

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 1st Meeting of the 2019 Calendar

June 3, 2019

Call to Order and Roll Call

The 1st meeting of the Capital Planning Advisory Board was held on Monday, June 3, 2019, at 1:00 PM, in Room 169 of the Capitol Annex. Representative John Blanton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative John Blanton, Co-Chair; Representative Derek Lewis; Scott Brinkman, Charles Byers, John Chilton, Carole Henderson, John Hodgson, and Katie Shepherd. Senator Stan Humphries joined the meeting via teleconference.

Guests: Charles Grindle, Ph.D., Chief Information Officer, Commonwealth Office of Technology; Phil Richardson, Director, Cabinet for Health and Family Services; Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, and Troy Robinson, Executive Director, Office of Administrative Services, Finance and Administration Cabinet; Josh Benton and Mike Nemes, Deputy Cabinet Secretaries, Education and Workforce Development Cabinet; Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet; Charles Snavely, Secretary, Bruce Scott, Deputy Secretary, and Cori Troutman, Director of Financial Management, Energy and Environment Cabinet; Brigadier General Scott A. Campbell, Deputy Adjutant General, Department of Military Affairs; Mark Bowman, Executive Director, Office of Kentucky Veterans Centers, and Alvin Duncan, Cemeteries Branch Manager, Department of Veterans Affairs; Stacy Woodrum, Budget Director, Randy White, Deputy Commissioner of Adult Institutions, Department of Corrections, Derek Nesselrode, Chief Engineer, and Jamie Hellard, Major, Kentucky State Police, Justice and Public Safety Cabinet.

LRC Staff: Robert Jenkins, Julia Wang, and Jennifer Luttrell.

Approval of Minutes (September 18, 2018)

Due to the absence of a quorum, this item was tabled until the July meeting.

Welcome New Members

In January 2019, the Speaker of the House appointed two new members to the board: Representative John Blanton replaced Representative Daniel Elliott as the new co-chair,

and Representative Derek Lewis was appointed to replace Representative DJ Johnson. The new members were appointed to four-year terms.

Informational Items

Mr. Jenkins discussed two informational items: a document outlining the board's tentative meeting schedule and a list of state agencies not scheduled to testify during board meetings this year. Most of the agencies not scheduled to testify are boards and commissions that do not have capital projects in its agency plans or do not utilize state funding sources.

Presentation – Commonwealth Office of Technology (COT)

As part of the capital planning process, COT is responsible for the review and evaluation of information technology (IT) projects submitted in the agency capital plans. Dr. Charles Grindle, Chief Information Officer, COT, discussed the results of the review and presented the IT project recommendations.

The review process for IT capital projects began with an assessment of criteria from previous biennia. An eight member scoring committee team was formed consisting of representatives from the Finance and Administration Cabinet, Cabinet for Health and Family Services, Justice and Public Safety Cabinet, Education and Workforce Development Cabinet, Personnel Cabinet, and the Office of State Budget Director. The scoring committee team established a pairwise ranking system to determine each criterion's weighted importance. The results of that weighting exercise identified "Improved Quality of Life for Citizens" as the highest weighted of the "Business Value" criteria. Of the risk factor criteria, the committee chose to place emphasis on the "Sensitivity of Data." The evaluations were conducted using a software tool known as Decision Lens.

For the 2020-22 biennium, COT reviewed 22 IT projects. Three reports were generated based on the projects reviewed: All Funds Capital Information Technology Projects (22 projects valued at \$189 million), General Fund High-Value Information Technology Projects (eight projects valued at \$127 million), and the CIO's Additional Priority Projects (seven projects valued at \$35 million). The additional priority projects fell short mathematically of receiving a high-value designation, but are important and would enable the commonwealth to achieve its strategic IT goals. There were no questions from board members.

Consideration of Agency Plans

The Capital Planning Advisory Board received testimony regarding seven state agency capital plans: Cabinet for Health and Family Services, Finance and Administration Cabinet, Education and Workforce Development Cabinet, Transportation Cabinet, Energy and Environment Cabinet, Department of Military Affairs, Department of Veterans Affairs, and the Justice and Public Safety Cabinet. The testimony included discussion of

capital construction, information technology, and equipment needs for the period 2020-2026.

Cabinet for Health and Family Services

Phil Richardson, Director, Cabinet for Health and Family Services, presented the cabinet's 2020-26 capital plan and discussed the cabinet's top ten priorities. The following agencies within the cabinet submitted capital plans: the Department for Behavioral Health, Developmental, and Intellectual Disabilities; Department for Public Health; Department for Community Based Services; and General Administration and Program Support/Office of the Secretary.

In response to a question from Mr. Chilton, Mr. Richardson responded that the ten priorities discussed were in rank order.

In response to a question from Ms. Shepherd, Mr. Richardson said implementation of The Workers Information System (TWIST) Modernization project will depend upon the receipt of federal funds. The \$19 million project scope is comprised of \$9.5 million general funds and \$9.5 million federal funds. TWIST is used in the operation of the agency's adoption and foster care programs. The project will allow for upgrades to the system to comply with recently passed federal legislation.

Finance and Administration Cabinet

Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, Finance and Administration Cabinet, discussed the cabinet's top five capital needs. Agencies within the cabinet submitting capital plans included the Commonwealth Office of Technology and the Department for Facilities and Support Services.

Representative Blanton noted that the cabinet's capital plan included several infrastructure projects for the Capitol Building and the Capitol Annex. He asked if any of the projects will interfere with the daily operation of the buildings. Ms. Linton stated that the inconvenience would be more for the staff instead of visitors because staff may have to be relocated while renovations are underway. No renovations to the buildings would be completed while the General Assembly is in session.

Education and Workforce Development Cabinet

Josh Benton and Mike Nemes, Deputy Cabinet Secretaries of the Education and Workforce Development Cabinet, presented the cabinet's capital needs. In addition to the Office of the Secretary, one agency of the cabinet, the Kentucky Authority for Educational Television (KET), reported proposed projects for the 2020-26 capital planning period.

Since the submission of the last agency capital plan, cabinet leadership proceeded to surplus and sell six cabinet-owned properties. In response to a question from Representative Blanton regarding the sale of these properties, Mr. Benton said the proceeds

will be used to help pay down the debt associated with a \$4 million loan from the Office of State Budget Director to the Department of Workforce Investment. Other cabinet-owned surplus properties will be sold as well to help reduce debt associated with the loan.

Transportation Cabinet

Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet, discussed the cabinet's capital needs. In addition to the Secretary's Office, the Department of Aviation and the Department of Highways reported proposed capital projects. There were no questions from board members.

Energy and Environment Cabinet

Charles Snavelly, Secretary, Bruce Scott, Deputy Secretary, and Cori Troutman, Director of Financial Management, Energy and Environment Cabinet, discussed the cabinet's needs. In addition to the Office of the Secretary, the Department for Environmental Protection and the Department for Natural Resources reported proposed capital projects for the six-year period.

In response to a question from Representative Blanton, Mr. Scott said the cabinet recoups the cost of remediating Super Fund sites from the companies responsible for causing the toxic spill. He added that most of the occurrences were over 50 years ago, and some of the companies are no longer in existence.

Department of Military Affairs

Brigadier General Scott A. Campbell, Deputy Adjutant General, Department of Military Affairs (DMA), discussed the department's capital needs. This plan addresses all known and anticipated needs of the Kentucky National Guard and the quasi-commercial facilities operated by DMA for the next three biennia. There were no questions from board members.

Department of Veterans Affairs

Mark Bowman, Executive Director, Office of Kentucky Veterans Centers, and Alvin Duncan, Cemeteries Branch Manager, Department of Veterans Affairs, discussed the department's capital needs, which focuses on the aging veterans centers and cemeteries.

In response to a question from Representative Blanton, Mr. Bowman replied that the veterans centers not being considered for conversion to the community living concept include the Eastern Kentucky Veterans Center and the Radcliff Veterans Center.

Justice and Public Safety Cabinet

Stacy Woodrum, Budget Director, Randy White, Deputy Commissioner of Adult Institutions, Department of Corrections, Derek Nesselrode, Chief Engineer, and Jamie Hellard, Major, Operational Support Team, Kentucky State Police, Justice and Public

Safety Cabinet, presented the cabinet's top 10 capital needs, which focused on the aging correctional facilities and police posts.

In response to a question from Mr. Chilton, Mr. White replied that the cabinet uses inmate labor for its projects in accordance with OSHA standards.

In response to a question from Representative Blanton, Mr. Hellard said most Kentucky State Police posts, including the one in Harlan, are at least 50 years old.

In response to a question from Mr. Chilton, Mr. Nesselrode responded that the Kentucky State Police Upgrade Emergency Radio System project should be completed on schedule. Phase one of the project was authorized in the 2018-20 Executive Budget (\$35 million bond funds) and is currently in the planning phase. Phase one work will provide core components to deploy the network and will include end-user radios for troopers, dispatch consoles for Kentucky State Police posts, radio system infrastructure equipment, and system control hardware and software.

In response to a question from Mr. Brinkman, Ms. Woodrum replied that the Justice Cabinet plans to purchase two new helicopters for the Kentucky State Police at a cost of \$8 million (agency priority #9).

Other Business

Representative Blanton said the board will convene its next meeting on July 8, 2019, in Room 169 Capitol Annex at 2:00 p.m.

Adjournment

There being no further business, the meeting was adjourned at 2:21 p.m.