

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 4th Meeting of the 2019 Calendar

October 22, 2019

Call to Order and Roll Call

The 4th meeting of the Capital Planning Advisory Board was held on Tuesday, October 22, 2019, at 1:00 PM, in Room 171 of the Capitol Annex. Representative John Blanton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative John Blanton, Co-Chair; Representative Derek Lewis; Charles Byers, John Chilton, Carole Henderson, John Hodgson, Dr. Patsy Jackson, William Landrum, Mark Overstreet, and Katie Shepherd.

Guests: Benjamin F. Adams, III, Commissioner, Al Duncan, Branch Manager, Kentucky Veterans Cemeteries, Charles Heater, Director, Kentucky Veterans Cemetery Central, Radcliff, Frank Kees, Director, Kentucky Veterans Cemetery Northeast, Grayson, Richard Stanley, Director, Kentucky Veterans Cemetery West, Hopkinsville, Cathy Taylor, Director, Kentucky Veterans Cemetery North, Williamstown, and Vaughda Wooten, Director, Kentucky Veterans Cemetery Southeast, Hyden, Kentucky Department of Veterans Affairs; and Shaun McKiernan, Director of Budget and Finance, and Sherron Jackson, Senior Fellow, Council on Postsecondary Education (CPE).

LRC Staff: Shawn Bowen, Julia Wang, and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the September 9, 2019 meeting was made by Representative Lewis, seconded by Mr. Landrum, and approved by voice vote.

Information Items

Representative Blanton briefly discussed the information items, including the appointment of Dr. Patsy Jackson as a new board member, and the naming of the new state office building in Frankfort as the Mayo-Underwood Building. He noted that the Kentucky Veterans Cemetery North (KVCN) received the highest facility assessment score of any state veterans cemetery in the country after a two-day review process by the National Cemetery Association. KVCN scored an overall compliance percentage of 96%. Representatives of the Kentucky Department of Veterans Affairs were then invited to the table to further discuss the facility assessment.

Council on Postsecondary Education (CPE) Asset Preservation Pool Allocations

Shaun McKiernan addressed the members in regard to concerns that were raised at the September 9 meeting regarding the equitable distribution of asset preservation pool funds to the postsecondary institutions. CPE previously reported its intention to request \$400 million in state bond funds in its 2020-2022 budget request to establish an asset preservation pool. The \$400 million, combined with anticipated institutional matching funds of \$200 million, would allow for a \$600 million pool to address high priority asset preservation projects identified by the institutions. No funds will be requested for equipment or IT. The proposed project pool allocations were reported as follows: University of Kentucky-\$2,242,371,700 (36.8%); University of Louisville-\$1,032,082,300 (17%); Eastern Kentucky University-\$438,941,900 (7.2%); Kentucky Community and Technical College System-\$758,556,600 (12.5%); Kentucky State University-\$113,775,500 (1.9%); Morehead State University-\$321,567,500 (5.3%); Murray State University-\$347,559,000 (5.7%); Northern Kentucky University-\$294,015,900 (4.8%); and Western Kentucky University-\$537,725,000 (8.8%).

Mr. McKiernan said the CPE Finance Committee met October 15 and developed a new asset pool distribution method. The new method will ensure 10 percent of the total pool funding will be used as a base, with 1 percent going to each of the universities, and two percent going to the Kentucky Community and Technical College System. The CPE Finance Committee and the postsecondary institutions endorsed the change to the allocation method.

2020-2026 Statewide Capital Improvements Plan

Representative Blanton said the one item of business was approval of the *2020-2026 Statewide Capital Improvements Plan*. The capital plan consists in part of three sets of state-funded project recommendations in the categories of construction to protect investment in plant, new construction, and information technology. These projects were selected individually by members and submitted to the board's staff in late August. The project recommendations included:

Construction (maintenance/renovation)

Capital Renewal and Deferred Maintenance Pool—KCTCS
Capitol Campus Upgrade—Finance and Administration Cabinet
Construct Morale Welfare and Recreation Facility—Department of Military Affairs
Design the Renovation of CHR Building—Finance and Administration Cabinet
East Kentucky Correctional Complex Roof Replacements—Department of Corrections
Facilities Renewal and Modernization—University of Kentucky
Install Solar Panels at Armories Statewide—Department of Military Affairs
Modernization Pool Kentucky 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
Western State Hospital Electrical/Telecom Upgrade Phase 3–Cabinet for Health and Family Services

Construction (new)

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 Kentucky State Police Facilities–Kentucky State Police
Improve Whalen Building and Bay Facility–University of Kentucky
Install Emergency Generators Luther Lockett and Green River Correctional Complexes–Department of Corrections
Install Yard Fence Luther Lockett 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/Replacement Kentucky State Police 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

Information Technology

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
KASPER System–Cabinet for Health and Family Services
Online Permitting and Submittal (eForms)–Energy and Environment Cabinet
TWIST Modernization–Cabinet for Health and Family Services
Upgrade Kentucky Regional Optical Network Infrastructure–CPE

The capital plan also included three updated policy recommendations:

- **Budget Reserve Trust Fund:** The board recommended that the Governor and the General Assembly place a high priority on maintaining Budget Reserve Trust Fund balances and consider linkage of deposits directly to revenues and statutory withdrawal provisions;
- **Council on Postsecondary Education – Focus on Asset Preservation – Postsecondary Capital Projects:** The board endorsed the Council on Postsecondary Education’s multi-biennia strategy for financing the capital needs of the postsecondary institutions. The board also recommended that the Governor and the General Assembly endorse the Council’s proposed asset preservation investment framework and provide funding in the 2020-22 and subsequent state budgets.
- **State Agency Maintenance Pools:** The board recommended that, in each biennium, sufficient funding be appropriated for agency miscellaneous maintenance pools to address maintenance projects that would protect the state’s significant investment in its physical plant.

In response to a question from Mr. Chilton, Ms. Bowen stated members initially selected 16 high priority projects in the category of construction to protect investment in plant. Five of the 16 projects selected were administered by the Finance and Administration Cabinet. Those project include the Capitol Building Window Restoration Project Phase 1, \$2,100,000; Capitol First Floor Public Corridor Renovation, \$2,154,000; Capitol Great Hall Ceiling Repair, \$1,400,000; Capitol Terrace and Tunnel Repairs, \$3,500,000; and Upgrade Capitol Mechanical and Electrical System Phase 2, \$5,500,000. The Finance Cabinet later amended its capital plan, deleting the five individual projects selected by members and rolling them into a larger project known as the Capitol Campus Upgrade project, \$43 million. The project listing was amended to reflect the potential inclusion (based upon a vote by the board) of the Capitol Campus Upgrade project.

In response to a question from Ms. Shepherd about the significant increase in the cost of the project, Ms. Bowen said the Capitol Campus Upgrade project includes a total of 13 projects spanning the six-year planning period, and not just the five projects selected by members. Mr. Landrum said it is the goal of the Finance and Administration Cabinet to complete the Capitol Campus Upgrade project, which includes the Capitol, the Capitol Annex, the Capitol parking garage, and the Governor’s Mansion. The project includes improvements to each floor of the Capitol, starting in the basement, and includes repairs to or replacement of windows, ceilings, swing space, architectural finishes and fixtures, and upgrades to plumbing, electrical, mechanical, and HVAC systems. An architectural and engineering study was conducted by K Norman Berry Associates Architects to ensure the needed capital improvements were included in the new project. The cabinet hopes to be

able to complete these renovations during downtime as not to interrupt the legislative sessions.

There was a motion made by Representative Lewis, seconded by Mr. Hodgson, and adopted by roll call vote to approve the revisions to the state-funded project recommendations, and include the Capitol Campus Upgrade project as a member selected project recommendation.

In response to a question Mr. Chilton, Representative Blanton replied that the project recommendations were listed in alphabetical order, not priority order. He explained that the project recommendations to be included in the capital plan are the projects that received the most votes from the members.

Mr. Hodgson recommended that the staff consider changing the voting method to reflect a project priority order and consider the dollar amount of each project recommended. Representative Blanton said the recommendation will be taken into consideration, and thanked Mr. Hodgson.

There was a motion made by Mr. Landrum, seconded by Mr. Hodgson, and adopted by roll call vote to approve the draft *2020-2026 Statewide Capital Improvements Plan*, including the policy recommendations and the state-funded project recommendations. The motion also included the authorization for staff to make the necessary editing changes in finalizing the plan for publication.

Adjournment

There being no further business, the meeting was adjourned at 1:31 PM.