

CAPITAL PLANNING ADVISORY BOARD

2026 - 2032

Capital Planning System Reports

BRANCH:

Executive Branch

CABINET/FUNCTION:

Cabinet of the General Government

AGENCY:

Kentucky Infrastructure Authority

MISSION AND PROGRAMS

The Kentucky Infrastructure Authority (KIA) was given four responsibilities by the General Assembly (KRS 224A.300), which found it necessary to encourage regionalization, consolidation and partnerships with the goal of making potable water and wastewater treatment available to all Kentuckians.

KIA was mandated to 1) implement a program for providing assistance for the provision of water services; 2) manage, operate and update the Water Resources Information System (WRIS); 3) gather information from state and local governments regarding the issue of water resource development and management; and 4) promulgate regulations that require a water supply and distribution system receiving or seeking funding to provide data relating to the financial, managerial, and technical aspects of its system.

The WRIS is a proactive data model that provides much of the information needed for water resource planning. It contains a geographic information system comprised of water resource maps, utility data, project profiles and asset management features. As of March 2025, the data indicates that 95% of the population has access to public drinking water and 63% have access to wastewater treatment. The average age for drinking water treatment plants and water storage tanks is about 40 years. There are over 64,528 miles of water lines mapped with 27% over 50 years old. The average age of wastewater treatment plants is about 39 years, with 41% of sewer lines being over 50 years old.

Loan programs:

- State Revolving Funds: **The Federally Assisted Wastewater (Fund A) and Drinking Water Funds (Fund F)** are funded by capitalization grants from the U.S. EPA as authorized by the Clean Water Act and the Safe Drinking Water Act, with additional funding provided by the Bi-Partisan Infrastructure Law. Both funds provide project assistance with below-market interest rate loans, with repayments not to exceed 30 years.
 - The Base and Supplemental Base portion of the EPA grants require a 20% state match, which is funded by appropriations of the Commonwealth.
 - The Emerging Contaminants and Lead Service Line Replacement funds provided by the Bi-Partisan Infrastructure Law do not require state match funding;
- **Infrastructure Revolving Loan Program (Fund B)** provides loans to governmental entities for infrastructure projects (defined KRS 224A.011) at or below market interest rates with repayments not to exceed 30 years; and,
- **Governmental Agencies Program (Fund C)** provides governmental agencies access to funding through the municipal bond market at better terms than may be obtained on an individual basis, with repayment terms not to exceed 30 years.

FUNDING SUMMARY

Fund Source	2026-2028 Biennium	2028-2030 Biennium	2030-2032 Biennium	Total
Federal Funds	185,697,000	77,034,000	77,034,000	339,765,000
General Fund	52,742,000	40,408,000	40,408,000	133,558,000
Agency Bonds	60,000,000	60,000,000	60,000,000	180,000,000
Total	298,439,000	177,442,000	177,442,000	653,323,000

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PLAN OVERVIEW

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KY INFRASTRUCTURE AUTHORITY
Proposed Projects Involving the General Fund (cash or bonds)
(amounts in **bold** are the total budget)

2026-2028 Biennium

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

1 KIA Fund A - Federally Assisted Wastewater Program 118,867,000

The Fund A (Federally Assisted Wastewater Revolving Fund Program) finances local wastewater treatment and collection facilities that qualify under U.S. Environmental Protection Agency requirements. Funds are provided by the United States Environmental Protection Agency through capitalization grants of 83.33 percent of the total project. The state matches these funds with a 16.67 percent match of the total project through issuance of General Fund-supported debt. Up to four percent of the capitalization grants may be reserved for the program's administrative costs. (GL)

CPAB Staff Notes

- -Funding in the current budget is \$93,660,000 (FF \$54,291,000, BF \$9,369,000,000, and \$30,000,000 AF). Bond funds will provide the state match.

2 KIA Fund F - Drinking Water Revolving Loan Program 154,572,000

The Fund F (Federally Assisted Drinking Water Revolving Loan Fund Program) finances local drinking water facilities that qualify under U.S. Environmental Protection Agency requirements. Funds are provided by the United States Environmental Protection Agency through capitalization grants of 83.33 percent of the total project. The state matches these funds with 16.67 percent match of the total project through issuance of General Fund-supported debt. Up to thirty-one percent of the capitalization grants may be reserved for program administration costs and to help fund state programs and activities to ensure safe drinking water. (GL)

CPAB Staff Notes

- -Funding in the current budget is \$124,832,000 (\$86,546,000 FF, \$8,286,000 BF, and \$30,000,000 AF). Bond funds will provide the state match.

3 KIA Fund B - Infrastructure Revolving Fund 25,000,000

KRS 224A.112 created the infrastructure revolving fund to be dedicated to providing financial assistance to governmental agencies & investor-owned water systems for the construction or acquisition of infrastructure projects. Entities submit applications; staff reviews data & makes a recommendation to the KIA Board. Loans are 20-30 years depending on project eligibility & life span. Interest rates are set at least annually. The program addresses the following areas of need: 1)Water Loss Per KRS 224.112 & in accordance with KRS 224A.308, the Authority is to establish a program to assist governmental agencies in detecting water loss from distribution lines. The program can provide funding in the forms of loans or grants. 2)Failing Privately Owned Package Treatment Plants - the program has been used to assist governmental agencies in eliminating failing privately-owned package treatment plants through consolidation into publicly-owned utilities. 3) Asset Management Plans program funds may now be used to assist governmental agencies in developing & maintaining asset management plans. 4)Reliability & Security the program may now be used to assist governmental agencies to provide reliable infrastructure & secure & safe water & wastewater systems. 5) Regionalization the program continues to assist governmental agencies where inefficiencies exist, to eliminate structural & administrative duplication of infrastructure & service delivery systems, by using a variety of tools, including but not limited to regionalization, merger, & consolidation. 6) Cost & Restrictions of Federal Programs - Federal requirements carry additional administrative burdens, the cost of which often puts the federally assisted loan programs out of reach of small or disadvantaged communities. Providing additional capital to this state funded program will permit the Commonwealth to increase the available funding to small & disadvantaged communities & for economic development inspired projects. (GL)

CPAB Staff Notes

- Current appropriation is \$25,000,000.

2026-2028 Biennium Total:	298,439,000
<u>2028-2030 Biennium</u>	
KIA Fund A - Federally Assisted Wastewater Program	78,536,000
KIA Fund B - Infrastructure Revolving Fund	25,000,000
KIA Fund F - Drinking Water Revolving Loan Program	73,906,000
2028-2030 Biennium Total:	177,442,000
<u>2030-2032 Biennium</u>	
KIA Fund A - Federally Assisted Wastewater Program	78,536,000
KIA Fund B - Infrastructure Revolving Fund	25,000,000
KIA Fund F - Drinking Water Revolving Loan Program	73,906,000
2030-2032 Biennium Total:	177,442,000