

Approved Ivan Sand 3/5/85
Date

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by REPRESENTATIVE IVAN SAND at
Chairperson

2:00 ~~xxx~~ p.m. on FEBRUARY 27, 1985 in room _____ of the Capitol.

All members were present except: Rep. Kenneth D. Francisco, excused

Committee staff present: Mike Heim, Legislative Research Dept.
Mary Hack, Revisor of Statutes Office
Gloria Leonhard, Sec'y. to the Committee

Conferees appearing before the committee:

Mr. John Wine, Legal Counsel, Secretary of State -- HB 2180
Mr. Bill Graves, Assistant Secretary of State -- HB 2180
Rep. Bob Wunsch -- HB 2392
Mr. Bill Anderson -- HB 2426
Mr. John Peterson, Kansas Cemetery Assn. -- 2180

Chairman Ivan Sand referred to HB 2553 and reviewed its intent.

Chairman Sand called for further consideration of HB 2180 which had been heard on February 12, 1985.

Rep. Robert D. Miller, Chairman of sub-committee on HB 2180, gave a report from the sub-committee which, in addition to Miller, included Rep. Phil Kline and Rep. Kenneth Francisco. Rep. Miller explained that the sub-committee had met with Mr. John Peterson, Kansas Cemetery Assn. representative, Mr. John Wine, Legal Counsel, Secretary of State's Office, Gen. Keith Weltmer, State Cemetery Auditor, and Mr. Ed Carpenter, attorney for several cemeteries. Rep. Miller called for remarks from Mr. Bill Graves, Assistant Secretary of State, who was present and who was accompanied by Mr. John Wine.

Mr. Graves noted that 80 cemeteries come under this law; that he would favor modifying the existing percentage on the purchase of a burial lot if additional money is needed by cemeteries for permanent maintenance; that simplicity of auditing is a factor to be considered; that no one knows how much money is needed; that he would recommend an amendment to put the bill in effect as of July 1, 1986, to give the Secretary of State time to study needs.

Mr. John Wine, Legal Counsel, Secretary of State's Office, said he believes that cemeteries' financial troubles are usually not related to permanent maintenance costs.

Mr. John Peterson, Kansas Cemetery Association representative, pointed out that if a cemetery is in financial trouble, the permanent maintenance monies are needed to ensure long term marker maintenance.

A committee member noted that the permanent maintenance fund, under statutory authority of the Secretary of State's Office, cannot be touched in a case of bankruptcy.

Rep. Robert D. Miller made a motion to amend the balloon bill prepared by staff to change the "10¢" provision to "25¢" and to accept all other proposed amendments to the bill. Rep. Burt DeBaun seconded the motion. The motion carried. (See Attachment I.)

Rep. George Dean made a motion to table HB 2180. Rep. Mary Jane Johnson seconded the motion.

Rep. Robert D. Miller made a substitute motion that HB 2180 be passed as amended. Rep. Dorothy Nichols seconded the motion. The vote was 9 in favor; 10 opposed. The motion failed.

Chairman Sand called for a vote on the original motion to table the bill. The vote was 8 in favor; 10 opposed. The motion failed.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT,
room 521-S, Statehouse, at 2:00 ~~xxx~~ p.m. on FEBRUARY 27, 1985

The discussion of HB 2180 was closed.

Chairman Sand called for hearings on the following bills:

HB 2392, relating to rural water-supply districts; concerning the dissolution thereof.

Rep. Bob Wunsch, sponsor of the bill, appeared and explained to the Committee that the bill amends K.S.A. 82a-611; however, K.S.A. 82a-629 should be amended; that the intent of the bill as stated is correct and desirable.

Mr. Mike Heim, Staff, suggested replacing K.S.A. 82a-611 with K.S.A. 82a-629 where appropriate and proceeding with amendments.

Rep. Robert D. Miller made a motion to amend Line 26 of the bill by striking the words "in which the district is located" and Line 36 by striking the words "sale and." Rep. L. V. Roper seconded the motion. The motion carried.

Mr. Mike Heim, Staff, suggested that the Committee request a Substitute Bill.

Rep. Samuel Sifers made a motion that Substitute for HB 2392 be passed as amended. Rep. Clinton Acheson seconded the motion. The motion carried.

HB 2426, concerning water supply and distribution districts; relating to the letting of contracts.

Mr. Mike Heim, Staff, gave an overview of the bill.

Rep. Arthur Douville, who had introduced the bill, introduced Mr. Bill Anderson, who testified in support of the bill. (See Attachment II.) Mr. Anderson represented Rural Water District No. 1, Johnson County, Kansas. Mr. Gerald Chandler, President of Rural Water District No. 1, accompanied Mr. Anderson and indicated his support of HB 2426.

The hearing on HB 2426 was closed.

The meeting was adjourned.

HOUSE BILL No. 2180

By Committee on Local Government

2-5

(ATTACHMENT I)

2/27/85

Attachment 1

0017 AN ACT concerning cemetery corporations; relating to perma-
0018 nent maintenance funds; amending K.S.A. 17-1311 and re-
0019 pealing the existing section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 17-1311 is hereby amended to read as fol-
0022 lows: 17-1311. Such corporation shall maintain, in a trust com-
0023 pany, a bank ~~within the state of Kansas~~ or savings and loan

0024 ~~association incorporated under the laws of this state~~, a percent-
0025 age of the purchase price of each burial lot hereafter sold by it, or
0026 any payment thereon, not less than ~~fifteen percent (15%)~~ 15%

0027 thereof, for the permanent maintenance of the cemetery within
0028 which ~~said~~ the burial lot lies, but the total amount so set aside
0029 shall not be less than ~~twenty five dollars (\$25)~~ \$25 for each burial

0030 lot at the time of conveyance of such lot. *For each permanent*
0031 *monument, tombstone* ~~burial lot marker~~ or ~~or other memorial~~ purchased and

0032 *installed on a burial lot after July 1, 1985, such corporation*
0033 *prior to such installation shall collect on a nondiscriminatory*
0034 *basis from the burial lot owner or other person authorized to*
0035 *install such memorial an amount determined by such corpora-*

0036 *tion* with such determination to be filed with the
0037 *but at least \$10 per square inch of the memorial's founda-*
0038 *tion area; and such corporation shall deposit* Secretary of State
0039 *the amounts so* but not more than \$.25
0040 *collected* such amount *into the permanent maintenance fund for the perma-*

0041 *nent maintenance of the cemetery in which such burial lot lies.*
0042 Deposits to the permanent maintenance fund shall be made
0043 within ~~forty five (45)~~ 45 days of receipt of moneys for which

0044 deposits are required to be made. Moneys placed in such fund
0045 under the provisions of K.S.A. 17-1308, and amendments
0046 thereto, shall be credited for the purposes of fulfilling such

0047 requirement. Moneys in such fund may be held and invested to

same change to be made in
K.S.A. 17-1312 (b)

0046 the same extent as is provided in K.S.A. 17-5004, and ~~any~~
0047 amendments thereto, but the total amount of money invested in
0048 any mortgage upon real property shall not exceed an amount
0049 equal to ~~seventy-five percent (75%)~~ 75% of the market value of
0050 such property at the time of such investment. The income of the
0051 ~~said~~ permanent maintenance fund shall be used exclusively for
0052 the maintenance of ~~said the~~ cemetery. No part of the principal of
0053 ~~said the~~ fund shall ever be used for any purpose except for such
0054 investment. In no event shall any loan of ~~said the~~ funds be made
0055 to any stockholder in such corporation. The treasurer of such
0056 corporation may deposit, to the credit of such fund, donations or
0057 bequests for ~~said the~~ fund and may retain property so acquired
0058 without limitation as to time and without regard to its suitability
0059 for original purchase. As used in this section, the term "burial
0060 lot" shall mean a plotted space for one grave. Such maintenance
0061 shall include, but not be limited to, mowing, road/maintenance
0062 and landscaping, but shall not include administrative costs, ex-
0063 pense of audits or the portion of any capital expense for equip-
0064 ment used to maintain portions of a cemetery not sold for burial
0065 purposes or in use for grave sites.

and memorial

0066 Sec. 2. K.S.A. 17-1311 is hereby repealed.

0067 Sec. 3. This act shall take effect and be in force from and
0068 after its publication in the statute book.

HOUSE BILL NO. 2426

HOUSE LOCAL GOVERNMENT COMMITTEE

Testimony of
Water District No. 1 of Johnson County
February 27, 1985

WATER DISTRICT NO. 1 OF JOHNSON COUNTY

- *Publicly-owned Water District, governed by customer-elected 5-member Board
- *Provides water to nearly all cities of Northeast Johnson County, such as Overland Park, Prairie Village, Mission, Lenexa, Shawnee
- *70,000 customers, approximately 225,000 persons
- *Water sales in 1984 of \$20-Million
- *All revenue from Water sales--no taxing authority
- *Special legislation--19-3501 to 19-3521a, inclusive
 - a) Only Water District in State operating under these statutes
 - b) Proposed changes will affect no other governmental entity in Kansas
- *NOT a rural water district, governed by Rural Water District statutes

The only legislative changes we seek in HB 2426 are in line 156 at the bottom of page 4 of the bill and in lines 161 and 162 at the top of page 5.

In line 156, we are asking for an increase in the minimum figure at which public bidding is required. We do this only because it would reflect today's economic realities. The current \$10,000 limitation is based on the referenced statute (19-214 to 19-216) which requires counties to let for public bidding all construction contracts over \$10,000 for our courthouses, jails, other public buildings and bridges. Our Water District statute was patterned after that law which was originally enacted in 1868. Historical changes by the Legislature are shown on page 3 of our testimony.

We suggest the \$10,000 figure is unrealistic. The Engineering News-Record, which records the rise in construction and materials costs through the years, reports that since 1906 construction costs have increased 4,376 per cent. In other words, a construction project of \$1,000 in 1906 would cost \$43,760 today.

Many routine construction projects required in connection with our operations, given the cost of labor and materials in today's economy, easily exceed the \$10,000 limitation.

For instance, the cost of extending a 6-inch water line one city block in our system in 1984 ranged from \$11,000 to \$15,000.

The time and cost of preparing plans and specifications, cost of legal notices of advertising for bids, time involved in taking of bids, execution of contracts after evaluation of bids, board approval, executing performance bonds and arranging for insurance--all are a time-consuming process and escalate the costs of projects.

With the cost of labor and materials in today's market, a minor alteration of office space, moving of walls, purchase of a few materials and equipment quickly runs the cost over the \$10,000 limitation.

Costs attributable to the bidding requirement raises the total expense of a project and outweighs the public interest of requiring public bidding, particularly in light of what \$1,000, when the original law was written more than 100 years ago, will cost in today's market.

The proposed changes set out in lines 161 and 162 are designed to give the Board and Management the ability to respond more rapidly to construction and improvement projects.

The 7-day notice is especially necessary in meeting requests for extensions of water lines. Water line extensions are relatively simple construction projects. Contractors have little difficulty in estimating the cost of a job that requires only determining the man-hours necessary to excavate, install pipe, make necessary connections and refilling. Our experience shows that a contractor can figure a job in half a day, or one day at the most, to submit a bid. Ninety-three per cent of water line extensions in our system in 1984 were under \$100,000.

Other types of building and improvement projects of a relatively simple nature under \$100,000 easily can be accommodated by bidding contractors on a 7-day notice.

This change will naturally not affect larger projects such as new buildings, large water mains, elevated towers, underground reservoirs and other major projects exceeding \$100,000, which will continue to require the 30-day notice.

We respectfully ask you to recommend approval of these changes so we may move more quickly on improvement projects and operate the Water District in a business-like manner.

GOVERNING STATUTE ON
MINIMUM BIDDING REQUIRED

(K.S.A. 19-214)

K.S.A. 1868 - \$1,000
1961 - Raised to \$2,000
1980 - Raised to \$10,000

WATER DISTRICT

(K.S.A. 19-3516)

K.S.A. 1951 - \$1,000
1975 - Raised to \$5,000
1984 - Raised to \$10,000