



AIA
Kansas

TO: Appropriations
FROM: Terry Humphrey, Executive Director
American Institute of Architects in Kansas
RE: Opposing HB 2703
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The American Institute of Architects

AIA Kansas
700 SW Jackson Suite 209
Topeka KS 66603

T (785) 357 5308
M (785) 221 8215

www.aiaks.org

Chairman Ryckman and members of the Appropriations Committee, I am writing on behalf of AIA Kansas, a state chapter of the American Institute of Architects, regarding House Bill 2703. We have concerns about this bill, which appears to have added language to the existing statutes governing the Kansas Development Finance Authority (KDFA) in response to recent public-private partnership initiatives, but which will have much broader and adverse impacts on capital improvement projects in the State of Kansas.

As currently written, this bill appears to limit the ability of any state agency to move forward on any project, at any time, for any construction cost, and with any type of funding supporting it, unless it has specific legislative approval. Article 5, of section 1(b) would appear to restrict the ability of state agencies to do projects that are currently authorized and governed by other statutes and processes. We believe this would be detrimental to the State's interests by subjecting many projects that have no need for that level of added scrutiny to processes that will be inefficient and hence more costly than necessary to protect the State's interests. These inefficient review and approval processes could delay projects by an entire year or more, with corresponding increases in cost due to inflation. They could also jeopardize projects that require a more efficient and timely implementation, resulting in lost opportunities with private industry and research partners.

Existing processes and procedures already provide necessary limitations on capital improvement projects, particularly projects which are funded by the State of Kansas. Small capital improvement projects, defined by statute as those under \$1 million, would be unnecessarily delayed if specific approvals were required for each by the State Building Advisory Commission (SBAC), the Joint Committee on State Building Construction (JCSBC) and/or the State Finance Council (SFC). Those projects are already governed by processes and oversight provided by the Department of Administration for all state-funded projects, and by the provisions of KSA 76-7,125 et seq for Kansas Board of Regents projects that are non-state funded. Large capital improvement projects, defined as those exceeding \$1 million, are already required to be approved by the JCSBC, and are governed by the procedures established by the Department of Administration.

AIA Kansas supports the need for appropriate legislation that establishes the parameters and the public entities that are required to successfully implement public-private partnership (PPP, or P3) projects, but recommends that those provisions be enacted by a bill that specifically addresses the unique needs and criteria that should guide a responsible P3 process, not by provisions that are added in a piecemeal manner to existing statutes. Common parameters should be established for all state agencies who propose to implement a P3

project, while recognizing the differing needs of diverse public entities, and how various funding models could result in slightly different procedures. Projects that propose to rely upon state funding or debt obligations could be subject to different procedures than projects that will be funded with private or non-state funding, fees or tax revenues, while still protecting the State's interests.

AIA Kansas recommends that a task force be established to study successful legislative models and to draft a new stand-alone bill that focuses on the P3 process, with task force members drawn from the legislature, state agencies and private companies who will be key stakeholders in developing and implementing successful processes and outcomes. A well-crafted bill could be developed this summer and fall for consideration and action by the 2017 legislature. P3 processes involve complex planning and design considerations, and require best-practice procedures that have been thoughtfully developed by qualified professionals with expertise in procurement, finance, law, planning, design and construction in order to achieve successful public projects.

The American Institute of Architects has researched global legislation for public P3 projects, and has developed a *Legislative Resource Guide for Public-Private Partnerships for Public Facilities*, which draws upon the best practices of successful P3 processes across the United States and other countries. AIA Kansas would welcome the opportunity to contribute to the work of the task force, and to share AIA's research and recommendations.

Thank you for your consideration of our comments.