

Approved

3-23-87

Date

Ivan Sand

MINUTES OF THE House COMMITTEE ON Local Government

The meeting was called to order by Representative Ivan Sand at  
Chairperson

1:30 XXX a.m./p.m. on March 18, 1987 in room 521-S of the Capitol.

All members were present except:

Representative Baker, Absent  
Representative Larkin, Excused

Committee staff present:

Mike Heim, Legislative Research Dept.  
Bill Edds, Revisor of Statutes' Office  
Sharon Green, Committee Secretary

Conferees appearing before the committee:

Senator Norma Daniels  
Chris McKenzie, Douglas County Administrator  
Willie Martin, Sedgwick County Intergovernmental Coordinator  
Gerry Ray, Johnson County Board of Commissioners  
Bev Bradley, Kansas Association of Counties  
Chip Wheelan, Kansas Legislative Policy Group  
Phil Nelson, Barton County Administrator -- left testimony but did not appear  
Thomas R. Powell, Interim City Attorney and Director of Law, City of Wichita  
Jim Kaup, League of Kansas Municipalities

Chairman Sand called the meeting to order.

Senator Daniels testified in support of SB 149, stating that in 1985 the same authority to transfer funds as provided in this bill was granted to cities. She stated that the legislation would help to eliminate temporary bonds and loans which increase the costs of projects. The county may provide for the budgeted transfer of moneys from other county funds lawfully available for this purpose, including federal revenue sharing and general fund moneys. She also stated that the moneys may be invested or transferred back into the original fund, and that the cities found this to be extremely helpful.

Chris McKenzie testified in support of SB 149, stating that if the bill were to be enacted, he anticipated that Douglas County would begin to plan the depreciation and replacement of major equipment items such as the entire vehicle fleet and over \$1 million in mainframe data processing equipment. He also stated that he anticipated a creation of a capital improvements fund and that this is a good management bill. (Attachment 1)

Willie Martin testified in support of SB 149, stating that governing bodies would show more fiscal responsibility, and that the bill provides the means for long term planning. She also stated that the ability to establish a county equipment reserve fund and a multi-year capital improvement fund offers options for debt financing with the flexibility of current financing of capital improvements and equipment replacement. She also stated that 50% of their equipment was on a lease/purchase plan at 18% interest. (Attachment 2)

Gerry Ray testified in support of SB 149, stating that this is a tool to give prerogative to plan better, and that this bill is better than paying interest on bonds. She also stated that SB 149 would give the flexibility to utilize the plans.

Bev Bradley testified in support of SB 149, stating that planning is a great advantage and a more efficient way to handle business. (Attachment 3)

Chip Wheelan testified in support of SB 149, stating that the assessed valuations of his member counties are principally attributable to agricultural real estate and oil and gas wells and if the provisions of this bill had been law earlier, his counties could have set aside some reserves for major equipment purchases and capital improvements. (Attachment 4)

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 1:30 ~~XX~~/p.m. on March 18, 19 87

Phil Nelson left written testimony in support of SB 149. (Attachment 5)

Chairman Sand closed the hearing on SB 149.

Thomas Powell testified in support of SB 172, stating that this bill allows a city to avoid accumulating temporary note interest expense during the time of a challenge to a special assessment, and that it will lessen tax burdens for taxpayers and won't affect the ability of a property owner in a benefit district to challenge special assessments. (Attachment 6)

Jim Kaup testified in support of SB 172, stating that challenges to special assessments are not affected in the bill, and that the bill serves public interest.

Chairman Sand closed the hearing on SB 172.

Motion was made by Representative Dean and seconded by Representative Sawyer to favorably pass SB 172. The motion carried.

Representative Patrick requested to be recorded as voting "no" on SB 172.

Motion was made by Representative Miller and seconded by Representative Kennard to favorably pass SB 149. The motion carried.

The minutes of March 17 were approved as presented.

Meeting adjourned.

# Douglas County

TO : House Committee on Local Government  
FROM : Chris McKenzie, County Administrator  
SUBJECT: Senate Bill 149  
DATE : March 18, 1987

Thank you for the opportunity to appear in support of 1987 Senate Bill 149. For a number of years the Douglas County Commission has taken advantage of certain statutes which authorize the creation of limited purpose equipment and capital improvement reserve funds. These limited purpose statutes (i.e., ambulance equipment, highway equipment, etc.) have been very useful, but no general statutory authority exists for reserve funds to allow counties to meet the needs to plan for the replacement of major equipment and undertaking all types of capital improvements.

If Senate Bill 149 receives the approval of the Legislature and the Governor, I anticipate Douglas County would immediately begin using it to plan the depreciation and replacement of major equipment items such as our entire vehicle fleet and our over \$1 million in mainframe data processing equipment. By doing so, we will be able to avoid the necessity of major fluctuations in future property tax rates in order to meet these needs.

We are presently in the process of completing our first multi-year capital improvement program. Consequently, I anticipate we would also pursue the authority granted in section two (2) of the bill to create a capital improvements fund.

As you know, two years ago the legislature granted identical authority to cities to create equipment reserve and capital improvement funds. We believe the experience of cities has been quite positive, and on behalf of the Douglas County Commission I urge you to give this legislation favorable consideration. Thank you.

CKM/jlc



**SEDGWICK COUNTY, KANSAS**

**INTERGOVERNMENTAL COORDINATOR**

**WILLIE MARTIN**

March 18, 1987

COUNTY COURTHOUSE • SUITE 315 • WICHITA, KANSAS 67203-3759 • TELEPHONE (316) 268-7552

**TO: HOUSE LOCAL GOVERNMENT COMMITTEE**

**REF: SENATE BILL 149**  
**County Equipment and Multi-year Capital**  
**Improvement Funds**

**From: Willie Martin, Intergovernmental Coordinator**  
**Sedgwick, County**

Mr. Chairman and Members of the Committee:

I am Willie Martin, representing the Sedgwick County Board of Commissioners. I appreciate this opportunity to testify in support of Senate Bill 149.

Sedgwick County has for some time successfully implemented long-term planning for capital improvement projects. The provisions of SB 149 would further enable county government to exercise fiscal responsibility. There are a number of statutes which authorize the creation of limited purpose equipment and capital improvement reserve funds. The limited purpose statutes (i.e., for ambulance equipment, highway equipment, etc.) have been useful, but no authority exists for general reserve funds to meet the broad needs for equipment replacement and capital improvements.

The ability to establish a county equipment reserve fund and a multi-year capital improvement fund offers options for debt financing with the flexibility of current financing of capital improvements and equipment replacement. The development of capital improvement and multi-year expenditure programs would be strengthened with the option of funding improvements by planning expenditures, to the maximum extent possible, from current revenue. The ability to finance smaller projects and the design and acquisition of right-of-way on larger projects will provide the option to pay as we go.

I urge you to give this legislation favorable consideration.

*Attachment 2*  
*3-18-87*

# Kansas Association of Counties

*Serving Kansas Counties*

212 S.W. Seventh Street, Topeka, Kansas 66603

Phone (913) 233-2271

March 18, 1987

To: Representative Ivan Sand, Chairman  
Members of the House Local Government Committee

From: Bev Bradley, Legislative Coordinator  
Kansas Association of Counties

Re: SB-149

Good afternoon Ladies and Gentlemen. I am Bev Bradley, representing the Kansas Association of Counties.

SB-149 would enable a board of commissioners by resolution, to establish an equipment reserve fund. This would be very helpful to counties, especially in light of reappraisal when all counties are trying to fund computers, software, as well as the regular amount of machinery and vehicles needed to keep the county operation functioning.

If the board of commissioners has formally approved a multi-year capital improvement plan setting forth public improvement and infrastructure needs of the county on a prioritized basis, they may establish, by resolution, a capital improvement fund. This bill provides for the transfer of funds from the annual budget or the annual budgeting of funds. This would allow for the accumulation of monies for use in the capital improvement area and would be of benefit to all taxpayers.

Section (d) allows for the transfer of funds back to the original source if they are not needed in the special fund. Such funds are subject to budget requirements and would therefore be easily tracked by the constituents.

The Kansas Association of Counties supports SB-149. We feel it would allow more efficiency in county government.

*Attachment 3*  
*3-18-87*



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## Kansas Legislative Policy Group

301 Capitol Tower, 400 West Eighth, Topeka, Kansas 66603, 913-233-2227

TIMOTHY N. HAGEMANN, Executive Director

March 18, 1987

TESTIMONY  
to  
HOUSE LOCAL GOVERNMENT COMMITTEE  
Senate Bill 149

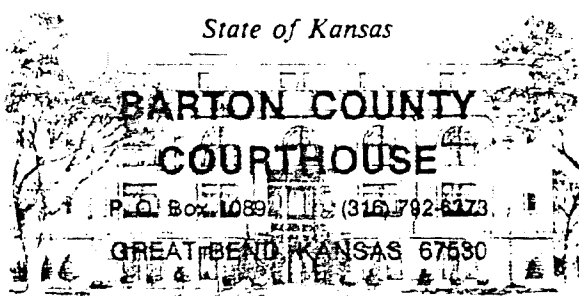
Mr. Chairman and members of the Committee, I am Chip Wheelen of Pete McGill and Associates. We represent the Kansas Legislative Policy Group which is an organization of rural county commissioners. We appear today in support of SB 149.

As you may know, the assessed valuations of our member counties are principally attributable to agricultural real estate and oil and gas wells. Because of the recession in the minerals industry our valuations are generally declining. As a result, our commissioners are confronted with two basic options; either reduce funding for important public services or raise mill levies. Neither option is desirable.

Not too long ago, the oil and gas industry was healthy and the farming economy was not as bad as it is now. If the provisions of SB 149 had been law then, our counties could have set aside some reserves for major equipment purchases and capital improvements.

*Attachment 4*  
*3-18-87*

Looking ahead with optimism to the recovery of our rural economy, enactment of SB 149 will assist our commissioners in their efforts to improve county financial planning. For that reason, we respectfully request that you recommend SB 149 for passage.



Office of

COUNTY ADMINISTRATOR

TO: THE MEMBERS OF THE COMMITTEE ON LOCAL GOVERNMENT

RE: SB 149

Thank you for this opportunity to comment on SB 149. My name is Phil Nelson, and I am the County Administrator for Barton County.

In April, 1985, the Kansas Legislature approved two (2) bills, SB 59 and SB 75, which gave cities in the state the authority to establish an equipment reserve fund and a multi-year capital improvement fund. The primary intent of that legislation was to allow cities to better plan for major capital expenditures such as road or bridge construction, or the purchase of equipment without having to issue bonds or no-fund warrants.

The passage of SB 149 would afford counties that same opportunity, that being to use tax dollars more efficiently. By being allowed to program and coordinate short-range, high priority improvement projects or equipment purchases with available funds, counties may be able to finance such projects through budgeted funds, rather than issue bonds with their associated costs. An example, if a county has to rebuild a bridge at a cost of \$250,000, and must issue bonds to be repaid over a ten year period, that bridge will end up costing the taxpayer approximately \$500,000 by the time bonds and interest are paid.

In Barton County alone, there are 395 miles of paved roads to be maintained, and approximately 400 bridges ranging from small township bridges to those which span the Arkansas River. While funds are made available through the Federal-Aid Secondary System to help with construction and maintenance of roads and bridges, the scope of operation of most counties is much larger.

Through support for SB 149, counties are not seeking new, costly programs for answering the service demands of constituents. Rather, counties are seeking to use logical means of utilizing available tax dollars as efficiently as possible. We seek only to have the same budgeting options given to cities two years ago.

Again, thank you for this opportunity to comment and for your consideration of this bill.

Attachment #5  
3-18-87





DEPARTMENT OF LAW  
OFFICE OF CITY ATTORNEY  
CITY HALL — THIRTEENTH FLOOR  
455 NORTH MAIN STREET  
WICHITA, KANSAS 67202  
(316) 268-4681

March 18, 1987

House Local Government  
Ivan Sand, Chairperson  
State Capital Building  
Topeka, Kansas 66612

RE: Senate Bill No. 172 Re-  
lating to Non-Litigation  
Certificates

Ladies and Gentlemen:

As a supplement to my oral testimony concerning Senate Bill No. 172, I am submitting the following written testimony. The City of Wichita does support the enactment of Senate Bill No. 172. The reason this Bill is being supported by the City is set forth herein.

Ordinarily, cities finance the construction of public improvements including public improvements involving streets, sanitary sewers, storm sewers and water lines by issuing temporary notes. Cities may issue several different temporary note issues during the time a public improvement is being constructed.

Upon completion of a public improvement project, cities issue general obligation bonds. General obligation bonds when issued, retire all of the temporary notes that were issued during the time a public improvement was being constructed.

Cities, under present law cannot issue general obligation bonds upon the completion of a public improvement project if a challenge has been made by a property owner as to the amount of special assessments to be levied against the property owner's property. This inability to issue general obligation bonds to retire temporary notes remains in effect during the period of time that litigation is pending.

During the period of time that litigation involving the challenge of special assessments is pending, interest on the temporary notes

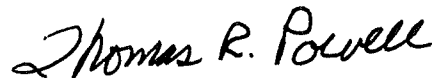
Attachment 6  
3-18-87

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left outstanding continues to accumulate. Examples of temporary note interest incurred by the City of Wichita in recent cases involving challenges to special assessments are set forth in Exhibit A attached hereto.

Senate Bill No. 172, if enacted, will allow cities to issue general obligation bonds upon the completion of a public improvement project in situations where a challenge to a special assessment has been made. It is important to understand that the enactment of Senate Bill No. 172 will not prevent a property owner from challenging a special assessment. The enactment of Senate Bill No. 172 will simply allow a city to avoid accumulating temporary note interest expense during the time a challenge to a special assessment is pending in court. Temporary note interest is, when general obligation bonds are issued, paid by the city at large taxpayers. Thus, the enactment of this bill will lessen the tax burdens for taxpayers at large and will not affect the ability of a property owner in a benefit district to challenge a special assessment.

Very truly yours,



Thomas R. Powell  
Interim City Attorney &  
Director of Law

TRP:kh

EXHIBIT A

SPECIAL ASSESSMENT LITIGATION

<u>Case Name</u>	<u>Project Name</u>	<u>Date Filed</u>	<u>Final Disposition</u>	<u>Assessment</u>	<u>Temporary Note Interest</u>
Derby Refining, Inc. ) Garvey Elevators, Inc. ) Coleman Company, Inc. ) Wichita Union Stockyards ) Clarkland, Inc. ) Burlington Northern )	Main Storm Water Drain #14	10/12/76	04/03/86	\$ 1,096,964.80	\$ 532,475.00
Billy Compton )	Lateral 38, Main 3, South- west Interceptor Sewer	12/21/84	12/18/86	\$ 40,467.01	\$ 5,406.00
Dondlinger & Sons Construc- ) tion Co., Inc. ) Shoewood Construction ) Company, Inc. )	Storm Water Sewer #232	07/18/85	11/10/86	\$ 1,579,582.87	\$ 114,606.00
Vernon Jacobs	Kellogg and Webb	07/22/85	07/29/86	\$ 125,952.08	\$ 7,065.00
Bounous, et al. ) Richard E. Smith ) Metropolitan Life Insur- ) ance Company )	Lateral 1, Main 8 South- west Interceptor Sewer	01/18/85	04/08/86	\$ 1,847,770.20	\$ 98,647.00