

CAPITAL PLANNING ADVISORY BOARD

2024-2030 Cabinet Capital Plan

Staff Analysis and Comments

BRANCH:
CABINET:

Executive Branch
Energy and Environment

CABINET MISSION AND PROGRAMS

The statutory basis for the Energy and Environment Cabinet (EEC) rests in KRS 152, 146, 149, 224, 350, 351, 151, 278, 12.020, 56 and 62 and 400 KAR 1:030.

Office of the Secretary is responsible for final administration and programmatic decision-making.

Department for Environmental Protection (DEP) is responsible for protecting the quality of the state's air, land, and water. It is comprised of the Commissioner's Office, Division for Air Quality, Division of Enforcement, Division of Environmental Program Support, Division of Waste Management and Division of Water.

Department for Natural Resources (DNR) is responsible for the conservation, preservation, protection, and perpetuation of natural resources, administering KY's Surface Mining Program, Abandoned Mine Program, and is responsible for the inspection of all coal mines to guarantee that miner safety laws are being followed to ensure the safety of KY miners.

Office of Energy Policy (OEP) mission is to improve the quality and security of life for all KY by creating efficient, sustainable energy solutions and strategies, by protecting the environment, and by creating a base for strong economic growth.

Office of Legislative and Intergovernmental Affairs is responsible for implementing cabinet legislative activities and for implementing activities that improve efficiency and streamline processes across state and local governments, non-governmental agencies, universities, and others.

Office of Legal Services is responsible for providing legal guidance and representation for all cabinet programs.

The Office of Communications oversees all internal and external communications about the agency, including press releases, photos, videos, and social media.

Office of Administrative Hearings holds administrative, adjudicatory hearings upon filing of a petition or complaint and recommends final action to the Secretary.

The Office of Administrative Services operates under the authority of executive order number 2018-0748 and the current activities are based on the primary goal of the Office of Administrative Services which is to provide the best, cost-effective services to the Energy and Environment Cabinet.

Other agencies administratively attached to the EEC are the Office of Kentucky Nature Preserves, KY Heritage Land Conservation Fund, Mine Safety Review Commission, and the Public Service Commission.

The network communications functions within IT are handled by COT.

PROPOSED PROJECTS – Financial Summary

Funding by Source	<u>2024-2026</u>	<u>2026-2028</u>	<u>2028-2030</u>	<u>Total</u>
General Funds	\$45,200,000	\$45,661,000	\$30,361,000	\$121,222,000
Restricted Funds	<u>275,000</u>			<u>275,000</u>
Total	\$45,475,000	\$45,661,000	\$30,361,000	\$121,497,000

Funding by Agency				
Secretary	\$7,409,000	\$7,469,000	\$6,000,000	\$20,878,000
Environmental Protection	33,993,000	35,792,000	21,821,000	91,606,000
Natural Resources	<u>4,073,000</u>	<u>2,400,000</u>	<u>2,540,000</u>	<u>9,013,000</u>
Total	\$45,475,000	\$45,661,000	\$30,361,000	\$121,497,000

**2024-2030
PLAN OVERVIEW
FORM SYP-P1**

BRANCH:
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Energy and Environment

The Capital Plan submission for the Energy and Environment Cabinet includes projects for the Office of the Secretary, the Department for Environmental Protection and the Department for Natural Resources that address anticipated needs for the 2024-2030 planning period.

The projects in this plan are prioritized based upon safety, public health, protection from environmental hazards, statutory requirements, maintaining existing programs, financial savings and federal requirements.

The Capital Plan submission also includes Mission and Programs, Facilities Management and Physical Plant as per the instructions of the 2024-2030 agency capital plan.

ENERGY AND ENVIRONMENT CABINET
Proposed Projects Involving the General Fund (cash or bonds)
(amounts in **bold** are the total budget)

2024-2026

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

1. Maintenance Pool for Cabinet-Owned Facilities **\$1,012,000**

Maintenance pool project is necessary to preserve existing Cabinet Real Property in a usable, safe, and functional condition. (C-PI) Office of the Secretary's Priority #1

CPAB Staff Notes

- *The cabinet currently has 10 sites with numerous cabinet-owned buildings and structures with facilities assessed at approximately \$763,000 and properties assessed at \$11 million. Due to a lack of funding, there is a backlog of maintenance and repairs needed on these facilities.*
- *Proposed maintenance pool projects include 12 projects at the Maxey Flats Site, \$446,000; 12 projects for the Office of Kentucky Nature Preserves, \$213,000; and five projects for the Division of Forestry, \$353,000.*
- *Maintenance pools are requested in 2026-28 and 2028-30 (GF – \$1,000,000 in each biennium).*

2. State-Owned Dam Repair **\$22,200,000**

KRS 151.291 authorizes the Energy and Environment Cabinet (EEC) to ensure dams owned by the Commonwealth comply with state dam safety regulations (401 KAR 4:030) and requirements. Of the 72 dams the Commonwealth owns, some require rehabilitation and repair to meet these requirements. The objective of the SODR program is to rehabilitate the dams and bring them into compliance with the Commonwealth's dam safety regulations and modern dam safety standards. Willisburg Lake Dam is a high hazard dam in Washington County. The lake serves as the primary raw water source for the City of Springfield and Washington County. The dam is hydraulically and structurally deficient and does not meet modern dam safety standards for high hazard dams. Failure of the dam may cause loss of human life, loss of a rural arterial highway facility (KY 555), and a major regional water supply. Clements Lake Dam is a high hazard dam in located on the campus of Morehead State University in Rowan County. The lake serves as a raw water source for the University water system and as a recreational asset. The structure was determined to be high hazard due to the presence of university buildings and residence halls as well as other occupied property in the downstream flood inundation area in the event of a dam failure. The dam has structural issues related to seepage and the spillway is significantly deteriorated. Chenoa Lake Creek Dam is a high hazard dam in Bell County. The lake serves as the primary raw water source for the Department of Corrections Bell County Forestry Camp. Failure of the dam may cause loss of human life and the water supply. Guist Creek Dam is a high hazard dam in Shelby County. The lake serves as the primary raw water source for the City of Shelbyville and a large portion of Shelby County. Failure of the dam may cause loss of human life, potential loss of an interstate highway facility (I-64), a rural arterial highway facility (US 60), and a major water supply. (C-O) Department for Environmental Protection Priority #1

CPAB Staff Notes

- *State-Owned Dam Repair pools are requested in 2026-28 (\$24,500,000 - GF) and 2028-30 (GF – \$12,000,000).*
- *The request for 2024-2026 includes \$14,900,000 for rehabilitation efforts on Willisburg Lake Dam in Washington County, \$6,600,000 on Clements Lake Dam in Rowan County, and \$700,000 on Chenoa Lake Dam in Bell County.*

3. AR Inspection Forms **\$1,397,000**

The Energy and Environment Cabinet performs over 50,000 inspections and investigations each year. The goal of this project is to allow these inspections to be documented via a mobile application that will speed the inspection process, increase accuracy, and lessen the dependency on visits to the office. Customized mobile inspection templates will allow inspectors to spend more time protecting human health and the environment while reducing the time spent on documentation and travel. EEC will work with vendors and contractors to customize commercial off-the-shelf software to create mobile inspection templates that will be interfaced with existing Cabinet databases. (IT) Office of the Secretary's Priority #2

CPAB Staff Notes

- Additional general funds of \$1,469,000 are proposed for 2026-28.
- This project was submitted in the last biennium with a change in the funding mechanism since a pilot of the software has begun and minor changes to the list of inspections to be performed in the first biennium.

4. Wiley Property Site **\$9,480,000**

Division of Waste Management (DWM) is requesting \$9.4 million in funding for biennium 2024-2026 for a project that was formerly a time critical action implemented under EPA's CERCLA (The Comprehensive Environmental Response, Compensation, and Liability Act) authority. The contaminant of concern is arsenic trioxide which is a RCRA (The Resource Conservation and Recovery Act) listed hazardous waste P012 (Arsenic trioxide). Surface concentrations of arsenic at 75% revealed that the material was pure arsenic trioxide. The material had been presumably stockpiled in a barn for use as a pesticide. The barn later collapsed or was destroyed and arsenic trioxide was exposed and released. (C-O) Department for Environmental Protection Priority #2

CPAB Staff Notes

- This project was proposed in the agency's last plan with no changes.
- Wind and water erosion of the site has caused half of the capped area to be assumed hazardous. Proposed work will include removal of arsenic to meet either site specific background or the generic statewide background.

5. State Superfund Site **\$2,038,000**

The Energy and Environment Cabinet (EEC), Department for Environmental Protection (DEP), Division of Waste Management (DWM), is requesting funding 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 goal of the Cabinet is to prevent contaminant exposures that affect human health and the environment. (C-O) Department for Environmental Protection Priority #3

CPAB Staff Notes

- Additional general funds of \$2,038,000 are requested for Phases 2 and 3 in 2026-28 and 2028-30.
- This project was proposed in the agency's last plan at a scope of \$2,824,000. The project cost has changed due to identification of new sites and removal of completed sites.
- Currently over \$1.4 Billion liability of Superfund sites throughout the Commonwealth
- Approximately 602 state-lead sites in KY and most do not have a responsible party
- Cleanup of sites protects human health & the environment, but also makes opportunities for redevelopment of properties and economic growth.

6. Replacement of Unsafe Fire Equipment **\$1,273,000**

Kentucky Division of Forestry (KDF) requests to replace 3 wildfire bulldozer and transport units. The bulldozers being replaced are older models with open cabs, which cause unsafe conditions for personnel in wildfire environments. The replacement bulldozers will have enclosed environmental cabs, which will protect personnel against injury while operating in dangerous conditions. The KDF relies heavily on dozers to cut wildfire lines for the protection of life, property, and resources. Currently, KDF has 31 dozers manufactured prior to 2006, with the oldest being manufactured in the year 1985. Therefore, 62% of KDF's dozer fleet is beyond the industry standard of a 15 year replacement. Kentucky has experienced ice storms, extreme drought, tornadoes, and unprecedented flooding which has increased conditions for wildfires and increased risk to the public and firefighters. Mechanized equipment is critical to the division's ability to safely and efficiently work in these areas. The dozer does the work of approximately 50 employees cutting fire lines to stop the spread of fire faster, safer, and in more difficult fuel types. Kentucky has approximately 12 million acres of forestland that require fire protection by the KDF per KRS 149.010. Dozers are the most important piece of equipment used in fighting wildfires and many are not equipped with the environmental cab package that provides a carbon filtration system & keeps fire/smoke out of the cab. The replacement of these models will provide a safer condition for KDF personnel as they operate the dozers. The dozer is only one component of the dozer unit because transports are required to haul the dozers. 68% of the KDF transport fleet has transports manufactured prior to 2006 leading to high maintenance costs. Increasing the Gross Vehicle Weight Rating (GVWR) will allow our employees to be safer when transporting dozers by increasing the load carrying capability and front tire size of the transports. (EQ) Department for Natural Resources Priority #1

CPAB Staff Notes

- Additional general funds of \$1,400,000 are proposed for 2026-28 and \$1,540,000 for 2028-30.
- This request has been submitted in previous requests as “Wildland Fire Replacement Schedule” but has an increased projected cost per unit due to rising manufacturing costs.

7. KHLCF Land Acquisition and Maintenance **\$5,000,000**

The Kentucky Heritage Land Conservation Board is authorized under KRS 146.560 through 146.570 to award grants for the management of acquired natural areas meeting specific criteria. Those criteria include areas important to rare and endangered species, areas important to migratory birds, areas that perform important natural functions that are subject to alteration or loss, and areas to be preserved in their natural state for public use, outdoor recreation, and education. This capital request will allow the Heritage Land Conservation Fund Board to fully manage existing natural areas, as well as provide a mechanism for additional acquisitions of land. Diminishing revenue has hindered the ability to manage the Commonwealth's natural areas. This includes areas that have been bought several years in the past, as well as land that has been recently donated to the Commonwealth. The agency has also been unable to acquire additional land due to declining unmined mineral taxes, which were critical to funding these activities in the past. The agency has been unable to proceed with current projects or future projects. Without funding to address critical management needs, various species dependent on disturbance-based habitats and areas receiving high visitor use cannot receive the basic essential levels of attention necessary. The lack of revenue also limits the ability to properly manage donated acres or approved property. (C-O) Office of the Secretary's Priority #3

CPAB Staff Notes

- NEW project – has not been listed in a previous capital plan.
- Additional general funds of \$5,000,000 are proposed for 2026-28 and 2028-30.
- Historically, the unmined mineral tax has accounted for almost half of the KHLCF's revenue; however, since 2017, the unmined mineral taxes have declined and caused an average loss of funding for KHLCF of approximately \$2.1 million per year.
- KHLCF has conserved 107,600 acres over the last 27 years at 136 sites in 67 counties.

8. Kentucky Abandoned Storage Tank and Orphan Well **\$1,000,000**

The Energy and Environment Cabinet (EEC), Department for Natural Resources (DNR), the Division of Oil and Gas (DOG), is requesting funding to enable clean-up action under the Kentucky Abandoned Storage Tank and Orphan Well (KASTOW) reclamation program. The program was established by legislation in 2019 to address legacy oil and gas environmental liabilities across the Commonwealth that impact citizens, property, and water resources daily. Key components include reclamation of abandoned oil storage tank sites, removal of gathering lines, and plugging of orphan oil and gas wells in order to return the property to safe and productive use. HB-199, enacted in the 2019 Regular Session, established the KASTOW program. (C-O) Department for Natural Resources Priority #2

CPAB Staff Notes

- Additional general funds of \$1,000,000 are proposed for 2026-28 and 2028-30.
- This project was proposed in the agency's last plan with no changes.
- The cabinet has commenced mapping abandoned storage tank facilities. We have found over 1,000 so far and estimate there could be another 6,000 – 10,000 such sites to be located and remediated.

9. JPRN Chilled Production Area **\$1,800,000**

The Division of Forestry (KDF) is mandated in KRS 149.010 to grow, collect, and distribute seedlings. The current facilities were constructed in the early 70's. The chilled production area is 1/10th of the capacity needed to run the nursery operation. Because of lack of chilled space, we are unable to place harvested seedlings in cold storage prior to packaging and many packages cannot be properly stored prior to shipment. The bottleneck causes seedlings to go unsold, because there is no room to store them in a dormant state and have them available for sale in April. A refrigerated trailer has been leased in the past to help increase the seedling storage capacity. The production area has never been updated. The roof leaks and walls have holes in them. The electrical system is out dated and will not support new equipment without a major upgrade. To properly process and store seedlings, the chilled production area would need to be larger and more efficient. If KDF continues with leasing trailers, the seedlings will not be properly stored resulting in seedlings dying, preventing sales or possible refunds of sales. This project proposes to replace the existing cooler & production area with a larger more reliable and efficient facility. (C-O) Department for Natural Resources Priority #3

CPAB Staff Notes

- NEW project – has not been listed in a previous capital plan.
- The John P. Rhody Nursery could generate approximately \$200,000 in additional revenue if the chilled production area was updated to allow enough space for processing seedlings.

2026-2028

AR Inspection Forms	\$1,469,000
Kentucky Abandoned Storage Tank and Orphan Well	\$1,000,000
KHLCF Land Acquisition and Maintenance	\$5,000,000
Maintenance Pool for Cabinet-Owned Facilities	\$1,000,000
Replacement of Unsafe Fire Equipment	\$1,400,000
Southern Wood Treatment Site	\$9,254,000
State Superfund Sites	\$2,038,000
State-Owned Dam Repair	\$24,500,000

2028-2030

Kentucky Abandoned Storage Tank and Orphan Well	\$1,000,000
KHLCF Land Acquisition and Maintenance	\$5,000,000
Maintenance Pool for Cabinet-Owned Facilities	\$1,000,000
Replacement of Unsafe Fire Equipment	\$1,540,000
Southern Wood Treatment Site	\$7,783,000
State Superfund Sites	\$2,038,000
State-Owned Dam Repair	\$12,000,000

ENERGY AND ENVIRONMENT CABINET
Proposed Projects Involving Other Fund Sources

2024-2026

ERT Command Unit Replacement

\$275,000 RF

This request is for a current year authorization (FY24) for the replacement of the existing 18-year-old mobile command post. The mobile command post serves the Emergency Response Branch and the Energy and Environment Cabinet (EEC), acting as a mobile base of operations during natural disaster emergencies or extended deployment events that require a remote operations center to facilitate efficient and effective organization and delivery of actions to protect human health and the environment. The specifications for this unit have been developed with consideration of both existing and future requirements for achieving interoperability across other agencies within state and federal government. The existing Mobile Command Post is experiencing deterioration of both structural and technological components creating instability of connectivity, reliability of "Ready State" status and increasing costs for regular maintenance and repair. (EQ)

**ENERGY AND ENVIRONMENT CABINET
2022-2024 Maintenance Pools**

Secretary's Office/All Other

(\$385,000 General Fund, \$583,000 Investment Income)

Project	Cost	Status
Bert T. Combs Building Light Repairs	\$17,500	Underway
Bert T. Combs Exterior Cleanup and Repairs	\$15,000	Underway
Survey Work at State Forests	\$50,000	Underway
John P. Rhody Cyclone Turbine Blower	\$6,500	Underway
Seedling Nursery Trucks	\$75,000	Underway
John P. Rhody Mulch Pad	\$20,000	Underway
Bert T. Combs Forestry Building Security Camera	\$3,500	Underway
Bert T. Combs Forestry Building Security Fence	\$20,500	Underway
Parking Lot Construction and Maintenance	\$5,000	Underway
Trail Maintenance and Improvement	\$4,000	Underway
Boundary Marking	\$2,000	Underway
Signs for State Nature Preserves	\$5,000	Underway
Vehicle Replacement	\$35,000	Underway
Power Crawler	\$8,000	Underway
Western Kentucky Equipment	\$5,500	Underway
Utility Trailer Replacement	\$2,000	Underway
Equipment Needs	\$2,500	Underway
Jesse Stuart Barn Removal and Cabin Repairs	\$10,000	Underway
Canberra Solid State Detector	\$50,000	Underway
Ground Maintenance Equipment	\$6,000	Underway
Annual Road Maintenance	\$18,000	Underway
Maxey Flats Sampler Replacement	\$24,000	Underway
Bert T. Combs Forestry Building Roof Replacement	\$230,000	Proposed
Morehead Office Gate Access	\$20,000	Proposed
Pennyrile SF Equipment Shed	\$60,000	Proposed
Kentucky Ridge SF Equipment Shed	\$60,000	Proposed
State Forest Road Work	\$20,000	Proposed
John P Rhody Rotary Cutter 84"	\$3,500	Proposed
Parking Lot Construction and Maintenance	\$5,000	Proposed
Trail Maintenance and Improvement	\$4,000	Proposed
Boundary Marking	\$2,000	Proposed
Signs for State Nature Preserves	\$5,000	Proposed
Vehicle Replacement	\$35,000	Proposed
Seed Collection	\$16,000	Proposed
Utility Trailer Replacement	\$2,000	Proposed
Equipment Needs	\$2,500	Proposed
Ground Maintenance Equipment	\$56,000	Proposed
Annual Road Maintenance	\$18,000	Proposed
Access Road and Parking Area Maintenance	\$27,000	Proposed
Security Gate Additions	\$17,000	Proposed

Environmental Protection

(\$8,000,000 Bond Funds)

Willisburg Lake Dam	\$8,000,000	Underway
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ENERGY AND ENVIRONMENT CABINET
Quarterly Status Report – Current Capital Projects
Reported as of April 11, 2023

Project Title	County	Authorization	Status	Percentage Complete
Maxey Flats Cap	Fleming	2012-2014	Construction/Multiple Bid Packs	
Southern Wood Treatment Site	Montgomery	2022-2024	Awaiting Initiation by Agency	
State-Owned Dam Repair – Boltz Lake Dam	Grant	Pool – Multiple	Awaiting Initiation by Agency	
State-Owned Dam Repair – Bullock Pen Lake Dam	Multi	Pool – Multiple	Complete/Not Closed Out	100%
State-Owned Dam Repair – Cannon Creek Dam	Bell	Pool – Multiple	Awaiting Initiation by Agency	
State-Owned Dam Repair – Clements Lake Dam	Rowan	Pool – Multiple	Awaiting Initiation by Agency	
State-Owned Dam Repair – Marion County Sportsmans Club Lake Dam	Marion	Pool – Multiple	Awaiting Initiation by Agency	
State-Owned Dam Repair – Scenic Lake Dam	Henderson	Pool – Multiple	Complete/Not Closed Out	100%
State-Owned Dam Repair – Willisburg Lake Dam	Washington	Pool – Multiple	A/E Selection	

Project Status is identified as one of the following:

- Awaiting Initiation by Agency - this project has not yet been started either because the agency for which the project was authorized has not yet contacted the Finance and Administration Cabinet or the HB 622 institution has not yet initiated the project through its internal procedures.
- 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.
- Design/Phase C - construction document development.
- Construction/Multiple Bid Packs - this category is only for projects that have multiple bid packages. It is to be 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 should change to "In Construction."
- 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.
- Complete/Closed Out - project is complete, the warranty period has expired, and the project account has been closed.
- 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.
- Cancelled - a decision has been made that the project will not or cannot be undertaken and if a project account was established, that account has been closed or reallocated to another project (if indicated).

IT project phases are as 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.