

**TITLE:** Proposed Raze and Replace Asset Preservation Pool Project:  
Southeast KY Community and Technical College, Whitesburg Campus  
Pedestrian Bridge

**DESCRIPTION:** CPE staff will present for Committee review KCTCS's request to use funds from the 2024-26 Asset Preservation Pool to raze and replace a pedestrian bridge on the Southeast KY Community and Technical College's Whitesburg Campus. If approved, it would go before the full Council for final approval at the September 16, 2024, meeting.

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### **SUPPORTING INFORMATION**

KCTCS is requesting approval for a capital project to use funds from the 2024-26 Asset Preservation Pool to demolish and reconstruct a pedestrian bridge at the Southeast KY Community and Technical College (SEKY CTC), Whitesburg Campus. The total scope of the proposed project is \$1,395,000. If CPE approves the project and deems it eligible to receive funds from the 2024-26 Asset Preservation Pool, KCTCS will begin design work immediately (see letter from KCTCS in Attachment A).

The proposed raze and replace project was previously approved by the Council as part of the 2024-26 biennial budget request with a general fund or state bonds fund source. The project was titled, "Replace Whitesburg Bridge-Southeast KY CTC," and had a scope of \$1,800,000.

The pedestrian bridge that is proposed to be razed and replaced is currently closed due to structural issues. The bridge provides students direct access to the Belinda Mason Building and the Allied Health Building, both eligible education and general facilities. Currently, students going from one building to the other must walk or drive to another bridge to cross the creek that separates them.

Brown and Kubican completed a study on January 9, 2020, providing renovation cost estimates and demolition and reconstruction cost estimates for the SEKY CTC, Whitesburg Campus pedestrian bridge. The estimated cost to renovate was \$602,319. The estimated cost to raze and replace was \$609,453 (See Attachment B). As such, a comparison of the study's renovation and raze and replace cost estimates satisfies the 115% requirement specified in the eligibility criteria of the *2024-26 Asset Preservation Guidelines*.

It is important to recognize the significant difference between the study's cost estimates (e.g., \$609,453) and the total project scope (i.e., \$1,395,000) being requested by the institution. KCTCS officials have stated the cost difference is due to a dramatic increase in the cost of steel since the study was conducted in 2020. Campus officials believe this project is an urgent need but have also agreed to conduct an updated study should the Council choose not to approve the project due to the date of the Brown and Kubican study.

## **ASSET PRESERVATION POOL GUIDELINES**

In 2024-2026, the General Assembly made a major investment in the renovation and renewal of existing postsecondary education facilities. The enacted *2024-2026 Budget of the Commonwealth* (24 RS, HB 6; SB 91) authorized \$563.0 million in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool to provide funding “for individual asset preservation, renovation, and maintenance projects at Kentucky’s public postsecondary institutions in Education, General, and state-owned and operated residential housing facilities, for fixed asset pedestrian and student parking areas, and for the razing of university-owned buildings.”

In the 2024-26 biennium, the General Assembly included language in the budget bill authorizing capital projects, as defined in KRS 45.750(1)(f), funded from the Asset Preservation Pools. Per KRS 164.020(11)(a), CPE is also required to “review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions.” Furthermore, CPE, in collaboration with the Office of the State Budget Director, certifies that individual projects are eligible for Asset Preservation Pool funds. As such, on June 21, 2024, the Council approved the *2024-26 Asset Preservation Pool Guidelines* (the Guidelines), which specifies the criteria institutions’ capital projects must meet in order to be eligible for funding from the Asset Preservation Pools. At the same meeting, the Council delegated authority to CPE staff to review and approve capital projects submitted for Asset Preservation Pool funds to expedite the reimbursement process.

The *2024-26 Asset Preservation Pool Guidelines* include an exception to the Council’s delegation of authority to CPE staff for project review and approval. The Guidelines allow Asset Preservation Pool funds to be used for the demolition and reconstruction of a facility if the estimated cost to raze and replace does not exceed 115% of the estimated cost to renovate the facility and is certified in writing by an independent third-party industry professional. CPE staff is required to bring raze and replace requests to the Finance Committee and full Council, along with the certified cost estimates, for review and approval. Excerpts of relevant language from the guidelines are provided below:

- Projects that preserve, renovate, or renew pedestrian and student parking areas, or raze university-owned buildings are eligible to receive funds from the Asset Preservation Pool.

- For the purposes of these guidelines, “facilities” includes buildings, building systems, and campus infrastructure, such as roads, walkways, electrical grids, steam tunnels, and water chiller plants, that support current and ongoing use of eligible facilities.
- Generally, new construction and expansion projects are not eligible to receive funds from the Asset Preservation Pool. However, under certain limited circumstances, as described below, use of asset preservation funds to finance new construction or expansion may be permissible.
- If it would be more cost effective to raze and replace rather than renovate an existing facility, then asset preservation funds may be used for demolition and reconstruction. For such a project to be considered cost effective, the cost to raze and replace may not exceed 115% of the cost required to renovate a facility. The cost of each option must be certified in writing by an independent third-party industry professional.
- It is anticipated that requests to raze and replace rather than renovate an existing facility will be infrequent occurrences. For this reason, CPE staff will bring such requests along with certified cost estimates from independent third-party industry professionals to the Finance Committee and full Council for review and approval.

## **RECOMMENDATION**

KCTCS’s request to raze and replace a pedestrian bridge at the Southeast KY Community and Technical College, Whitesburg Campus complies with the eligibility criteria contained in the Council’s guidelines; however, the Guidelines do not specify an acceptable period of time between when the third-party industry professional’s study is conducted and when the institution requests access to Asset Preservation Pool funds for the project. Additionally, the guidelines do not specify how to proceed when a study’s cost estimates differ from the amount of Asset Preservation Pool funds required to fund the project. As such, CPE staff defers to the judgement of the Council with regard to the eligibility and approval of the Southeast KY Community and Technical College, Whitesburg Campus Pedestrian Bridge raze and replace project.