

Approved February 11, 1987
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

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

9:09 a.m./~~p.m.~~ on February 10, 1987 in room 531-N of the Capitol.

All members were present except: Senators: Bogina, Gaines and Steineger

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

Conferees appearing before the committee:

Chris McKenzie, County Administrator, Douglas County, Lawrence, KS.

David Hopper, Douglas County Commissioner, Eudora, KS.

Gary Toeppen, Lawrence Chamber of Commerce

Howard T. Hill, Vice Mayor, City of Lawrence

Fred Allen, Kansas Association of Counties

The Chairman stated Senator Talkington had requested the committee to introduce a bill relating to cities; concerning the land required for making an opening or widening a street. If the owner will not donate the land the city shall purchase the land. Senator Allen moved to introduce the bill. The motion was seconded by Senator Daniels. The motion carried.

The hearing on S.B. 138 was opened. S.B. 138 relates to counties, concerning the sale of certain county property.

Chris McKenzie, County Administrator, Douglas County, introduced David Hopper and Warren Rhodes, Douglas County Commissioners, Gary Toeppen, Lawrence Chamber of Commerce, Hannes Zacharias, staff of the City of Lawrence and Howard T. Hill, Vice Mayor, City of Lawrence. He stated all of these parties are involved in the bill and support it.

David C. Hopper stated he urged the committee to support S.B. 138. This bill would allow counties to play a full role in intergovernmental efforts to improve the economy of the state. (Attachment I) In answer to a question he stated this bill had statewide application but they would not object if it were localized.

Chris McKenzie gave the background on the efforts of Douglas County, City of Lawrence and the Lawrence Chamber of Commerce to acquire and develop a rail-served industrial park site. He believes S.B. 138 would allow counties to play an active and constructive role in assisting with the expansion of industries in Kansas by authorizing the negotiated sale of such land to a local nonprofit development corporation. It ensures that the development of the park is controlled by a community-based group. (Attachment II)

Howard Hill testified in support of S.B. 138. S.B. 138 provides a critical tool for local governments in the development of local economies. (Attachment III)

Gary Toeppen stated the cities and counties must join the state in taking an aggressive role in the creation of new jobs for Kansas. S.B. 138 is one more step in that direction and he urged the committee to support it. (Attachment IV) He responded to questions.

Fred Allen stated they have not had any counties report against S.B. 138 and they had mention it in their newsletter to counties. It is local rule and they support that.

Senator Winter moved that a conceptual amendment be drafted and brought to the committee to look at before it would be adopted. The motion was seconded by Senator Allen. The motion carried.

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.

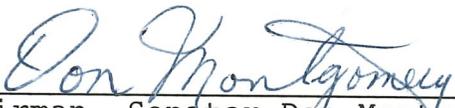
CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,
room 531-N, Statehouse, at 9:09 a.m.~~p.m.~~ on February 10, 1987, 1987.

Chris McKenzie walked through how the process would work if the bill was inacted.

Senator Allen moved to approve the minutes of February 4, 1987. The motion was seconded by Senator Daniels. The minutes were adopted.

The meeting adjourned at 10:00 a.m., the next meeting will be February 11, 1987.



Chairman, Senator Don Montgomery

Douglas County

STATEMENT OF DAVID C. HOPPER, CHAIRMAN, DOUGLAS COUNTY
COMMISSION, CONCERNING SENATE BILL 138
FEBRUARY 10, 1987

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR TODAY IN SUPPORT OF SB 138. TWO YEARS AGO THIS MONTH, SHORTLY AFTER COMMISSIONER WARREN RHODES AND I WERE SWORN INTO OFFICE, THE DOUGLAS COUNTY COMMISSION UNANIMOUSLY ADOPTED A RESOLUTION STATING OUR FIRM INTENT TO PLAY A LEADERSHIP ROLE IN HELPING TO FOSTER ECONOMIC GROWTH AND INCREASED EMPLOYMENT OPPORTUNITIES IN DOUGLAS COUNTY. SINCE THAT TIME COMMISSIONER RHODES, COMMISSISONER HIEBERT AND I HAVE SUPPORTED A NUMBER OF INITIATIVES TO ENCOURAGE ECONOMIC DEVELOPMENT. PERHAPS THE MOST TANGIBLE OF THESE HAS BEEN THE COUNTY'S ROLE IN THE PLANNING AND ACQUISITION OF THE EAST HILLS BUSINESS PARK.

THE COUNTY'S ROLE IN THE PROCESS HAS BEEN TWO-FOLD. FIRST, THE COUNTY HAS PROVIDED THE FINANCING NECESSARY TO PURCHASE THE APPROXIMATELY 300 ACRES OF LAND NECESSARY FOR THE PARK. TWO-THIRDS OF THE SITE HAS BEEN PURCHASED OUTRIGHT BY THE COUNTY, AND THE BALANCE IS BEING PURCHASED UNDER A CONTRACT FOR DEED OVER A THREE YEAR PERIOD. THE TOTAL PURCHASE PRICE IS \$750,000. THE COUNTY'S SECOND COMMITMENT TO THE PROJECT HAS BEEN TO FINANCE AND SUPERVISE THE COMPLETION OF A NUMBER OF ACCESS IMPROVEMENTS TO THE SITE, INCLUDING EXTENSIVE WORK ON AN EXISTING COUNTY ROAD AND OTHER IMPROVEMENTS ALONG K-10 HIGHWAY.

SB 138 IS NEEDED TO ENSURE AN ORDERLY CHANGE IN THE OWNERSHIP OF THIS PROPERTY TO THE ENTITY RESPONSIBLE FOR THE DEVELOPMENT AND MARKETING OF THE SITE--DOUGLAS COUNTY DEVELOPMENT, INC. I URGE YOU TO GIVE THE BILL FAVORABLE CONSIDERATION. IT WILL ALLOW COUNTIES TO PLAY A FULL ROLE IN OUR INTERGOVERNMENTAL EFFORTS TO IMPROVE THE ECONOMY OF OUR STATE. I THANK YOU FOR YOUR ATTENTION, AND I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Courthouse

Eleventh & Massachusetts / Lawrence, Kansas 66044 / (913) 841-7700
(ATTACHMENT I) LOCAL GO 2/10/87

Douglas County

TO: SENATE COMMITTEE ON LOCAL GOVERNMENT

FROM: Chris McKenzie, Douglas County Administrator

SUBJECT: 1987 Senate Bill 138

DATE: February 10, 1987

Thank you for the opportunity to appear before you today in support of Senate Bill 138. This legislation was introduced at the request of Douglas County, but it has implications much more far-reaching than the story you will hear about today concerning the joint efforts of Douglas County, the City of Lawrence and the Lawrence Chamber of Commerce to acquire and develop a rail-served industrial park site. Even more importantly it would authorize a grant of authority to all counties to play a critical leverage role in the development of similar sites in other areas of the state.

Last year about this time Senator Montgomery requested an opinion from the Attorney General concerning the legal authority of counties to acquire and sell land for industrial park purposes. In Opinion No. 86-40, the Attorney General advised the Senator that "[t]he buying and selling of real estate for industrial park sites is a legitimate exercise of a county's power of home rule as provided in K.S.A. 19-101 and K.S.A. 1985 Supp. 19-101a." In July, 1986, two years after the commencement of a task force study of rail-served industrial park site options in Douglas County, the Douglas County Commission exercised its home rule authority and purchased approximately 300 acres of land for what has now been named the East Hills Business Park. At the time it agreed to make the approximately \$750,000 purchase the Commission also announced its intention to deposit the proceeds of the sale of the site in a revolving industrial development fund that can be used for similar purposes in the future.

Since the purchase of the East Hills site, many additional steps have been taken. The site has been annexed to the City of Lawrence so utilities can be extended. The entire site has been rezoned for manufacturing purposes and preliminary and final plats have been approved for portions of the site. The City has begun the preparation of the plans for extending utility services, and the County has begun adjacent road and access improvements. One of the major steps remaining is to work out the details of the conveyance of the real estate to the nonprofit corporation--Douglas County Development, Inc.--for the purpose of developing and marketing the site. This is precisely where the statute amended by Senate Bill 138, K.S.A. 1986 Supp. 19-211, comes into play.

(ATTACHMENT II) LOCAL GO. 2/10/87

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K.S.A. 1986 Supp. 19-211 is the general statute governing the sale of property, both real and personal, by county commissions. It provides that with the exception of property belonging to county law enforcement departments, property with a value of \$25,000 or less may be sold or disposed of by the county commission without restriction. If the property has a value of more than \$25,000 but not more than \$100,000, it may not be sold or disposed of without competitive bidding and the unanimous approval of the county commission. The sale of property with a value in excess of \$100,000 may only occur after approval by the voters at a referendum. Even if approved by the voters, the property may only be sold to the highest bidder. In all cases the commission may reject any or all bids.

In 1985 K.S.A. 19-211 was amended to provide different restrictions for the sale of real property by Shawnee, Sedgwick and Johnson counties. In those counties real property of any value may be sold upon unanimous vote of the county commission and publication notice of such sale once each week for three consecutive weeks. If, within 90 days of the first publication a petition is filed with the signatures of two (2) percent of the qualified electors of the county, the real property may not be sold unless approved by the majority of the electors who vote on the question.

The proposed amendment to K.S.A. 1986 Supp. 19-211 that appears in SB 138 would provide an exemption from the requirements of that statute for the type of sale Douglas County contemplates making to Douglas County Development, Inc. In order to qualify for such an exemption, the property would have to be acquired by and sold by the county for the purpose of developing an industrial or business park. Further, the sale would have to be to a non-profit corporation organized under the laws of the State of Kansas. Finally, in order to ensure the business or industrial park would serve the purpose of "primary" business development, the land would have to be acquired and conveyed to provide sites for businesses engaged in: (1) manufacturing articles of commerce; (2) conducting research and development; or (3) storing goods or commodities which are sold or traded in interstate commerce. This last provision was borrowed from Article 11, Section 13 of the Kansas Constitution which was approved by the voters in August, 1986. It was added at the suggestion of the Douglas County legislative delegation.

We believe SB 138 would allow counties to play an active and constructive role in assisting with the expansion of industries in Kansas. It would encourage a creative method of leveraging the development of new sites. At the same time, by authorizing the negotiated sale of such land to a local nonprofit development

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corporation, it ensures that the development of the park is controlled by a community-based group. This kind of control is essential if the cooperating entities (the County, City of Lawrence, and Chamber of Commerce) are going to be able to ensure quality development.

Although the Attorney General concluded in Opinion No. 86-40 that counties could make cash grants to industries to induce them to locate in a particular county, Douglas County does not intend to do so. The County Commission has indicated its intent to sell the land in question to Douglas County Development, Inc. at approximately the price paid by the County (i.e., \$2,500 per acre) or slightly more. All improvements internal to the site, such as streets, curbs, sewers, etc. which will be paid for with special assessments will be the legal and financial responsibility of Douglas County Development, Inc. The obligation of the Corporation to pay the County would arise as it resells the land to a business. Consequently, the County would experience some carrying cost until the park is fully developed. With the assistance of the City of Lawrence and the Corporation, however, these should be kept to a minimum.

One final note. The inclusion of special provisions in K.S.A. 19-211 for Shawnee, Johnson and Sedgwick counties might have made that statute nonuniform and, therefore, subject to home rule modification if that opportunity had not been limited by the 1985 legislature when it adopted subsection (a)(20) of the statute granting counties' home rule powers, K.S.A. 1986 Supp. 19-101a. That subsection provides: "[c]ounties may not exempt from or effect changes in the provisions of K.S.A. 19-211, and amendments thereto." As a result, SB 138 is necessary to authorize any county to convey real estate in the manner described above.

Thank you for your consideration. Please let me know if you have any questions.



City of Lawrence KANSAS

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CITY COMMISSION

MAYOR

SANDRA K. PRAEGER

COMMISSIONERS

MIKE AMYX

ERNEST E. ANGINO

HOWARD HILL

DAVID P.J. LONGHURST

Statement by Howard T. Hill, Vice Mayor, City of Lawrence
Presented to the Senate Local Government Committee
In support of SB138 - The Conveyance of Property to Non-Profit
Organizations by Kansas counties
February 10, 1987

Mr. Chairman, Members of the Committee, I am Howard Hill, Vice Mayor of the City of Lawrence, Kansas, and I am here representing the Lawrence City Commission in their support For Senate Bill 138.

SB138 amends the KSA 1986 Supplement 19-211 to allow a County Board of Commissioners to convey county owned property to a non-profit corporation to provide for the development of an industrial park for businesses engaged in manufacturing, research and development, and the storage of goods for interstate commerce. Job creation in these areas is key to our economic future.

The purpose of KSA 1986 Supp. 19-211 is to protect the public interest in the use of public land by counties. This statute outlines a process that counties must follow in the transfer of land. This process ensures public comment in the process, and ensures that the county will receive a fair price for any land sold. As you know, SB138 would

(Attachment 111) Local Go 2/10/87

give Kansas counties the ability to forego this process in the development of an industrial park. It should be noted that this exemption affects only one specific type of conveyance of public land by counties and for only one specific purpose. It does not affect the established process outlined in KSA 1986 Supp. 19-211 for any other actions. This exemption would give local governments a critical tool in the development of local economies.

As many of you know, the Board of Commissioners of Douglas County, the Lawrence Chamber of Commerce, and the City of Lawrence are working together to develop a 300 acre industrial park east of the city. The area chosen is rail served on the north side and served by Kansas Highway 10 on the south. The "East Hills" Industrial Park is being designed to attract industries involved in manufacturing, research and development, and interstate commerce. These businesses will diversify our economy and our job market, both locally and statewide.

To make the "East Hills" project happen, the Douglas County Commission seeks to convey the use of the proposed site to a non-profit corporation set up to administrate the park. In response to the importance of this development to our local economy, the City of Lawrence has agreed to extend its city services to the site. The City has committed itself to the payment of engineering fees for the design of plans for the extension of water and sewer services to the area. This represents an expenditure in excess of \$175,000, and is only the initial cost of the total project. This intergovernmental cooperation is a sign of the value and importance of this development.

SB138 provides an additional power for counties to affect development in the State of Kansas in specific situations. This testimony provides an example of the opportunities passage of this bill would create. It is our hope that you will pass SB138.

Thank you for your time and consideration. I will be happy to answer any of your questions.

My name is Gary Toebben. I am the Executive Vice President of the Lawrence Chamber of Commerce and I am speaking this morning as a proponent of SB 138.

SB 318 is an extension of the economic development initiatives suggested in the Redwood-Krider report and passed by the 1986 Kansas Legislature.

The section on Community Development and Small Business in the Redwood-Krider report states:

"Firms choose to locate or expand in Kansas based not only on attributes of the state but also on the attractiveness of a specific community. If Kansas is viewed positively as a state, but local communities are not competitive with those in other states, then economic development will lag. A major part of the state's economic development effort, therefore, should be directed toward helping communities to improve their own economic development program."

That is exactly what SB 138 does. It allows Kansas counties to improve their economic development program by assisting in the creation of new industrial sites.

Lawrence and Douglas County have been striving to create a new industrial park for more than ten years. When the Douglas County Commission agreed to become a partner in this effort by purchasing the land, our plans began to move forward. The City of Lawrence is also playing an active role in the development of the park through the extension of utilities.

Both the City and the County both wanted to serve as catalysts in creating the Park but neither had the desire to manage the day-to-day operations necessary to develop and market the site. So Douglas County Development, Inc., a non-profit corporation, was created to develop, market and manage the park.

In a way, Douglas County Development, Inc. is similar to the three non-profit corporations you established during the 1986 Legislative session - Kansas Venture Capitol, Inc., Kansas Technology Enterprise Corporation, and Kansas, Inc.

Douglas County Development, Inc. has a fifteen member Board of Directors that includes a city commissioner, county commissioner, two bankers, two attorneys, a farmer, architect, manufacturer, accountant, three developers and other community leaders.

It is a very high quality board that contributes hours of time, serves with no remuneration and has much responsibility.

The goal of Douglas County Development, Inc. is to create a new industrial park similar to the Santa Fe Industrial Park in northwest Lawrence, adjacent to the turnpike.

The Santa Fe Park was created through a community effort with the Santa Fe Railroad during the late 1950's. Today, that Park is home to seven national corporations that employ 1,800 people with a payroll of \$25 million. The land, buildings, and machinery in the park represents 5% of the assessed valuation of the entire county.

It is the goal of all of us in Douglas County to duplicate this economic impact through the creation of what we are calling the East Hills Business Park.

Cities and counties must join the state in taking an aggressive role in the creation of new jobs for Kansas. SB 138 is one more step in that direction. I urge you to support SB 138 and give counties an important tool to assist in this very important effort.