.

Child Support System (KASES III)
Cabinet for Health and Family Services   **$33,000,000**
This project will upgrade the KASES system through use of web technology, and migrate KASES legacy mainframe processing to a web platform. The project budget includes $11,220,000 general funds and $21,780,000 federal funds.

College to Career Pathways Portal
Council on Postsecondary Education   **$2,000,000**
In order to increase the percentage of working-age Kentuckians with a postsecondary certificate or degree to 60 percent by 2030, and facilitate the transition of Kentucky students at all stages (traditional, transfer, military, returning adults, and first-time adults) and from diverse backgrounds (including low income students and underrepresented minority students), into postsecondary programs, the Council on Postsecondary Education seeks to create an online portal with special emphasis on articulating the specific credits, curricular pathways, career opportunities, and net costs associated with the certificates, degrees, and institutions relevant to the student.

DAIL System Modernization
Cabinet for Health and Family Services   **$1,008,000**
This project will provide for upgrades and enhancements for the information technology system for the Department of Aging and Independent Living. The project budget includes $50,000 federal funds and $958,000 general funds.

Digitization Project
Kentucky Heritage Council   **$1,000,000**
This project will create and implement a comprehensive technology system to serve as an interactive portal for those who use historic preservation programs.

Emergency Radio System Replacement
Kentucky State Police   **$52,450,000**
This project will replace the existing statewide emergency radio communications network. This system provides day-to-day emergency radio communications between various state agencies. This project will have a life that extends over a 10-year master agreement. The cost will be divided over this 10-year period which will ensure maintenance contracts and service upgrades are completed throughout the payment period.

Enhance and Upgrade Cyber Security System
Northern Kentucky University   **$1,950,000**
This project will enhance the university's cybersecurity systems to help prevent, detect, and quickly resolve cyber-attacks and IT threats.

Enterprise Content Management
Commonwealth Office of Technology   **$13,590,000**
Capital project funds will allow for the implementation of an electronic system to scan, store, and retrieve paper documents and electronic files.

Health Immunization Information System
Department of Public Health   **$9,240,000**
This project will allow for the creation of an immunization reporting system by a private contractor.

Kentucky All Schedule Prescription Electronic Reporting (KASPER) System
Cabinet for Health and Family Services   **$2,000,000**
This project will allow for modernization of the KASPER system. The project budget includes $1,820,000 federal funds and $180,000 general funds.

Online Permitting and Submittal (eForms)
Energy and Environment Cabinet   **$1,518,000**
Funding will allow for the creation of web-based forms to electronically collect and receive permits, registrations, license applications, and compliance information. This project is designed to make the permitting and compliance process business-friendly for industry and citizens within the state. It will also improve security, reduce costs associated with processing forms, reduce the burden of environmental compliance on the public and private sector resources, and expand the cabinet's investment in electronic systems.

The Workers Information System (TWIST) Modernization
Cabinet for Health and Family Services   **$18,993,000**
This project will allow for upgrades to TWIST to comply with recently passed federal legislation. Federal funds of $9,563,000 account for 50 percent of the project scope.

Upgrade Kentucky Regional Optical Network Infrastructure
Council on Postsecondary Education   **$1,000,000**
This project will fund networking equipment to support the integration of Internet2 applications in teaching and learning environments on the Kentucky Wired fiber optic network. Funds will be used to purchase routing hardware and firewalls to support the Kentucky regional optical network and Kentucky postsecondary network that will be migrated to the Kentucky Wired network. The networking equipment will serve all public postsecondary education institutions and community colleges.

Other Construction (New)

Construct Armed Forces Readiness Center Somerset
Department of Military Affairs   **$20,900,000**
This project will construct an armed forces reserve center in Somerset to provide an adequate, modern facility for training and mobilization. The new facility will increase the ability of assigned units to meet federal and state mobilization requirements. This project is 75 percent federally funded and 25 percent state funded.

Construct Bowling Green Veterans Center
Department of Veterans Affairs   **$30,000,000**
This project will construct a 90-bed, 140,000-square-foot veterans' nursing home in Bowling Green utilizing the community living concept model. An 18- to 20-acre building site at the Kentucky Intermodal Transpark will accommodate the new facility. The proposed project will serve 17 counties with an underserved veteran population of over 28,000, and a secondary service area of seven counties with over 14,000 veterans.

Construct Butler County Court Facility
Court of Justice   **$11,860,000**
The proposed project involves the construction of a 20,000-square-foot judicial facility to accommodate the Kentucky Court of Justice functions. The new judicial center is projected to meet the needs of the county for at least 50 years, and the building will be 100 percent occupied by the Court of Justice. For the court facility projects, amounts are appropriated from the general fund for use allowance payments that support the debt service for local bonds issued to construct the project. The general fund use allowance is $1,116,800.

Construct Science and Engineering Building
Morehead State University   **$98,000,000**
This project will construct a new science and engineering building to replace Lappin Hall Science Building. The new 140,000-square-foot building will also provide support space for the space systems engineering program.

Construct Two Medium Sized Box Hangars
Transportation Cabinet   **$1,200,000**
Funds will be used to construct two new box hangars at the Capital City Airport in Frankfort. These hangars will be available to corporate and private entities requiring aircraft storage and operational space. This new construction will generate additional revenue for the operations of the airport and potentially attract new businesses to the area.

Crittenden County Court Facility Renovation and Addition
Court of Justice   **$11,965,000**
The proposed project involves the renovation of the Crittenden County courthouse and construction of an addition to the courthouse. The total square footage between the courthouse and the addition will be 20,000 square feet. It will be occupied by both the county and the Court of Justice. For the court facility projects, amounts are appropriated from the general fund for use allowance payments that support the debt service for local bonds issued to construct the project. The general fund use allowance is $1,127,100.

Expand Campground
Kentucky Horse Park   **$7,750,000**
The project proposes to add up to 100 new campsites, two bathhouses, a store, and associated infrastructure to the campground. The additional campsites will substantially increase the park's revenue. The land earmarked for this expansion is owned by the commonwealth, adjacent to the existing campground sites.

Facilities Renewal and Modernization
Murray State University   **$32,000,000**
The proposed project will upgrade and replace portions of an aging and failing electrical system, and replace the campus steam generation and distribution system with a more energy-efficient system. Funds will also be used to upgrade or replace education and general building systems exceeding more than ninety percent of their useful life.

HVAC Replacement and Repairs-Various Kentucky State Police-Owned Facilities
Kentucky State Police $2,400,000
This pool project will address the replacement of outdated HVAC systems in various Kentucky State Police-owned facilities.

Improve Whalen Building and Bay Facility
University of Kentucky $5,000,000
The project will include renovating sections of the Funkhouser Building into a centralized student services facility to provide students with one-stop shopping for all service needs. The work will include upgrades to the plumbing, electrical, communication, fire sprinkler, HVAC systems, and architectural finishes.

Install Emergency Generators Luther Luckett and Green River Correctional Complexes
Department of Corrections $5,700,000
This project will allow for replacement of emergency generators for critical buildings (dorms, medical, kitchen, control center, boiler room) in two correctional facilities.

Install Yard Fence For Seven Buildings Luther Luckett Correctional Complex
Department of Corrections $3,182,000
This project will install approximately 1,700 linear feet of interior security fence at the perimeter of the facility. Replacement fencing will allow better control and protection of the inmate population. The lack of staffing presents a need for an enhanced physical barrier to control the passing of contraband between inmates, gang activity, and separation of problematic inmates from inmates who are attempting to reenter society.

Kentucky Exposition Center Replace Gate Entrances
State Fair Board $5,000,000
This project includes replacement of booths for all five entrances of the Kentucky Exposition Center. These booths are unappealing and structurally unsound and new and updated entrances would enhance the patron's experience as they are entering the facility. Dynamic signage and LED boards would inform patrons of event times and dates, parking information, and Kentucky Kingdom information.

New Posts Construction-Harlan and Richmond
Kentucky State Police $8,440,000
This project would replace Post 10 Harlan and Post 7 Richmond. Both buildings are in critical need of replacement due to major issues.

Roof Repairs and Replacement Various Kentucky State Police-Owned Facilities
Kentucky State Police $1,358,000
This project will fund the roof repair projects in various Kentucky State Police posts and facilities.

State-Owned Dam Repair Pool
Department for Environmental Protection $7,000,000
This project will fund the proposed rehabilitation of Willisburg Lake Dam. Funds will also be used to conduct engineering assessments to design dam-related rehabilitation and mitigation measures for Clements Lake Dam in Rowan County and Boltz Lake Dam in Grant County.

State Superfund Sites Remediation
Department for Environmental Protection $4,000,000
Funding is requested to address state superfund site remediation efforts. It is the statutory responsibility of the superfund branch to conduct clean up actions of sites where no responsible party is available. The requested funding will be utilized to address the over $1.4 billion liability of superfund sites throughout the commonwealth.

Statewide Microwave Network Shelter Upgrade
Commonwealth Office of Technology $4,954,000
The Kentucky Emergency Warning System (KEWS) is the commonwealth's public safety wireless network which provides the communications backbone and infrastructure for nearly all of the first responders throughout the state. This project will replace 38 of the 145 KEWS shelters.

Project Recommendations
Projects to Be Financed From Other Than State Funds

Recommendation

The board recommends that in authorizing projects to be financed 100 percent from other than state funds and for which the other funds may be used for discretionary purposes (e.g., postsecondary education restricted funds), a high priority should be assigned to projects to address life/safety and deferred maintenance needs for which state funds are not provided.

In addition, the board recommends that in authorizing projects to be financed 100 percent from other than state funds, the following factors should be taken into account:

- Will the project require the expenditure of significant additional state funds for its operation and maintenance?
- Will the project commit the state to fund significant costs to complete the project after the available other funds have been expended?
- Are there agency programs or operations also financed by the proposed fund source that would be jeopardized by the use of the funds for a capital project?

Background

Agency submitted capital plans contain various projects to be financed 100 percent from sources other than the state general fund. These sources, which are defined below, include restricted funds, federal funds, road funds, agency bonds, and other funds such as private contributions or long-term funding arrangements. For the 2020-2026 planning period, projects totaling approximately $15 billion have been proposed from these fund sources.

The postsecondary institutions are the largest users of these fund sources with $10 billion in proposed restricted fund projects and $1.2 billion in agency bond projects for the 6-year period. Other agencies, such as the Department of Military Affairs (federal funds), the Commonwealth Office of Technology (restricted funds), the Department of Fish and Wildlife Resources (restricted funds), the Kentucky Lottery Corporation (other funds-agency generated) and the Transportation Cabinet (road funds), also rely on these sources.

For purposes of the board's recommendations, these fund sources are defined as not being state funds. However, the General Assembly must authorize any funds used for capital projects during the biennial budget process.

Restricted funds are derived from licenses and fees, tuition, service charges, sales of goods or products, donations or grants from non-state sources and expendable receipts and earnings from trust programs. Revenues generated by the housing and dining systems of the postsecondary institutions are categorized as restricted funds. These funds are collected by state agencies and restricted by statute or the budget bill for expenditure by the collecting agency.

Federal funds are received by state agencies in the form of grants, contracts or other assistance for specific purposes. Main recipients of federal funds have traditionally been agencies within the Justice and Public Safety Cabinet, the Department of Military Affairs, Department of Veterans' Affairs and the postsecondary institutions.

Road funds are derived from excise or license taxation relating to gasoline or other motor fuels products and other money collected by the Transportation Cabinet.

Agency bonds are derived from the issuance of debt for which principal and interest (debt service) is paid from restricted funds. This source of funds can be used by those agencies that can identify a specific revenue stream to finance the debt service requirements for the bond issue.

Other funds may include cash from private contributions or gifts. This category is used primarily by the postsecondary institutions. The category has also been used to capture projects to be funded through privatization or other third-party long-term financing arrangements.

Status Of Major State-Funded Construction Projects

The chart below reflects the status as of October 1, 2019, of capital construction projects funded with state general funds and authorized in a biennial budget.

Agency/Project	Project Status

<u>**Executive Branch–Agencies**</u>

Department of Education
Kentucky School for the Blind Howser Hall Renovation ....Complete/In Warranty
Kentucky School for the Blind McDaniel/Scoggin Educational Building ....Complete/In Warranty
Kentucky School for the Deaf High Voltage Electrical Service System..In Construction
Kentucky School for the Deaf New Elementary Building...In Construction

Department of Military Affairs
London Readiness Center Renovation (Armory Modernization Pool Project)...In Construction

Department of Veterans Affairs
Construct Bowling Green Veterans' Center .... Awaiting Initiation by Agency
Construct Fourth State Veterans' Nursing Home...Complete/Not Closed Out
Construct State Veterans Cemetery Southeast..Complete/Not Closed Out

Energy and Environment Cabinet/Environmental Protection
State-Owned Dam Repair Bullock Pen Lake Dam.. In Construction
State-Owned Dam Repair Scenic Lake Dam .... Design/Phase C
State-Owned Dam Repair Willisburg Lake Dam..Design/Phase B

Finance and Administration Cabinet/Facilities and Support Services
Capital Campus Parking Garage Phase 3...Complete/In Warranty
Capitol Campus Parking Garage Phase 4 ....In Construction
Capital Plaza Redevelopment...In Construction
CHR Roof Replacement...Complete/In Warranty
Emergency Generator Repair COT/CHR..Design/Phase C
High Voltage System Upgrade Capitol Campus...In Construction
HVAC Replacement CHR Building...In Construction
Install Energy Management System Controls..Construction/Multiple Bid Packs
L&N Building Security and Structural Upgrades...Bidding
L&N Structural Repair...In Construction
Upgrade Capitol Mechanical/Electrical System Phase 1 ....Design/Phase A
Upgrade L&N Building..In Construction

Health and Family Services Cabinet
HVAC System Replacement Hazelwood ....Design/Phase B
Renovate/Replace Cottages Oakwood Phase 1... A/E Selection
Western State Hospital HVAC Repairs and Patient Safety Enhancements..Awarding Contract
Western State Hospital Electric and Telecom Upgrade Phase 2... Design/Phase A
Western State Hospital Electrical Upgrade Phase 1..Complete/In Warranty

Justice and Public Safety Cabinet/Corrections
Demolish and Repair Tower Kentucky State Reformatory...A/E Selection
Kentucky Correctional Institution for Women Sewer Plant Line...Design/Phase B
Kentucky State Reformatory Psychiatric Treatment Unit HVAC Replacement ....Awaiting Initiation by Agency
Replace Perimeter Fence Kentucky State Reformatory ....Awaiting Initiation by Agency

Justice and Public Safety Cabinet/Secretary's Office
Medical Examiner Office-Renovation of Bingham Building...Complete/Not Closed Out

Tourism, Arts, and Heritage Cabinet/Parks
Construct Lodge and or Resort Facilities at Yatesville Lake..Awaiting Initiation by Agency
Construct or Renovate Lodge Facilities at Natural Bridge ....Awaiting Initiation by Agency
Taylorsville Lake Sewer System Improvements...Awaiting Initiation by Agency
Upgrade Guest Accommodations...In Construction
Upgrade Wastewater System Fort Boonesborough ....Complete/Not Closed Out

Tourism, Arts, and Heritage Cabinet/State Fair Board
Cardinal Stadium Demolition..In Construction
Freedom Hall Sewer Line Replacement..Complete/Not Closed Out
Kentucky International Convention Center Renovation and Expansion......................................Complete/In Warranty
Kentucky International Convention Center Roof Replacement..In Construction
Kentucky International Convention Center South Wing Renovations ....Complete/In Warranty
Old Transportation Building Demolition Kentucky Exposition Center...In Construction

Postsecondary Education

Eastern Kentucky University
Construct Science Building Phase 2 and 3 ....Complete/Not Closed Out

Kentucky Community and Technical College System
Construct Advanced Manufacturing Center Bluegrass CTC Danville ....Design/Phase C
Construct Advanced Manufacturing Facility-Bluegrass CTC Scott ....Complete/Not Closed Out
Construct Community Intergenerational Center Hazard CTC Lees...In Construction
Renovate Manufacturing Labs Somerset CC South Campus ....Complete/Closed Out
Renovate/Equip Manufacturing Labs West Kentucky CTC McCracken ....Complete/In Warranty
Renovate/Equip Manufacturing Labs Owensboro CTC Downtown .... Complete/In Warranty
Welding Facility Renovate/Training Lab Addition Hopkinsville..Awarding Contract

Kentucky State University
Repair Boilers and Aging Distribution Lines...In Construction

Morehead State University
Renovate/Expand Student Services Facility...Complete/In Warranty

Northern Kentucky University
Renovate Old Science/Construct Health Innovation ....Complete/Closed Out

University of Kentucky
Construct Research Building ....Complete/Not Closed Out
Expand/Renovate/Upgrade Law Building...Complete/In Warranty
Upgrade/Renovate/Expand Research Labs.. In Construction

University of Louisville
Construct Belknap Classroom/Academic Building .... In Construction

Western Kentucky University
Renovate Science Campus Phase 4... Multiple Subprojects

Judicial Branch

Bath County..Planning
E-Case and Docket Management System ....Ongoing
Henry County... Design/Phase C
Jefferson County Hall of Justice Renovation .... On Hold
Mason County Repair Project...Complete/In Warranty
Nicholas County ....Design/Phase B
Oldham County Renovation/Addition ....Planning
Simpson County Repair Project..Complete/In Warranty

Status Categories

- Architect/Engineer Selection (A/E)-From the time the A/E solicitation is issued until A/E contract award is finalized.
- Awaiting Initiation by Agency-For postsecondary institutions, the institution has not yet initiated the project through its internal procedures. For other projects, the agency for which the project was authorized has not yet contacted the Finance and Administration Cabinet.
- Awarding Contract-From bid closing date until construction contract is finalized.
- Bidding-from the time a solicitation for construction bids is issued until the bid closing date.
- Complete/Closed Out-Project is complete, the warranty period has expired, and the project account has been closed.
- Complete/In Warranty-Certification of substantial completion has been received from the A/E and the contractor warranty period has not yet expired.
- Complete/Not Closed Out-The scheduled closeout date for the project account has been exceeded (13 months after substantial completion), but the project account has not yet been closed.
- Construction/Multiple Bid Packs-This status is used only after at least one of the bids has been awarded and construction is underway. After all bid packs have been awarded, the status changes to "In Construction."
- Design/Phase A-Schematic design.
- Design/Phase B-Design development.
- Design/Phase C-Construction document development.
- In Construction-from award of construction contract until substantial completion.
- Multiple Subprojects-Used if a single project authorization is being implemented as two or more subprojects, each of which should be tracked separately for more accurate status reporting.
- Planning-In house activity prior to A/E selection. For projects financed from restricted, federal, or "other" funds, this category is not to be used until those funds have been awarded or received.

Comprehensive Listing of Proposed Projects
(2020-2022, 2022-2024, and 2024-2026)

Following are listings of all capital construction projects, capital equipment, grant/loan programs, and information technology items and systems proposed for 2020-2022, 2022-2024, and 2024-2026 submitted by the agencies and postsecondary institutions to the Capital Planning Advisory Board.

There are four sets of project listings as follows:

- <u>Projects Involving the General Fund (Cash/Bonds)</u> - Projects are listed in priority order for 2020-2022 and in alphabetical order for 2022-2024 and 2024-2026.

- <u>Projects Involving the Road Fund</u> - Projects are listed in priority order for 2020-2022 and in alphabetical order for 2022-2024 and 2024-2026.

- <u>Projects Involving Agency Bonds</u> - Projects are listed in priority order for 2020-2022 and in alphabetical order for 2022-2024 and 2024-2026.

- <u>Projects Not Involving the General Fund, Road Fund, or Agency Bonds</u> - Projects are listed alphabetically for each biennium.

Project Type Codes

C-O   Construction-Other: Projects costing $1,000,000 or more, to create new space or expand existing space.

C-PI   Construction-Protect Investment in Plant: Projects costing $1,000,000 or more, to preserve or extend the useful life of an existing facility (maintenance/renovation) or to address life/safety issues or government mandates.

GL   Grants/Loans: State-administered programs included in the capital budget that provide financial assistance to non-state agencies or entities such as economic and community development grant and loan projects, water and wastewater projects, school facilities, and flood control projects.

IT   Information Technology system: Related computer or telecommunications components, with a total cost of $1,000,000 or more, to provide a functional system for a specific business purpose and containing one or more of the following: hardware, software, professional services, or digital data products.

EQ   Equipment: Items costing $200,000 or more.

Fund Source Codes

AB   Agency Bonds
FF   Federal Funds
GF   General Fund (cash/bonds)
LB   Local Bonds (court projects, with state-funded use allowance payments)
OT-LTF   Other, Long-Term Financing (not involving state or agency bonds)
OT-P   Other, Private (cash)
RF   Restricted Funds
TF   Road Fund

KRS Chapter 7A.010 To 7A.170
Enabling Statutes for the Capital Planning Advisory Board

7A.010   Definitions for chapter.

As used in this chapter, unless the context otherwise requires:
(1)   "Capital project" means:

(a)   Any undertaking which is to be financed or funded through an appropriation by the General Assembly of general fund, road fund, bond fund, trust and agency fund, or federal fund moneys, where the expenditure is a capital expenditure pursuant to statute or under standards prescribed by the Legislative Research Commission under the authority of KRS Chapter 48;

(b)   Any undertaking which is to be financed by a capital expenditure for use by the state government or one of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020, including projects related to the construction or maintenance of roads, and including projects of institutions of higher education as defined in KRS 164A.550(2);

(c)   Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:

1.   Except for items of movable equipment, one million dollars ($1,000,000) or more, regardless of the source of funds; or

2.   Any item of movable equipment, estimated to cost two hundred thousand dollars ($200,000) or more, regardless of the source of funds;

(d)   Any lease of real property whose value is two hundred thousand dollars ($200,000) or more;

(e)   Any lease of an item of movable equipment if the total cost of the lease, lease-purchase, or lease with an option to purchase is two hundred thousand dollars ($200,000) or more; or

(f)   Any new acquisition, upgrade, or replacement of an information technology system estimated to cost one million dollars ($1,000,000) or more;

(2)   "Board" means the Capital Planning Advisory Board of the Kentucky General Assembly created by KRS 7A.110;

(3)   "Plan" means the state capital improvement plan provided for by KRS 7A.120;

(4)   "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of the state government; and

(5)   "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

(a)   Hardware;

(b)   Software, including application software, systems management software, utility software, or communications software;

(c)   Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or

(d)   Digital data products, including acquisition and quality control.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 20, sec. 1, effective July 14, 2018. -- Amended 2016 Ky. Acts ch. 138, sec. 1, effective April 27, 2016. -- Amended 2006 Ky. Acts ch. 199, sec. 1, effective July 12, 2006. -- Amended 2003 Ky. Acts ch. 188, sec. 2, effective June 24, 2003. -- Amended 1994 Ky. Acts ch. 31, sec. 1, effective July 15, 1994. -- Created 1990 Ky. Acts ch. 503, sec. 2, effective July 13, 1990.

7A.100 Capital Planning Advisory Board of the General Assembly established.
The Capital Planning Advisory Board of the Kentucky General Assembly is established. The members of this board shall represent all three (3) branches of government and are empowered to prepare a comprehensive state capital improvement plan and to make funding recommendations to each branch head as to state spending for capital projects.

Effective:	July 13, 1990
History:	Created 1990 Ky. Acts ch. 503, sec. 1, effective July 13, 1990.

7A.110 Membership of board -- Meetings -- Vote required to act.
(1) The Capital Planning Advisory Board of the Kentucky General Assembly shall consist of sixteen (16) members. The manner of appointment and terms of the members of the board shall be as follows:
(a) Four (4) members shall be appointed by the Governor to represent the executive branch of state government. These members shall serve for a term of four (4) years and until their successors are appointed.

(b) Four (4) members shall be appointed by the Chief Justice of the Supreme Court to represent the judicial branch of state government. These members shall serve for a term of four (4) years and until their successors are appointed.

(c) Four (4) members shall represent the legislative branch of state government and shall be appointed and serve as follows:
1. The Speaker of the House of Representatives shall appoint two (2) members, each of whom shall serve while a member of the House for the term for which he has been elected, and one (1) of whom shall be designated co-chair; and
2. The President of the Senate shall appoint two (2) members, each of whom shall serve while a member of the Senate for the term for which he has been elected, and one (1) of whom shall be designated co-chair.

(d) Four (4) public members shall be appointed from the Commonwealth at large, one (1) by the Governor, one (1) by the Chief Justice, one (1) by the President of the Senate, and one (1) by the Speaker of the House of Representatives. The public members shall serve for a term of four (4) years and until their successors are appointed.

(2) Any vacancy on the board shall be filled in the same manner as the original appointment.

(3) The co-chairs shall have joint responsibilities for board meeting agendas and presiding at board meetings.

(4) On an alternating basis, each co-chair shall have the first option to set the monthly meeting date. A monthly meeting may be canceled by agreement of both co-chairs. The board shall meet at least twice during each calendar year.

(5) Members of the board shall be entitled to reimbursement for expenses incurred in the performance of their duties.

(6) A majority of the entire membership of the Capital Planning Advisory Board shall constitute a quorum, and all actions of the board shall be by vote of a majority of its entire membership.

Effective:	March 31, 2003
History:	Amended 2003 Ky. Acts ch. 185, sec. 8, effective March 31, 2003. -- Amended 1994 Ky. Acts ch. 486, sec. 13, effective July 15, 1994. -- Created 1990 Ky. Acts ch. 503, sec. 3, effective July 13, 1990.

7A.120 State capital improvement plan.
(1) Every two (2) years, the board shall prepare a state capital improvement plan containing its proposals for state spending for capital projects.

(2) Copies of the plan shall be submitted to the Governor, the Chief Justice, and the Legislative Research Commission no later than November 1 of each odd-numbered year. The plan shall provide:
(a) A detailed list of all capital projects of the state, including transportation projects as submitted by the Kentucky Transportation Cabinet and approved by the Joint Transportation Committee, which the board recommends be undertaken or continued by any state agency during the six (6) fiscal year period commencing with the upcoming biennial budget, together with information as to the effect of these capital

projects on future operating expenses of the Commonwealth, and with recommendations as to the priority of these capital projects and the means of funding them;

(b) The forecast of the board as to the requirements for capital projects of state agencies during the six (6) fiscal year period and for those additional periods, if any, necessary or desirable for adequate presentation of particular capital projects, and a schedule for the planning and implementation or construction for these additional periods;

(c) A schedule for the next biennial budget of recommended appropriations of bond funds from issues of bonds previously authorized;

(d) A review of capital projects which have recently been implemented or completed or are in process of implementation or completion;

(e) Recommendations as to the maintenance of physical properties and equipment of state agencies; and

(f) Any other information that the board deems relevant to the foregoing matters.

(3) Each state agency, excluding the Department of Highways, shall no later than April 15 of each odd-numbered year provide the board with information described in subsection (2) of this section in the form that shall be prescribed by the board.

(4) In addition to information available to the board under the computerized record keeping of the Finance and Administration Cabinet, each state agency shall, when requested, provide the board with supplemental information concerning any real property owned or leased by the agency, including its current or future availability for other state uses. **Effective:** July 13, 1990
History: Created 1990 Ky. Acts ch. 503, sec. 4, effective July 13, 1990.

7A.130 Public hearings.
The board may conduct public hearings in furtherance of its general purposes at places designated by it, at which hearings it may request the appearance of officials of any state agency and solicit the testimony of interested groups and the general public.

Effective: July 13, 1990
History: Created 1990 Ky. Acts ch. 503, sec. 5, effective July 13, 1990.

7A.140 Administrative regulations.
The board may adopt any admin. regulations necessary to carry out its planning and advisory functions as provided by this chapter. **Effective:** July 13, 1990
History: Created 1990 Ky. Acts ch. 503, sec. 6, effective July 13, 1990.

7A.150 Legislative Research Commission's responsibility for staffing and operating costs of board.
The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of KRS Chapter 7A. Staff and operating costs of the Capital Planning Advisory Board shall be provided from the budget of the Legislative Research Commission.

Effective: July 14, 1992
History: Amended 1992 Ky. Acts ch. 41, sec. 1, effective July 14, 1992. -- Created 1990 Ky. Acts ch. 503, sec. 7, effective July 13, 1990.

7A.160 Use of existing studies, surveys, plans, and data.
The board may make use of existing studies, surveys, plans, data, and other materials in the possession of any state agency. Upon request by the board, an agency shall make these materials available to the board so that the board may have current information on the capital plans and programs of the agency.

Effective: July 13, 1990
History: Created 1990 Ky. Acts ch. 503, sec. 8, effective July 13, 1990.

7A.170 Advisory committees.
The officers and personnel of any state agency and any other person may serve at the request of the board upon any advisory committees that the board may create. State officers and personnel may serve upon these advisory committees without forfeiture of office or employment and with no loss or diminution in the compensation, status, rights, and privileges which they otherwise enjoy.

Effective: July 13, 1990
History: Created 1990 Ky. Acts ch. 503, sec. 9, effective July 13, 1990.

Appendix B

Report Of The
Commonwealth Office Of Technology

As has been its practice in previous planning processes, the Capital Planning Advisory Board requested the assistance of outside expertise in reviewing the information technology items and systems submitted in the 2020-2026 agency capital plans. Specifically, the board requested a report from the Commonwealth Office of Technology that would

- identify those items/systems—particularly those proposed to be financed from the general fund (cash or bonds)—that are high-priority needs and the criteria on which those determinations were based; and

- include recommendations or information on any other items relating to information technology in Kentucky state government that would be helpful to the board in developing its statewide capital improvements plan.

The report of the Commonwealth Office of Technology follows.

Senator Stan Humphries
Representative John Blanton
Capital Planning Advisory Board

Dear Senator Humphries and Representative Blanton,

Am pleased to submit to the Capital Planning Advisory Board (CPAB) the results of our review of the information technology projects for the next biennium. The members of our staff and agency representatives performed the review. We focused specifically on information technology projects for the 2020-2022 biennium utilizing an automated prioritization methodology that promotes an objective view to determine those systems with the highest value and least potential risk to the Commonwealth. The result of this review is contained within three reports:

- Appendix A; 2020-2022 All Funds Capital Information Technology Projects with High Value Designation Noted
- Appendix B; 2020-2022 General Fund High Value Information Technology Projects
- Appendix C; 2020-2022 Chief Information Officer: Additional Priorities
-

Each capital project submission provides value and we feel the projects identified with the acronym of "HV" in the enclosed reports best support the strategic direction of the Commonwealth and provide the greatest returns on our investments.

Kentucky continues to make progress with our use of information technology and we look forward to working with this body so that, together, we can continue to move Kentucky forward.

Sincerely,

Charles E. Grindle

Charles E. Grindle, Ph.D.
Chief Information Officer

2020 – 2022 CAPITAL IMPROVEMENT PLANS

<table>
<tr><td colspan="2">The Commonwealth Office of Technology's Overview / Assessment of
Information Technology Capital Items for the Capital Planning Advisory Board - May 2019</td></tr>
</table>

Biennially, the CPAB requests the CIO to communicate the capital IT needs of the Enterprise that are of high priority and seeking financial support from the General Fund (cash or bonds) and/or other funding sources. Therefore, per the CPAB's request and the CIO's obligation per 1 KAR 6:020, the CIO submits a report to the CPAB that outlines his skilled review, assessment, prioritization and enterprise ranking of IT projects for the Executive Branch agencies. Encompassing CPAB's request is the need to develop criteria that would assist in determining IT proposals that would be considered "high priority" due to the high value and low risk of the proposed project. CPAB also asked that the CIO recommend any other projects that may not have mathematically made the "high value" cut, but, in his opinion, would be very beneficial to Kentucky state government and to the citizens of the Commonwealth. Therefore, within this report are three appendices: All Funds Capital Information Technology Projects with High Value Designations Notes, General Fund High Value Information Technology Projects and the CIO's Additional Priority Projects. These reports detail Cabinet/Agency projects, their budgets, and the funding source they would need to utilize during the execution and completion of the project.
2020 – 2022 Biennium Scoring Criteria:

BUSINESS VALUE	RISK FACTORS
- Business Case and Justification - External Requirements - 5 Year TCO Cost Savings - Strategic Alignment with Governor's Initiatives or CIO Strategic Plan - Service Improvement - Improved Quality of Life for Citizens	- Total Implementation Costs - Sensitivity of Data - Complexity of Solution - Implementation Plan - Availability of Skillsets

High Value Project Descriptions:

Project: ATSC 3.0 Conversion Phase 2, Education & Workforce Cabinet
Project Budget: $1,000,000 (General)
Description: ATSC 3.0 Conversion Phase 1: As a part of the national Transmitter Repack, the Federal Communications Commission (FCC) mandated that all 16 of KET's stations move to new channels. As a result, by 2020, KET will have rebuilt its statewide transmission network at a cost of approximately $21 million reimbursed by the FCC. The 2018-2020 General Assembly appropriation of $2.1 million is enabling the completion of KET's microwave interconnect and the upgrade to ATSC 3.0 ready transmissions equipment. ATSC 3.0 Conversion Phase 2: To help ensure the safety of Kentuckians, KET's statewide transmission system must be equipped to provide geographically-targeted emergency alerts on its broadcast channels for weather and natural disasters. Emergency Alert System receivers and processors are needed for all 16 transmitters to provide critical localized weather alerts for the commonwealth to ensure the safety of the general

public. KET is requesting $750,000 to provide regional and localized emergency warning and alerting information to the public.

Project: TWIST Modernization, Health & Family Services Cabinet

Project Budget: $19,787,700 (General & Federal)

Description: DCBS currently uses The Workers Information System (TWIST) in the operation of its adoption and foster care programs. Congress passed The Family First Prevention Services Act of 2018 (Family First) in February 2018, which takes effect in October 2019 and is leading to an overhaul of the state's child welfare system. This act requires each state to update its current information system to meet the criteria of a Comprehensive Child Welfare Information System (CCWIS). CCWIS replaces Statewide Automated Child Welfare Information System (SACWIS) as the standard for child welfare information systems. TWIST has properly followed SACWIS standards since inception and will transition to meet CCWIS compliance during this planning period. Federal requirements for a CCWIS system can be found within 45 CFR § 1355.52. Software development will be completed by the same team that developed and continues to oversee TWIST. Total costs for this project is estimated to be $19,787,700. However, half of this cost will be paid with federal grant awards through the following process. Expenditures will be accrued throughout each week and CHFS Division of General Accounting (DGA) will draw in federal dollars every Monday to pay for the federal share. At the end of each quarter, development costs will be reported on form CB-496. This quarterly submission to the Administration for Children & Families will be used to determine the next quarter's award as well as provide a reconciling award if additional funding is necessary.

Project: KASPER, Health & Family Services Cabinet

Project Budget: $2,000,000 (General & Federal)

Description: The Cabinet for Health and Family Services (CHFS) has a critical need to modernize the Kentucky All Schedule Prescription Electronic Reporting (KASPER) system. The Legacy application is over 12 years old and has had many features added to it over the years in haphazard manners. This has made the code difficult to support and be, in many areas, inefficient. Failure to replace this system may negatively affect the Cabinet's ability to provide state mandated services and enhancements in the future. This project will replace the old KASPER platform with a new modular structure that will make development, deployment and support much easier and will make potential future distribution much simpler. KASPER is a 12-year-old web application utilized by Schedule 2-5 drug Prescribers to determine if it is appropriate to prescribe scheduled drugs to a particular patient. Ongoing Commonwealth legislative changes and system enhancements require modern coding techniques be utilized. A modernized system will allow for greater ease of maintenance and will position the Commonwealth to implement efficiencies, reduce waste, and improve data accuracy in meeting Commonwealth legislative and reporting requirements. 90% of the funding for this project will be thru a federal agency.

Project: KASES III, Health & Family Services Cabinet

Project Budget: $33,000,000 (General & Federal)

Description: The Cabinet for Health and Family Services (CHFS) has a critical need to upgrade the Kentucky Child Support Enforcement System (KASES) through use of web technology. The Legacy application uses Cobol/Telon and IMS DB technology, which are obsolete, resulting in a critical shortage of available skilled resources and significant risk in providing on-going support of the system. Many of the current KASES mainframe developers are approaching or have surpassed eligibility for retirement. CHFS/DIS/CSE has incurred a substantial increase of shared mainframe operational expenses as other agencies, most notably the Department for Community Based Services (DCBS), migrated their systems from the mainframe to a web based system. As a result, CSE mainframe costs nearly doubled due to the reallocation of expenses to the remaining

programs on the mainframe. Failure to replace this system will negatively affect the Cabinet's ability to provide state and federally mandated services in the future. This project will replatform the KASES legacy mainframe processing to a web platform, incorporate new technologies, and provide automated workflow and enforcement capabilities to Child Support Enforcement (CSE) users. KASES is a 28-year-old legacy mainframe application utilized by CSE and local contracting officials' staff in the administration of the child support program and in the enforcement of child support orders that is responsible for distribution of over $400 million annually in child support payments to custodial parents. Ongoing federal regulation changes continue to tax the current 28-year-old mainframe system beyond its current capabilities. A modernized system will allow for greater ease of maintenance and will position the Commonwealth to implement efficiencies, reduce waste and fraud, and improve data accuracy in meeting federal administrative and reporting requirements.

Project: KSP Emergency Radio System Replacement, Justice & Public Safety Cabinet
Project Budget: $52,450,000 (General)
Description: Funding to replace existing statewide emergency radio communications network. This system provides day to day emergency radio communications between KSP dispatch and the Kentucky State Police, Commercial Vehicle Enforcement, KY Fish and Wildlife, Attorney General's Office, ABC and other state agencies. This project will have a life that extends over a 10 year master agreement. The cost will be divided over this 10 year period which will ensure maintenance contracts and service upgrades are completed throughout the payment period.

Project: Enterprise Content Management, Finance & Administration Cabinet
Project Budget: $13,590,000 (General)
Description: The Commonwealth Office of Technology is seeking approval to implement a true Enterprise Content Management (ECM) System to serve the needs of all Commonwealth agencies. A portion of the systems has been implemented utilizing "Transformation Funds" from the Managed Print Services Contract, however, the licensing is limited to the use cases of replacing legacy FileNet Document Management Systems for the Personnel Cabinet and Department of Revenue. Funding is being requested to purchase Enterprise Licensing of the Hyland OnBase solution, retain the current Specialized Services staff to lead the effort of implementing additional features and solutions. In addition, build an Enterprise Records Retention Platform to deliver the IT requirements for digital records retention that complies with KDLA's record retention schedule, implement true digital transformation of Personnel HR Records across the Commonwealth, have the ability to offer the solution to all Commonwealth agencies without having to continually return to the vendor to purchase additional licenses and features. Plan would also include a way to do away with storage and retrieval of paper documents across multiple agencies, develop and provide the data classification required to apply the correct privacy and security of stored documents, and provide a streamlined, efficient platform readily searchable and properly organized to respond to Open Records requests and legislative requests to agencies.

Project: Ky Heritage Council - Records Digitization, Tourism, Arts &Heritage Cabinet
Project Budget: $1,008,000 (General)
Description: Create and implement a comprehensive technology system which will serve as an interactive portal for agencies, municipalities, private consultants, and others who use historic preservation programs. This project will include (1) an assessment of digital assets and infrastructure, and projection of future needs; (2) upgrade the current Geographical Information System; (3) integrate and install new software, hardware and network systems; and (4) build the necessary maintenance support structure for on-going operations. In digitizing a wide variety of frequently used historic and prehistoric survey records, the Kentucky Heritage Council will

become a more efficient, environmentally-friendly agency that can better accommodate its stakeholders.

Project: Case Management System for Voc. Rehab, Education & Workforce Cabinet
**Project Budget:** $4,620,000 (General)
Description: The current system used by Vocational Rehabilitation for Case Management is 14 years old. It does not meet all business requirements currently and resides on outdated technology platforms.

Review Process

A Scoring Committee was selected in October of 2018. Each scorer was given a briefing of what the 2020 – 2022 Capital Planning Process entailed and their involvement. The committee was made up of representatives from the following Kentucky Offices/Cabinets:
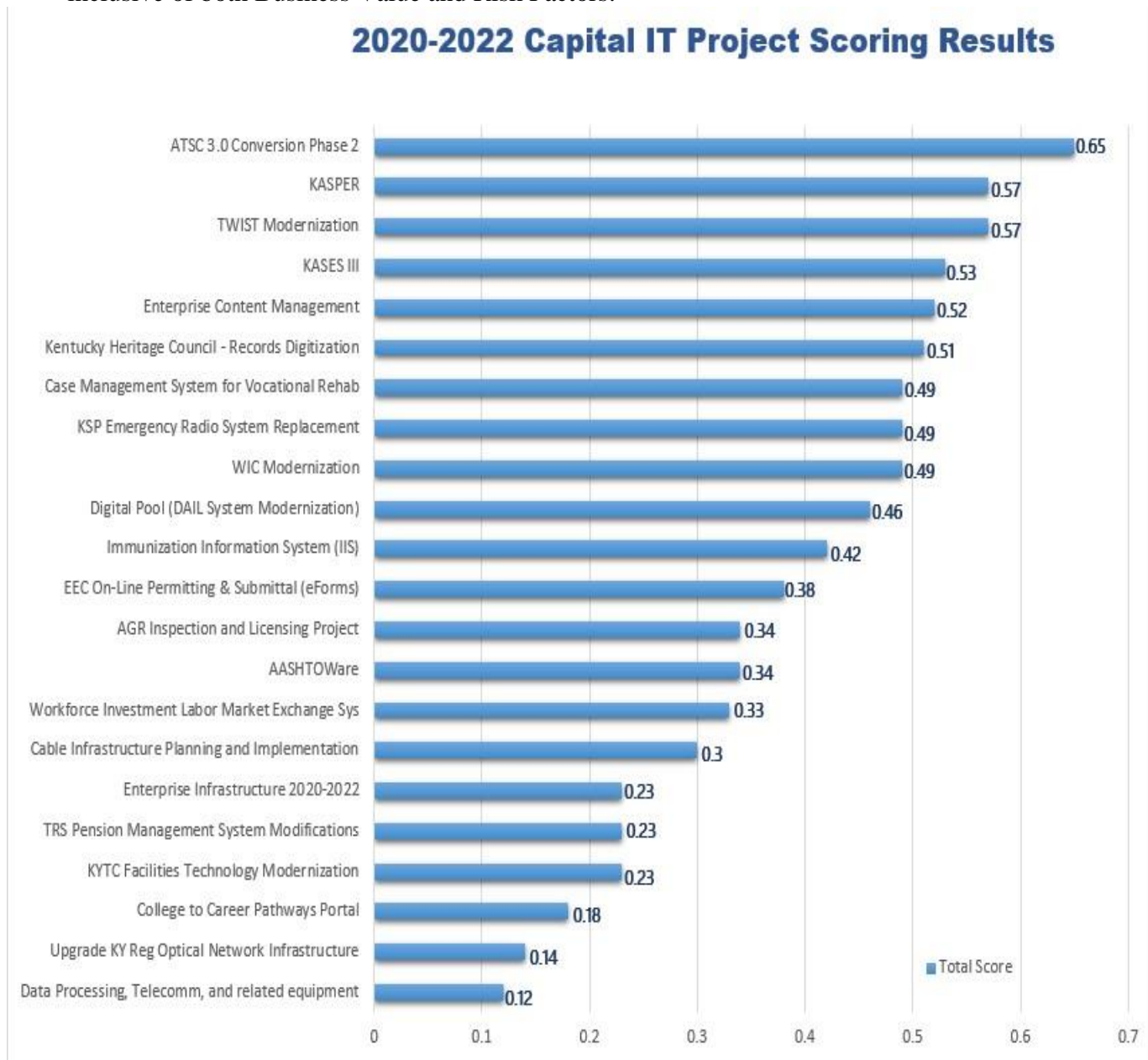
- Office of the State Budget Director
- Health and Family Services
- Justice and Public Safety
- Education and Workforce Development
- Personnel Cabinet
- Commonwealth Office of Technology

In February of 2019, the Scoring Committee was called together to perform a pairwise ranking of the criteria to be performed in a new project portfolio prioritization application called Decision Lens. The graph below illustrates the weighting of each criteria resulting from the pairwise ranking exercise.
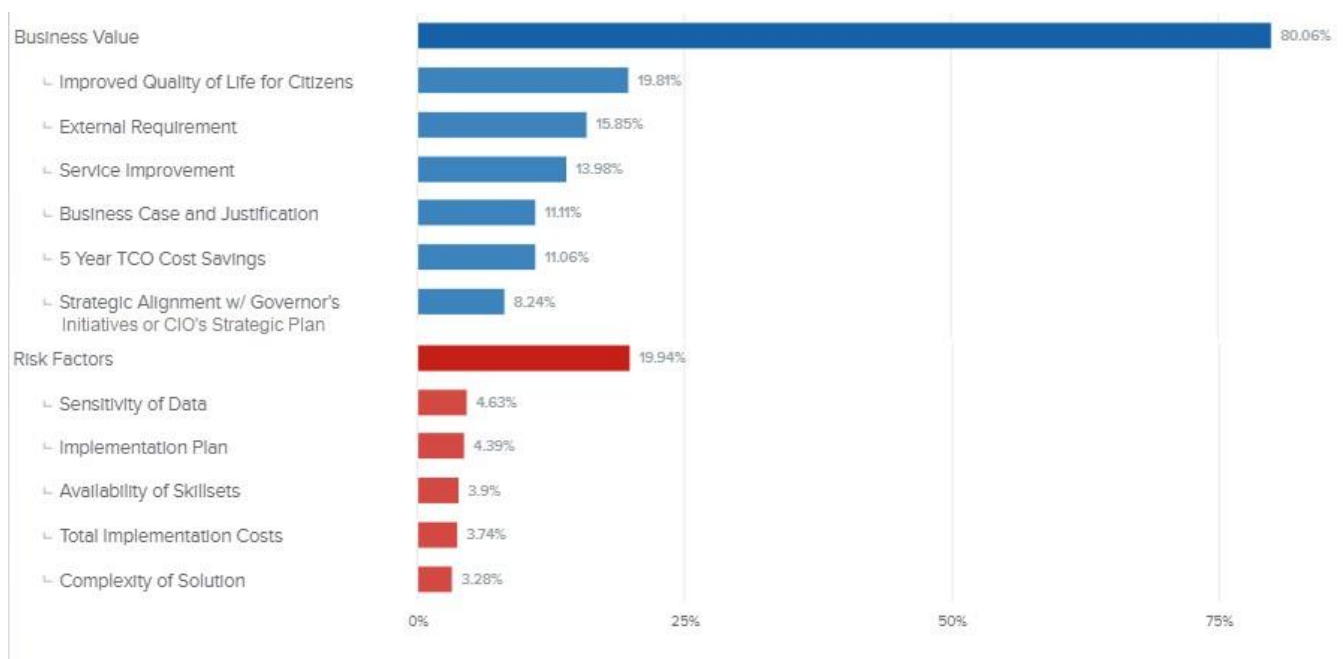
As identified in the Executive Summary of this report, 22 projects were submitted for consideration in this year's IT Capital Planning Process. In mid-May, the scorers trained on using Decision Lens for scoring. Scorers evaluated submissions and then participated in oral presentations, where agencies were given the opportunity to further explain specific details of their project plan and

entertain any questions that surfaced from the Scoring Committee. The graph below illustrates the prioritization of projects. The scores reflect the net weighted results of the scoring process and are inclusive of both Business Value and Risk Factors.

2020-2022 Capital IT Project Scoring Results

Project	Total Score
ATSC 3.0 Conversion Phase 2	0.65
KASPER	0.57
TWIST Modernization	0.57
KASES III	0.53
Enterprise Content Management	0.52
Kentucky Heritage Council - Records Digitization	0.51
Case Management System for Vocational Rehab	0.49
KSP Emergency Radio System Replacement	0.49
WIC Modernization	0.49
Digital Pool (DAIL System Modernization)	0.46
Immunization Information System (IIS)	0.42
EEC On-Line Permitting & Submittal (eForms)	0.38
AGR Inspection and Licensing Project	0.34
AASHTOWare	0.34
Workforce Investment Labor Market Exchange Sys	0.33
Cable Infrastructure Planning and Implementation	0.3
Enterprise Infrastructure 2020-2022	0.23
TRS Pension Management System Modifications	0.23
KYTC Facilities Technology Modernization	0.23
College to Career Pathways Portal	0.18
Upgrade KY Reg Optical Network Infrastructure	0.14
Data Processing, Telecomm, and related equipment	0.12

The Scoring Committee reviewed the resulting prioritization of projects and confirmed consensus. The Scoring Committee also reviewed situations in which individual scores had significant variance across the committee and discussed the variance to ensure all Scoring Committee members 1) Shared a common understanding of the criteria and 2) Shared a common understanding of the project request.

Appendix A: All Funds Capital Information Technology Projects
with High Value Designation Noted

2020-2022					
Cabinet	**Agency**	**Project**	**Fund Source**	**Total Project Budget**	**HV Designation**
CHFS	DCBS	TWIST Modernization	GF, FF	$19,787,700	HV
CHFS	GAPS	KASPER	GF, FF	$2,000,000	HV
CHFS	GAPS	KASES III	GF, FF	$33,000,000	HV
CHFS	Dept for Public Health	WIC Modernization	FF	$10,756,000	
CHFS	GAPS	DAIL System Modernization	GF, FF	$1,008,000	
CHFS	Dept for Public Health	Immunization Information System	GF	$9,240,000	
EEC	Secretary's Office	EEC On-Line Permitting and Submittal (eForms)	GF	$1,518,000	
EWDC	Ky Education Television	ATSC 3.0 Conversion Phase 2: Public Safety Emergency Warning and Alerting	GF	$1,000,000	HV
EWDC	General Admin & Support	Case Management System for Office of Vocational Rehabilitation	GF	$4,620,000	HV
EWDC	General Admin & Support	Workforce Labor Market Exchange System	GF	$5,612,000	
FIN	Commonwealth Office of Technology	Enterprise Content Management	GF	$13,590,000	HV
FIN	Commonwealth Office of Technology	COT Enterprise Infrastructure	RES	$8,000,000	
FIN	Ky Lottery Corporation	Data Processing, Telecom and Related Equipment	PRIV	$1,000,000	
GG	Dept of Agriculture	AGR Inspection and Licensing Project	RES	$3,248,600	
GG	Ky Teacher's Retirement	KTRS Pension Management System Modifications	RES	$5,000,000	
GG	Council on Postsecondary Education	College to Career Pathways Portal	GF	$2,000,000	
GG	Council on Postsecondary Education	Upgrade KY Reg Optical Network Infrastructure	GF	$1,000,000	
JUS	Ky State Police	KSP Emergency Radio System Replacement	GF	$52,450,000	HV
KYTC	Secretary's Office	AASHTOWare Upgrades and Solicitations	ROAD	$5,000,000	
KYTC	Dept of Highways	KYTC Facilities Technology Modernization	ROAD	$2,000,000	
TAH	Ky Heritage Council	Kentucky Heritage Council Digitization Project	GF	$1,008,000	HV
TAH	Dept of Parks	KY State Parks Infrastructure Improvement	GF	$6,000,000	

Total = $ 188,838,300

Appendix B: General Fund High Value Information Technology Projects

Cabinet	Agency	Project	Fund Source	Total Project Budget	HV Designation
		2020-2022			
EWDC	Ky Education Television (KET)	ATSC 3.0 Conversion Phase 2: Public Safety Emergency Warning and Alerting	GF	$1,000,000	HV
CHFS	Dept of Community Based Services	TWIST Modernization	GF, FF	$19,787,700	HV
CHFS	GAPS	KASPER	GF, FF	$2,000,000	HV
CHFS	GAPS	KASES III	GF, FF	$33,000,000	HV
JUS	Ky State Police	KSP Emergency Radio System Replacement	GF	$52,450,000	HV
FIN	Commonwealth Office of Technology	Enterprise Content Management	GF	$13,590,000	HV
TAH	Kentucky Heritage Council	Kentucky Heritage Council Digitization Project	GF	$1,008,000	HV
EWDC	General Admin & Support	Case Management System for Office of Vocational Rehabilitation	GF	$4,620,000	HV

Total = $127,455,700

Appendix C: Chief Information Officer: Additional Priorities

2020-2022					
Cabinet	**Agency**	**Project**	**Fund Source**	**Total Project Budget**	**Add'l Priority Designation**
CHFS	Dept for Public Health	WIC Modernization	FF	$10,756,000	Add'l Priority
GG	Dept of Agriculture	AGR Inspection and Licensing Project	RES	$3,248,600	Add'l Priority
KYTC	Secretary's Office	AASHTOWare Upgrades and Solicitations	ROAD	$5,000,000	Add'l Priority
FIN	Commonwealth Office of Technology	COT Enterprise Infrastructure	RES	$8,000,000	Add'l Priority
KYTC	Dept of Highways	KYTC Facilities Technology Modernization	ROAD	$2,000,000	Add'l Priority
GG	Ky Teacher's Retirement	KTRS Pension Management System Modifications	RES	$5,000,000	Add'l Priority
FIN	Ky Lottery Corporation	Data Processing, Telecom and Related Equipment	PRIV	$1,000,000	Add'l Priority
				Total = $ 35,004,600	

Appendix C

Report Of The Council On Postsecondary Education

As has been its practice in the past, the Capital Planning Advisory Board requested the assistance of outside expertise in reviewing projects submitted in the 2020-2026 capital plans of the postsecondary institutions.

The Council on Postsecondary Education provided input in the development of the 2020-2026 Statewide Capital Improvements Plan by recommending a funding strategy for postsecondary education capital projects, and reviewing postsecondary projects to be financed with general fund appropriations. The Council also reviewed postsecondary information technology projects and identified those considered "high in value."

The report of the Council on Postsecondary Education follows.

August 14, 2019

The Honorable Stan Humphries
The Honorable John Blanton
Co-Chairs, Capital Planning Advisory Board
Capitol Annex, Room 34
Frankfort, Kentucky 40601

Dear Senator Humphries and Representative Blanton:

As requested, the Council on Postsecondary Education (CPE) is providing input to guide development of the 2020-2026 Statewide Capital Improvements Plan. The Board requested that the Council review and identify capital projects to be financed with General Fund appropriations that represent the highest priority needs of the postsecondary system. CPE has identified asset preservation as the system's highest need for the upcoming 2020-22 biennium. A listing of the projects submitted by the institutions is attached that identifies the asset preservation and renovation projects. While campuses have needs for funding for new and expanded space and information technology projects, CPE has determined that asset preservation is the system's greatest need. Also attached is a report from CPE's information technology evaluation committee.

Over the past several biennia, CPE has used a multi-biennia, blended approach to address asset preservation and new construction needs simultaneously in each biennium. This approach was consistent with the primary recommendation of the 2007 *Statewide Facilities Assessment & Space Adequacy Study* conducted by VFA, Inc., and Paulien & Associates, and the Capital Planning Advisory Board (CPAB) endorsed this approach in 2011, 2013, and 2015. For 2018-20 and for the 2020-22 biennium, however, CPE recommended and is recommending that any General Fund appropriations for capital be used exclusively to support asset preservation first. While we recognize that the campuses have needs for new and expanded space and information technology infrastructure, the critical condition of the physical facilities on our campuses leads us to recommend focusing more heavily on asset preservation.

As has been the case the past four biennia, the 2020-22 capital budget development process will be focused on long-term capital funding, and upgrading existing space to modern standards. Using this approach, the highest priority for the postsecondary system is a pool of asset preservation funding for the institutions. All of the projects submitted by the institutions:
- Directly support HB 1 goals, the 2016-21 Strategic Agenda, and statewide economic development goals;
- Support each institution's Council-approved mission;
- Provide for the completion of projects authorized in a prior biennium, which, if not funded, may compromise the viability of a facility's intended use;
- Address the need for space as indicated by space utilization standards and the space needs model;
- Address explicit needs to retool, remodel, or replace existing space; and
- Significantly reduce the capital renewal and maintenance burden of the institution.

The Honorable Stan Humphries
The Honorable John Blanton
Page 2
August 14, 2019

CPE staff, with outside expert assistance, evaluated information technology projects submitted by the institutions using the same business value and risk assessment method used by the Commonwealth Office of Technology (COT) to evaluate state agency projects. In other words, projects deemed to have both high business value and low risk were considered "high value" projects. Of the 42 total projects submitted, nine rank as high value projects.

The attached list of postsecondary projects is for planning purposes only and is subject to change as my staff and I continue to develop the 2020-22 capital budget recommendation, which will be presented for Council approval October 31. For 2012-14, 2014-16, and 2016-18, CPE recommended pools of funding for the institutions to address asset preservation and new construction simultaneously. Given the need for asset preservation on the campuses, CPE's 2020-22 request, like the 2018-20 request, will focus on addressing the need for asset preservation identified by the 2007 VFA study. In 2013, VFA updated their cost projections and estimated this need at $6.1 billion at the system level.

We look forward to discussing these matters with you at the August 23 CPAB meeting. If you have any questions in the meantime, please contact Bill Payne or Shaun McKiernan, on my staff, at (502) 573-1555.

Sincerely,

Aaron Thompson

Aaron Thompson

Enclosures

cc: Bill Payne
       University Presidents
       KCTCS President

Council on Postsecondary Education
2020-22 Statewide Capital Plan Priorities (from the 2020-2026 Capital Plan) General Fund Projects

The Council on Postsecondary Education has reviewed the postsecondary institutions' capital project submissions and offers the following for the committee's consideration: that the Commonwealth fund a pool to fund asset preservation projects on the campuses for the upcoming 2020-22 biennium, requiring a 50% match by each institution. While campuses have very real needs for funding information technology projects and new and expanded space, preservation of existing facilities is a higher priority. The Council on Postsecondary Education plans to recommend a $400 million pool for asset preservation as part of the 2020-22 biennial budget process, with the expectation that campuses would have a 50% match, providing a total of $600 million in funding for asset preservation projects over the biennium.

Background

As part of 2016-18 biennial budget request, the Council on Postsecondary Education recommended that the Governor and General Assembly appropriate $600 million for capital projects (not including information technology projects) at Kentucky's public colleges and universities. This request was characterized as the "second installment" of a three-biennia (six year) $1.8 billion capital budget plan that would use a new pooled approach for allocating capital funding among institutions. CPE made a similar request in 2014-16, and the General Assembly, through HB 235 (2014) and HB 298 (2015), appropriated $607.9 million in state funded capital projects for the postsecondary institutions, with 39% ($240.1 million) of that total going to asset preservation and renovation projects and 61% ($367.8 million) going to new and expanded space projects.

Both the 2014-16 and 2016-18 capital requests for the postsecondary institutions advocated for a pool of funding for each institution, and each institution would be required to use nearly half of those funds for asset preservation. Funds in the pool were allocated to each institution based on a formula that took into account various factors, including differences in deferred maintenance needs, FTE student enrollment, extramural research expenditures, and total public funds across campuses. This approach was adopted to achieve a fair distribution of capital funds to each institution. When each institution's top project is funded, fairness is difficult to maintain, and there's less flexibility to address multiple, smaller, but potentially more critical, capital projects.

For 2018-20 and for 2020-22, rather than requesting state funds for both asset preservation and new construction, the Council and postsecondary institutions have decided to focus on asset preservation. Several factors converged to support this position: a growing inventory of facilities and infrastructure in need of asset preservation and renovation; increasing construction costs; and minimal state investment in asset preservation since 2007. The 2007 VFA Study identified immediate asset preservation needs for the postsecondary education system of $5.09 billion. According to study projections, the total need was expected to grow to $6.30 billion by 2012-16 and to $7.25 billion by 2017-2021. In 2013, VFA updated the 2007 study to account for expanding construction costs and identified a $6.09 billion immediate need for asset preservation.

Recommendations

Recognizing the critical asset preservation needs at each campus, CPE recommends that the state and institutions adopt a more aggressive approach to address asset preservation that envisions a decade-long partnership and commitment. CPE staff anticipates recommending a sufficient level of General Fund supported bond debt, that when combined with some level of institutional matching funds, addresses nearly 10 percent of the identified asset preservation need, or $600 million, in 2020-22.

CPE is planning to allocate state bond funds among institutions based on each institution's share of system total asset preservation need as determined by VFA. Each institution will have the flexibility to use their pool of funding for any asset preservation projects included in the enacted biennial budget. This will allow institutions to fund their highest priority project or multiple smaller, but perhaps even more critical campus projects. For this reason, the total cost of listed projects necessarily exceeds the amount of requested funds.

It is possible that project priorities at the institutions could change before the Council takes action on the recommended capital budget on October 31. Attached are summary lists of asset preservation, new construction, and information technology and equipment projects that were submitted by the institutions through capital planning system. The project rankings were provided by the institutions.

CPE Preliminary Proposed 2020-22 General Fund Pool and Eligible Projects

	System Priority/Project Category	GF Pool ($400M) and Match		Total of Eligible Projects	
1	Asset Preservation & Major Renovation	$600,000,000		$1,775,412,000	
	Proposed Projects by Institution – All Funds	**Asset Preservation**	**IT & Equip. Projects**	**New/ Expanded**	**All Categories All Funds Total**
	Eastern Kentucky University	$133,500,000	$36,125,000	$94,000,000	$263,625,000
	Kentucky Community & Technical College System	259,500,000	9,500,000	142,800,000	411,800,000
	Kentucky State University	5,967,000	17,263,000	93,134,000	116,364,000
	Morehead State University	133,016,000	8,811,000	150,380,000	292,207,000
	Murray State University	178,329,000	4,525,000	-	182,854,000
	Northern Kentucky University	188,700,000	19,850,000	94,500,000	303,050,000
	University of Kentucky	350,000,000	84,000,000	13,000,000	447,000,000
	University of Louisville	150,000,000	29,500,000	-	179,500,000
	Western Kentucky University	376,400,000	6,000,000	66,600,000	449,000,000
		$1,775,412,000	$215,574,000	$654,414,000	$2,645,400,000
	CPE Recommended Pool	**$600,000,000**	**$0**	**$0**	**$600,000,000**

Capital Projects Recommendations
Asset Preservation and Major Renovation (eligible for General Fund support)
2020-2022

Institution/ Project Title	Project Scope	General Fund	Restricted/ Institution Funds	Agency Bonds & Other Funds
Eastern Kentucky University				
1 EKU-Capital Asset Renewal Match Pool	$ 35,000,000	$ 35,000,000		
2 EKU-Renovate & Upgrade Heat Plant	14,000,000	7,000,000	7,000,000	
3 EKU-Renovate Mechanical Systems Pool 2020-2022	20,000,000	10,000,000	10,000,000	
4 EKU-Renovate Moore Building	40,000,000	40,000,000		
5 EKU-Revovate Whalen Complex	24,500,000	22,500,000		2,000,000
Total - EKU	$ 133,500,000	$ 114,500,000	$ 17,000,000	$ 2,000,000
Kentucky State University				
1 KSU-Renovation & Renewal E&G Projects Pool 2018	5,967,000	5,950,000	17,000	
Total - KSU	$ 5,967,000	$ 5,950,000	$ 17,000	$ -
Morehead State University				
1 MoSU-Renovate Combs Classroom Building	$ 30,733,000	$ 30,733,000		
2 MoSU-Renovate Third Street Eats	2,982,000	2,982,000		
3 MoSU Replace Electrical Switchgear B	1,891,000	1,891,000		
4 MoSU-Capital Renewal & Maintenance Pool - E&G	7,600,000	7,600,000		
5 MoSU-Water Plant Sediment Basin	1,921,000	1,921,000		
6 MoSU-Upgrade Campus Fire & Security Systems	2,729,000	2,729,000		
7 MoSU-Repair Camden-Carroll Library Façade	10,000,000	10,000,000		
8 MoSU-Capital Renewal & Maintenance Pool - Univ. Farm	1,235,000	1,235,000		
9 MoSU-Comply with ADA -E&G	3,921,000	3,921,000		
10 MoSU-Renovate Button Auditorium	18,129,000	18,129,000		
11 MoSU-Renovate Howell-McDowell Building	4,139,000	4,139,000		
12 MoSU-Renovate Jayne Stadium	39,761,000	39,761,000		
13 MoSU-Renovate Lappin Hall	7,975,000	7,975,000		
Total - MoSU	$ 133,016,000	$ 133,016,000	$ -	$ -
Murray State University				
1 MuSU-Facilities Renewal & Modernization	$ 32,000,000	$ 32,000,000		
2 MuSU-Renovate/Preserve Historic E&G Buildings	40,000,000	40,000,000		
3 MuSU-Complete Capital Renewal: E&G Pool	12,527,000	12,527,000		
4 MuSU-Complete Life Safety: E&G Pool	3,888,000	3,888,000		
5 MuSU-Complete ADA Compliance - E&G Pool	7,274,000	7,274,000		
6 MuSU-Replace Campus Comm Infrastructure (fiber ring)	4,640,000	4,640,000		
7 MuSU-Capital Renewal & Building Modernization	78,000,000	78,000,000		
Subtotal - MuSU	$ 178,329,000	$ 178,329,000	$ -	$ -
Northern Kentucky University				
1 NKU-Renew/Renovate Fine Arts Center, Phase II	$ 50,000,000	$ 45,000,000		$ 5,000,000
2 NKU-Renovate/Expand Business Academic Building	41,000,000	41,000,000		
3 NKU-Renew/Renovate Nunn Hall	30,000,000	30,000,000		
4 NKU-Replace Underground Utility Infrastructure	6,700,000	6,700,000		
5 NKU-Renew/Renovate Steely Library	41,000,000	41,000,000		
6 NKU-Renew E&G Building Systems Projects Pool	20,000,000	20,000,000		
7 NKU-Renovate Campbell Hall	18,000,000	9,000,000		9,000,000
Subtotal - NKU	$ 206,700,000	$ 192,700,000	$ -	$ 14,000,000

Institution/ Project Title	Project Scope	General Fund	Restricted/ Institution Funds	Agency Bonds & Other Funds
Western Kentucky University				
1 WKU-Renovate Grise Hall	$ 32,200,000	$ 32,200,000		
2 WKU-Demolish Tate Page Hall/Improve Site	6,000,000	6,000,000		
3 WKU-Replace Underground Infrastructure	25,000,000	25,000,000		
4 WKU-Deemolish Garrett Conference Center/Improve Site	7,000,000	7,000,000		
5 WKU-Renovate Raymond Cravens Library	40,300,000	40,300,000		
6 WKU-Renovate Ogden College of Science & Engineering Fa	75,800,000	75,800,000		
7 WKU-Renovate Potter College Arts & Letters Facilities	96,400,000	96,400,000		
8 WKU-Renovate Academic Complex	27,500,000	27,500,000		
9 WKU-Improve Life Safety Pool/Academic Buildings	27,500,000	27,500,000		
10 WKU-Repair/Replace Roof at Ctr Research & Development	5,100,000	5,100,000		
11 WKU-Capital Renewal Pool 2020-2022	10,000,000	10,000,000		
12 WKU-Renovate Kentucky Building	17,500,000	17,500,000		
13 WKU-Renovate Central Heat Plant	5,100,000	5,100,000		
14 WKU-Renovate Jones Jaggers Interior	1,000,000	1,000,000		
Subtotal - WKU	$ 376,400,000	$ 376,400,000	$ -	$ -
University of Kentucky				
1 UK-Facilities Renewal and Modernization	$ 250,000,000	$ 125,000,000		$ 125,000,000
2 UK-Improve Funkhouser Building	60,000,000	60,000,000		
3 UK-Renovate Taylor Education Building	40,000,000	40,000,000		
Subtotal - UK	$ 350,000,000	$ 225,000,000	$ -	$ 125,000,000
University of Louisville				
1 UL-Upgrade STEM Instruction Building	$ 50,000,000	$ 50,000,000		
2 UL-Capital Renewal Replace & Upgrade Pool	100,000,000	50,000,000		50,000,000
Subtotal - UofL	$ 150,000,000	$ 100,000,000	$ -	$ 50,000,000
Kentucky Community and Technical College System				
1 KCTCS-College Safety & Security Pool	$ 16,000,000	$ 16,000,000		
2 KCTCS-Capital Renewal & Deferred Maintenance Pool	30,000,000	30,000,000		
3 KCTCS-Renovate Occupational Tech Bldg - Etown CTC	24,800,000	24,800,000		
4 KCTCS-Renovate Main Campus Bldgs - Southcentral (Add'l)	5,000,000	5,000,000		
5 KCTCS-Renovate Hartford Building - Jefferson CTC	31,100,000	31,100,000		
6 KCTCS-Renovate Pineville Campus - Southeast KY CTC	3,000,000	3,000,000		
7 KCTCS-Renovate/Construct Admin Bldg - Maysville CTC	15,500,000	15,500,000		
8 KCTCS-Renovate Main Bldg Phase II - Ashland CTC	34,000,000	34,000,000		
9 KCTCS-Renovate Collegewide Facilities - Big Sandy CTC	10,000,000	10,000,000		
10 KCTCS-Renovate Auditorium Building - Hopkinsville CC	3,700,000	3,700,000		
11 KCTCS-Renovate Tech Campus - Madisonville CC	3,400,000	3,400,000		
12 KCTCS-Relocate Student Center - Henderson CC	3,900,000	3,900,000		
13 KCTCS-Renovate/Construct Classroom Ctr - Gateway CTC	13,400,000	6,400,000	7,000,000	
14 KCTCS-Rnovate Main Campus - West KY CTC	7,000,000	7,000,000		
15 KCTCS-Replace HVAC System Phase 1 - Owensboro CTC	4,100,000	4,100,000		
16 KCTCS-Upgrade HVAC Equip & Controls - Hazard CTC	3,600,000	3,600,000		
17 KCTCS-Renovate Academic Building - Hopkinsville CC	14,300,000	14,300,000		
18 KCTCS-Renovate Science Labs - Jefferson CTC	7,300,000	7,300,000		
19 KCTCS-Renovate/Purchase Allied Health - Hazard CTC	15,800,000	13,450,000	2,350,000	
20 KCTCS-Procure Postsecondary Ed Cntr Ph 2 - Maysville CTC	6,900,000	6,900,000		
21 KCTCS-Renovate Learning Resource Center - Ashland CTC	6,700,000	6,700,000		
Subtotal - KCTCS	$ 259,500,000	$ 250,150,000	$ 9,350,000	$ -
System Total	**$ 1,793,412,000**	**$ 1,576,045,000**	**$ 26,367,000**	**$ 191,000,000**

Information Technology Capital Projects
Submitted by Public Postsecondary Institutions
2020-2026 Capital Plan
CPE IT Evaluation Committee

<u>Funding Suggested by Institution</u>

	High Value Designation	General Fund	Restricted Funds	Other
University of Kentucky*				
Lease/Purchase Voice Infrastructure			3,000,000	
Repair/Replace Campus Infrastructure			4,000,000	
Acquire IT Systems				2,000,000
Improve Enterprise Networking 1			3,000,000	
Improve Enterprise Networking 2			5,000,000	
Lease/Purchase Campus Call-Center System	Yes		5,000,000	
Lease/Purchase Campus Infrastructure			10,000,000	
Lease/Purchase Campus IT Systems			10,000,000	
Lease/Purchase High Performance Computer			7,000,000	
Lease/Purchase Network Security			5,000,000	
University of Kentucky - Healthcare				
Acquire Data Center Hardware			15,000,000	
Acquire Telemedicine/Virtual ICU			10,000,000	
Acquire/Upgrade IT System			10,000,000	
Implement Patient Communication System			10,000,000	
Improve IT Systems	Yes		130,000,000	
Replace UKHC IT Systems 1	Yes		320,000,000	
Replace UKHC IT Systems 2 (Administrative)	Yes		70,000,000	
University of Louisville				
Purchase - Computer Processing System & Storage			2,000,000	
Purchase - Content Management System			4,000,000	
Purchase - Fiber Infrastructure			3,500,000	
Purchase - Identity Management			2,000,000	
Purchase - Networking System			8,000,000	
Purchase - Research Computing Infrastructure			7,000,000	
Purchase - Security and Firewall Infrastructure	Yes		3,000,000	
Eastern Kentucky University**				
Academic Computing Pool			8,000,000	
Administrative Computing Pool			6,500,000	
Campus Data Network Pool			13,000,000	
Kentucky State University				
Upgrade IT Infrastructure	Yes	12,263,000		
Replace ERP System		5,000,000		

Information Technology Capital Projects
Submitted by Public Postsecondary Institutions
2020-2026 Capital Plan
CPE IT Evaluation Committee

<u>**Funding Suggested by Institution**</u>

	High Value Designation	General Fund	Restricted Funds	Other
Morehead State University				
Enhance Network/Infrastructure Resources		3,150,000		
Enhance Library Automation Resources	Yes	1,573,000		
Upgrade Instruct. PCs/LANS/Peripherals		4,088,000		
Murray State University				
Agriculture Instructional Lab & Tech. Equip				800,000
Broadcasting Education Lab Equip.				225,000
College of Science Instructional/Research Equip				3,500,000
Northern Kentucky University				
Enhance/Upgrade Cyber Security System	Yes	1,950,000		
Upgrade Admin. System		3,900,000		
Upgrade Instructional Technology		4,700,000		
Next Generation Digital Campus		3,300,000		
Scientific/Technology Equip Pool	Yes	6,000,000		
Western Kentucky University				
Upgrade IT Infrastructure		6,000,000		
Kentucky Community and Technical College System				
Information Technology Pool		9,500,000		

System Total-$741,949,000   **$61,424,000**   **$674,000,000**   **6,525,000**

UK Healthcare-($565,000,000)

IT less UK Healthcare-$176,949,000

*Does not include $30,000,000 equipment

**Does not include equipment of $8,625,000

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Council on Postsecondary Education
Information Technology Capital Project Review

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Purpose
To define and apply an objective, disciplined, and justifiable methodology for reviewing and determining the value of information technology capital projects from the public postsecondary institutions.

Scope
Information technology projects that the public postsecondary institutions included for the 2020-22 biennium.

Approach
1. Institutions will submit Capital IT Projects within the CPAB system.
2. The Review Team comprised of CPE Staff and outside representatives will evaluate and score capital projects for 2018-20 that request General Fund.
3. Any questions for the institutions will be funneled through Doyle Friskney.
4. Team members can score criteria with any whole number between the set values of 0 to 5 if they feel the project information justifies the score.
5. Review Team members will consolidate scores and rank projects based upon scoring against Business Value and Risk Factor criteria.

Criteria

Each proposed information technology capital project will be evaluated against two sets of criteria: Business Value and Risk Factors. Project ranking will be assessed against each component on a scale of 0 to 5, with each assigned ranking being explicitly defined. An objective score will be derived based upon an evaluation of the project as submitted to the Capital Planning Advisory Board.

Business Value

Business Case
Has a business case been prepared and submitted to include such items as Business Need/Benefits, High-level Requirements and/or Features, Expected Risks, Critical Success Factors, Assumptions, Return on Investment (quantitative or qualitative), and Mean Time to Pay Back? Does the business case show a large and rapid justification for the investment?

Efficiency
Does the project outline demonstrable and quantifiable savings, revenue generation, or cost avoidance? Does the project provide additional transparency or accountability? Are efficiency gains SMART (Specific, Measurable, Achievable, Realistic and Relevant, Time-limited)?

Executive Sponsorship
How important is the technology project considered among the entire cabinet's capital project priorities?

Service Improvement
Does the proposed project automate existing processes, or are processes being redefined prior to automation? Does the proposed project provide new online services to citizens or business? Does

the proposed project support or directly enable the success of other project(s) either within the agency or across agencies?

Improved Quality of Life for Citizens

Will the project directly affect an improved quality of life for a majority of Kentucky citizens through improved public health, education, safety, infrastructure, environmental issues, economic development, or similar enterprise initiatives?

Risk Factors

Total Cost of Ownership

What is the TCO of the project (includes hardware, software, state staffing, vendors/contractors, support and maintenance for the life of the initiative, etc)?

Data Classification

Will the system contain personally identifiable data (PID) defined as 'sensitive' or above within Enterprise Architectural Standards subdomain 4080 (https://gotsource.ky.gov/docushare/dsweb/Get/Document-301107/)? If so, how will this information be safeguarded within the system to deter identity theft?

Solution Definition

What is the anticipated level of effort to customize, develop, invent, or create the proposed solution?

Implementation Timeline

How quickly will the project be implemented, and how quickly will the Commonwealth see a Return on Investment? Will the implementation be all at once ('big bang') or will the functionality be implemented in multiple, smaller phases or deliverables?

Level of Complexity

What is the level of effort and technical complexity required to make the project successful? Is the expertise to implement fully in-house or will contract staff be needed for some period of time? Are there skill sets currently available in-house to be used to manage the Vendor(s) that provide the solution? Has the Agency undergone a major system implementation in the last five (5) years? What business process re-engineering and change management efforts will be implemented as part of the project?

CPE IT Project Review Criteria - July 2019				
Adapted from COT's capital project review process				
Business Value	**0**	**1**	**3**	**5**
Business Case & Justification	None Provided	Minimal information or justification	Some detail provided but not clear/logical	Detailed, complete explanations with TCO, RIO, etc.
Efficiency - Cost Savings or Avoidance and/or Additional Revenue or Accountability	None Identified	Negligible or minimal opportunity	Significant opportunity expected; not quantified	Quantified, significant opportunity
Executive Sponsorship	Bottom 10% organization priority	Lower 50% priority	Upper 50% priority	Top 10% organization priority
Service Improvement	Update to existing system with no business process re-engineering analysis	Update to existing system through some business process re-engineering analysis	Replace existing system through business process re-engineering analysis	Automate existing manual processes including BPR analysis and/or offer new online service/s for citizens
Improved Quality of Life for Kentuckians	Does not relate	Indirectly supports	Directly affects a small percentage of Kentuckians	Directly affects a large percentage of Kentuckians
Risk Factors	**0**	**1**	**3**	**5**
Change in Total Cost of Ownership	$200 million or more	$100 to $150 million	$25 to $50 million	Less than $15 million
System will contain "sensitive" data (KITS 4080, FIPS 200, etc.)	No determination of data content	No explanation of how sensitive data will be safeguarded	Partial explanation of how sensitive data will be safeguarded	Detailed explanation of how sensitive data will be safeguarded or no sensitive data
Solution Definition	Solution must be developed from scratch or customized > 50%	Solution must be customized 25-50%	Solution is readily available with minor customization expected (<10%)	Solution is "OTS" or "Cloud" to be configured, not customized.
Implementation Timeline	Phases > 2 years or "Big Bang"	Phases between 1 and 2 years	Phases between 6 months & 1 year	Phases less than 6 months
Complexity	Extremely Difficult	Difficult	High	Medium to Low
High Value Projects: Score greater than 3 in either Business Value or Risk Factor, and score at a an acceptably high level in both categories.				

Capital Planning Advisory Board staff asked the Council on Postsecondary Education (CPE) to evaluate information technology (IT) projects submitted by the institutions as part of the 2020-26 six-year capital planning process. CPE's evaluation committee, consisting of a representative of the Commonwealth Office of Technology (COT), the City of Lexington's Chief Information Officer, and CPE's Senior Fellow for Technology and Innovation, met on August 1 and evaluated all 42 IT projects submitted by the institutions using criteria similar to those used by COT to assess both business value and risk for IT projects submitted by state agencies. The approach used by CPE this biennium is the same as the one used over the past several biennia. The committee discussed the importance of funding technology infrastructure to ensure the safety and security of student and postsecondary institution academic and financial records and to maintain network services and computing hardware needed to support instruction, research, public service, and institutional operations. The committee recommends the following:

1. That CPE consider including a request for state General Funds for 2020-22, similar to the request made in 2016-18, for a pool of funding for information technology projects. The committee recommends a funding allocation that provides a base amount to each institution with any remaining funds distributed using a rational method and that includes appropriations for CPE's two proposed IT projects.
2. That any new facilities study include an assessment of the postsecondary system's and each institution's IT infrastructure to inform the allocation of state funds for such projects.
3. That campuses place a higher priority on projects related to cyber-security and healthcare technology. Below is a list of projects which were considered high value and low risk by the evaluators:

   - Kentucky State University - Network Information Technology Upgrade
   - Morehead State University - Enhance Library Automation Resources
   - Northern Kentucky University - Scientific/Technology Equipment
   - Northern Kentucky University - Cyber Security System
   - University of Kentucky - Campus Call Center System
   - UK Healthcare - Improve IT Systems
   - UK Healthcare - IT Systems 1
   - UK Healthcare - IT Systems 2 (Administrative)
   - University of Louisville - Security and Firewall Infrastructure

All of the projects submitted were deemed to be reasonable and necessary, with most projects focusing on upgrades to academic and administrative computing systems, infrastructure, classroom equipment, and campus networks.

State-of-the-art network infrastructure and cyber security are necessary to support the instruction, public service, and research missions of our postsecondary institutions and to ensure the safety of academic and administrative records.