

Building Projects

I. Policy

- a. Work with program advisory groups and the county extension council to create a widely supported desire and a need for a facility or expansion of current facility. The county extension council will then meet with the extension district board to express the desire of the extension leaders. At this time the whole process is in the early planning stages and is not bound by any fiscal constraints. Now is the time to dream!
- b. The extension district board listens to the county extension council representative and within a reasonable time frame gives the council the approval to explore this capital construction process further or makes a decision not to proceed further at this time. If the board halts the capital construction process at this time they should provide to the full council the specifics of why the project cannot proceed.
- c. If the board gives approval to the council to continue with the capital construction project, the council chairman should appoint a “Capital Construction Committee”. This committee will gather information pertinent to this project and bring back to the full council the information they have gathered.
- d. The full county extension council will review the information from the Capital Construction Committee and will determine a plan to recommend to the extension district board.
- e. Upon receiving the recommendation from the county extension council the board will begin the process by first determining the most feasible construction and funding process. (Competitive sealed bids, or Design and build).
- f. With either the building processes the board will then need to advertise for services in the local newspapers and other media outlets to insure that the best available service is aware of this and submits a proposal for services. The board will then pick a date and all proposals will be reviewed. The board can at that time award a contract or postpone the decision till a later date. Only the chairman of the extension district board must be present to open bids and present them. This must be done in an open meeting where all interested people can attend.
- g. Once an architect or a company that will design and build is selected, they will meet with the district board and the capital construction committee to gather full information about this construction project. They will then proceed to develop plans for these people to review and make recommended changes. Also at some point in these initial meetings the agency contracted with should provide the board an estimation of project cost.
- h. The extension district board with estimated project costs will then determine the best funding process (bonds, leasing, short term borrowing). All of these funding decisions requires a debt notification to the State Local Debt Officer in the Governor’s Office of Local Development. These applications can be

obtained from DLG - <http://dlg.ky.gov/finance/CitiesandSpecialDistricts>

A. Bonds – No bonds or obligations may be issued by or on behalf of any special district without first notifying the State Local Debt Officer in writing. Bond notification must contain the following:

- I. Completed Bond Form
- II. Amortization schedule with all principal payments made throughout the life of the bond
- III. Any other information necessary to complete the file

B. Leases – No lease may be entered into without first notifying the State Local Debt Office in writing if the lease price exceeds \$100,000 per [KRS 65.944](#). No district shall enter into a lease agreement without the approval of the State Local Debt Officer. Notification using the Lease Summary form must include the terms of the lease and include the following:

- I. Completed Lease Summary Form
- II. Amortization schedule with all principal payments made throughout the life of the lease
- III. Any other information necessary to complete the file

C. Short-term Borrowing Act – The short term borrowing act ([KRS 65.7701 to KRS 65.7721](#)), governs short-term loans to special districts. This act requires short-term loans to be paid off within the same fiscal year (July 1- June 30) as borrowed. Notification to the State Local Debt Officer must occur prior to the loan being finalized and must include all [KRS 65.7719](#) required terms. The Notification of Intent to Borrow form is to be used to notify the State Local Debt Officer of short-term borrowing.

9. Public Hearing – The Department for Local Government requires a public hearing for all leases exceeding \$500,000 before they will approve the lease. The process for conducting a hearing shall follow the DLG prescribed format.