

CAPITAL PLANNING ADVISORY BOARD

**2022-2028
Agency Capital Plan**

Staff Analysis and Comments

CABINET:

Finance and Administration

OVERVIEW

The Finance and Administration Cabinet initiates and manages programs to improve the efficiency and effectiveness of state government operations, ensures compliance with applicable statutes and regulations in the area of financial administration, and provides sound financial and facilities management. The Finance and Administration Cabinet has seven main organizational units: the Office of the Secretary and supporting offices, the Office of the Controller, the Office of Administrative Services, the Department for Facilities and Support Services, the Department of Revenue, the Office of the Inspector General, and the Commonwealth Office of Technology.

The projects submitted in this plan reflect the identifiable needs and issues facing the Finance and Administration Cabinet (FAC) over the next six years. Initiatives include an eMARS upgrade in the Controller's Office, the Department of Revenue Integrated Tax System project extension in the Department of Revenue, an upgrade of the KEWS shelters and hardware replacement in the Commonwealth Office of Technology, enterprise content management project in the Commonwealth Office of Technology, and various facilities-related projects in the Department of Facilities and Support Services. The facilities-related projects represent requests very similar to those in previous six-year plans and provide for the appropriate stewardship of state-owned properties.

This plan is designed to reflect the Finance Cabinet's goal of making government function in a more efficient and cost-effective manner, while continuing to deliver quality services to the taxpayers and other state and local government agencies. The cabinet considers these projects to be important investments in the future of Kentucky as they relate, either directly or indirectly, to educational and economic development opportunities and the public safety of its citizens.

Financial Summary – Proposed Projects

Funding by Source	<u>2022-2024</u>	<u>2024-2026</u>	<u>2026-2028</u>	<u>Total</u>
General Funds	\$185,488,000	\$44,100,000	\$34,000,000	\$263,588,000
Restricted Funds	5,000,000	2,000,000	2,000,000	9,000,000
Other LTF	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>150,000,000</u>
Total	\$240,488,000	\$96,100,000	\$86,000,000	\$422,588,000

Funding by Agency				
COT	\$40,654,000	2,000,000	2,000,000	\$44,654,000
DFSS	182,200,000	94,100,000	84,000,000	360,300,000
DOR	8,634,000	0	0	8,634,000
Controller's Office	<u>9,000,000</u>	<u>0</u>	<u>0</u>	<u>9,000,000</u>
	\$240,488,000	\$96,100,000	\$86,000,000	\$422,588,000

Abbreviations:

COT – Commonwealth Office of Technology

DFSS – Facilities and Support Services

DOR – Department of Revenue

LTF – Long Term Funding

FINANCE AND ADMINISTRATION CABINET
Proposed Projects Involving the General Fund (Cash or Bonds)

(amounts in **bold** are the total budget)

2022-2024

(Projects listed by cabinet priority; descriptions are from the agency submission)

1 eMARS Upgrade and Systems Enhancements **\$9,000,000**

The Office of the Controller is seeking approval to upgrade the Commonwealth's reporting and financial application. The eMARS application is used across all branches of government, and has remained relatively unchanged in its basic function and processing since the original implementation in 2006. The Office of the Controller (OOC) has performed several smaller upgrades to the application software and backend technology over the years to maintain a current supported version of the application. This has been possible by utilizing the existing staff and available resources. An upgrade to CGI Advantage 4 will allow OOC to leverage the latest available technology. Advantage 4 transforms the user experience in the look and feel of the software navigation, and allows for better integration with existing solutions such as OnBase ECM tool. A full integration with an Application Development (AD) authentication solution to existing reporting tools (i.e. EBI) would be developed to allow users a single logon to multiple applications. The upgrade will provide improved efficiency, enhanced reporting and a more user-friendly application for both employees and vendors. The latest version of the software will require extensive planning and review of existing customizations to determine their current value to the software solution. Funding is being requested to purchase the additional licensing and support needed from CGI Advantage to upgrade the current financial and reporting solution and integrate additional features that will maximize the Commonwealth's administrative application. The requested funding will also be used to obtain the necessary staff to lead the effort of planning, testing, implementation, and maintenance of this application. (IT) Office of the Controller Priority #1

CPAB Staff Notes

- *NEW project – has not been listed in a previous capital plan.*
- *Project cost elements include \$2.5 million for hardware; \$3 million for software; \$3.5 million for implementation services such as installation of production servers and other databases; set-up, testing, and training; functionality analysis; and staffing.*

2 Integrated Tax System – Add'l **\$8,634,000**

A modern, integrated tax system is critical for the Department of Revenue to reduce risk and cost, and to provide benefits to both the taxpayer and the employee. It will replace over 116 applications, 84 of which are using old and/or unsupported technology. (IT) Dept. of Revenue Priority #1

CPAB Staff Notes

- *This project is a request for additional funding for the Integrated Tax System Project authorized in the 2018-2020 budget (\$92.5 million bond funds). The 2018 authorized project is approximately 31 percent complete, with a current expenditure of about \$15 million.*
- *Contract worker costs account for \$7,134,000 of the total project scope, while the cost of software and professional and implementation services account for the remaining \$1,500,000.*
- *The estimated project completion date is June 2024.*

3 Maintenance Pool, 2022-2024 **\$15,000,000**

DFSS maintains over 85 facilities in Frankfort and outlying counties. These facilities require major maintenance for HVAC, concrete repairs, parking lot and other asphalt repairs, construction efforts, etc. This pool will be utilized to perform such projects. (C-PI) DFSS Priority #1

CPAB Staff Notes

- *Additional general funds of \$15 million are requested in 2024-26 and 2026-28.*
- *Funding in the current budget is \$10,000,000 bond funds.*

- 4 Capitol Campus Upgrade Phase 2** **\$84,800,000**
- DFSS requests funding for the Capitol Campus Upgrades Phase 2 project. In order to move forward to complete Phase 1, portions of work a Phase 2 is necessary. The Phase 2 project will continue repairs to the Capitol Campus including but not limited to: the continuation of mechanical, electrical, and plumbing infrastructure upgrades, dome-lantern renovation, roof replacement, security windows, interior plaster repairs, terrace repairs, and site lighting. Phase 1 work was partial replacement including investigation of existing systems. The Capitol Annex restroom and accessibility upgrades will be an addition to this request. (C-PI) DFSS Priority #2
- CPAB Staff Notes
- Phase 1, authorized in the current budget (BF - \$22,000,000), is in Phase A design.
 - During the last capital planning period, this project was recommended for funding in the executive budget by Capital Planning board members.
 - This project will make repairs to the Capitol Terrace and Terrace Base to address general deterioration and leaks into the occupied and unoccupied spaces underneath the terraces. This project will also make necessary repairs to the Great Hall ceiling in the Capitol Pavilion. This work requires extensive scaffolding to access the ceiling. Additional work includes replacement of suspended ceiling system and rerated infrastructure (lighting, fire protection, HVAC, distribution, etc.) in the public corridors of the first floor of the Capitol Building.
- 5 Asphalt Pool** **\$1,500,000**
- DFSS maintains over 3 million square feet of parking lots throughout the state. These lots have been patched and sealed for years but they have deteriorated to the point that they require major work. In many cases, the subsurface will need to be replaced before the lots are resurfaced. (C-PI) DFSS Priority #6
- CPAB Staff Notes
- NEW project – has not been listed in a previous capital plan.
 - Additional general funds of \$1,500,000 are requested in 2024-26 and 2026-28.
- 6 Roof Pool** **\$2,000,000**
- DFSS manages numerous buildings across the state that includes 675,000 square feet of roof systems. Several of the roofs are under warranty, and many are approaching, or are beyond their life expectancy. Without a scheduled roof replacement program, the resulting damage to the buildings due to leaks will be very costly. The roofs will inevitably fail if not maintained. This request will fund the roof replacement program for each biennium. (C-PI) DFSS Priority #4
- CPAB Staff Notes
- NEW project – has not been listed in a previous capital plan.
 - Additional general funds of \$2,000,000 are requested in 2024-26 and 2026-28.
- 7 HVAC Replacement/Rebuild - Various** **\$7,400,000**
- DFSS manages numerous buildings across the state. Several of those buildings operate using equipment that is approaching or beyond its life expectancy, particularly primary systems and air handlers. Operating an HVAC system through old boilers, chillers, coils, fan motors and drives, valves, dampers, rotten housings, etc. can lead to inefficiencies in operation, added maintenance time and expenditures, and will inevitably fail. This request will fund an air handler, boiler/hot water system, and chiller/chilled water system replacement and refurbishment program for DFSS buildings with the highest needs. (C-PI) DFSS Priority #5
- CPAB Staff Notes
- NEW project – has not been listed in a previous capital plan.
 - Additional general funds of \$4,600,000 and \$4,500,000 are requested in 2024-26 and 2026-28, respectively.
- 8 CHR Renovation - Construction Phase 1** **\$5,000,000**
- The Cabinet for Human Resource (CHR) and Health Services (HSB) buildings are in need of major repair and upgrades. These repairs and upgrades include but are not limited to: CHR glass pedway leak mitigation, CHR insulation at floor level above open dock area and HSB HVAC central air system. (C-PI) DFSS Priority #3

9 KEWS Hardware Modernization \$25,226,000

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. The KEWS network consists of 145 sites which are located in remote unmanned locations that typically have been in service since 1979. Kentucky State Police (KSP) is KEWS largest consumer. With sixteen post locations throughout the Commonwealth, KSP utilizes the KEWS microwave for their state radio system that gives them the capability to communicate statewide. KSP currently has two capital projects to upgrade/replace their public safety radio system. KSP is seeking to replace the radios in the existing towers as well as add tower sites and to move from the current radio spectrum into the newer 700 MHZ radio spectrum. The current COT KEWS microwave network provides the backbone connectivity that the radio system uses statewide. The current network can handle the existing workload, but is running on "end of life" equipment. Further, it will not be able to handle the additional bandwidth that will be required to support the new radio system. For KEWS to continue to serve the Commonwealth, the microwave network, along with other components, will require modernization. (IT) COT Priority #1

CPAB Staff Notes

– NEW project – has not been listed in a previous capital plan.

10 KEWS Fiberglass Shelter Replacement \$4,200,000

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. Its primary purpose is to provide a survivable communications system that can be used by all first responders and disaster response agencies for communications in times of emergencies. The KEWS network, which is dedicated to public safety and disaster recovery, consists of 145 sites which are located in remote unmanned locations that have been in service since 1979. The thin fiberglass material construction has not held up well to the environments. The shelters are well past useful life expectancy of 15-20 years. Of the 145 sites, 27 old fiberglass shelters remain that will need to be replaced with updated units. This project requires funding for replacement of 27 shelters. This includes the cost of the shelters, site preparation, shelter delivery and placement, and removal and disposal of the old shelters. (IT) COT Priority #2

CPAB Staff Notes

– NEW project – has not been listed in a previous capital plan.

11 CEMCS \$2,000,000

This project will continue statewide implementation of the Commonwealth Energy Management and Control System (CEMCS) across all general funded agencies. CEMCS gives Kentucky a more global ability to monitor, measure, report, and ultimately conserve energy consumption throughout all implemented facilities. CEMCS also gives the Finance Cabinet greater oversight and influence on capital project needs in other agencies and provides a means to verify results of construction projects. CEMCS implementation to date accounts for over 1400 buildings (24.2M square feet) and for FY 20 shows a weather normalized savings of over \$7M and a total annual utility cost of approximately \$32.8M, while cumulative savings is up to \$36,723,845 (347M kBtu) over the life of the project. (C-O) DFSS Priority #7

12 Enterprise Content Management \$2,100,000

The goal of the project is to implement a solution available to all Commonwealth agencies to store, and retrieve paper documents, as well as a solution to import, store, and retrieve electronic files. Capital project funds will allow COT to build on the existing platform by purchasing additional user licensing, acquire additional personnel with specialized ECM skillsets, scale the existing infrastructure to handle the enterprise requirements, and implement additional features and integrations. COT plans to use the ECM platform to build an enterprise records retention platform for digital records retention that complies with Kentucky Department of Library and Archive's record retention schedule, implement a digital transformation solution of Personnel Cabinet's human resources records across the Commonwealth, and provide a content management solution for the Commonwealth's eMARS system. (IT) COT Priority #4

CPAB Staff Notes

– NEW project – has not been listed in a previous capital plan.

13 Kentucky Business OneStop (KyBOS) Phase 4 **\$4,128,000**

The goal of the Phase 4 project is to improve and modernize Secretary of State (SOS) IT applications and infrastructure. The immediate needs identified are as follows: 1) Improve the current interfaces between SOS and One Stop applications – the anticipated benefits are reduction in support call volumes by removing fragile asynchronous calls, providing greater control of end-to-end processes, and making role management and registration easier 2) Develop one version of SOS and One Stop functionality, this may be achieved by combining the backend databases and having a common front end – the benefits are reduction in duplicated functionality in two different system, and combining efforts in providing an overall improved SOS experience 3) Modernize the legacy integrated development environment desktop applications by identifying heavily used functionality and rebuilding on modern, scalable, supportable technology platform, and sunsetting old functionality that is no longer needed. The benefit is improved return on investment on the new technology investment that will reduce overall maintenance and support costs. (IT) COT Priority #3

CPAB Staff Notes

– NEW project – has not been listed in a previous capital plan.

14 Deferred Maintenance Historic Property **\$5,000,000**

Historic Properties oversees the preservation of state-owned historic properties including the Old State Capitol and Annex, Old Governor’s Mansion and New Governor’s Mansion, Berry Hill Mansion, Vest Lindsey House, Frankfort Cemetery State lot, and New State Capitol Complex. These buildings, which are under Historic Properties purview, have various exterior and interior restoration and repair needs. These buildings are a major asset of the people of Kentucky and without this significant repair, upgrade, and restoration project, the buildings will continue to deteriorate. (C-PI) DFSS Priority # 8

15 Replacement of Greenhouses and Equipment Shed **\$2,000,000**

A new greenhouse complex is needed to insure continued production and maintenance of the Commonwealth’s plant materials for beautification purposes. Currently greenhouses #1, 2, and 5 are past their useful life, both structurally and mechanically. Failure would cause Finance to source plant materials from private vendors. In addition, the chemical building and storage shed structures do not meet building or worker safety codes. The requested project will include three replacement polycarbonate glass greenhouses and an addition of three bays to the equipment shed to accommodate protection of equipment and chemicals used in production. (C-PI) DFSS Priority #10

16 Acquire Land/Demolish Structures - Statewide **\$7,500,000**

The Franklin County leased space report determined that the Commonwealth needed to reduce its dependence upon privately-owned leased space. This budget item will provide necessary funding for the purchase of unique properties throughout the state. (C-PI) DFSS Priority #9

2024-2026

Acquire Land/Demolish Structures - Statewide	\$7,500,000
Asphalt Pool	1,500,000
CEMCS	2,000,000
Deferred Maint Historic Prop	5,000,000
HVAC Replacement/Rebuild - Various	4,600,000
L & N Building Exterior Upgrade	6,500,000
Maintenance Pool	15,000,000
Roof Pool	2,000,000

2026-2028

Acquire Land/Demolish Structures - Statewide	\$7,500,000
Asphalt Pool	1,500,000
CEMCS	2,000,000
Deferred Maint Historic Prop	5,000,000
Elevator Upgrades Phase 2	1,500,000
HVAC Replacement/Rebuild - Various	4,500,000
Maintenance Pool	15,000,000
Roof Pool	2,000,000

**FINANCE AND ADMINISTRATION CABINET
Proposed Projects Involving Other Funding Sources**

2022-2024

Guaranteed Energy Savings Performance Contracts, DFSS **\$50,000,000 OT-LTF**

The Guaranteed Energy Performance Projects authorization will be utilized to implement various energy and utility savings projects in state-owned buildings. This authorization will allow Finance and Administration Cabinet and other state agencies to proceed with energy efficiency projects that can be paid for from savings in the agency's operating budget. These contracts may function as lease-purchase procurements, using the resulting energy savings as payment for the improvements, as provided by KRS 56.770 to 56.784. FAC will administer the projects under this authorization. (C-PI)

Hybrid-Cloud Service Architecture, COT **\$3,000,000 RF**

COT has engaged cloud partners in Proof of Concept (PoC) initiatives for disaster recovery as a service offerings. Annual cost savings under DRaaS solutions is forecasted to be over \$2.5 million annually. Funding core infrastructure architectural changes must be at the capital project level due to COTs restricted funding model. Disaster recovery cost reductions will more than pay for the transitional costs in this capital project. Assuring uninterrupted access to information maintained on these systems allows for the continued operation of critical applications and functions that directly affect citizen health, safety, security, and financial well-being. (IT)

Kentucky Aerial Photography and Elevation Data, COT **\$2,000,000 RF**

The focus of the Kentucky Aerial Photography and Elevation Data Program is to provide a common digital mapping base for state, regional and local government, as well as the private sector. High resolution, leaf-off aerial photography and LiDAR-derived elevation layers provide the foundation for other base layers as well as numerous thematic mapping programs throughout all levels of government. The ongoing program has acquired data during each of the 2012-2021 spring acquisition periods as it works to provide periodic refreshes. (IT)

2024-2026

Guaranteed Energy Savings Performance Contracts, DFSS	\$50,000,000 OT-LTF
Kentucky Aerial Photography and Elevation Data, COT	2,000,000 RF

2026-2028

Guaranteed Energy Savings Performance Contracts, DFSS	\$50,000,000 OT-LTF
---	---------------------

Department for Facilities and Support Services

2020-2022 Maintenance Pool Allocations

\$10,000,000 Bond Funds

Governor's Mansion Chiller	\$1,200,000	Underway
HSB HVAC and Piping Phase 2	2,000,000	Underway
Library and Archives HVAC Replacement	1,200,000	Underway
KHEEA HVAC and Miscellaneous Upgrades	600,000	Underway

FINANCE AND ADMINISTRATION CABINET/FACILITIES AND SUPPORT SERVICES
Quarterly Status Report - Current Capital Projects

Project Title	Authorization	Project Status	% Complete
Air Handler Replacement and Repair – Central Lab	2020-2022	Design/Phase A	
Business One-Stop Portal – Phase 3 2016-2018	2016-2018	Execution and Control Phase	
Capitol Campus Upgrade	2020-2022	Design/Phase A	
Central Lab Boiler Replacement-DFSS Maintenance Pool 2018-2020	Pool	Complete/In Warranty	100
Elevator Upgrades Phase 1	2020-2022	Awaiting Initiation by Agency	
Emergency Generator Repair or Replacement, COT/CHR	2018-2020	In Construction	95
Enterprise Infrastructure 2020-2022	2020-2022	Initiation Phase	
Halon System Replacement DFSS Maintenance Pool, 2018-2020	Pool	In Construction	20
Inspection and Licensing Project, Dept. of Agriculture	2020-2022	Planning Phase	
Integrated Tax System 2018-2020	2018-2020	Execution and Control Phase	
L&N Building Security and Structural Upgrades	2018-2020	In Construction	96
Legacy System Retirement 2018-2020	2018-2020	Execution and Control Phase	
Upgrade Capitol Mechanical and Electrical System	2018-2020	Design/Phase B	

Project Status is identified as one of the following:

- Awaiting Initiation by Agency - project has not started.
- 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.
- Design/Phase A - schematic design.
- Design/Phase B - design development.
- In Construction - between construction contract award and substantial completion.
- Complete/In Warranty - certification of substantial completion has been received from the A/E and the contractor warranty period has not yet expired.

In addition to the Awaiting Initiation by Agency, Closeout, and Other categories as above; **IT project phases** are follows:

- Initiation – definition of a new project or a new phase of existing project.
- Planning – establishment of project scope, objectives, and course of action.
- Execution and Control – activities to fulfill project specifications.

POOL – Project established with an allocation from the agency's maintenance pool and reviewed and/or approved by the Capital Projects and Bond Oversight Committee.