

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

January 18, 2022

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee was held on Tuesday, January 18, 2022, at 2:00 PM, in Room 169 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Chris Freeland, Co-Chair; Representatives Joni L. Jenkins, Jason Petrie, and Walker Thomas.

Guests: Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Phil Richardson, Division Director, Division of Facilities Management, Office of Administrative Services, Cabinet for Health and Family Services; Christina Stewart, Administrative Branch Manager, Office of Vital Statistics, Division of Epidemiology and Health Planning, Department for Public Health, Cabinet for Health and Family Services; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Korey Sallee, Committee Analyst; and Elizabeth Hardy, Committee Assistant.

Welcome of New Member

Representative Freeland welcomed Leader Joni Jenkins to the committee.

Approval of Minutes

Representative Freeland moved to approve the December 15, 2021 meeting minutes. Representative Thomas seconded the motion and the committee approved without objection.

Information Items

Ms. Halloran referenced four information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts, the Finance and Administration Cabinet, with the Commonwealth Office of Technology reporting independently, and postsecondary institutions managing their own capital construction under KRS 164A.580, transmitted quarterly capital project status reports. Pursuant to KRS 45.765, the University of Kentucky reported federally funded research equipment purchases for its Mass Spectrometry Service Center, Robotics Center, and various

engineering departments. The University of Louisville reported use of grant awards for the Brown Cancer Center and Dental School equipment purchases. Pursuant to KRS 45.812, through their fiscal agents; the Kentucky Interlocal School Transportation Association reported its annual Equipment Lease Certificates of Participation debt issuance, \$11.665 million on behalf of 28 school districts to finance 97 school buses, and the Montgomery County School District, which did not need an additional tax levy to pay debt service, reported a projected \$2.2 million debt issuance to finance improvements at Mount Sterling Elementary. The School Facilities Construction Commission reported previous school district debt issues with SFCC debt service participation.

In response to Representative Thomas, Ms. Halloran said that SFCC funding could not be used for equipment purchases. [SFCC funding can be used only for fixed components of District Facilities Plan Priority 1 through 2 projects.]

Project Report from the Finance and Administration Cabinet

Ms. Tomes submitted a fifteen percent appropriation increase and reported a research equipment purchase and two Fees-in-Lieu-of Stream Mitigation Projects Pool allocations.

The \$750,000, fifteen percent, appropriation increase from \$5 million to \$5.75 million for the Cabinet for Health and Family Services, Department for Public Health, Scan and Image Historical Records project was due to an unanticipated pricing increase for the scanning of documents, allowing time for CHFS staff to process the metadata into a document management system, and the development of a web application for Department for Public Health staff to access the scanned images.

In response to Senator Girdler, Ms. Stewart said that CHFS's Office of Administrative Technology Services's costs have increased due to the scale of the scanning and imaging. OATS has to collect metadata from different software systems; the mainframe, SQL Server containing various databases, and Excel. OATS then has to organize and store the data before transmitting it to Iron Mountain, the project's contractor. Iron Mountain receives the scanned images and corresponding metadata, which are loaded into the Vital Statistics databases. OATS then has to develop and maintain the web applications for DPH staff to search for and print certificates from the scanned images.

Leader Jenkins moved to approve the appropriation increase, Senator Girdler seconded the motion, and the committee approved by unanimous roll call vote.

DPH purchased a \$253,800 microbial identification system using Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases

federal funds. The system will allow unbiased identification of microorganisms within a few minutes down to the species level.

The Tourism, Arts and Heritage Cabinet, Department for Fish and Wildlife Resources executed two Fees-in-Lieu-of Stream Mitigation Projects Pool allocations for projects authorized by the U.S. Army Corps of Engineers and at the start of the acquisition and survey phase. The projects are as follows: Horse Mill (Morgan County), \$5.377 million to restore and protect over 24,000 linear feet of Horse Mill Branch and other headwater tributaries as well as approximately five acres of wetlands in the Middle Fork Elk Fork watershed and Middle Creek I (Boone County), \$4.135 million to restore and protect over 19,000 linear feet of Middle Creek and some tributaries in the Northern Kentucky Service Area. Ms. Tomes explained that there were three separate projects for Middle Creek because there were three separate properties, with separate owners and permits.

Office of Financial Management

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator Girdler moved to roll the four debt issues with SFCC participation into one roll call vote, Representative Thomas seconded the motion, and the committee approved without objection.

Mr. Barrow submitted four debt issues with SFCC participation, all for new projects. The Leslie County, Montgomery County, Powell County, and Trimble County school districts, none of which needed an additional levy for debt service, planned debt issues totaling \$38.4 million, around ninety percent with local funding and about ten percent with SFCC debt service participation.

In response to Representative Thomas, Mr. Barrow said that the KISTA transaction for financing buses is scheduled for around March. Senator Girdler referenced the property and casualty insurance carried by school districts, which could be used for vehicle replacement.

Senator Girdler moved to approve the four debt issues with SFCC participation, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Representative Freeland announced the 11:00 AM. February 15 meeting. With there being no further business, the meeting adjourned at 2:17 PM.