

**TESTIMONY BEFORE THE
SENATE TRANSPORTATION COMMITTEE**

**REGARDING HOUSE BILL 2201
RELATING TO DECREASING THE EISENHOWER LEGACY TRANSPORTATION PROGRAM
ALTERNATE DELIVERY PROJECT THRESHOLD, AUTHORIZING USAGE OF FEDERAL
STIMULUS FUNDS AND KDOT BONDING AUTHORITY**

March 25, 2021

Mr. Chairman and Committee Members:

I am Lindsey Douglas, Deputy Secretary of the Kansas Department of Transportation. I'm here today in support of HB 2201.

The Senate Transportation committee has already discussed the policy provisions included in HB 2201. These provisions are also included in SB 116, that the Senate passed on final action, 39-0.

HB 2201 includes two primary goals:

- 1. A lower threshold per project on use of alternative delivery**
- 2. An opportunity to better position Kansas for potential federal stimulus funds by suspending the T-WORKS project requirement, if needed**

Alternative Delivery

Currently, a minimum \$100 million threshold has been set for any project to use an alternative delivery approach. If a project does not cost at least \$100 million, alternative delivery is not allowed. Several stakeholders expressed concern that the threshold effectively excludes some Kansas contractors. To alleviate this concern, these stakeholders approached KDOT with a request to reduce the project value threshold to \$10 million to allow alternative delivery methods. KDOT supports this change because it will help us deliver some projects faster. It is important to point out, however, that alternative delivery approaches do not work for all projects.

T-WORKS Requirement Removal

Current IKE legislation requires one phase of every delayed T-WORKS project to be let before an IKE project can be let. Out of an abundance of caution, KDOT proposes removing this requirement for projects which could be funded with federal stimulus funds. Stakeholders have expressed

support to allow the stimulus funds to be invested as quickly as possible to help the Kansas economy toward recovery.

KDOT has expedited the T-WORKS projects and delivery times. One phase of every remaining project will be let by the end of this year. There are not many options for projects that could be let before T-WORKS, but because we do not know whether transportation stimulus funds will be made available nor what the eligibility requirements might be, we are seeking this flexibility so we can position Kansas to receive as much funding as possible. However, and to clarify, we only seek this suspension for use with stimulus funds. We remain committed to completing one phase of every remaining T-WORKS project unless it means we leave federal stimulus funds unused.

There are two other items that were contained in SB 116 that are not included in HB 2201. There was an amendment added to SB 116 that would require legislative approval of projects using federal stimulus funds.

Also, during the hearing on HB 2201, there was some confusion on the need to adjust the KDOT debt cap calculation. The House committee decided to remove those provisions related to the calculation. Here is a brief summary of those provisions:

Technical clarification of the 18% debt cap calculation

Since the passage of T-WORKS, KDOT has had authority to issue bonds for projects up to the debt service amounting to 18% of revenues in the State Highway Fund. During T-WORKS, KDOT's bond counsel interpreted the statute as using a net calculation on revenues into the State Highway Fund. However, we have learned in the subsequent years that this calculation is inconsistent with the bond rating agencies' debt coverage test.

The proposal is a technical clean-up to make the calculation consistent with the rating agencies' test. It will allow the 18% debt cap to be calculated using gross revenue into the State Highway Fund instead of the current calculation based on net revenues after transfers to the State General Fund.

KDOT is supportive of HB 2201 and the Senate position on SB 116.

Again, thank you for the opportunity to testify in support of HB 2201. I am happy to stand for questions.