

## Capital Projects Overview

- Total bonds recommended for capital construction activities are \$622,521,000, including \$272,521,000 for state construction and information technology investments as well as a \$350 million economic development road bond issue.
- New bond authorizations included in the recommendation have been kept to a very moderate level consistent with the Commonwealth's revenue and budget environment. Even compared with the Executive Budget recommended one year ago, this plan is lean -- reflecting a policy emphasis on other immediate budget priorities such as Medicaid, public employee health insurance, criminal justice/corrections, and school and public employee compensation.
- Individual project construction costs are estimated to be 10 percent higher than they were when the General Assembly considered them in 2004. The cost of construction materials -- especially, but not exclusively steel -- has risen substantially.
- The Road Bond issue will enable the Commonwealth to move forward with highway projects authorized in the Six Year Highway Plan and maintain an active maintenance program -- necessary for economic development, which relies heavily on a good transportation system; and our families, who rely on safe roads as they travel to work and school.
- There are five basic priorities for capital investment. Here are the highlights of many of the projects:

### 1. Maintenance and Repair of Existing Physical Plant and Investment

- \$26.7 million in bonds for the **Kentucky Emergency Warning System replacement project**, which will replace an outdated Emergency Warning System for the Commonwealth relied upon by law enforcement, emergency response, Kentucky Educational Television and local officials in the event of impending or actual disaster.
- \$15 million for a **capital renewal and maintenance bond pool for Postsecondary Education**, which will address maintenance and repair priorities on public campuses statewide. A matching requirement will increase the amount of funds available to address these needs at postsecondary education institutions.
- \$2.3 million in a deferred maintenance pool for **armories** that are under the jurisdiction of the Department of Military Affairs to address the backlog of roof replacement, HVAC replacement/upgrade and other major maintenance projects at Kentucky National Guardsmen armories.

## 2. Information Technology Infrastructure Modernization

- \$5 million for the **Offender Management System for the Department of Corrections**, which is needed to help track and record essential data about the state's felon population;
- \$4.5 million for the **Unified Criminal Justice System E-WARRANT** initiative to improve prosecutorial, law enforcement and judicial functions;
- \$5 million for the next phase system upgrade for the **Kentucky All Schedule Prescription Electronic Report (KASPER)** controlled substances/pharmaceuticals tracking system;
- \$2.2 million for **The Workers Information System (TWIST)** for caseworkers in the Cabinet for Health and Family Services;
- \$25 million for to replace the **state personnel and payroll system**, a system that has been obsolete for well over a decade;
- \$11.5 million in bonds for the **Management Administration Reporting System (MARS)** upgrade, which is the state's administrative software system for financial accounting and reporting; and
- \$2.04 million for the **Child Support Enforcement** system upgrade.

## 3. Economic Development and Employment Generation Opportunities

- \$7.5 million in bonds to support construction of the **Warren County Technology Center** for the Kentucky Community and Technical College System (KCTCS) -- an essential state funded component of the Magna economic development project. That project will bring more than 1,000 jobs to the Bowling Green/Warren County area.
- \$12,020,000 in agency bonds for **Bluegrass Station** in Fayette County to support the construction of a helicopter rebuilding and repair operation, which will employ more than 300 citizens in quality jobs.
- \$15 million in an **Economic Development, Commercialization and Innovation Bond Pool** for job creation and economic opportunity investments, including infrastructure support and high-tech investment and construction activities.
- \$22.6 million for the **Commercialization and Innovation High-Tech Investment/Construction Pool** to continue Kentucky's commitment to job creation and preservation both in traditional and emerging areas of the economy.

- \$17 million in a bond issue for agricultural loans for the **Kentucky Agricultural Finance Corporation**.

#### 4. **Attracting and Maximizing Federal Funding Opportunities**

- \$2.6 million to the **Kentucky Infrastructure Authority Drinking Water Revolving Loan** program project and a \$2.2 million **Federally Assisted Wastewater Program** under the Kentucky Infrastructure Authority. In combination, these funds will attract \$24 million in federal support for water and sewer projects statewide.
- \$3 million from coal severance funds for the **Flood Control** Matching Program in coal counties that is needed to match federal Corps of Engineers and/or Personal Responsibility in a Desirable Environment (PRIDE) funds.
- Other information technology projects, such as a \$2.5 million radio replacement project for the **Department of Emergency Management** in the Department of Military Affairs, which is recommended for a Homeland Security grant.

#### 5. **Fully Funding Local School Construction Bonds (Previously Authorized)**

- Necessary debt service support to fund the Offers of Assistance, Urgent Need and Category 5 programs previously authorized. This funding moves the local school construction and renovation projects from the planning stage to the construction stage of development.

Among the largest individual allocations is debt service support for local school construction which was previously authorized, but not fully funded by the General Assembly. The School Facilities Construction Commission (SFCC), which aids local school districts in new construction and renovation projects, received \$104.6 million in new bonds from the 2003 General Assembly to support statewide offers of assistance to local school districts.

In addition, two new bond programs under the auspices of the SFCC were authorized – an Urgent Need School Trust Fund (\$55,284,000) and a similarly sized major program entitled Category 5 Buildings, which was predominantly for coal-producing counties, and also targeted schools of the most urgent need as defined by the School Building Assessment program administered by the Department of Education.