

CAPITAL PLANNING ADVISORY BOARD

**2024-2030
Cabinet Capital Plan**

Staff Analysis and Comments

BRANCH:
CABINET:

Executive Branch
Finance and Administration

CABINET MISSION AND PROGRAMS

The Finance & Administration Cabinet (FAC) 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 FAC has five (5) main organizational units: the Office of the Secretary, Office of the Controller, Department for Facilities and Support services (DFSS), Department of Revenue (DOR) and Commonwealth Office of Technology (COT).

All facilities are maintained by the Department of Facilities & Support Services (DFSS) and all technology efforts are supported by the Commonwealth Office of Technology (COT).

Financial Summary – Proposed Projects

Funding by Source	<u>2024-2026</u>	<u>2026-2028</u>	<u>2028-2030</u>	<u>Total</u>
General Funds	\$90,287,000	\$71,500,000	\$48,500,000	\$210,287,000
Other LTF	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>150,000,000</u>
Total	\$140,287,000	\$121,500,000	\$98,500,000	\$360,287,000

Funding by Agency				
OOS	\$1,787,000	0	0	\$1,787,000
COT	20,000,000	0	0	20,000,000
DFSS	115,000,000	121,500,000	98,500,000	335,000,000
Controller's Office	<u>3,500,000</u>	<u>0</u>	<u>0</u>	<u>3,500,000</u>
	\$140,287,000	\$121,500,000	\$98,500,000	\$360,287,000

Abbreviations:

- OOS – Office of the Secretary*
- COT – Commonwealth Office of Technology*
- DFSS – Facilities and Support Services*
- LTF – Long Term Funding*

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

BRANCH:
CABINET:

Executive Branch
Finance and Administration

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, Electronic Vehicle Charging Stations in the Office of Fleet Management, Legacy Modernization 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.

FINANCE AND ADMINISTRATION 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 eMARS Upgrade and Systems Enhancements **\$3,500,000**

It is our mission to provide a fully integrated system that meets the Commonwealth's statutory requirements for the Executive, Judicial and Legislative Branches of government. Additional funds would allow the development and implementation of a statewide Travel and Expense Management solution within the Enhanced Administrative and Reporting Application (eMARS) and a Salary and Benefit Forecasting System (SBFS). A statewide travel installation would allow standardization across the Commonwealth for all travel authorizations and travel expense reimbursement requests entered by employees and approved by their managers, and allow the traveler to book and reserve flights and hotel rooms all in one place. This would allow for better tracking of employee travel and allow all receipts to be entered electronically into one system without having to handle paper copies and multiple rounds of internal approvals. Employees would be able to track their reimbursement for travel and have visibility with their reimbursement requests including the ability to view pending payments that have been scheduled but not paid. The SBFS is designed to use position and employee data and develop highly accurate estimates of the costs associated with personnel-related budget objects. Integrating the SBFS into the existing Kentucky Budgeting System (KBUD) would allow salary forecasting to calculate the personnel costs' impact on the Commonwealth's budget. Salary and rate tables within SBFS are effective date driven and are configured with the ability to provide scenario-building for decision making and forecasting. Investing in the current enterprise solution allows for improved efficiencies for the stakeholders and citizens through modernization and transparency. (IT) Controller's Office Priority #1

CPAB Staff Notes

- *Project cost elements include \$2.5 million for software and \$1 million for implementation services, coordination of applications to integrate with existing COT services/hardware, and additional staff.*
- *This is additional funding for an existing project. The current project was authorized for \$14 million in FY 2023 and is approximately 30% complete.*
- *The project is currently scheduled to go live in the Spring of 2024.*

2 Maintenance Pool, 2024 - 2026 **\$15,000,000**

The Department for Facilities & Support Services (DFSS) maintains over 79 facilities in Frankfort and additional locations. These facilities require major maintenance for mechanical, electrical, plumbing, and other various building maintenance needs. 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 2026-28 and 2028-30, respectively.*
- *Funding in the current budget is \$11,213,000 in general funds and \$3,787,000 in investment funds.*

3 Mechanical, Electrical, Plumbing Replacement/Reb **\$10,000,000**

The Department of Facilities and Support Services manages numerous buildings across the State. Several of those buildings operate using HVAC, Electrical and Plumbing equipment that is approaching or beyond its life expectancy, particularly primary HVAC, Electrical and Plumbing systems. Operating an HVAC, Electrical and/or Plumbing systems can lead to inefficiencies in operation, added maintenance time and expenditures and will inevitably fail. This request will fund HVAC, Electrical and Plumbing replacement and refurbishment program for the Department of Facilities and Support Services buildings with the highest needs. (C-PI) DFSS Priority #2

4 Electric Vehicle Charging Stations **\$1,787,000**

The Finance Administration Cabinet (FAC) needs to increase its reliance on electric vehicle (EV) varieties (battery electric, hybrid, or plug-in hybrid vehicles) to remain compliant with the statute as revised. KRS 45A.625 requires the FAC to replace at least half of the vehicles it manages with alternative fuels vehicles. Senate Bill 281 passed and signed in March 2023, further requires the use of alternative fuels increase commensurate with the increase in vehicles FAC manages capable of using those alternative

fuels. This proposed project seeks authorization to begin installation of EV charging infrastructure to support FAC-managed electric vehicles in the city of Frankfort. The project will expand the number of EV charging stations at the Fleet Motor Pool from 10 to 75. This will also fund the installation off 100 charging stations at 10 State Government buildings in Franklin County. Failure to fund this request of 165 EV charging stations will make it difficult, if not impossible, for Fleet to remain compliant in the coming years. (EQ) OOS Priority #1

CPAB Staff Notes

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

5 Central Lab Roof \$8,000,000

This structure will require extensive rework in order to resolve the source of leaks and will affect a majority of the roof area. In addition to addressing screen walls, the roof that is approximately 98,599 SF modified bitumen system will be replaced including but not limited to membrane, flashings, metal work, coverboard and insulation to extend longevity and protection for the building (C-PI) DFSS Priority #3

CPAB Staff Notes

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

6 Transportation Building New Roof \$8,000,000

Roof replacement and miscellaneous renovations related to roof replacement. Roof is over 20 years old, past warranty and currently leaking requiring replacement. (C-PI) DFSS Priority #4

7 Legacy Modernization \$20,000,000

The Commonwealth has used the previously awarded Legacy System Retirement Capital Fund to help numerous executive branch cabinets upgrade outdated, unsupported legacy IT systems; move from a legacy system to a modern solution; move from manual, inefficient process to robust, modern systems; improve features and functionalities for constituents and others doing business with the Commonwealth; eliminates security and compliance risks identified in running an outdated system; replace technology that no longer functions; and/or improve processes of essential business functions of a cabinet/agency.

As the Commonwealth Office of Technology (COT) continues to work with cabinets, they continue to identify systems that no longer have vendor support or upgrades, systems that are on outdated hardware and operating systems, and systems that simply no longer work. By continuing to fund this effort, it takes the financial burden off of agencies when a system they are using is identified as a legacy, unsupported system.

COT has had success with the current Legacy System Retirement Funds. These funds have been instrumental in the following projects: Finance & Administration Cabinet (FAC) Electronic Policy Acknowledgement Portal; Justice Cabinet, Department of Public Advocacy (DPA) Help Desk Modernization, Department of Revenue (DOR) Excela Document Migration, Department of Local Government (DLG) Special Purpose Government Entities (SPGE) application rewrite, Enterprise Business Intelligence (EBI) upgrade, Personnel Cabinet's Kentucky Human Resources Information System (KHRIS) upgrade, FAC Office of EEO Contract Compliance (EEOCC) Workforce Analysis and Certification Application, and, Kentucky State Office Building (KSOB) Physical Security Monitoring Platform Upgrade. (IT) COT Priority #1

CPAB Staff Notes

– *This is additional funding for an existing project. The current project was authorized for \$10M in FY 2019 and 2020, respectively, and is approximately 40% complete.*

8 CHR Renovation – Construction Phase 1 \$5,000,000

The Cabinet for Human Resource (CHR) & Health Services (HSB) buildings are in need of major repair & upgrades. These repairs and upgrades include but are not limited to: leak mitigation, CHR insulation at floor level above open dock area and exterior cantilevered overhangs, and HSB HVAC central air system. (C-PI) DFSS Priority #5

- 9 Roof Pool** **\$3,000,000**
- The Department of Facilities and Support Services (DFSS) manages numerous buildings across the state, that includes 596,150 sq. ft. of roof systems. Several of the roofs are under warranty however many are approaching or are beyond their life expectancy. Without a scheduled roof replacement program the resulting damage in our 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 #6
- CPAB Staff Notes
- This pool received a first time \$2 million general fund authorization in fiscal year 2023.
 - 2022-2024 Maintenance Pool allocations are on page 8 of this document.
- 10 Deferred Maint Historic Prop** **\$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 #7
- CPAB Staff Notes
- This pool received a first time \$5 million Bond Fund authorization in fiscal year 2023.
 - 2022-2024 Maintenance Pool allocations are on page 8 of this document.
- 11 Asphalt Pool** **\$1,500,000**
- Department of Finance Facilities & Support Services maintains over 3 million sq. ft. 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 #8
- CPAB Staff Notes
- This pool received a first time \$1.5 million general fund authorization in fiscal year 2023.
 - 2022-2024 Maintenance Pool allocations are on page 8 of this document.
- 12 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
- 13 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 2,000 buildings (27.2M Sq. Ft.) and for FY 22 shows a weather normalized savings of over \$7.5M and a total annual utility cost of approximately \$38.8M, while cumulative savings is up to \$53M (2.22B kBtu) over the life of the project. (C-O) DFSS Priority #10

2026-2028

Acquire Land/Demolish Structures - Statewide	\$7,500,000
Asphalt Pool	1,500,000
CEMCS	2,000,000
Central Lab Renovations	24,500,000
Deferred Maintenance Historic Prop	5,000,000
Maintenance Pool	15,000,000
Mechanical, Electrical, Plumbing Replacement/Reb	12,000,000
Roof Pool	4,000,000

2028-2030

Acquire Land/Demolish Structures - Statewide	\$7,500,000
Asphalt Pool	1,500,000
CEMCS	2,000,000
Deferred Maintenance Historic Prop	5,000,000
Elevator Upgrades Phase 2	2,500,000
Maintenance Pool	15,000,000
Mechanical, Electrical, Plumbing Replacement/Reb	10,000,000
Roof Pool	5,000,000

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

2024-2026

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 (FAC) 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)

2026-2028

Guaranteed Energy Savings Performance Contracts, DFSS

\$50,000,000 OT-LTF

2028-2030

Guaranteed Energy Savings Performance Contracts, DFSS

\$50,000,000 OT-LTF

**FINANCE AND ADMINISTRATION CABINET
2022-2024 Maintenance Pools**

Department for Facilities and Support Services

\$21,713,000 General Fund
\$3,787,000 Investment Funds
\$25,500,000 Total Funds

Project	Cost	Status
<u>Capitol Annex Maintenance Pool</u>		
Capitol Annex Exterior Repairs	\$2,000,000	Underway
<u>Historic Properties Deferred Maintenance</u>		
Berry Hill Mansion Misc Repairs	\$3,500,000	Underway
Old State Capitol Site Improvements	\$1,000,000	Proposed
Vest Lindsey Misc Repairs	\$500,000	Proposed
<u>Maintenance Pool – 2022-2024</u>		
CHR CUP Optimization	\$1,566,466	Underway
Old State Capitol Annex Renovation	\$3,500,000	Underway
Fleet T1 Garage Upgrades	\$1,400,000	Underway
Bush Building Renovation	\$2,033,534	Underway
CHR Window Replacement	\$1,500,000	Underway
Parking Garage Repairs	\$5,000,000	Underway
<u>Roof Pool</u>		
Bush Building	\$300,000	Proposed
PSC Building	\$600,000	Underway
Jones Building	\$300,000	Proposed
Various Buildings	\$300,000	Underway

FINANCE AND ADMINISTRATION CABINET/FACILITIES AND SUPPORT SERVICES
Quarterly Status Report - Current Capital Projects
Reported as of April 11, 2023

Project Title	County	Authorization	Project Status	% Complete
Air Handler Replacement and Repair – Central Lab	Franklin	2020-2022	Construction	99%
Business One-Stop Portal – Phase III (IT)	Multi	2016-2018	Execution and Control Phase	75%
Cabinet for Human Services Building -Escalators	Franklin	2022-2024	Construction	5%
Capitol Campus Renovation	Franklin	2020-2022	Design/Phase A	
Capitol Campus Renovation Phase II	Franklin	2022-2024	Awaiting Initiation by Agency	
DFSS Maintenance Pool – 2018-2020 – Central Lab	Franklin	Pool	Complete/Not Closed Out	100%
DFSS Maintenance Pool – 2020-22 – Capitol Annex Exterior Repairs	Franklin	Pool	Awarding Contracts	
DFSS Maintenance Pool – 2020-22 – Governor’s Mansion Chiller and Water Line	Franklin	Pool	Complete/In Warranty	100%
DFSS Maintenance Pool – 2020-22 – Health Services Building, HVAC & Piping, Phase II	Franklin	Pool	In Construction	98%
DFSS Maintenance Pool – 2020-22 – Libraries and Archives HVAC Replacement	Franklin	Pool	In Construction	55%
DFSS Maintenance Pools – CHR Central Utility Plant Optimization	Franklin	Pool	Complete/Not Closed Out	100%
DFSS Maintenance Pools – Halon System Replacement	Franklin	Pool	Complete/Not Closed out	100%
Elevator Upgrades Phase I	Multi	2020-2022	In Construction	60%
eMars Upgrade and Systems Enhancements (IT)	Multi	2022-2024	Execution and Control Phase	27%
Emergency Generator Repair or Replacement COT/CHR	Franklin	2018-2020	Complete/Closed Out	100%
Fourth Floor Capitol Renovation	Franklin	2020-2022	Cancelled/ Reallocated	
HVAC Replacement – CHR Building	Franklin	2016-2018	In Construction	99%
HVAC Replacement and Repair COT Building	Franklin	2020-2022	Construction/Multiple Bid Packs	
Hybrid – Cloud Service Architecture (IT)	Multi	2022-2024	Initiation Phase	1%
Install Energy Management System Controls (IT)	Multi	2014-2016	Complete/Closed Out	100%
Integrated Tax System 2018-2020 (IT)		2018-2020	Execution and Control Phase	41%
Kentucky Business OneStop (KyBOS) Phase IV (IT)	Multi	2022-2024	Initiation Phase	
Legacy System Retirement 2018-2020 (IT)	Multi	2018-2020	Execution and Control Phase	38%
L&N Building Exterior Upgrade	Jefferson	2022-2024	Design/Phase A	
L&N Building Security and Structural Upgrades	Jefferson	2018-2020	Complete/Not Closed Out	100%
Upgrade Capitol Mechanical and Electrical System, Phase I	Franklin	2018-2020	Revising/Rebidding	
Upgrade L&N Building	Jefferson	2016-2018	Complete/Not Closed Out	100%

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.

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