

Approved February 10, 1987
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Senator Don Montgomery at
Chairperson

9:07 a.m./~~p.m.~~ on February 4, 1987 in room 531-N of the Capitol.

All members were present except: Senators: Bogina and Mulich

Committee staff present: Mike Heim, Theresa Kiernan and Lila McClaflin

Conferees appearing before the committee:

Ralph Skogg, Kansas Cable Television Association, Inc.
Ernie Mosher, League of Kansas Municipalities

The Chairman announced the agenda for the meeting was to receive requests for the introduction of bills by committee members and organizations.

Ralph Skogg representing the Kansas Cable Television Association, Inc. requested that the Committee introduce a bill following the model of federal legislation concerning the thief of services. Senator Allen moved to introduce the bill. The motion was seconded by Senator Steineger. The motion carried.

E. A. Mosher reviewed four bills that they would like to have introduced. (1) This proposed bill would permit a city governing body to provide for a single consolidated highway fund. (2) This act would make two basic changes in the financing tort claims judgements. (3) This bill would make three changes in the Interlocal Cooperation Act. (4) A bill draft was presented at the directions of the Governing Body of the League of Kansas Municipalities that would make some fundamental and farreaching changes in the present annexation law. (ATTACHMENT I-IV) After some discussion on the four measures, Senator Gaines moved that the bills be introduced. The motion was seconded by Senators Langworthy and Salisbury. The motion carried.

Senator Langworthy requested a bill be introduced concerning urban area county special library funds, Johnson County is the only county so defined by this designation. Senator Ehrlich moved to introduce the bill. The motion was seconded by Senator Steineger. The motion carried.

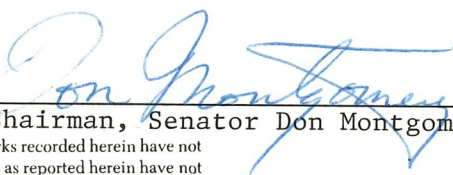
Senator Winter stated the County Commissioners and the County Clerk of Douglas County had requested an act concerning elections, relating to the counting of ballots in counties that use the optical scanning equipment. Senator Winter moved to introduce the bill. The motion was seconded by Senator Allen. The motion carried.

Senator Daniels moved to introduce a bill relating to employee benefits contribution funds of political subdivisions. The motion was seconded by Senator Salisbury. The motion carried.

Senator Salisbury moved to introduce a bill concerning prearranged funeral agreements, it would raise the irrevocable agreements from \$2,000.00 to \$3,000.00. The motion was seconded by Senator Langworthy. The motion carried.

Senator Daniels moved to approve the minutes of January 28, 1987. The motion was seconded by Senator Salisbury. The motion carried.

The meeting adjourned at 9:35 a.m., next meeting will be on February 10, 1987.


Chairman, Senator Don Montgomery

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.

City Finances--Consolidated Highway Fund

At present, every city has at least two separate funds used to finance streets and highways. Some cities have four or more different funds, each of which are used to finance highways. The bill we propose would permit a city governing body, by the passage of an ordinance, to provide for a single consolidated highway fund, with moneys in such a fund earmarked solely for highway purposes. Like other city funds, expenditures could not be made from the new fund except pursuant to the annual budget, and transfers of money from an existing fund to the consolidated highway fund would have to be budgeted.

SENATE BILL No. _____

By Committee on Local Government

AN ACT relating to cities; authorizing the establishment of a consolidated highway fund.

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

Section 1. The governing body of any city may provide, by ordinance, for a consolidated highway fund to which may be credited moneys received by the city from state payments under the provisions of K.S.A. 68-416 and 79-3425c, and amendments thereto. The ordinance creating such fund may also provide for annually budgeting the transfer of moneys in the general or other operating funds of the city budgeted for highway purposes to the consolidated highway fund. Moneys in such a consolidated highway fund shall be used solely for highway purposes.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

(Attachment I)
Local Go. 2/4/1987

Financing Tort Claims Judgments

The amendments proposed to K.S.A. 75-6113 of the Kansas Tort Claims Act are recommended by the League's Task Force on Tort Liability. The bill makes two basic changes.

First, the term "temporary notes" is inserted to provide that the issuance of temporary notes is a lawful act for purposes of paying judgments or settlements under the Tort Claims Act. This is in part a clarification due to the fact that under the provisions of the general bond law (K.S.A. 10-101, et seq.), legal authority exists to issue temporary notes any time there is statutory authority to issue general obligation bonds (e.g., K.S.A. 75-6113). However, the amendments were prepared to make it clear that the temporary notes could be retired directly by tax levies instead of by the proceeds of a later bond issue.

The second objective is to clarify our interpretation that the authority for the issuance of no-fund warrants for purposes of paying tort judgments or settlements is based upon K.S.A. 75-6113 itself, and no reliance upon any other statute is necessary for the underlying authority to issue the no-fund warrants. The bill would clarify that approval of the state board of tax appeals, required for other types of no-fund warrants, would not be required when the purpose is to pay tort claims judgments.

(Attachment II) Local No
2/4/87

75-6113. Same; moneys for payment of judgments or settlements against municipalities, sources. Payment of any judgments, compromises or settlements for which a municipality is liable pursuant to this act may be made from any funds or moneys of the municipality which lawfully may be utilized for such purpose or if the municipality is authorized by law to levy taxes upon property such payment may be made from moneys received from the issuance of no-fund warrants ~~or general obligation bonds.~~ ~~Such warrants~~ may mature serially at such yearly dates as to be payable by not more than ten (10) tax levies. Bonds issued under the authority of this act shall be issued in accordance with the provisions of the general bond law and shall be in addition to and not subject to any bonded debt limitation prescribed by any other law of this state. Taxes levied for the payment of warrants ~~or bonds~~ shall be exempt from the limitations imposed under the provisions of K.S.A. 79-5001 to 79-5016, inclusive, and amendments thereto and shall not be subject to or limited by any other tax levy limitation prescribed by law.

[, temporary notes
or temporary notes issued
under the authority of this
act

[, temporary notes

Interlocal Cooperation Act Amendments

This bill does three things:

- (1) Reorganizes and expands the enumerated functions and activities for which two or more public agencies may cooperate.
- (2) Requires an annual audit if a separate legal joint entity is created.
- (3) Definitively establishes that public agencies may cooperate as to risk pooling, in areas other than liability, without becoming an insurance company or being in the "insurance business."

Except for the risk management and claims coverage provision, there is no known opposition to the bill, although some persons may object to the specification of the joint purchasing power.

The joint risk management and claims coverage provisions, we believe, will be opposed by certain companies and individuals. The Kansas Association of School Boards sponsored a House Bill (2109) which is somewhat similar to this bill, but with a different approach and not as an amendment to the Interlocal Cooperation Act.

*Attachment III
Local Go
2/4/87*

Article 29.—INTERLOCAL
COOPERATION

CITIES AND COUNTIES

Cross References to Related Sections:

Cooperation under local residential housing finance law, see 12-5231.

12-2904. Interlocal agreements by public agencies; specifications; approval of attorney general, exceptions. (a) Any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state including but not limited to those functions relating to economic development, public improvements, public utilities, police protection, libraries, data processing services, educational services, building and related inspection services, flood control and storm water drainage, weather modification, sewage disposal, refuse disposal, park and recreational programs and facilities, ambulance service, fire protection, the Kansas tort claims act or claims for civil rights violations, may be exercised and enjoyed jointly with any other public agency of this state or with any private agency, and jointly with any public agency of any other state or of the United States to the extent that the laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of the state government when acting jointly with any public or private agency may exercise and enjoy all of the powers, privileges and authority conferred by this act upon a public agency.

(b) Any public agency may enter into agreements with one or more public or private agencies for joint or cooperative action pursuant to the provisions of this act. Appropriate action by ordinance, resolution or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

(c) Any such agreement shall specify the following: (1) Its duration.

(2) The precise organization, composition and nature of any separate legal or administrative entity created thereby together with the powers delegated thereto, provided such entity may be legally created.

(3) Its purpose or purposes.

(4) The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor.

(5) The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination.

See page 2

(a) Any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state including but not limited to those functions relating to (1) economic and community development, (2) public improvements and public works maintenance, (3) public utilities, (4) police and fire protection and other public safety services, (5) libraries, (6) data processing, purchasing, personnel and other administrative and management services, (7) educational services, (8) building and related inspection services, (9) flood control and storm water drainage, (10) weather modification, (11) sewage disposal; and refuse collection and disposal, (12) park and recreation programs and facilities, (13) ambulance and emergency medical services, fire protection; (14) risk management services, the Kansas tort claims act, or claims for civil rights violations; or claims for other risks and losses of public agencies and their officers and employees, may be exercised and enjoyed jointly with any other public agency of this state...

(6) Any other necessary and proper matters.

(d) In the event that the agreement does not establish a separate legal entity to conduct the joint or cooperative undertaking, the agreement, in addition to items 1, 3, 4, 5 and 6 enumerated in subdivision (c) hereof, shall contain the following:

(1) Provision for an administrator or a joint board or one of the participating public agencies to be responsible for administering the joint or cooperative undertaking. In the case of a joint board public agencies party to the agreement shall be represented.

(2) The manner of acquiring, holding and disposing of real and personal property used in the joint or cooperative undertaking.

(f)]—~~(e)~~ No agreement made pursuant to this act shall relieve any public agency of any obligation or responsibility imposed upon it by law except that to the extent of actual and timely performance thereof by a joint board or other legal or administrative entity created by an agreement made hereunder, such performance may be offered in satisfaction of the obligation or responsibility.

(g)]—~~(f)~~ Every agreement made hereunder, except agreements between two or more public agencies establishing a council or other organization of local governments for the study of common problems of an area or region and for the promotion of intergovernmental cooperation, prior to and as a condition precedent to its entry into force, shall be submitted to the attorney general who shall determine whether the agreement is in proper form and compatible with the laws of this state. The attorney general shall approve any agreement submitted hereunder unless the attorney general shall find that it does not meet the conditions set forth herein and shall detail in writing addressed to the governing bodies of the public and private agencies concerned the specific respects in which the proposed agreement fails to meet the requirements of law. Failure to disapprove an agreement submitted hereunder within 90 days of its submission shall constitute approval thereof.

History: L. 1957, ch. 100, § 4; L. 1968, ch. 221, § 2; L. 1972, ch. 48, § 1; L. 1975, ch. 74, § 1; L. 1975, ch. 75, § 1; L. 1979, ch. 55, § 1; L. 1979, ch. 56, § 1; L. 1986, ch. 83, § 1; July 1.

, including provisions for an annual audit of financial accounts if a separate legal or administrative entity is created.

(e) In the event that the agreement of one or more municipalities or other public agencies of this state establishes a separate legal or administrative entity for the purpose of providing risk management services and coverage for risks or losses under the Kansas tort claims act, claims for civil rights violations or claims for other risks and losses of public agencies and their officers and employees, such activity shall not be deemed to be insurance, nor shall such legal or administrative entity be deemed to be an insurance company or to be otherwise subject to the provisions of chapter 40 of the Kansas Statutes Annotated or to the provisions of K.S.A. 44-581 et seq. relating to group funded workers' compensation pools, but this subsection shall not be construed to be a waiver of the provisions of subsection (f) of this section.



League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL / 112 WEST SEVENTH ST., TOPEKA, KANSAS 66603 / AREA 913-354-9565

February 4, 1987

LEAGUE ANNEXATION PROPOSAL

At the direction of the Governing Body of the League of Kansas Municipalities, we ask this Committee's introduction of an annexation bill that will make fundamental and far-reaching changes to the present law. The attached draft bill is not tendered lightly, as it contains not only limitations upon annexation authority that the League has acquiesced to over the past few years, but also many we have opposed in the past on behalf of our member cities.

In most respects the bill is identical to HB 2041. It provides nothing to increase city annexation authority. All amendments are intended to benefit landowners affected by annexation and/or to direct more annexations under the K.S.A. 12-521 county-approval (bilateral) procedure, and away from the K.S.A. 12-520 unilateral procedure.

Among the provisions of the bill which parallel those of HB 2041 (and HB 2117 from the 1986 Session), and which will impose greater restrictions upon cities' use of annexation authority, are the following:

1. Mandates local planning commission review of all nonconsented-to annexations.
2. Mandates detailed service extension plans, with a required cost impact analysis and financing program.
3. Requires plan to state means by which services currently provided in the area to be annexed "shall be maintained at a level which is equal to or better than the level of services prior to annexation."
4. Requires expanded notices of proposed unilateral annexations.
5. Requires public hearing to be at a place and time most convenient to the landowners.
6. Prohibits the unilateral annexation of farm land of more than 21 acres (now 55).
7. Prohibits the unilateral annexation of any portion of a farm land tract larger than 21 acres.
8. Establishes factors which the city must meet to obtain approval of the county board in bilateral annexations.
9. Establishes procedure to mandate deannexation by county order upon petition of property owner, upon city's failure to provide services as set out in the service extension plan.

*(attachment IV)
Local Go 2/4/87*

10. Permits landowners to bring action in district court to order city to comply with service extension-annexation consent agreements, or in alternative, to order deannexation.
11. Requires cities to file service extension-annexation consent agreements with register of deeds to be binding.
12. Authorizes contracts between city and landowner to guarantee financing of services after annexation.

The League believes that the bill differs from HB 2041 (and HB 2117 as vetoed by Governor Carlin) in two material respects. These differences are critical to the League's ability to propose an annexation bill that is consistent with our Convention-adopted Policy Statement on Annexation. It was the presence of the following two provisions in HB 2117 (which are now found in HB 2041) that prompted the League's request for a veto of that bill:

- (1) A 21-acre limitation upon unilateral annexation of platted land.
- (2) A prohibition against the "splitting" of a tract of land or a plat when annexing unilaterally unless the city could lawfully annex the entire tract or plat by adoption of a single ordinance.

The attached League memorandum provides a complete listing of every difference between SB _____ and HB 2041, including the two above-mentioned provisions of HB 2041 which the League so strenuously opposes.



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February 4, 1987

DETAILED LISTING OF DIFFERENCES BETWEEN HB 2041 AND SB _____

(Note: All section headings and statutory citations are keyed to HB 2041)

Section 1. K.S.A. 12-519

- (b) "Land" would be redefined in **HB 2041** to exclude less than a tract (by deleting "...a part of a tract or..." from the present definition). **SB _____** would leave the definition of "Land" as it now reads, thereby including less than one tract as well as multiple tracts within the definition.
- (f) "Plat" is undefined in **present law**. **HB 2041** includes a definition of the term. **SB _____** does not define "plat" as the term is relevant only to the prohibition against "splitting" a plat, found in Section 2(f) of **HB 2041**, but not a part of **SB _____**.
- (g) "Land devoted to agricultural use" is a substitute definition in both **HB 2041** and **SB _____** for the **present law's** "Agricultural purposes." **SB _____** varies from **HB 2041** only in the deletion of the following surplusage "... regardless of whether it is located in the unincorporated area of the county or within the corporate limits of a city..."
- (h) "Watercourse" is a term undefined in **present law**. It relates to the definition of "adjoins" (K.S.A. 12-519 (d)). In **HB 2041** the definition excludes from "watercourse" any natural or manmade impoundment. **SB _____** qualifies this exclusion by providing that the impoundment must be greater than 5 acres of surface area in order to not be a "watercourse". In other words, under **SB _____** an impoundment of five or fewer acres is a watercourse.

Section 2. K.S.A. 12-520 (Unilateral Annexation.)

- (a) (1) **HB 2041** limits the authority of cities to unilaterally annex platted land adjoining the city to 21 acres. **Present law** places no area limit upon annexation of adjoining, platted land. **SB _____** would leave the present law (K.S.A. 12-520(a)) as it now is.
- (b) **HB 2041** retains the **present law's** (K.S.A. 12-520) use of "agricultural purposes". **SB _____**, as a clean-up, replaces the phrase "... which is used only for agricultural purposes..." with the new term used in both **HB 2041** and **SB _____** "... and devoted to agricultural use".

- (f) **HB 2041** would prohibit the splitting of a tract of land or a plat when annexing unilaterally unless the city could lawfully annex the entire tract or plat by adoption of a single ordinance. The **present law** has no such limitation. **SB _____** would retain the present law as it is believed that this restriction, when coupled with the 21-acre limit on annexation of platted land (see K.S.A. 12-520(a)(1) above) would effectively end the ability of cities to unilaterally annex platted land.

Section 3. K.S.A. 12-520a.

- (a) (1) **HB 2041** would require the public hearing held during a unilateral annexation to be "held at a time which is most convenient for the greatest number of interested persons". **Present law** has no such requirement. Because the language of **HB 2041** raises questions as to who determines what the "most convenient" hearing time is, and accordingly holds the potential for litigation, **SB _____** provides that the time will be determined by the city governing body.
- (d) As part of the notice requirements **HB 2041** would impose for unilateral annexations, any utility "providing services to" the annexed area would have to be given notice. **Present law** has no such requirement. Because **HB 2041's** wording may require notice to utilizes that don't even have facilities or customers in the area to be annexed (i.e. the area is part of a certified territory but has no utility services), **SB _____** would require notice to only those utilities actually "having facilities within" the area to be annexed.

Section 4. K.S.A. 12-520b.

- (a) (2) **HB 2041** would require cities to prepare a "detailed plan" for the extension of services when annexing territory unilaterally. (A similar amendment, affecting K.S.A. 12-521 bilateral annexations, is noted below.) **Present law** requires the city to prepare "a statement setting forth the plans" for extending services. **SB _____** attempts to eliminate some of the vagueness that is certain to provoke litigation over what exactly is a "detailed" plan. **SB _____** substitutes the following phrase for "detailed": "... a plan of sufficient detail to provide a reasonable person with a full and complete understanding of the intentions..." (of the city to provide services to the annexed area). This language is not intended to change the nature of the requirement proposed in **HB 2041**, rather it seeks only to eliminate vague language which could be exploited either by a city or a property owner opposed to annexation.
- (a) (2) Another amendment to present law made by **HB 2041** is the requirement that the service extension plan show the "cost impact" of the plan upon residents of both the city and of the area to be annexed. Because this "cost impact" is to be based upon **HB 2041's** requirement that the plan state the "estimated cost of providing such services", **SB _____** seeks to prevent some needless confusion by inserting "estimated cost impact".

- (a) (2) The third, and final, difference between the service extension plans required in **HB 2041** versus **SB _____** relates to the obligation of the annexing city to continue services enjoyed by residents of the area to be annexed prior to the annexation. **HB 2041** would require the city to provide, following annexation, all services provided in the area at the time of annexation, and provide them "at a level which is equal to or better than the level of services provided prior to annexation." **Present law** does not create any such obligation upon the annexing city. **HB 2041's** language raises serious questions of fairness to city taxpayers, who will see different areas of the city receiving different types and levels of municipal services, despite the fact that the money to pay for those services comes equally from all property within the city. **SB _____** does not attempt to remove this proposal to discriminate among city areas and neighborhoods. **SB _____** does attempt to remove the most blatant unfairness found in **HB 2041's** proposal, by eliminating the requirement that a city must continue to provide a service that was being provided a service to the annexed property by a taxing unit of which the city itself is a part. This means that a service (e.g. snow removal) when provided by a township or a special district, must be continued by the annexing city. However, if that service was being financed by a governmental unit to which the city taxpayers already belong (e.g. the county), the service is not required to be continued, or may be continued but at a different level. The wording proposed by **SB _____** limits this duty to continue services to those provided "by a township or special district".

Section 5. K.S.A. 12-521 (Bilateral Annexation.)

- (a) (2) **HB 2041** would create the same duty to give detailed service extension information upon a city annexing via the 12-521 county-approval process as the city would have under **HB 2041** when it annexes unilaterally. Specifically the city must prepare a "detailed" plan for extending services; that plan must state the "cost impact of providing such services"; and the plan must provide for all services "currently provided in the area to be annexed" regardless of who paid for those services prior to annexation. The response in **SB _____** to each of the above-mentioned requirements is the same as set out in Section 4, K.S.A. 12-520b(a) (2), above.
- (c) **HB 2041** expressly states that consideration by a county board of a K.S.A. 12-521 bilateral annexation is a quasi-judicial action. That bill goes on to list 14 criteria the county board must consider when determining whether manifest injury would follow from approval or disapproval of the requested annexation. Under **present law** the county board is simply required to determine that no manifest injury to the affected landowners would occur if the annexation were to be granted. **SB _____** retains the quasi-judicial designation, and the list of criteria to be considered by the county board. However **SB _____** does differ from **HB 2041** in the form of three drafting "corrections." First, the term "quasi-governmental", used in **HB 2041**, is deleted as

this in an undefined term certain to provoke confusion and litigation. Second, in the list of 14 criteria to be considered, at item (1), the word "land" is inserted as follows: "... the area is land devoted to agricultural use;". This is a drafting amendment to make the section use the exact wording of the definition found in both **HB 2041** and **SB _____** (at K.S.A. 12-519(g) in **HB 2041** and 12-519(f) in **SB _____**). Third, at item (12), **SB _____** offers substitute language to more accurately state the procedure whereby special districts are created. A reading of **HB 2041** would indicate that such districts are created by petition for incorporation. **SB _____** corrects this by the wording "...petitions... for the creation of a special district...".

New Section 6.

- (a) This section of **HB 2041** mandates that a review of each proposed annexation be made by any planning commission with jurisdiction over the annexed area. The "trigger" for such a review is the filing of the city's resolution of intent to annex. Because such resolutions are not required to be adopted when annexing unilaterally with the landowner's consent, or when annexing city-owned land, **SB _____** inserts an additional sentence to provide that planning commission review is not required for annexations where no resolution of intent to annex must be adopted.

New Section 9.

HB 2041 and **SB _____** both create a new statutory cause of action in the district court, available to certain landowners who allege a city has failed to live up to its plan for extension of services to an annexed area. The two bills differ in the scope of the class of persons who would have this right to sue, and the document which serves as the basis of the agreement between the city and landowner.

- (a) **HB 2041** gives any landowner annexed by a city, whether unilaterally or bilaterally or with or without consent, the right to sue that city in district court whenever the landowner alleges the city has failed to provide services in accordance with the city's service extension plan. **SB _____** would limit this proposal in two ways: (1) the right to sue for failure to provide services would be essentially a matter of contract law. The right would be held by any landowner who has entered into an agreement with the city to consent to an annexation in exchange for a written promise by the city to provide specified services. **SB _____** and **HB 2041** both provide for the recognition of the legally binding nature of such pre-annexation agreements in Section 10 of each bill.
- (b) **HB 2041** sets out the procedure for the district court to follow when hearing this type of lawsuit, including the determination of a failure to meet the the terms of the service extension plan, and the remedies available to a prevailing landowner. Those remedies are ordering compliance with the plan or deannexation of the land. **SB _____**,

consistent with making the cause of action arise from a pre-annexation agreement, makes the failure to abide by that agreement the prerequisite to a district court's order to the city to comply with the agreement. If the city fails to comply within the time ordered by the court, deannexation may be ordered.

(e), (f) These subsections of both **HB 2041** and **SB _____** list those circumstances when a court cannot order deannexation even when the city is found to be in noncompliance with the service extension plan (**HB 2041**) or the pre-annexation agreement (**SB _____**). At (e)(2) and subsection (f), **SB _____** substitutes "agreement" for "service extension plan". Also, at (e)(4) of **SB _____**, an apparent drafting error is corrected by replacing "court" for "board".

New Section 11.

Both **HB 2041** and **SB _____** here create statutory recognition of a right to contract between cities and landowners to guarantee the apportionment of costs of improvements to be provided an area following annexation. **HB 2041** does not provide language as to the remedies a landowner has upon the breach of such an agreement by the city. **SB _____** provides that upon a breach of the agreement the landowner may bring an action for deannexation in the district court, in the same manner as an action brought under Section 9.