

## KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

**Topic:** Estill County School District Request for Site Acquisition Approval that Exceeds 10% of the Maximum Budget per 702 KAR 4:050

**Date:** October 2019

**Action Requested:**  Review  Action/Consent  Action/Discussion

**Held In:**  Full Board  Curriculum, Instruction and Assessment  
 Finance  Operations Management

### SUMMARY OF ISSUE BEFORE THE BOARD:

To consider and take action on a request from the Estill County School District to approve a site acquisition that exceeds 10% of the maximum budget for a district construction project. Pursuant to 702 KAR 4:050, site acquisitions that exceed 10% of the maximum project budget require approval from the Kentucky Board of Education (KBE).

### COMMISSIONER'S RECOMMENDATION:

The Commissioner recommends that the KBE approve the site acquisition for a proposed bus garage and future development in Estill County.

### APPLICABLE STATUTE OR REGULATION:

KRS 156.160, 162.060, and 702 KAR 4:050

### BACKGROUND:

#### *Existing Policy:*

Estill County School District, on its current District Facility Plan (DFP) approved by the KBE in June 2019, notes in Priority 4.1 (management support areas-construction, acquisition or renovation of central offices, bus garages or central stores.) the construction of a new central bus garage. Estill County proposes to acquire 120 acres to construct the new bus garage as well as a future middle school building.

#### *Summary of Issue:*

Estill County School District identified a site suitable for the construction of a central bus garage, as well as future school construction. The proposed site contains approximately 120 acres. The issue with the proposed site is that the cost of the property and site development exceeds 10% of the total estimated project cost of the bus garage.

Additionally, the district demolished its previous bus garage to provide the site for a new vocational education center. The board considered two other sites for the bus garage; however, both were considerably smaller. The first site was determined to be undevelopable due to multiple factors. The second site was removed from consideration after the asking price was

doubled following KDE's tentative approval. Furthermore, the board desires to purchase a site that will allow for the construction of a future middle school (not on the current DFP) and an athletic complex. The site, that meets the desired criteria, is located directly across the highway from the existing middle and high schools. The property's purchase price of \$225,000 is below its appraised value of \$245,000.

Because the site is located near a landfill where the illegal dumping of hazardous substances occurred, the district conducted a Phase I Environmental Site Assessment (ESA) and the landfill was considered to represent a controlled recognized environmental condition (CREC) for which a Phase II ESA was not recommended. A CREC is a recognized environment condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority, with the hazardous substances allowed to remain in place subject to the implementation of required controls. In the case at hand, the subject landfill is under a consent decree for remediation with the Energy and Environment Cabinet's Solid Waste Branch.

Site Acquisition Cost (not including above normal footing costs): \$225,000.00

BG-1 Estimate of Total Project Cost \$1,957,471.00

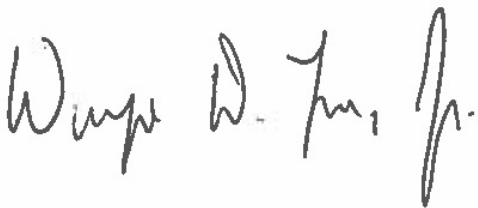
Site Acquisition & Site Development Cost / Total Project Cost = 11.5%

*Budget Impact:*

Approval of the site acquisition has no budget impact to the Kentucky Department of Education. The impact to Estill County School District's budget is displayed above.

**CONTACT PERSON(S):**

Robin Fields Kinney, Associate Commissioner  
Office of Finance and Operations  
[Robin.Kinney@education.ky.gov](mailto:Robin.Kinney@education.ky.gov)  
(502) 564-1976



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**Commissioner of Education**

Category: <input type="checkbox"/> District Innovation	<input type="checkbox"/> Strengthening Educators	<input checked="" type="checkbox"/> Family/Community Involvement	
<input type="checkbox"/> Student/Family Supports	<input type="checkbox"/> Student Interventions	<input type="checkbox"/> Coursework Completion	<input type="checkbox"/> Accountability Reporting