Alternative Uses for State Prison Farm Properties

Research Report 267

Legislative Research Commission
Frankfort, Kentucky
The Kentucky Legislative Research Commission is a sixteen member committee, comprised of the majority and minority leadership of the Kentucky Senate and House of Representatives. Under Chapter 7 of the Kentucky Revised Statutes, the Commission constitutes the administrative office for the Kentucky General Assembly. Its director serves as chief administrative officer of the Legislature when it is not in session.

The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the General Assembly. The Commission provides professional, clerical and other employees required by legislators when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual members in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, furnishing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting a pre-session orientation conference for legislators, and publishing a daily index of legislative activity during sessions of the General Assembly.

The Commission is also responsible for statute revision, publication and distribution of the Acts and Journals following sessions of the General Assembly and for maintaining furnishings, equipment and supplies for the Legislature.

The Commission functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.
Alternative Uses for
State Prison Farm Properties

Prepared by
John Buckner, Ph.D.

Research Report No. 267
Legislative Research Commission
Frankfort, Kentucky
April 1994

Paid for from state funds
Available in alternate form upon request
FOREWORD

House Concurrent Resolution 170 of the 1992 Session directs the Task Force on Economic Development to "identify and evaluate alternative uses of the Commonwealth's prison farm properties," and to make a final report including recommendations based upon its findings. With the adoption of this report and its recommendations, the Task Force on Economic Development has completed its assignment.

This report was prepared by John Buckner, Ph.D. Appreciation is extended to Gregory Karambellas for statutory and administrative regulations interpretation, Charles Bush for editorial assistance, and to Cheryl Roberts, with the Department of Corrections, for providing the data requested in a timely and efficient manner.

Vic Hellard, Jr.
Director

The Capitol
Frankfort, Kentucky
January, 1994
# TABLE OF CONTENTS

FOREWORD ......................................................................................... i  
TABLE OF CONTENTS ..................................................................................... iii  
LIST OF TABLES ........................................................................................ iv  
SUMMARY .................................................................................................... v  

I INTRODUCTION ......................................................................................... 1  
   Objectives and Methodology .................................................................. 4  

II. THE DEPARTMENT OF CORRECTIONS PRISON  
   FARM SYSTEM: CURRENT OPERATIONS ............................................. 7  

III. WESTERN KENTUCKY CORRECTIONAL COMPLEX  
   WKCC), LYON COUNTY ........................................................................ 11  
   Standing Proposals ................................................................................ 14  
      Wildlife Preserve .............................................................................. 14  
      Recycling Center ............................................................................. 17  
   Alternative Proposals ........................................................................... 17  
      Industrial Park .................................................................................. 17  
      Regional Airport .............................................................................. 20  
   Summary/Conclusion ............................................................................ 23  

IV. KENTUCKY STATUTES AND ADMINISTRATIVE  
   REGULATIONS GOVERNING THE DISPOSAL OF SURPLUS  
   MATERIALS, EQUIPMENT, LIVESTOCK, AND  
   REAL PROPERTY ...................................................................................... 27  

V. ON THE PROCESS USED TO DISPOSE OF STATE  
   PRISON FARM PROPERTY ...................................................................... 33  

APPENDICES:  
   A. 1992 House Concurrent Resolution 170 ........................................... 37  
   B. Letter from Commissioner Jack Lewis, Department of  
      Corrections ....................................................................................... 43  
   C. Department of Fish and Wildlife Resources Proposal for  
      Western Kentucky Correctional Complex Prison  
      Farm Land ...................................................................................... 47  
   D. Letter from the Boyle County Planning and Zoning  
      Commission ...................................................................................... 53
**LIST OF TABLES**

1. State prison farms ................................................................. 1
2. Usage summary of farmland acreage - 1992 .................................. 10
3. Lyon County employment - 1992 ............................................. 12
4. Pennyrile Area Development District industrial parks .................... 18
5. Relative importance of factors influencing location
decisions of Japanese manufacturers ........................................... 19
6. Pennyrile Area Development District airports .............................. 21
7. KASP89 proposals ................................................................. 22
8. State prison farms and selected land-use characteristics
   in host counties ................................................................. 34
SUMMARY

This study, which is charged with assessing alternative uses for state prison farm lands, divides the problem into three components. The first, which is beyond the scope of the study but warrants mention, must be a determination by the Department of Corrections and other interested parties as to the need for a prison farm system. If it is determined that the system serves the best interests of the Commonwealth, then alternative uses can only be hypothetical and speculative.

Given that the current administration is committed to retaining all prison farm acreage, the second component of the study concerns the process used to dispose of state-owned property. The study recommends that the Finance and Administration Cabinet develop detailed administrative regulations to govern the disposal of real property and surplus equipment and supplies. The study finds that the lack of such regulations raises the possibility of surplus property being disposed of in a manner that is less than advantageous to the Commonwealth.

The third component of the study concerns a case study of one prison farm - the Western Kentucky Correctional Complex in Lyon County - that is used to develop themes that can be used to assess alternative uses for prison farm lands in other locations. The study finds that the geographic and physical diversity of both the prison farms and the needs of their host communities necessitates substantive public involvement to determine the true value of a property, both present and future, to a community, and its optimal, potential usage.
Chapter I
Introduction

A statute passed in 1926 by the General Assembly granted the Department of Corrections (hereinafter "Corrections") the authority to operate a prison farm system. Specifically, KRS 196.120 grants Corrections the authority "to lease or purchase farmlands, improved or unimproved, for the employment of inmates of the institutions under its supervision." Under this authority, Corrections currently operates five institutional farms. They are:

Table 1
State Prison Farms

<table>
<thead>
<tr>
<th>NAME</th>
<th>COUNTY</th>
<th>CLASSIFICATION</th>
<th>INMATE POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roederer Correctional Complex (RCC)</td>
<td>Oldham</td>
<td>medium security</td>
<td>625</td>
</tr>
<tr>
<td>Western Kentucky Correctional Complex, Main (WKCC)</td>
<td>Lyon</td>
<td>medium security</td>
<td>410</td>
</tr>
<tr>
<td>Northpoint Training Center (NTC)</td>
<td>Boyle</td>
<td>medium security</td>
<td>922</td>
</tr>
<tr>
<td>Blackburn Correctional Complex (BCC)</td>
<td>Fayette</td>
<td>medium security</td>
<td>390</td>
</tr>
<tr>
<td>Kentucky Correctional Institute for Women (KCIW)</td>
<td>Shelby</td>
<td>medium security</td>
<td>345</td>
</tr>
</tbody>
</table>

Throughout the 1960s, 1970s and 1980s, these farms were utilized for a diversity of farming operations, yet the system itself was plagued by numerous difficulties. The principal problem, however, seemed to center upon the precise mission of the prison farm system. Was it to be a cost-effective system which could supply Corrections with an adequate supply of basic food items, or was it to serve a rehabilitative purpose by providing inmates with a meaningful work experience? If its mission was the former, the cost-effectiveness of the system was difficult to maintain, due to the escalating cost of security demands and the inability to participate in federal price support programs. Furthermore, the
prison farm system had serious management problems, such that by 1986 Corrections issued a Request for Proposal for the private operation and management of the system. When submitted bids exceeded Corrections' funding limit, however, the proposal was withdrawn.

Upon learning of these problems, the Interim Joint Committee on State Government created in 1986 a Subcommittee on Prison Farms to study the feasibility of contracting out the management and operation of the prison farm system. The Subcommittee on Prison Farms issued its final report in July 1987. In summary, its findings were:

1. The prison farm system had inadequate records in the areas of inventories, costs of production and actual production;
2. Savings realized on food costs were misleading; and
3. The prison farm program may be too diverse to meet efficiently its stated goals.

The Subcommittee considered three possible options to help rectify the above-mentioned problems. The first two centered upon either contracting out the management and operation of the farm system or abolishing the program in its entirety. The Subcommittee found that the absence of necessary data precluded a fair evaluation of these options. The third option, which the Subcommittee adopted, focused upon retaining state control of the prison farm system while implementing certain necessary changes. In brief, the Subcommittee recommended that Corrections, in conjunction with the University of Kentucky Department of Agricultural Economics, develop and maintain a comprehensive records system. Using the data elicited from this system, Corrections should evaluate all of its farming operations and discontinue those deemed uneconomical, expand those deemed successful, and
report any difficulties in implementing these changes to the Interim Joint Committee on State Government.

According to Paul Joerger (Farm Business Analyst, Department of Agricultural Economics, University of Kentucky), under the new system designed by the University of Kentucky Department of Agricultural Economics, the prison farm system had attained a degree of success by 1990. By streamlining management practices, eliminating redundancy, and discontinuing unprofitable crop production, the prison farm system was able to become profitable while utilizing minimum-security prisoners.

In 1990, however, in order to comply with a State Supreme Court order that concerned prison overcrowding, Corrections converted two institutions, WKCC and RCC, from minimum to medium security. According to then Secretary of Corrections John Wigginton, approximately 70% of all minimum-security prisoners would be transferred to private prisons, jails, and halfway houses. The effect of this transfer on prison farm operations was that it dramatically decreased the inmate labor pool of minimum-security prisoners, from whom farm labor was traditionally drawn. As a result, Secretary Wigginton argued that while medium-security prisoners can be used as farm labor, the cost associated with additional required security personnel would render the farm system unprofitable. Therefore, in 1990, Corrections began to phase-out prison farm operations.

The first component of the planned phase-out consisted of a public auction of all farm machinery, equipment, livestock, and other related materials. This was done in January/February 1991. Secondly, Corrections would assess prison farm land adjacent to RCC and WKCC, to determine the amount of land needed as a security "buffer zone." All lands outside these zones would be declared surplus real property and "leased or sold."
In response to the planned sale of prison farm lands, 1992 HCR 170 mandated the Task Force on Economic Development "to identify and evaluate alternative uses of the Commonwealth's prison farm properties, and ... make a final report ...[including] recommendations based on its findings." (See Appendix A)

**Objectives and Methodology**

It is important to note that Jack Lewis, Commissioner of the Department of Corrections, has re-evaluated Secretary Wigginton's decision to dispose of prison farm property at RCC and WKCC and has decided to retain all lands currently held by the department (See Appendix B) Indeed, Corrections has reinstituted farming, albeit on a more limited basis, and received $800,000 in the 1992 budget to purchase farm machinery, equipment, livestock, and other materials necessary to conduct its farming operations. Given Corrections' current position, the present study is, by nature, hypothetical and speculative.

In this context, the objectives of this study are:

(1) to provide a descriptive account of each of the state's prison farms;

(2) to provide a descriptive and critical account of the statutory and regulatory environment that governs the disposal of state-owned real property; and

(3) to provide an evaluative, thematic framework that can be utilized to better determine alternative uses for state prison farm properties.

To address these goals and to increase the evaluative power of the study, a case-study approach has been adopted that focuses upon one of Corrections' five prison farms - the Western Kentucky Correctional Complex (WKCC) in Lyon
County. This facility was selected for three primary reasons. First, this was
the prison farm initially targeted for disposal by Secretary Wigginton, due to his
opinion that the amount of land at WKCC far exceeded that needed to address
current or foreseeable demands. Secondly, this facility has several unique
characteristics, which will be discussed in depth in Chapter Three, that permit
a greater diversity of evaluative themes to be deduced. Thirdly, there is a
greater amount of qualitative information available on WKCC than on the other
four farms.

This study has adopted a methodological approach that relies more on
information elicited from interviews and data supplied by the various
departments connected to the study than quantitative methods that try to
assess the "best use" for state prison farm lands. The primary reason for this
methodological selection is Corrections' decision to retain all of its land for the
foreseeable future. Therefore, an analysis that relied upon real estate
appraisals, land-value projections or other "value-neutral" criteria would lead
to recommendations that would quickly become obsolete, due to the inherently
changing patterns of land usage. In this context, setting forth thematic
evaluative criteria with recommendations based upon an examination of their
linkages to the data at hand was the methodology which best fit the demands
of the study.¹

¹For an extended discussion of qualitative methodology in case-study design, see: Barney
Chapter II

The Department of Corrections Prison Farm System: Current Operations

Of the eleven prison complexes owned and operated by Corrections, five are classified as prison farms, which can be defined as "prisons which are involved in the production of basic food items that are distributed to other state-owned prisons" (Cheryl Roberts, executive director, Office of Administrative Services, Department of Corrections). With Corrections' decision to reinstitute farming on a more limited, cost-efficient basis, prison farm operations are now largely confined to beef cattle operations, vegetable production, orchards, and pasture lands. According to information provided by Corrections, the individual farm program consists of:

Orchard Operations

Currently, three institutions are involved in this program, which consists of an aggregate of 59 acres containing approximately 4,500 trees. These farms are:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Acres</th>
<th>Trees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northpoint Training Center (NTC)</td>
<td>7</td>
<td>500</td>
</tr>
<tr>
<td>Roederer Correctional Complex (RCC)</td>
<td>12</td>
<td>1,500</td>
</tr>
<tr>
<td>Western KY Correctional Complex (WKCC)</td>
<td>40</td>
<td>2,500</td>
</tr>
</tbody>
</table>

These fruit trees, which are of various sizes, produce approximately 14-16 bushels per tree, for an annual yield of approximately 67,500 bushels of fruit. Corrections frequently utilizes technical assistance provided by the University of Kentucky Department of Agriculture to help maintain the health of its orchards.
Vegetable Gardens

Vegetable gardens are grown at all prison institutions; however, four institutions have programs designed and operated to grow fresh produce for distribution to other state prison institutions. The type of produce grown is determined by the nutritional needs of the inmate population as set forth by Corrections’ registered dietitian. This program consists of 69 aggregate acres. The participating farms are:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northpoint Training Center</td>
<td>15</td>
</tr>
<tr>
<td>Roederer Correctional Complex</td>
<td>24</td>
</tr>
<tr>
<td>Western KY Correctional Complex</td>
<td>15</td>
</tr>
<tr>
<td>Blackburn Correctional Complex</td>
<td>15</td>
</tr>
</tbody>
</table>

During fiscal year 1992, fresh produce valued at $109,600 was provided to Kentucky’s correctional facilities.

Cattle Production

The cattle program is a reinstatement of Corrections’ past operations. By December 1992, 448 head of beef cattle had been purchased or bred for placement at four prison farms - NTC, RCC, WKCC, and BCC. Corrections intends to develop this program further, so that beef cattle can be sold on the open market, to provide additional revenues for prison farm operations.

Grain Production

Corn and wheat crops continue to be utilized to complement the beef cattle program, as well as to be sold on the open market. Corrections currently has approximately 1,287 acres at RCC and WKCC devoted to grain production. The revenue generated from the sale of grain on the open market is reinvested in prison farm equipment.
A positive, tangential effect of this program can be found at WKCC. Because of the availability of grain, migratory waterfowl, specifically Canadian geese, winter on or nearby WKCC's prison farm. Indeed, this migratory population has grown to become the second largest in Kentucky, preceded only by Ballard Wildlife Management Area in Ballard County.

**Swine Operation**

A swine program was introduced at RCC in December 1992 in an innovative attempt to help alleviate the cost of wet garbage disposal. Approximately 900 swine are to be purchased at various intervals to help address this problem. As the swine approach market weight, they are to be sold on the open market. The proceeds will be utilized to purchase piglets, so that the program will be continuous and self-sufficient. This program will be extended to WKCC in late 1993.

Finally, although Corrections has previously leased sections of its farmland to local farmers, this program will be discontinued by Fall 1993. Corrections finds that its expanded beef cattle operation will necessitate the usage of all available croplands.

The following chart, which is based upon information provided by Corrections, gives a summary overview of Corrections' prison farm operation.
Table 2

Usage Summary of Farmland Acreage - 1992

<table>
<thead>
<tr>
<th>Land Type</th>
<th>RCC</th>
<th>WKCC Main</th>
<th>WKCC Small</th>
<th>NTC</th>
<th>BCC</th>
<th>KCIW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CROPLAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Available</td>
<td>448</td>
<td>1,065</td>
<td>0</td>
<td>44</td>
<td>134</td>
<td>92</td>
</tr>
<tr>
<td>Active Production</td>
<td>181</td>
<td>230</td>
<td>22</td>
<td>15</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Inactive Production</td>
<td>172</td>
<td>203</td>
<td>22</td>
<td>119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased</td>
<td>95</td>
<td>632</td>
<td></td>
<td></td>
<td></td>
<td>92</td>
</tr>
<tr>
<td><strong>PASTURELAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Available</td>
<td>2,045</td>
<td>459</td>
<td>389</td>
<td>288</td>
<td>199</td>
<td>164</td>
</tr>
<tr>
<td>Active Usage</td>
<td>2,045</td>
<td>459</td>
<td>288</td>
<td>199</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive Usage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased</td>
<td></td>
<td></td>
<td>389</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WOODLAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Available</td>
<td>200</td>
<td>198</td>
<td>40</td>
<td>77</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Inactive Usage</td>
<td>200</td>
<td>198</td>
<td></td>
<td>77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased</td>
<td></td>
<td></td>
<td>40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INSTITUTIONAL COMPOUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Totals</td>
<td>200</td>
<td>35</td>
<td>0</td>
<td>65</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td><strong>INSTITUTIONAL TOTALS</strong></td>
<td>2,893</td>
<td>1,757</td>
<td>429</td>
<td>474</td>
<td>360</td>
<td>281</td>
</tr>
</tbody>
</table>
Chapter III

WESTERN KENTUCKY CORRECTIONAL COMPLEX (WKCC), LYON COUNTY

WKCC is the second largest of Kentucky's prison farm complexes, consisting of approximately 2,186 total acres. WKCC is composed of two separate tracts of land. The largest tract, 1,757 acres, holds the correctional facility's 35-acre institutional compound. The remainder of this land (1,722 acres) is devoted to the prison farm operation. The second tract, 429 acres, does not have an institutional compound and is devoted solely to prison farming.

In setting forth viable alternative uses for this land, it is important to consider both the immediate surroundings of prison farm lands and the overall economic and environmental character of the host county and region. The following chart provides a general economic portrait of Lyon County's employment patterns.
Table 3

Lyon County Employment

<table>
<thead>
<tr>
<th>NONFARM</th>
<th>EARNINGS</th>
<th>JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KY 100%</td>
<td>LYON 100%</td>
</tr>
<tr>
<td>Private</td>
<td>83</td>
<td>58</td>
</tr>
<tr>
<td>Ag. Service, Forestry, Fish., and other</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Mining</td>
<td>4.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Construction</td>
<td>5.7</td>
<td>9.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22.8</td>
<td>15.9</td>
</tr>
<tr>
<td>Transportation and Public Utilities</td>
<td>7.6</td>
<td>4.7</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>5.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>10.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Finance, Insurance, and Real Estate</td>
<td>4.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Services</td>
<td>22.0</td>
<td>11.3</td>
</tr>
<tr>
<td>Government and Government Enterprises</td>
<td>17.0</td>
<td>41.9</td>
</tr>
<tr>
<td>Federal, Civilian</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Military</td>
<td>2.2</td>
<td>0.7</td>
</tr>
<tr>
<td>State and Local</td>
<td>11.3</td>
<td>37.6</td>
</tr>
</tbody>
</table>

Source: United States Department of Commerce, Bureau of Economic Analysis
* The large difference between Lyon County and the state average is primarily attributable to the relatively large number of Lyon County residents employed by WKCC.

In regard to its environmental characteristics, one of the most striking physical features of Lyon County is that it borders the largest lake system in Kentucky - Kenlake and Lake Barkley. Because of the recreational opportunities provided by these lakes, tourism is one of the principal industries of Lyon County. This is reflected in employment patterns within the county - in comparison to Kentucky averages, Lyon County has a disproportionate
percentage of persons employed in retail trades. Indeed, data collected by the Kentucky Tourism Cabinet show that Lyon County ranks 25th out of 120 Kentucky counties in overall tourist expenditures. This ranking gains additional significance when one considers the county's relatively small population base of 6,300 residents.

Lyon County's tourism industry is largely centered upon the attraction of the lake system. Drawing visitors from all over Kentucky and neighboring states, the lakes provide opportunities for fishing, hunting, camping, waterskiing, and numerous other outdoor recreational activities. To capture the tourist trade, Lyon County offers approximately ten hotel/motel establishments, four marinas, nineteen campgrounds, fifteen restaurants, a local museum, and a newly-created state park (Mineral Mound). In 1991, tourism expenditures were $29,187,971, which resulted in 813 equivalent full-time jobs.

Tourism expenditures in adjacent counties, which are also largely centered upon the attraction of the lake system, are equally significant. Statewide rankings of counties by tourism expenditures show that McCracken Co. placed ninth ($71,263,000), Marshall Co. placed tenth ($68,467,964), Trigg Co. placed twenty-sixth ($26,811,327), Christian Co. placed twenty-eight ($25,859,461), Livingston Co. placed fifty-fourth ($8,841,836), and Caldwell Co. placed seventieth ($3,181,618). Because of the significance of the tourism industry in this region, viable alternative uses for WKCC's prison farm land should be those which would not be detrimental to this industry. This factor gains additional significance when one considers the close proximity of the prison farm land to the lake system.
STANDING PROPOSALS

Wildlife Preserve

In this context, the Department of Fish and Wildlife set forth a proposal in early 1991 to obtain the lands at WKCC (see Appendix C). This proposal was based on their understanding that the Corrections Cabinet was in the process of divesting itself of this land.

According to the Department of Fish and Wildlife, the 2,500 acres at WKCC is suitable for the establishment of a high-quality waterfowl area. Indeed, due to the planting of row crops by Corrections, an important tangential benefit is that WKCC has already attracted enough waterfowl so that the site has become the second largest holding ground for migratory waterfowl in western Kentucky. The Department of Fish and Wildlife would like to take advantage of this fortunate circumstance and upgrade existing ponds and watercourses at the facility, as well as provide year-round management to maximize waterfowl use. Waterfowl viewing platforms would be constructed and pathways with instructional signs developed, to provide optimal wildlife experiences for visitors. Croplands would continue to be farmed, primarily through lease agreements with local farmers, with an understanding that a certain percentage of the crop would be left in the fields to provide an adequate food source and cover. Finally, this development would be listed as a project of the New Madrid Joint Venture of the North American Waterfowl Management Plan - a cooperative effort between state and federal agencies and the private sector in the United States and Canada to restore waterfowl populations.

This proposal, or the ideas behind it, received substantial support from a variety of groups. First, from the waterfowl/tourism industry of western Kentucky, which receives most of its business in off-season, winter months
from hunters and sportspersons who come to the region because of the waterfowl. The perceived need for this program is amplified because of efforts being made in southern Illinois to attract waterfowl. Since waterfowl are a limited resource, many of the waterfowl drawn to Illinois through its program will be subtracted from Kentucky's population. Therefore, the western Kentucky's tourism industry contends, the Department of Fish and Wildlife's proposal is needed both to retain and expand the existing tourist trade which comes because of the waterfowl.

Secondly, pursuant to 1990 HR 265, the Subcommittee on Tourism of the LRC Task Force on Economic Development and Tourism conducted a study to assess the ability of the Department of Parks and the Department of Fish and Wildlife Resources to meet the demands of a growing tourism industry. Some of the study recommendations for the Department of Fish and Wildlife Resources were:

(1) to establish broader-based sources of funding in anticipation of future reductions of hunting and fishing license revenues;

(2) to finance much-needed work with endangered, threatened and other nongame fish and wildlife species;

(3) to acquire wetlands, riparian zones and other critical areas for wildlife habitat and for public wildlife-related recreation; and,

(4) to establish a national wildlife refuge in Kentucky, both for the wildlife habitat it will provide and for the outdoor recreation and tourism it will furnish.

These recommendations were adopted by the subcommittee. Although the Department of Fish and Wildlife's proposal for the land at WKCC predates the Subcommittee's report, it meets both the spirit and intent of the recommendations.
Finally, and again paralleling the Subcommittee's recommendation that the Department of Fish and Wildlife establish broader-based sources of funding, there is an emerging national trend concerning the need for a changed mission for state fish and wildlife departments. States are beginning to acknowledge that the traditional mission for such departments, providing wildlife for hunters and fishermen to harvest, must be reconsidered. In most states, hunting and fishing license revenues have been decreasing, due to the declining number of persons who engage in these activities. In Kentucky, revenues from fishing and hunting licenses have remained stable; however, Lauren Schaaf, Wildlife Director of the Department of Fish and Wildlife Resources, has stated that Kentucky eventually "will have to confront demographic change" and face the inevitable reality of declining revenues from these funding sources. Departments of fish and wildlife will need new revenue sources and a broader political constituency. To that end, many states are now encouraging these departments to place a greater emphasis upon wildlife conservation, endangered species protection programs, and "ecotourism" - a concept whereby persons are encouraged to participate in nonconsumptive, wildlife-associated recreation (e.g., hiking, canoeing, photographing wildlife).

According to the proponents of these programs, there are several benefits. First, the U.S. Fish and Wildlife Service provides federal aid to state endangered-species programs. Second, there is broader public support for this type of mission than for the traditional function of state fish and wildlife agencies. Finally, by developing protected wildlife habitats, fish and wildlife agencies can complement their efforts with those of tourism agencies, many of which, too, are now developing and promoting the concept of ecotourism.
A Recycling Center

Efforts are currently underway to develop a multi-county recycling center in Lyon County. This effort was spurred by KRS 224.43-010 (4), which establishes a goal of reducing by 25% the amount of municipal solid waste disposed of at solid waste facilities by 1997.

The Division of Correctional Industries presented the idea of a recycling center to Lyon County officials in September 1992. The proposal, including modifications made by the Division of Solid Waste (Department of Natural Resources) and local officials, has five principle features. First, the Kentucky Recycling Brokerage Authority would develop markets for recycled goods. Second, the Division of Solid Waste would conduct a study to determine an effective supply of recyclable goods. Third, Corrections would provide the facility and manual labor needed for the operation of a recycling facility. Fourth, existing garbage haulers would be used to bring recyclable goods to the facility. Finally, participating counties would create an organizational structure to manage the facility and to provide the funds needed for start-up equipment. In regard to WKCC specifically, the abandoned cannery building and approximately two acres of land adjacent to the building would be needed.

As of February 1993, six counties have given their verbal commitment to this proposal: Lyon, Livingston, Marshall, Caldwell, Crittenden, and Trigg.

ALTERNATIVE PROPOSALS

An Industrial Park

Local officials of the Lyon County Planning and Zoning Commission have set forth a tentative proposal for the land at WKCC to be used as an industrial park. In the 1980s, however, Lyon County created a 146 acre industrial park.
Currently, the site is unutilized. It was designed primarily for small and medium-sized manufacturers; it has adequate electrical and water utility services, but at present lacks a natural gas line. Additionally, rail service is directly adjacent to the site.

Data provided by the Cabinet for Economic Development show that eight of the nine counties in the Pennyrile Area Development District also have underutilized industrial parks. The chart which follows identifies these sites.

**Table 4**

**Pennyrile Area Development District Industrial Parks**

<table>
<thead>
<tr>
<th>County/City</th>
<th>Site number</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caldwell</td>
<td>new site</td>
<td>183</td>
</tr>
<tr>
<td>Princeton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian</td>
<td>site 190</td>
<td>59</td>
</tr>
<tr>
<td>Hopkinsville</td>
<td>site 290</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>site 390</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>site 490</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>site 590</td>
<td>14.2</td>
</tr>
<tr>
<td>Crittenden</td>
<td>site 193</td>
<td>40</td>
</tr>
<tr>
<td>Marion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hopkins</td>
<td>site 192</td>
<td>38.5</td>
</tr>
<tr>
<td>Dawson Springs</td>
<td>site 192</td>
<td>110</td>
</tr>
<tr>
<td>Madisonville</td>
<td>site 292</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>site 392</td>
<td>33</td>
</tr>
<tr>
<td>Livingston</td>
<td>no sites</td>
<td></td>
</tr>
<tr>
<td>Lyon</td>
<td>no site number</td>
<td>147</td>
</tr>
<tr>
<td>Eddyville</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muhlenberg</td>
<td>site 188</td>
<td>15</td>
</tr>
<tr>
<td>Central City</td>
<td>site 188</td>
<td>95</td>
</tr>
<tr>
<td>Greenville</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Todd</td>
<td>site 193</td>
<td>6</td>
</tr>
<tr>
<td>Elkton</td>
<td>site 293</td>
<td>35</td>
</tr>
<tr>
<td>Guthrie</td>
<td>site 193</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>site 293</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>site 393</td>
<td>139</td>
</tr>
<tr>
<td>Trigg</td>
<td>site 189</td>
<td>89</td>
</tr>
<tr>
<td>Cadiz</td>
<td>site 389</td>
<td>18</td>
</tr>
</tbody>
</table>
The bulk of existing literature on industrial location decisions and strategies of local economic development argues that the rapid growth of industrial parks throughout the 1980s has created a situation in which the availability of such facilities vastly exceeds the demand for them. This situation of oversupply appears to exist in the Pennyrile Area Development District. Moreover, surveys of business executives who were asked to rate business location factors have shown that, on average, the most important factors that influence site selection are local industrial climate, labor productivity, transportation, and market proximity. Mamoru Yoshida’s analysis of Japanese direct investment in the United States - a study whose findings are considered by experts in the field of industrial location decisions to be generally applicable to manufacturing industries writ large - exemplifies these findings.

Table 5

| Relative Importance of Factors Influencing Location Decisions of Japanese Manufacturers |
|-----------------------------------------------|-------------------------------|-------------------------------|
|                                              | Total | Large Firms | Small Firms |
| Quality of labor                             | 3.40  | 3.64         | 2.83          |
| Proximity to markets                         | 3.10  | 3.14         | 3.0           |
| Labor unionization (lack of)                 | 3.10  | 3.43         | 2.33          |
| Cost of land                                 | 2.70  | 2.71         | 2.67          |
| Cost of labor                                | 2.60  | 2.57         | 2.67          |
| Quality of life                              | 2.50  | 2.64         | 2.17          |
| Special tax incentives                       | 2.40  | 2.57         | 2.0           |
| Proximity to suppliers                       | 2.35  | 2.64         | 1.67          |
| Proximity to educational and research institutions | 2.30  | 2.14         | 2.67          |
| Other state and local government incentives  | 1.95  | 2.07         | 1.67          |
| Proximity to a Japanese community            | 1.65  | 1.71         | 1.50          |
| Proximity to competitors                     | 1.55  | 1.57         | 1.50          |
| Total average rating                         | 2.47  | 2.57         | 2.22          |

Note: The average ratings are based on a four-point scale: 4 = very important, 3 = important, 2 = less important, and 1 = not important.

What is indicated by Yoshida's analysis and others of similar methodology is that given the abundance of industrial sites from which to choose, something other than vacant land with appropriate infrastructure is needed to attract business.

**A Regional Airport**

Given the amount of land available at WKCC, several Lyon county officials have suggested that the land would be appropriate for an airport facility. It is their contention that the Pennyville Area Development District as a whole lacks adequate airport services to meet either the actual or potential demand for air transport or air cargo services. Based upon the Kentucky Aviation System Plan 1989 (hereinafter "KASP89"), issued by the Kentucky Department of Transportation, however, such a proposal would stand in contradiction to the methods and suggestions made in their report.

First, KASP89 indicates that the Pennyville Area Development District - a nine-county regional district of which Lyon County is a member - is currently served by eight airports. These are presented below.
Table 6

Pennyrile Area Development District Airports

<table>
<thead>
<tr>
<th>County</th>
<th>Airport</th>
<th>Runway Length</th>
<th>Airport Category</th>
<th>Instrument Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caldwell</td>
<td>Princeton</td>
<td>3,000 ft</td>
<td>BU</td>
<td>No</td>
</tr>
<tr>
<td>Christian</td>
<td>Hopkinsville</td>
<td>5,000 ft</td>
<td>TC</td>
<td>Yes</td>
</tr>
<tr>
<td>Crittenden</td>
<td>Marion</td>
<td>2,000 ft</td>
<td>BU</td>
<td>No</td>
</tr>
<tr>
<td>Hopkins</td>
<td>Madisonville</td>
<td>5,000 ft</td>
<td>TC</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Tradewater</td>
<td>2,900 ft</td>
<td>BU</td>
<td>No</td>
</tr>
<tr>
<td>Muhlenberg</td>
<td>Muhlenberg</td>
<td>4,200 ft</td>
<td>GU</td>
<td>Yes</td>
</tr>
<tr>
<td>Todd</td>
<td>Standard Field</td>
<td>3,500 ft</td>
<td>BU</td>
<td>No</td>
</tr>
<tr>
<td>Trigg</td>
<td>Lake Barkley</td>
<td>4,800 ft</td>
<td>TC</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>State Park</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**Airport Category:**
- BU: designed for aircraft weighing less than 12,500 pounds and with wingspans of 49’ or less.
- GU: designed to serve small general aviation aircraft but will serve aircraft with greater wingspans, as well as turboprop and light business jet equipment.
- TC: designed to accommodate large aircraft and turbofan and turbojet airplanes with approach speeds of 121 knots or more.

**Instrument approach:** indicates that an airport has visual and electronic approach, landing and navigational aids.

Secondly, KASP89 argues that the demand for new BU and GU airports has weakened, due to a downturn in production of general aviation aircraft, especially single-engine airplanes. This downturn was caused by rapid price increases in product liability insurance, the overproduction of general aviation aircraft in the late 1970s, and the collapse of new aircraft sales, due to the availability of high-quality, used aircraft. The effect of this downturn on BU and GU airports is that they typically have not reached capacity utilization. There is therefore a reduced demand for additional airports in these categories.

Thirdly, KASP89 assesses the overall impact on Kentucky airports of airline deregulation, which began in the latter years of the Carter administration and has continued unabated. What the study found was that primary air carriers (e.g. Delta, United) placed greater emphasis upon "hub and spoke" routings - the usage of small, commuter carriers to feed a major airport
"hub." The effect on airports has been a lessened demand for large TC facilities. This effect is also found in the air cargo area.

Finally, in regard to KASP89's evaluation of future needs, the study adopted a demand-led model and found that the need for expanded capacity will largely be confined to the Louisville area (the study proposed a TC facility for Oldham County) and the Lexington area (the study proposed that new GU airports be considered for Scott County and Clark County). In regard to the Pennyrile ADD, KASP89 recommended an upgrading of three facilities and the development of a new BU facility in Crittenden County. These proposals are presented graphically below.

**Table 7**

**KASP89 Proposals**

<table>
<thead>
<tr>
<th>County</th>
<th>Airport</th>
<th>Existing Primary Runway Length</th>
<th>Proposed Primary Runway Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caldwell</td>
<td>Princeton</td>
<td>3,000 ft</td>
<td>4,600 ft</td>
</tr>
<tr>
<td>Christian</td>
<td>Hopkinsville</td>
<td>5,000 ft</td>
<td>5,000 ft</td>
</tr>
<tr>
<td>Crittenden</td>
<td>Marion</td>
<td>n/a</td>
<td>3,300 ft</td>
</tr>
<tr>
<td>Hopkins</td>
<td>Madisonville Tradewater</td>
<td>5,000 ft ft</td>
<td>5,500 ft ft</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,900 ft</td>
<td>2,900 ft</td>
</tr>
<tr>
<td>Muhlenberg</td>
<td>Muhlenberg</td>
<td>4,200 ft</td>
<td>4,400 ft</td>
</tr>
<tr>
<td>Todd</td>
<td>Standard Field</td>
<td>3,500 ft</td>
<td>same</td>
</tr>
<tr>
<td>Trigg</td>
<td>Lake Barkley State Park</td>
<td>4,800 ft ft</td>
<td>same</td>
</tr>
</tbody>
</table>

In regard to the proposal for Crittenden County, discussions with officials in the Department of Transportation revealed that this county was selected because of the relatively large number of aircraft registered in Crittenden, the existence of a standing airport board, and the availability of suitable land for a facility of this size.
Summary/Conclusion

If Corrections should decide to dispose of its land at WKCC, the data indicate that both standing proposals warrant serious consideration. First, by adopting the proposal set forth by the Department of Fish and Wildlife Resources, the area’s tourism industry would be better protected and tourism expenditures could reasonably be expected to increase, albeit modestly. Although this proposal would set aside the land for wildlife protection, this change would not mean that economic benefits would not accrue from this proposal. As argued succinctly by Australian Prime Minister Paul Keating,

For too long the myth that jobs and environmental protection are incompatible has tended to govern our thinking. Yet it is increasingly evident that economic sustainability is dependent upon environmental sustainability. Whether you are talking about tourism or our rural industries, we are all now conscious of the need to maintain our natural resource base to sustain them. In other cases, like waste management and recycling, the protection of the environment itself constitutes a booming industry” (Australian Business News, vol. 14, no.1, Jan. 22, 1993).

Current studies of ecotourism lack the needed data and comparative measures to support an assertion that large increases in tourism expenditures could be expected. However, given the region’s relative dependence upon tourism, this proposal gains additional significance, in that it serves to enhance the region’s attractiveness to tourists and sportspersons.

The proposal to establish a recycling center at WKCC also warrants serious consideration on several counts:

(1) the proposal addresses in an innovative manner a serious problem faced by the region - this being the need to reduce the amount of solid waste landfilled. KRS 224 sets forth as a goal a 25% reduction in the amount of solid waste landfilled. In addition, due to the economic and environmental pressures faced by counties in the area of waste disposal, if viable, cost-
efficient measures are not found to address this problem, counties may expect to face vastly increased costs of solid-waste disposal;

(2) it is consistent with KRS 224, in that it encourages citizens within participating counties to recycle waste materials;

(3) it is cost efficient, in that it will utilize an abandoned building at WKCC and inmate labor;

(4) it has the support of all interested parties - six counties, Corrections Industries, and the Corrections Cabinet;

(5) it does not compromise the security needs at WKCC;

(6) according to Corrections, the facility would provide a meaningful work experience for inmates;

(7) existing data indicate that the facility would not operate at a loss;

(8) if implemented, it would not detract from the Department of Fish and Wildlife Resources' proposal, in that the land required for the recycling facility is both small and physically removed from the principle area that would be utilized by the Department of Fish and Wildlife Resources.

Additionally, by retaining state ownership of this land, the state would avoid the costly prospect of having to purchase land in western Kentucky if land was needed at some future date for a large-scale development. Anecdotal evidence from Kentucky and other states suggests that when developers and private investors learn of a government's intent to purchase land for an economic development project, the value of the land tends to increase, thus inflating the costs paid by a government. Therefore, given the lack of ability to forecast accurately future land needs in this area, it would seem to be better to err on the side of caution by keeping the land within the state's domain than to dispose of the land prematurely by sale to private concerns.
Proposals which would utilize this land for an industrial site or a regional airport appear, at this time, to lack empirical support. In regard to an industrial park, given the current availability of sites within industrial parks, both in Lyon County and other counties in the Pennyrile Area Development District, there is not enough demand to justify an industrial park at WKCC. However, an extensive, pro-active assessment of the suitability of this land for an industrial site can be justified. Kentucky is in the middle of what has come to be known as "Japanese auto alley" - a colloquialism describing the preponderance of Japanese automobile plants that run roughly in a line from Michigan to Tennessee. Thus, given the amount of land available and its possible strategic location in relation to other Japanese automobile firms, its features do merit an extensive analysis. For example, an assessment of its underlying geologic features should be undertaken. Automobile plants that require heavy equipment (e.g., stamping presses) must be located on land adequately supported by extensive rock "shelves," for the simple reason that a building's foundation cannot support heavy machinery without it. If geologic surveys indicate that the land at WKCC has this required feature, such information could be used to market the site to manufacturers that require large tracts of land.

In regard to a regional airport, KASP89 does not indicate that there is a current or foreseeable need for additional BU, GU, or TC airport facilities in this region. Given the experiences of TC airport constructions in Denver, Colorado and Louisville, Kentucky, however, a supply-lead methodology used to assess the feasibility of additional airport facilities in the region could be undertaken to determine better the need for such facilities.
Chapter IV

Kentucky Statutes and Administrative Regulations Governing the Disposal of Surplus Materials, Equipment, Livestock, and Real Property

The sale of surplus state prison farm equipment, materials, and livestock, and the planned sale of state prison farm real property raises several problematic issues that center upon the processes used by the state to dispose of surplus property. Specifically, this chapter considers whether the Cabinet for Finance and Administration has adequate administrative regulations governing the disposal of surplus state property.

The need for administrative regulations

First, the Finance and Administration Cabinet is empowered by statute to dispose of surplus state property. The relevant statutes are:

KRS 56.463(3):
[The (Finance and Administration) cabinet shall have the power and duty]:
To sell or otherwise dispose of all property, including any interest in real property, of the state that is not needed or has become unsuitable for public use or would be more suitable consistent with the public interest for some other use as determined by the secretary of the finance and administration cabinet. All such sales or other disposition shall be made in accordance with KRS 45A.045.

KRS 45A.045(4):
The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of all property (including any interest in real property) of the state which is not needed, or has become unsuitable for public use, or would be more suitable to the public’s interest if used in another manner, as determined by the secretary of the Finance and Administration Cabinet. The determination of the secretary of the Finance and Administration Cabinet shall be set forth in an order, and shall be reached only after review of a written request by the agency
desiring to dispose of the property. This request shall describe the property and state the reasons why the agency believes the property should be disposed. All instruments required by law to be recorded which convey any interest in any such real property so disposed of shall be executed and signed by the secretary of the Finance and Administration Cabinet and approved by the Governor. Unless the secretary of the Finance and Administration Cabinet deems it in the best interest of the state to proceed otherwise, all such property (including any interests in real property) shall be sold either by invitation of sealed bids or by public auction. The selling price of any interest in real property shall not be less than the appraised value thereof as determined by the cabinet, or the Transportation Cabinet for such requirements of that cabinet. [emphasis added.]

KRS 45A.080 sets forth procedures for competitive sealed bidding. It addresses the award of state contracts, not the sale of property; however, some processes might be applicable to the sale of surplus property.

In regard to statutory requirements regarding the promulgation of administrative regulations, KRS 13A.100 states:

Subject to limitations in applicable statutes, any administrative body which is empowered to promulgate administrative regulations shall, by administrative regulation prescribe, consistent with applicable statutes: (1) Each statement of general applicability, policy, procedure, memorandum, or other form of action that implements; interprets; prescribes law or policy; describes the organization, procedure, or practice requirements of any administrative body; or affects private rights or procedures available to the public;

Put differently, the promulgation of an administrative regulation is required, unless: (1) a statute contains every requirement and procedure, including forms, types of sale, advertisement of sale, and other conditions, for the disposal of surplus property; and (2) the Cabinet is not required to establish any requirement, procedure, or form to implement its authority under the provisions of KRS Chapters 45A and 56. Note that when compared to the requirements of KRS 13A.100, the statutes governing the disposal of state surplus property by the Cabinet for Finance and Administration do not appear
to provide adequate detail for carrying out these reponsibilities. In regard to exemptions from the requirements to promulgate administrative regulations, KRS Chapters 45A and 56 do not exempt the Cabinet for Finance and Administration from KRS 13A.

Questions surrounding these issues were directed to W. Patrick Mulloy II, Secretary of the Cabinet for Finance and Administration. According to his letter in response (see Appendix D), it is the Cabinet's contention that specific administrative regulations setting forth the procedures with respect to the sale of surplus property are not needed, because "the procedures followed by the staff in the disposal of property are directed by statute," and that the procedures utilized, although not set forth in administrative regulations, are "institutionalized practices that had been followed in State Government for many years preceding enactment of the statutes." Furthermore, Secretary Mulloy states: "Based on contemporaneous interpretation of long standing, these statutes have always been considered sufficiently explicit to obviate the need for detailed administrative regulations on the subject."

Secretary Mulloy's letter continues by stating that in 1989 the Division of Purchases filed in the Cabinet's procedures manual a policy (BO-118-10-00, see Appendix E) relating to the disposition and acquisition of surplus personal property. This material was incorporated by reference to 200 KAR 5:020. However, 200 KAR 5:020 cites as its statutory authority KRS 45.360 (3), which was repealed by Acts 1990, chapter 496, § 67, effective July 13, 1990. Therefore, according to the requirements set forth in KRS 13A 120(2), the statutory authority given to this regulation (200 KAR 5:020) and all of the material incorporated by reference to this regulation is improper.

In addition, if an appropriate statutory provision is given to 200 KAR 5:020, this still would not correct the problem of BO-118-10-00 being incorporated by
reference in an improper manner, for 200 KAR 5:020 addresses solely the purchasing policies and procedures of the Cabinet for Finance and Administration, while B0-118-10-00 concerns the disposal of property. Thus the policy manual appears to be improperly filed. Therefore, the material incorporated by reference, which deals with the sale of state surplus property, appears to violate two sections of KRS 13A. These are:

KRS 13A.221(1): An administrative body shall divide the general subject matter of administrative regulations it promulgates into topics. A separate administrative regulation shall be promulgated for each topic. 
(2) An administrative body shall not incorporate all material relating to a general subject matter in one (1) administrative regulation. Material incorporated by reference shall be incorporated by reference in the administrative regulation governing the specific topic to which the material relates.

KRS 13A.224: No material shall be incorporated by reference unless: (1) The material incorporated by reference relates only to the specific subject matter governed by an administrative regulation.

**Advertising the sale of surplus property**

As mentioned earlier, the sale of surplus state prison farm equipment and livestock did not comply with the statutorily mandated provisions concerning the public advertisement of this type of sale. Specifically, KRS 424.130(c) states:

Excepting counties with a city of the first class, when an advertisement is for the purpose of informing the public and the advertisement is of a sale of property or is a notice of delinquent taxes, the advertisement shall be published once a week for three (3) successive weeks.

For example, the sale at WKCC, which took place on February 1, 1991, was advertised in the **Ashland Daily Independent** on January 27, 1991, the **Frankfort State Journal** on January 27, 1991, the **Owensboro Messenger**
Inquirer on January 28, 1991, the Paducah Sun on January 30, 1991, the Henderson Gleaner on January 29, 1991, and the Bowling Green Daily News on January 28, 1991. Advertisements which would thus be expected to attract the greatest number of interested parties - persons who live in western Kentucky - appeared in western Kentucky newspapers only once and were published less than two days from the date of public auction. This action appears to violate the provisions of KRS 424.130 concerning adequate standards for times and periods of publication. Secretary Mulloy acknowledges that staff failed to comply with this requirement, but that this error "was a result of a misunderstanding" and that "no repeat of this error is anticipated."

Nevertheless, the failure to promulgate administrative regulations and to follow statutory requirements in regard to adequate public notice resulted in a situation in which the money realized from the sale was, in all likelihood, less than what one could reasonably expect.

Finally, it should be noted that administrative regulations that would govern the sale of state-owned real property have not been promulgated.

In conclusion, based upon the materials and evidence at hand, it is recommended that the Cabinet for Finance and Administration promulgate administrative regulations governing the disposition of both real and personal state surplus property.
Chapter V
On the Process Used To Dispose of
State Prison Farm Property

Given the unforeseeable nature of future land-use demands on state prison farm properties, this section sets forth a recommended format to be used if and when the Department of Corrections should dispose of these properties.

The recommended decision-making format is subdivided into three sections - input, planning, and approval/oversight. In regard to input, the substantive content of this component concerns a need to assess accurately the environs of the counties in which state prison farms are located and the necessity of public involvement in determining what a county needs and how state prison farm land could be used to meet these needs. For the former, this study has provided an overview of the environs of state prison farm properties and the counties in which they are located. This study has found that of the five counties examined, all are essentially equal in terms of components inventoried (i.e., industrial parks, airports, recreational areas, green space, and the availability of suitable land for future business or residential development). The following chart helps to illustrate this point:
Table 8

State Prison Farms and Selected Land-Use Characteristics in Their Host Counties

<table>
<thead>
<tr>
<th></th>
<th>WKCC</th>
<th>RCC</th>
<th>BCC</th>
<th>NTC</th>
<th>KCIW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial park</td>
<td>Yes, unutilized</td>
<td>Yes, 90% utilization</td>
<td>Yes, In March 1993, hearings were held to consider a proposal to reduce the amount of land which is currently zoned for industrial use.</td>
<td>Yes, one fully utilized park: another 400-acre park recently developed</td>
<td>Yes, three parks with utilization rates of 95%, 75%, and 45%</td>
</tr>
<tr>
<td>Airport or Regional Airport</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Recreational area</td>
<td>yes</td>
<td>No there is a shortage of adequate, developed recreational areas. One county park was developed on land obtained from RCC in the 1970s. Corrections plans to lease 45 acres to the county for a recreational area.</td>
<td>yes</td>
<td>Yes, within Danville city limits. Local govt. is now searching for county land to develop as a park.</td>
<td>There are no parks in the county, one within city limits.</td>
</tr>
<tr>
<td>Green space</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Zoning restrictions</td>
<td>no</td>
<td>yes, AR 1*</td>
<td>yes, AR **</td>
<td>yes, AR 1*</td>
<td>yes, AR**</td>
</tr>
<tr>
<td>Business</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Residential</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Pending proposals</td>
<td>yes***</td>
<td>yes****</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Definitions

**Industrial park:** does there exist within the county land specifically set aside for industrial development?

**Airport or regional airport:** does there exist within the county an airport, or is the county adequately serviced by a regional airport?

**Zoning restrictions:** does the county have zoning restrictions which would affect the county's prison farm land?

**Green space:** does there exist within the county an adequate amount of undeveloped land which is available for public use?

**Parks:** does there exist within the county an adequate number of developed public parks?

**Residential:** does there exist within the county an adequate and acceptable amount of land for future residential development?

**Business:** does there exist within the county an adequate and acceptable amount of land which may be used for future retail development?

* AR 1: zoned for agricultural and single-family residential dwellings.

** AR: currently zoned for agricultural use. The land's immediate surroundings are currently zoned for single-family residential usage.

*** Proposals concern a wildlife preserve and a recycling center.

**** Proposal concerns a request for 45 acres to develop a soccer field.
There are differences, of course, in terms of degree. For example, while each of the five counties has public parks, some counties have more parks of a better quality than others. Thus, one recommendation is for both a qualitative and quantitative inventory/assessment of a county's or region's infrastructure once a decision has been made to dispose of state prison farm properties. Similarly, it should be noted that a county's inventory of adequate lands for residential and business development, industrial parks, recreational space, green space, access to airports, and other variables can be expected to change over time. Consequently, this type of inventory must be updated prior to determining an optimal use for state prison farm property. Finally, this study has demonstrated that the value of state prison farm properties is often understated when an assessment is made solely by quantitative measures. The case of WKCC illustrates this point.

A cursory assessment of WKCC might suggest that its acreage holds little value outside of agricultural usage. For example, a 1973 assessment conducted by the Kentucky Department of Revenue's General Property Tax Section determined that WKCC's land was assessed at $350/acre for the large section and $200/acre for the small section, for a total value of $783,000 - little different from surrounding farm land (see *Kentucky Corrections: The Case for Reform*, LRC Research Report #102, 1973). However, by looking closely at the property one can see that the land's unintended draw for migratory waterfowl has vastly increased its tangential value and potential usage in relation to the region's tourist attractions. Moreover, one could reasonably assume that such benefits have accrued to proximate lands and businesses. Finally, if the land had been sold to agricultural interests in the early 1960s without appropriate restrictions attached to the sale to protect migratory waterfowl, an important resource to the region might have been permanently

35
lost. For this reason, substantive public input - which includes state and local
government participation, involvement of a wide diversity of citizen groups, and
open public discussion - is needed to better determine the true value of a
property, both present and future, to a community, and its optimal, potential usage(s).

The second section concerns planning. The content of this section concerns two distinct types of decisions that will be required if and when Corrections should decide to dispose of prison farm property. The first concerns whether state prison farm land should remain under state or local government ownership; the second if it should be sold to private interests. In regard to the latter, the example of Corrections' disposal of farm machinery in 1991 suggests a need to change the process used by the Finance and Administration Cabinet when selling surplus property to private interests. In its failure to promulgate administrative regulations regarding the disposal of surplus goods and equipment, the Finance and Administration Cabinet appears to stand in contradiction to the statutory requirements set forth in KRS 13A. 100 (1), 45A.045, and 54.463.

The third component concerns implementation and oversight. If Corrections should decide to dispose of state prison farm properties by sale to private interests, it is recommended that extensive, continuous monitoring of the process should take place in order to avoid the possibility of a recurrence of the problems that were evidenced at WKCC in January-February 1991.
Appendix A

1992 House Concurrent Resolution 170
IN HOUSE

REGULAR SESSION 1992

HOUSE CONCURRENT RESOLUTION NO. 170

THURSDAY, MARCH 5, 1992

Representative Richard H. Lewis introduced the following concurrent resolution which was ordered to be printed.
A CONCURRENT RESOLUTION directing the Task Force on Economic Development to study and make recommendations concerning the utilization of the Commonwealth's prison farm properties.

WHEREAS, last year the Corrections Cabinet sold its cattle, canning equipment, and farm machinery in anticipation of selling its prison farm properties; and

WHEREAS, many of the cabinet's prison farm properties could be utilized by other state agencies or sold at auction for developmental purposes; and

WHEREAS, the Corrections Cabinet has decided to continue farming operations, on a limited basis, at its prison farms; and

WHEREAS, even though the cabinet has decided to continue its farming operations for now, a study should be performed to identify and evaluate alternative uses of the prison farm properties;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the Task Force on Economic Development shall identify and evaluate alternative uses of the Commonwealth's prison farm properties, and shall
make a final report that shall include recommendations
based on its findings.

Section 2. This report shall be submitted to the
Legislative Research Commission by October 1, 1993.

Section 3. Staff services to be utilized in
completing this study are estimated to cost $10,000. These
staff services shall be provided from the regular
commission budget and are subject to the limitations and
other research responsibilities of the commission.
Appendix B

Letter from Commissioner Jack Lewis,
Department of Corrections
Mr. John Buckner  
Legislative Research Commission  
Capitol Annex Building  
Frankfort, KY 40601  

Dear Mr. Buckner:  

The purpose of this letter is to inform you of the Department's intention to utilize the land at all of the prison farms. While the Department leased some of the land to local farmers in 1992, the Department plans to use all of the land in 1993 with one exception. I have agreed to lease approximately 45 acres behind a middle school to Oldham County Fiscal Court for use as a soccer field. The lease is for 25 years with a 60-day cancellation clause and the county is not required to make payment. It is my opinion that such endeavors strengthen the "good neighbor" relationship the Department has with the local community.  

I have attached a document which summarizes the Department's long-term plans for its farm program.  

If you require any additional information, please do not hesitate to contact me.  

Sincerely,  

Jack C. Lewis  
Commissioner  

JCL/cwm  

Attachment
Appendix C

Department of Fish and Wildlife Resources Proposal for Western Kentucky Correctional Complex Prison Farm Land
January 14, 1991

Secretary John T. Wigginton
Corrections Cabinet
Secretary’s Office
State Office Building
5th Floor
Frankfort, Kentucky  40601

Dear Secretary Wigginton:

   It is our understanding that the Corrections Cabinet is in the process of divesting itself of certain farmlands at several locations around the Commonwealth. These farmlands are associated with the North Point Facility in Mercer County, the LaGrange Facilities in Oldham County and the West Kentucky Correctional Facility in Lyon County.

   The Department of Fish and Wildlife Resources has an ongoing program involved in acquiring lands which are suitable for wildlife habitat and wildlife-related outdoor recreation. Since the above-named properties are well suited for such purposes, it is our intent to work with your’s and other appropriate agencies to have these properties transferred to us.

   We believe that such a transfer between sister agencies will provide mutual benefits. The Corrections Cabinet will benefit in knowing that it has "good neighbors" who will work with Corrections personnel to insure adequate security. The grounds around the facilities would be maintained to provide high quality wildlife habitat and provide visitors many opportunities to view wildlife, which will promote a positive public image of the area. Retaining state ownership would also make the possibility of any future expansion of your facilities less costly and certainly less complicated.
The Department envisions developing the properties as follows:

**West Kentucky Correctional Facility** -- This 2500 acre property is considered to be suitable as a high-quality waterfowl area and would be managed as such. Existing ponds and watercourses would be upgraded to provide year-round water management to maximize waterfowl use. This management would also tend to keep water off of existing roads which we understand is a current problem.

Croplands would continue to be farmed, primarily through lease arrangements with local farmers. A certain percentage of the crop would be left in the fields to provide food and cover for waterfowl and other wildlife.

Waterfowl viewing platforms will be constructed and pathways will be developed with interpretive signs to provide optimal wildlife experiences for visitors. Pasturelands will be developed as a prairie restoration project so that the public can appreciate what sections of Kentucky looked like before settlement.

This development would be listed as a project of the New Madrid Joint Venture of the North American Waterfowl Management Plan -- a cooperative effort of state and federal agencies and the private sector in the U.S. and Canada to restore continental waterfowl populations to historic levels.

**LaGrange Reformatory Lands** -- This property would be developed as open space in an area where development is destroying the rural aspect of the land, the quality which drew so many there in the first place. All fields would be enhanced for wildlife, primarily upland game species, deer and songbirds. Those fields adjacent to U.S. 42 are particularly suitable for mourning doves and small grains could be grown there to encourage them.

The area adjacent to the large lake would be developed to enhance fishing opportunities. In addition, our Fisheries Division will determine if the area would be suitable for facilities for the handicapped as we have done at the Game Farm lakes. Again, wildlife viewing areas with suitable interpretive signs will be developed to enhance the wildlife experience of the public.

**North Point Facility** -- This property is also ideal for upland game, doves and deer. The fields between the facility and the lake front look ideal for development of a mini-waterfowl refuge and such action would be very well received by the public.
While the above comments and plans are strictly conceptual in nature, they do provide you with a view of how these lands can be developed to meet the ever increasing needs of the public for additional lands for wildlife-related recreation.

The face of Kentucky's landscape has changed dramatically over the years and comparatively little land has been set aside to accommodate the needs of wildlife. Development of wildlife habitat on lands previously committed to other uses is the only option remaining if we are to provide for the needs of wildlife in some regions of the state. Thus it is difficult to adequately express the significance to Kentucky of the possibility of some of these lands being dedicated to the purposes of wildlife management. We look forward to continuing to work with you in these matters of mutual interest.

Sincerely,

Don R. McCormick
Commissioner

DRM:AB:dmj
copies: Mr. Ron Gentry, Secretary of Tourism
       Mr. L. Rogers Wells, Secretary of Finance and Administration
Appendix D

Letter from the Boyle County Planning and Zoning Commissioner
February 8, 1993

Legislative Research Commission
Mr. John Buckner
Room 433
State Capitol
Frankfort, KY 40601

RE: Northpoint Training Center property, Boyle County, Kentucky

Dear Mr. Buckner:

This letter is in response to your inquiry regarding appropriate land uses for the Northpoint Training Center.

During the 1987-1988 public hearing process for the development of the Boyle County Comprehensive Plan, it was the sentiment of the community that this property would be appropriate for a park/recreation area. The property has lake frontage and possibly could have access developed for a boat dock.

The frontage of the farm along Kentucky 33 is bounded by stone fences, which are recognized as a community asset, which should be preserved.

According to the Comprehensive Plan for Danville-Boyle County, commercial development is not appropriate for this property.

If I may be of further assistance, please contact me.

Sincerely,

JANET HAMNER
CHAIRPERSON

JH:drw