

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 5th Meeting of the 2021 Calendar

September 15, 2021

Call to Order and Roll Call

The 5th meeting of the Capital Planning Advisory Board was held on Wednesday, September 15, 2021, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Adrienne Southworth, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Adrienne Southworth, Co-Chair; Representative Bobby McCool, Co-Chair; Senator Phillip Wheeler, Representative Derek Lewis; Pat Abell, Rocky Adkins, J. Michael Brown, Charles Byers, Patsy Jackson, and Mark Overstreet.

Guests: Dr. Bill Payne, Vice President of Finance and Administration, Ryan Kaffenberger, Senior Associate for Finance and Budget, and Shaun McKiernan, Director of Finance and Budget, Council on Postsecondary Education.

LRC Staff: Shawn Bowen, Korey Sallee, Ashton Thompson, and Christina Williams.

Approval of Minutes

A motion to approve the minutes of the August 18, 2021, meeting was made by Senator Wheeler, seconded by Representative Lewis, and approved by voice vote.

Introduction of New Board Member

Senator Southworth welcomed Mr. Pat Abell as a new board member. Mr. Abell is an executive branch appointee, replacing Mr. John Hodgson, whose term expired.

Statewide Capital Improvements Plan-Proposed Content and Organization

Ms. Bowen discussed the proposed content and organization of the 2022-2028 Statewide Capital Improvements Plan. The capital plan is divided into six sections, and includes the summary, policy recommendations, project recommendations, status reports of state-funded capital construction projects, proposed projects listing, and the appendices. For the current planning period, state agencies and postsecondary institutions submitted 1,348 projects with a dollar value of approximately \$25 billion from all funding sources. General fund dollars account for \$7 billion of the total. By comparison, in 2019, 1,300 projects were submitted with a value of \$22 billion. Projects are submitted in five categories, including maintenance and renovation, new construction, grants/loans, IT and

equipment. The majority of the project requests were categorized as maintenance and renovation (47 percent) and new construction (41 percent).

Ms. Bowen said the board's October 13 meeting will include a review of the member-selected project recommendations due September 22, and final approval of the 2022-2028 Statewide Capital Improvements Plan.

Statewide Capital Improvements Plan-Discussion of Project Recommendations

Board members discussed a variety of projects in the categories of maintenance and renovation, new construction and IT. Maintenance and renovation projects discussed included those for the Department of Veterans Affairs, Department of Education School for the Blind and School for the Deaf, Justice and Public Safety Cabinet projects related to correctional facilities, Kentucky Department of Parks projects, Kentucky Community and Technical College System (KCTCS) projects, and other postsecondary education institution projects. In addition, the allocation of pool funding for postsecondary asset preservation projects was also discussed.

Mr. Kaffenberger provided clarification as to how the postsecondary asset preservation pool will be allocated if the Council on Postsecondary Education (CPE) receives authorization for pool funding during the next budget cycle. In its 2022-2024 budget request, CPE plans to request a \$700 million bond-funded pool, that when combined with anticipated institutional matching funds of \$350 million, will allow for an approximate \$1 billion pool to address high priority asset preservation projects identified by the institutions. State funds will be distributed based on each institution's share of system total asset preservation need.

In response to a question from Senator Southworth, Mr. Kaffenberger said VFA consultants evaluated the postsecondary facilities and identified the needed asset preservation projects on the campuses. Dr. Payne said the VFA Study took over a year to complete; every campus, including KCTCS sites, was visited.

In response to additional questions from Senator Southworth, Dr. Payne said the two research universities – the University of Kentucky and the University of Louisville, have access to annual giving endowment proceeds and other sources of revenue the comprehensive universities and KCTCS do not have access to. In regard to the distribution of the pool funding, he said in past budget cycles, CPE has requested or recommended a dollar for dollar match, with the exception of one biennium wherein a sliding scale applied, and the research universities were required to provide a larger match than the other institutions.

In response to another question from Senator Southworth, Dr. Payne said he did not know the share of educational cost paid by the student and the state at each institution. He

said he would find out, and provide the information to the board before the project recommendations are due September 22.

The board next discussed project recommendations in the category of new construction. Among the projects discussed were the Little Sandy Correctional Complex, the Kentucky State Police Skills Pad, Transportation Cabinet Construct 16 New T-Hangers, Department of Parks new construction projects, new postsecondary education facilities, and the Leslie County court facility.

Senator Southworth questioned the feasibility of constructing new spaces to address prison overcrowding instead of first determining why the prisons are overcrowded. Senator Wheeler said the Little Sandy Correctional Complex is one of the largest employers in Elliott County, one of Kentucky's most disadvantaged counties. It was his understanding that the project will expand the facility, and relieve prison overcrowding in the more urban areas of Kentucky.

Mr. Adkins said in the last budget, the General Assembly authorized a project to plan and design phase two of the Little Sandy Correctional Facility (\$8 million bond funds). Phase two will expand the capacity of the facility by 816 beds. The project is costly; however, it is a good use of state taxpayer dollars. Little Sandy is the last correctional facility that was built in Kentucky, and all the site work done was in preparation for phase two. He added that there have been meetings with local elected officials in regard to the expansion project. Senator Wheeler said he is fully committed to the project; it is a worthwhile expenditure of state funds, and will bring economic opportunities to Elliott County and the surrounding areas.

In response to a question from Senator Southworth, Mr. Adkins said many of the buildings at Little Sandy were built for the expected expansion of the facility. Other than the construction of the dormitories, he was not sure what additional work is included in phase two.

The board next discussed project recommendations in the category of IT. Among the projects discussed were the CPE Student Portal (College to Career Pathways) project, the Finance and Administration Cabinet eMARS Upgrade and Systems Enhancements project, the Justice and Public Safety Cabinet Case Management System, the Kentucky State Police Emergency Radio System Replacement project, and KentuckyWired projects.

There being no further business to come before the committee, the meeting adjourned at 11:45 AM.