

Approved 2/24/87 Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at  
Chairperson

9:00 a.m./p.m. on February 17, 1987 in room 254-E of the Capitol.

All members were present ~~except~~.

Committee staff present:

Hank Avila, Legislative Research Department  
Ben Barrett, Legislative Research Department  
Bruce Kinzie, Revisor  
Louise Cunningham, Committee Secretary  
Fred Carman, Revisor

Conferees appearing before the committee:

Sen. R. Talkington, President of the Senate  
Sen. Mike Johnston, Senate Minority Leader  
Congressman Bob Whittaker  
Ron Hartje, Howard, Needles, Tammen & Bergendoff  
Jim Dahman, Columbus, Economic Development Steering Committee  
Glen A. Scott, President, Parsons Chamber of Commerce  
Clayton Connell, Fredonia  
Dave Seaton, Winfield  
Roger E. Steffen, Winfield  
Arthur J. Collins, Northwest Passage Highway Coalition  
Leroy Lyon, Mid-Kansas Economic Development Commission, Great Bend  
Larry Rogers, Russell Area Chamber of Commerce  
Howard Loomis, Pratt  
Rodney Lesh, City of Pratt  
Jim Witt, City Manager, Dodge City  
Ward Loyd, Mayor of Garden City  
Jim Wills, National Carriers, Liberal

HEARING ON S.B. 137 - Construction of expressways and freeways; issuance of bonds.

The Chairman thanked the large number of delegations that were appearing on this bill. The adverse weather had caused some conferees to cancel out.

Sen. Bob Talkington said he hoped a package on transportation could be put together and that funding would be found. This bill is a start in that direction. He requested the committee to give consideration to a statewide highway program. It would be good for the future of the state and good for economic development.

Sen. Mike Johnston said this was a difficult task but a program should be passed to meet the highway needs of the people of this state.

Congressman Whittaker said he was aware that a large number of people from Southeast Kansas were unable to be here because of the heavy snow and icy conditions in that part of the state. The bleak picture of economic conditions had been presented previously to the committee and the state must make an investment in new highways. He spoke of the "window of opportunity" and said interest rates now are low and this should be a state effort that must not be delayed. The state could not wait on federal assistance. He urged the committee to move forward and work with Governor Hayden to develop a highway package. He also spoke of the four-lane highways as a Cadillac compared to the two-lane highways as a Chevrolet and said if you had no car at all you would be very proud to own a Chevrolet.

Ron Hartje said he wanted to clarify the recommendations of the route from Great Bend to Hays, via U.S. 281 North to I-70 at Russell rather than the diagonal. It was because of the tremendous difference in cost. The diagonal would require an additional 16 miles and cost an extra \$72 million. It is cheaper to stay on an existing route rather than to acquire right-of-ways and increase mileage. The report does have facts and figures on the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,

room 254-E, Statehouse, at 9:00 a.m.~~p.m.~~ on February 17, 1987.

diagonal and it is the Legislature's decision on which to go with.

Jim Dahman, Columbus, introduced the Economic Development Steering Committee from Cherokee County and Crawford County and spoke of their need for new highways. He presented some statistics to the committee in regard to employment, sales, income, etc. A copy is attached. (Att. 1).

Glen Scott, Parsons, said they support S.B. 137 and pledged united support for this issue. A copy of his statement is attached. (Att. 2). He also submitted a statement dated February 17, 1987 (Att. 3) from the City of Parsons in support of the highway bill, and a letter from Labette County Board of Commissioners signed by J.D. Baumgardner dated February 17, 1987 in support of S.B. 137. A copy is attached. (Att. 4).

Clayton Connell, Fredonia, spoke for a delegation from Fredonia in support of S.B. 137. He is a member of Congressman Whittaker's Highways for Progress and said they are all united on the route which was chosen by the engineering study group. A copy of his statement is attached. (Att. 5). Also submitted was a statement from Max. V. Wilson and Chuck Neuenschwander from Fredonia Unified School District No. 484 stating that the school district strongly supports S.B. 137. A copy of this statement is attached. (Att. 6).

Dave Seaton, Winfield, said he was one of Governor Hayden's appointees to the commission to make recommendations for new highway construction. He spoke of the need for industries to have four-lane highways. He said the committee should not act prematurely out of feelings of economic desperation but to be sure the various routes, methods of financing and local participation have been fully studied. A copy of his statement is attached. (Att. 7).

Roger E. Steffen, Winfield, spoke of the importance of the "supplemental improvements" to US 166 and the extreme need for bypasses around Winfield and Arkansas City. A copy of his statement is attached. (Att. 8).

Arthur J. Collins, Northwest Passage Highway Coalition; said they strongly support all the projects covered in this bill. He suggested the use of an Independent Management Team and also questioned some of the cost figures in the 20% contingency allowance. He urged that the fuel tax be effective as of July 1, 1987 and the committee to act favorably on this bill. A copy of his statement is attached. (Att. 9).

Leroy Lyon, Mid-Kansas Economic Development Commission, Great Bend, spoke in support of S.B. 137. A copy of his statement is attached. (Att. 10).

Larry Rogers, Russell Area Chamber of Commerce Highway Task Force, said the consulting firm of Howard, Needles, Tammen, & Bergendoff was hired because of their expertise and their study was done on the basis of the most cost-effective plan which would be the route from Great Bend to Hays, via U.S. 281 North to I-70, at Russell. He urged the committee to follow the recommendations of the consulting firm as the new proposed diagonal route would be much more expensive and require an excess of 2000 acres of farmland to be lost by the new routing. A copy of his statement is attached. (Att. 11).

Howard Loomis, Pratt, said it was important that Kansas act now. The economy in Southeast Kansas is in bad shape and they want action on the two-lane system now. They can work to get four-lanes eventually if it is feasible.

Rodney Lesh, City of Pratt, said he concurs with everyting Mr. Loomis said.

Jim Witt, City Manager, Dodge City, said they support SB 137 because it will provide the trucking industry and the beef processing firms in their part of the state with the highways they need. A copy of his statement is attached. (Att. 12).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,  
room 254-E, Statehouse, at 9:00 a.m./~~p.m.~~ on February 17, 1987.

Ward Loyd, Mayor of Garden City, said transportation is their life's blood. Beef and cattle industrial trucks are prominent users of the highways and the system must be improved in their area. (Att. 13).

Jim Wills, National Carriers, Liberal, said his carriers travel over a million miles per year between Liberal and Wichita and spoke of the percentage of fatalities and accidents occurring on two-lane highways. A copy of his statement is attached. (Att. 14).

Meeting was adjourned at 10:00 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 2-17-87 Place 254-E Time 9:00

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Bruce Bain	Hays	Hays Daily News
Charley Gowdy	Great Bend	Close Up Kansas
Shane McFarren	Great Bend	Close Up Kansas
Sean Murphy	Great Bend	Close Up Kansas
Scott Shure	PARSONS	
GLEN A. SCOTT	PARSONS	PARSONS CHAMBER OF COMMERCE Economic Dev. Steering Com.
Wes Houser	Columbus	Chamber of Commerce Steering Committee
Betty McBride	Columbus	Economic Development Steering Committee
Friedna Fiedler	Columbus	Economic Development Steering Committee
Bill Powell	COLUMBUS	ECONOMIC DEVELOPMENT STEERING COMMITTEE
Ron Boulware	Columbus	Economic Development steering comm
Jim DAKMEN	Columbus	" " " "
Carl Daugherty	Columbus	" " " "
BOB WHITTAKER	AUGUSTA	U.S. House of Representatives
CLAUDETTE LEWIS	AUGUSTA	Cong. BOB WHITTAKER'S OFFICE





SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 2-17-87 Place 354-E Time 9:00

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Rolanda Elper	Haven	Haven Highway
JEAN W. FAHRBACH	✓	✓ ✓
Tom Daveline	Hutchinson	Hutchinson Chamber of Commerce Northwest Passage Highway Coalition
Arthur J. Collins	Hutchinson	NW PASSAGE ALIGNWAY COALITION
BILL PERDUE	TOPEKA	
RON HARTJE	K.C.	HNTB
Dan Ramlow	Topeka	Ks. Contractors Assn.
Tom Whitaker	Topeka	Ks Motor Carriers Assn.
BUD GRANT	"	KCC
Steen Coulter	Topeka	Ks. Contractors Assoc
D. WAYNE ZIMMERMAN	TOPEKA	" " "
Charles H. Nicolay	Topeka	Ks Oil Marketers Assn.
Robert M. Collins	Hays	Hays Area Chamber of Commerce MID-KANSAS ED. CHAMBER-OF-COMMERCE
D. C. Walter	Harrison	
Larry Lyon	Great Bend	Mid-Kansas Economic Dev. Comm.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date \_\_\_\_\_ Place \_\_\_\_\_ Time \_\_\_\_\_

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Christy Young	Topeka	Greater Topeka Chamber of Comm
Shelley Sutton	Topeka	Ks. Eng. Society
John Conrad	Topeka	Governor's Office
PAUL W. MATTHEWS	OKLA. CITY, OK	HIGHWAY USERS FEDERATION
Blonda Imke	Russell	Chamber of Commerce
Lamy Rogers	Russell	Chamber of Commerce
Curt Helmig	Topeka	Shawnee City Highway Coalition
Mark Bickert	Emporia	Sen. Burke
Ed De Soizine	Topeka	KSOT

AN UNKNOWN - QUOTING  
SOME HIGHLY RESPECTED  
KANSANS

February 17, 1987

Senator Bill Morris, Chairman  
Kansas Senate  
State Capitol Bldg.  
Topeka, KS 66603

Dear Senator Morris:

On behalf of the communities in Cherokee County, we thank you for allowing us to come before your committee. We hope the number of participants traveling to Topeka, demonstrates our concern for the future of our county.

We have prepared, through selected graphs, the highlights of some of the economic disparities our populace faces daily. In addition, we have supplied material emphasizing a layoff in Miami, Oklahoma and the dramatic impact it had on Cherokee County. Help from the State of Kansas will be critical in the next 24 to 48 months as we struggle to find employment opportunities for these people. The proposed highways will add short-term and long-term jobs we so badly need.

We pledge to you, to be responsive to our state for assistance in showing Cherokee County to prospective employers. We have, or are preparing, industrial parks, available buildings, and a positive attitude toward development. The Legislatures help by providing quality roads will make it all come together.

Sincerely,



Cherokee County

## An Unknown - Quoting Some Highly Respected Kansans

"Although the state still has a larger rural population (33%) than the U.S. average (26%), a great many people have moved to regions of employment opportunity (much of it concentrated in the area roughly bounded by Interstate 35, 135, and 70)."

Anthony Redwood, PhD, U of K  
Kansas Communities: Changes,  
Challenges,  
Choices pg 1;  
U of Kansas,  
Div. of Cont.  
Ed., 1986  
PA60710.

### The Outlook

"The economic problems of rural areas are the result of (1) long-term changes in agriculture, particularly the decline importance of labor in production, (2) deregulation in transportation and telecommunications, which increases relative costs of business in sparsely populated areas, and (3) the importance of interstate highways and access to markets in business firms decisions to locate. None of these has short-term effects but rather each has long-term implications for the economic health of rural areas."

Charles E. Krider, PhD, U of K  
Kansas Communities: Changes,  
Challenges,  
Choices, pg 7  
U of Kansas  
Div of Cont  
Ed, 1986  
PA60710

"Some communities, such as those near interstate highways, may have a more favorable outlook. Should limited resources be focused on these communities while accepting the economic decline of other areas? The alternative is to assist all communities with an interest in economic development."

Ibid. pg 8

"Accessibility is a necessary, but not the only, ingredient needed for the economic recovery of an area. The better the accessibility to and from an area, the higher the potential is for economic development."

Thomas E. Mulinazzi, Professor  
Civil Engineering, KU Tech Transfer  
Ctr.

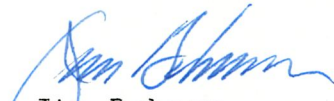
Kansas Communities: Changes,  
Challenges,  
Choices, pg 41,  
U of Kansas.

There you have it committee members, not words from an unknown individual from the third poorest county in Kansas, but the words of some of the most respected people in service to Kansas. We appeal to you, help us with these new roadways across Kansas, and we pledge to exert every effort to give out beloved state a return on that investment.

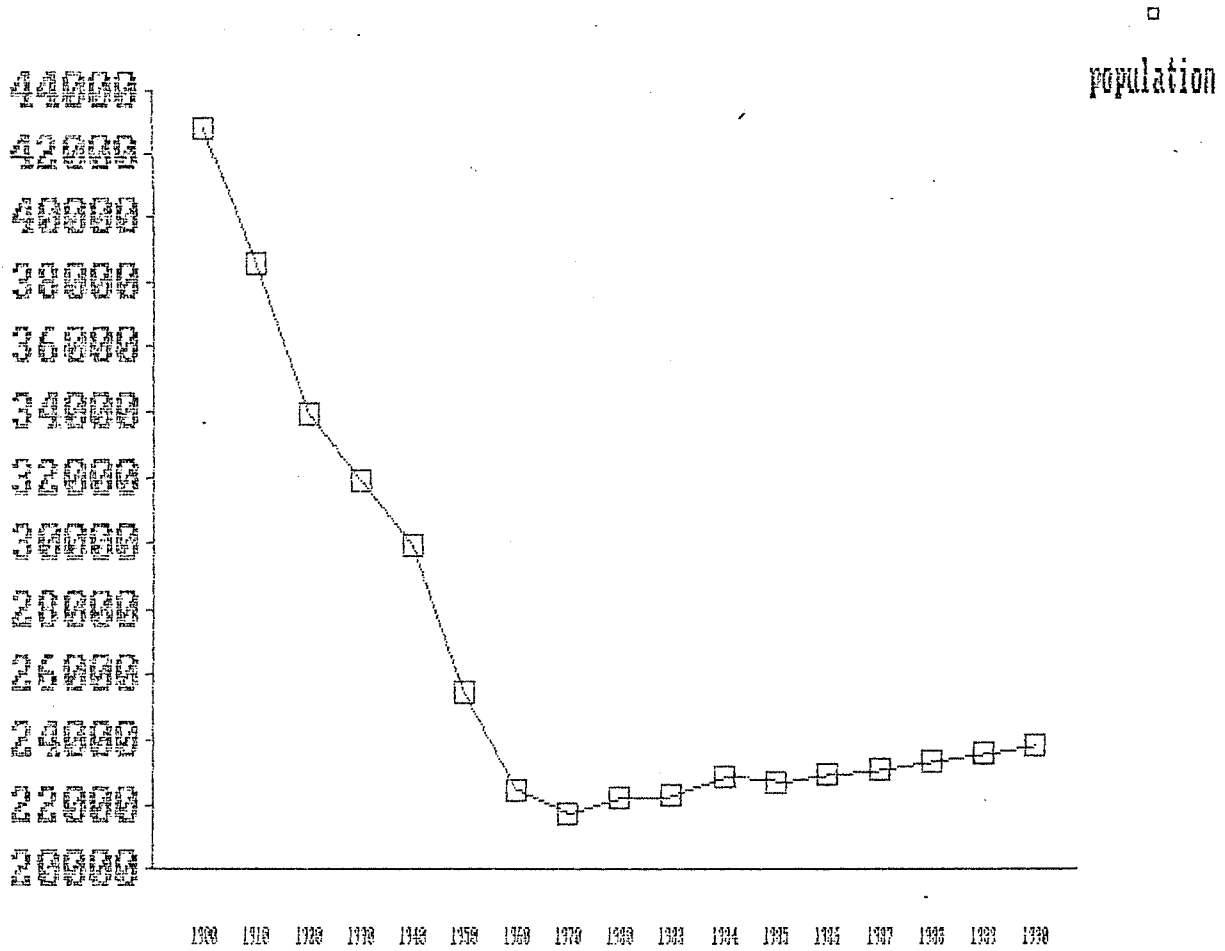
The balance of our prepared presentation consists of selected demographic charts on our county. As you review them, we hope you will be empathetic with our plight.

There you have it.

Sincerely,

  
Jim Dahmen  
Columbus, KS  
(316)429-3132

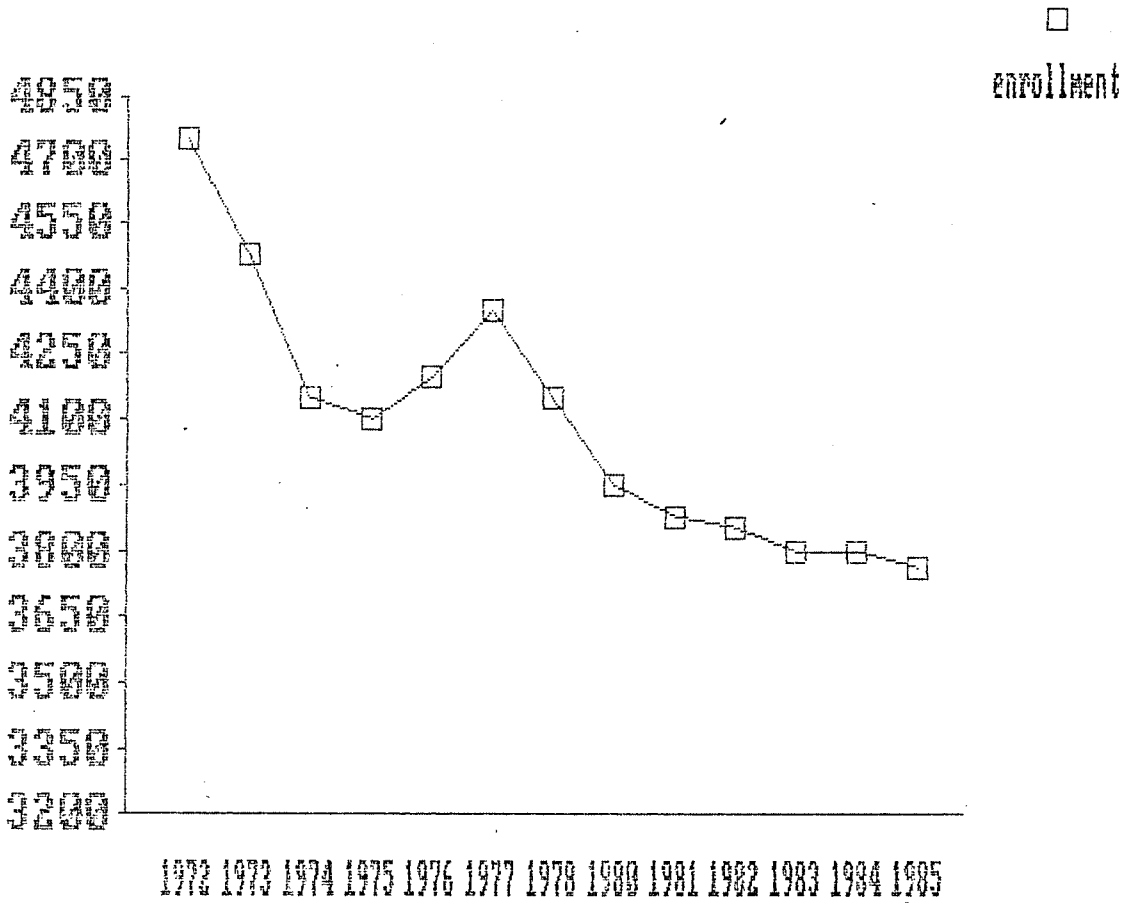
# Population: Cherokee County 1900 - 1990



Source: Ks Statistical Abstract 1995/96

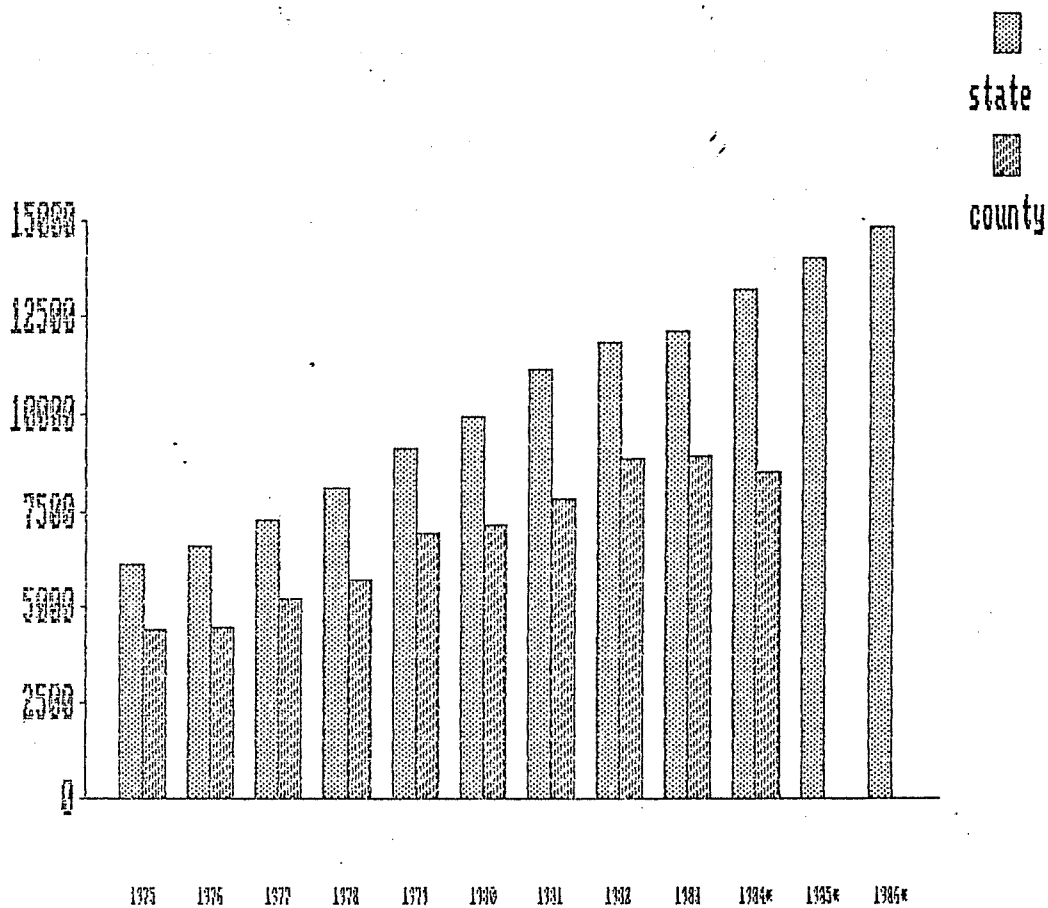


# Public School Enrollment to 1985



Source: Ks Statistical Abstract 1985/86

# Cherokee Co: Personal Income 1975 to 1983

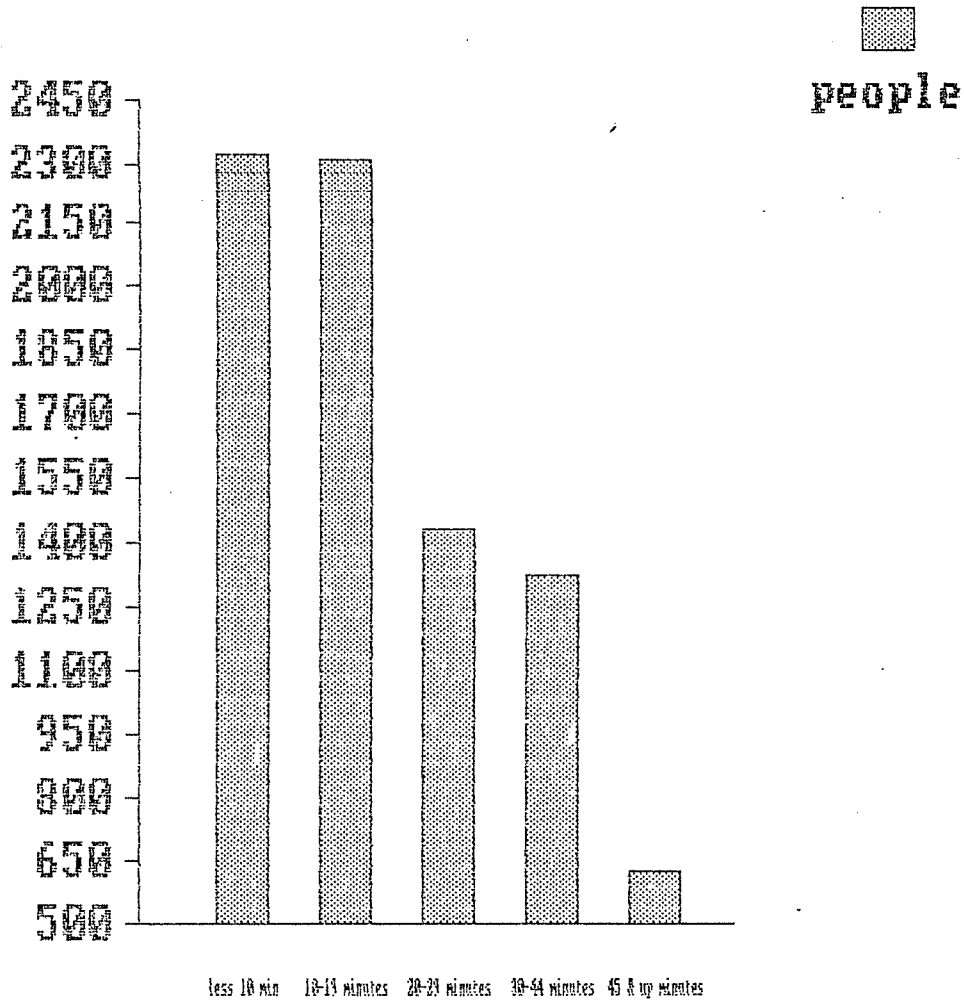


Source: U.S. Dept Comm Vol 5 78-83 Census

\* Kansas Statistical Abstract 1985-86

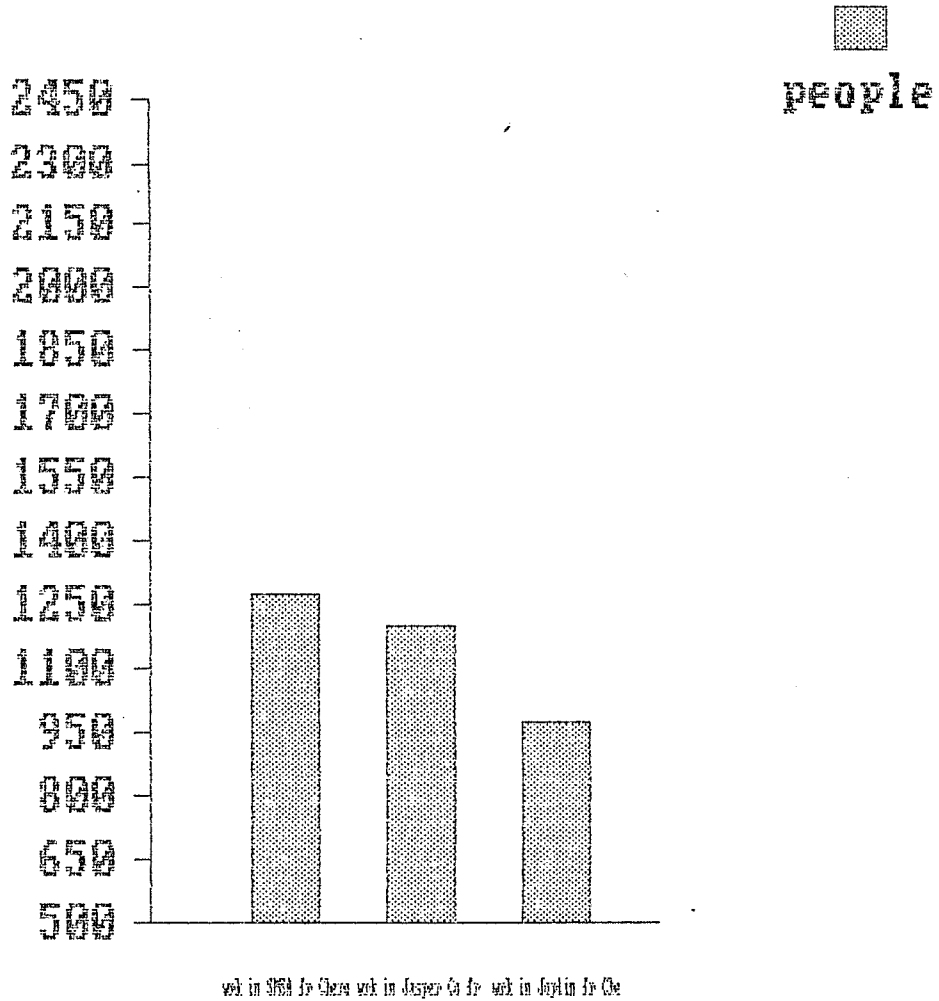
(County data not available)

# Time to Work Cherokee Co 1980



Source Gen Social Econ Charac Ks-1980 Census

# Journey to Work-Joplin SMSA-1980 Metropolitan



Source Gen Social Econ Charac Ks-1980 Census

Cherokee County  
Industrial Property Available

BAXTER SPRINGS				
<u>Site</u>	<u>Avail Land</u>	<u>Avail. Bldgs</u>	<u>Utilities</u>	<u>Zoned</u>
Ind. Park #1	30 ac.	99,580	Yes	Yes
Ind. Park #2	25 ac.	30,000	No	Yes
Ind. Park #3	60 ac.	None	No	Yes
Block Plant	4.3 ac	12,200 s.f.	Yes	Yes
COLUMBUS				
Ind. Park #1	16 ac.	None	Yes	Yes
Follmer	5 ac.	19,350 s.f.	Yes	No
Webb	3.5 ac.	9,000 s.f.	Yes	No
Class Ltd		10,336	Yes	No
Jorden	60 ac.	None	No	No
Hulvey	ac.	None	No	No
GALENA				
Ind. Park	20 ac.	None	Yes	Yes

RATE SURVEY OF EE1 RATE RESEARCH COMMITTEE MEMBERS  
AVERAGE RATE FOR YEAR 1984

Company Name	Overall Cents/KWH	Rank	Residential Cents/KWH	Industrial Cents/KWH
Montana Power Company	2.80	1	3.87	2.29
West Penn Company	3.90	2	5.15	3.50
Potomac Edison Company	4.01	3	5.33	5.15
Kentucky Power Company	4.09	4	4.53	3.95
Mononbahela Power Company	4.13	5	5.63	3.34
Empire District Electric	4.25	6	5.58	3.75
Pacific Power & Light	4.28		4.41	3.67
Minnesota Power	4.31		5.46	4.56
Puget Sound Power & Light	4.32		4.73	2.75
Indianapolis Power & Light	4.40		5.06	3.63
Ohio Power Company	4.54		6.87	3.51
Kingsport Power Company	4.63		5.04	3.39
Wheeling Electric Company	4.68		6.75	3.72
Northern States Power Co.	4.73		6.06	4.05
Kentucky Utilities Co.	4.74		5.39	4.17
Gulf States Utilities	4.76		7.00	3.59
Portland General Electric	4.84		4.47	4.56
Duke Power Company	4.90		6.11	4.11
Oklahoma Gas & Electric	4.92		5.92	4.17
Appalachian Power Co.	4.92		5.62	2.27
Public Service Indiana	4.99		5.55	3.35
Indiana & Michigan Elec.	5.04		5.75	4.19
Public Service Oklahoma	5.06		6.16	4.24
Arkansas Power & Light	5.06		7.18	4.21
Kansas Gas & Electric	5.44		7.04	4.83
Texas Utilities Electric	5.68		6.81	4.39
Iowa Southern Utilities	5.80		6.30	4.30
Kansas Power & Light	5.84		7.64	5.32
Ohio Edison Company	6.25		8.46	5.36
Dayton Power & Light	6.43		7.75	5.18
Kansas Power & Light	6.44		7.49	4.66
Iowa Electric Light & Power	7.07		8.17	5.39
Iowa Power & Light Co.	7.18		8.50	4.97
Iowa Public Service Co	7.40		8.21	5.94
Boston Edison Company	10.62		11.48	9.32
United Illuminating Co.	10.66		11.28	8.44
San Diego Gas & Electric	11.36		11.20	11.86
Consolidated Edison of NY	14.55		16.50	13.82

Source: 1984 Year End E.E.I. Rate Comparison Survey

## Kansas tire workers also face loss of jobs

### Plant's closing rocks Oklahoma town

By Jake Thompson  
Of the *Mis-America Staff*  
MIAMI, Okla. — Beneath the production line roar, Stan Mallory constantly hears a new, gloomy murmur at Miami's B.F. Goodrich Co. plant — the hum of rumors.

The Baxter Springs, Kan., rubber worker hears questions and speculation about a sale, severance pay, new jobs and more, a month after Goodrich officials stunned this area Aug. 23 by announcing

that the 40-year-old tire manufacturing plant would close permanently in March.

"It makes it hard when you hear it all day, and it's a little tiresome," said Mr. Mallory, 40. "I keep thinking something good will come out of it because you have to have a positive attitude. When you initially hear, it's an empty feeling. But you can't sit and brood about it."

Company officials say the market for the plant's tires — passen-

ger car, large truck, off-road and agricultural vehicles — has crashed, and competition from imports led to a decision to close one of Goodrich's four plants. The others are in Fort Wayne, Ind., Tuscaloosa, Ala., and Oaks, Pa.

When the doors shut in Miami, about 400 of the 1,900 employees will retire. The rest face searching for new employment. Many are like Mr. Mallory, whose only job has

See OKLAHOMA, A-16, Col. 1

A-16 The Kansas City Times Wednesday, September 25, 1985

## Oklahoma town looks ahead to day tire plant closes doors

Continued from Page A-1

been 16 years at the plant 12 miles south of the Kansas border.

Today a group of Kansas and Oklahoma officials and a special task force appointed by Oklahoma Gov. George Nigh are scheduled to meet in Miami (pronounced My-an-uhl in Oklahoma), at an assistance center Goodrich set up to help its workers find new jobs.

The group hopes to soften the blow to employees and the 15,000 population town of Miami by trying to find industries interested in the plant's work force, said Steve Ingram, head of a dislocated worker program at the Kansas Department of Human Resources. He said Kansas could offer help in job placement, retraining, social services such as counseling, and efforts to draw new business.

Goodrich, which covers 37 acres in Miami, has been part of the town's identity since 1945. It also is a vital component to the economies of nearby towns, including Columbus, Galena and Baxter Springs in Kansas, city and state officials say. About 250 Kansans work at Goodrich.

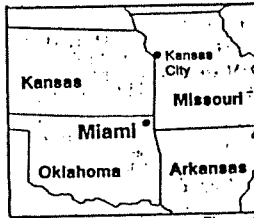
The plant's employees represent a payroll of about \$60 million a year. And when spending money from Goodrich salaries and tax payments dries up, the aftershocks could continue for years in a region already known for high unemployment.

"This is the largest manufacturer's closing in years (for Oklahoma), and it's going to have a horrendous effect. It'll impact not only on Oklahoma, but Kansas, Missouri and Arkansas," said Grover Cleveland Phillips, director of the industrial division of the Oklahoma Department of Economic Development.

He said the loss of 1,900 jobs at the plant may force supporting businesses in surrounding communities to trim 1,000 more employees.

"Hopefully it won't be a mortal blow, and hopefully we can get someone in there to take advantage of that work force," Mr. Phillips said, noting that some tire companies have requested details about possibly buying the plant. "We're playing all the angles."

Although Miami has a half-dozen other smaller industries, the demise of Goodrich means something more ominous than a loss of jobs. It means the restructuring of the town's social and economic foundation.



and the nearness of a recreational lake, Grand Lake.

Some also doubt the reasons given for closing. "In my opinion they didn't want to operate it any

more," said Kenneth Miles, 38, who lives near Galena and worked 16 years at the plant. "I don't believe the Miami plant was losing money."

He is worried whether, if the plant is sold before March to another tire company, the employees will get lump-sum payments of money held for their retirement that they think they are due. And he is worried about moving his wife and two sons from his lifelong home.

"It's been like the steel mills, a family kind of thing," Mr. Miles said. "I know I don't want to move away unless I have no other option. Everybody like me, they don't know what they're going to do."

The Miami Chamber of Commerce uses a tire in its logo. The plant is situated on Goodrich Boulevard, as is BFG Credit Union. At Will Rogers Junior High School next to the plant, a marquee last week offered an optimistic note: "Welcome New Industry."

"The actual closing will be like burning the school down or a death in the family," Cliff Whitehead, vice president of Local 318 of the United Rubber Workers Union, said at his office, where the day of Aug. 23, a day of mourning, was blocked out on a calendar down the hall.

"We had known they were going to do some altering of the company, but no one ever dreamed that would mean closing the whole plant," Mr. Whitehead said. "The thing about it is, this being the largest employer in the area and with its 40 years, some of the men have grown up with Goodrich. They've got deep roots here and will have a very hard time moving away."

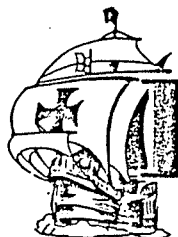
Miami city officials formed a task force themselves to try to lure new industry and keep families like the Mallorys around, spending money in the region.

"Now is an opportunity for us to draw in people who worried about competing with wage scales of well-paid rubber workers," said Chuck Goldenberg, a city task force member and president of Miami's First National Bank. "That wasn't really a problem, but it was a perception other industries had. The town has survived closing lead and zinc mines which were far larger than Goodrich. The town has survived hard economic times. The town will survive. The job is to try to do something good now."

Fred Mills, administrator of the Baptist Regional Health Center, nodded and added, "The positives and good things in the long run will outweigh the trauma."

For many Goodrich employees, factors that may help draw new employers also weigh against quickly packing bags and fleeing: Miami is a small city between Joplin and Tulsa, and local officials point to its schools and churches

FROST  
Warning  
Tonight  
Cover Up



# Columbus Daily Advocate

'Help America Discover Columbus'



VOLUME 112 (COLUMBUS, KANSAS ZIP 66725)

MEMBER ASSOCIATED PRESS OFFICIAL CITY AND COUNTY PAPER

MONDAY, SEPTEMBER 30, 1985 No. 1

## **BF Goodrich**

### **Miami, Oklahoma**

After 40 years, the B.F. Goodrich tire plant in Miami is closing.

The work force includes a variety of high quality, dedicated employees. B.F. Goodrich holds all these fine people in the highest esteem and strongly recommends the following workers.

- ☆ General Production
- ☆ Shipping & Receiving
- ☆ Quality Control
- ☆ Supervisors/Foremen
- ☆ Clerical/Administrative
- ☆ Skilled Craftsmen

It is B.F. Goodrich's intent and interest to assist in placing these fine employees. Any employer who may wish to interview or wishes further information is asked to contact:

**Ray McCalment (918) 542-8487**  
**Employee Assistant Center**  
**103 E. Central, Miami, Okla. 74354**  
**St. James Court**

## **BF Goodrich**



		1984				1985				1985				Most Recent
		Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	12 Months
<b>CHEROKEE COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	8.9	8.8	8.8	9.7	9.7	9.7	9.9	10.2	10.3	10.1	10.0	10.2	9.7
Unemployed	number	741	765	777	793	712	654	604	645	696	763	666	712	711
Unemployment Rate	percent	8.3	8.7	8.8	8.2	7.3	6.7	6.1	6.3	6.8	7.5	6.6	7.0	7.3
Employed	thous	8.2	8.1	8.0	8.9	9.0	9.1	9.3	9.5	9.6	9.4	9.4	9.5	9.0
<b>REAL ESTATE</b>														
Building Permits	number	3	2	2	1	3	2	4	8	1	5	6	2	39
Total Building Permits	thous\$	25.7	11.0	21.0	50.0	460.0	3.2	48.3	22.9	0.1	45.3	40.5	80.2	808.2
Housing Starts	thous\$	21.0	0	0	50.0	0	0	25.0	0	0	0	0	0	96.0
Remodel.: Exist. Res.	thous\$	4.7	11.0	1.0	0	7.5	3.2	23.3	11.8	0.1	2.0	25.5	5.2	95.3
Remodel.: Non.-Res.	thous\$	0	0	0	0	2.5	0	0	0	0	0.5	0	0	3.0
New Business Building	thous\$	0	0	20.0	0	450.0	0	0	0	0	0	0	75.0	545.0
New Apartment Units (Includes duplexes)	thous\$	0	0	0	0	0	0	0	0	0	0	0	0	0
Other New Permits	thous\$	0	0	0	0	0	0	0	11.1	0	42.8	15.0	0	68.9
Mortgages Recorded	mil\$	1.2	2.3	1.4	7.0	1.4	1.8	2.1	1.2	0.9	1.5	2.1	2.1	25.0
<b>SALES</b>														
Total Retail Sales	mil\$	10.0	20.2	13.3	11.8	12.6	14.1	14.4	14.4	13.1	8.9	N/A	N/A	132.8
New Car Sales	number	39	37	31	26	30	41	35	44	43	57	33	64	480
New Truck Sales	number	15	35	29	22	15	25	16	27	26	32	33	21	296
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	36.2	43.9	29.5	15.6	26.5	15.1	30.4	25.5	23.2	9.2	24.9	25.3	305.3
Rainfall	inches	6.99	2.07	4.47	2.26	7.87	4.29	4.43	6.58	6.55	2.55	9.73	4.12	61.91
<b>CRAWFORD COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	16.8	16.9	16.6	16.3	16.4	16.7	16.9	17.2	17.3	17.2	17.0	17.3	16.9
Unemployed	number	1,161	1,361	1,330	1,436	1,320	1,206	1,001	982	972	958	943	891	1130
Unemployment Rate	percent	6.9	8.1	8.0	8.8	8.0	7.2	5.9	5.7	5.6	5.6	5.6	5.1	6.7
Employed	thous	15.6	15.5	15.3	14.9	15.1	15.4	15.9	16.2	16.3	16.3	16.0	16.4	15.7
<b>REAL ESTATE</b>														
Building Permits	number	34	28	25	23	20	27	53	42	34	40	44	33	403
Total Building Permits	thous\$	400.7	326.0	372.3	279.5	73.7	153.2	634.9	679.6	789.3	453.9	552.5	378.6	5294.2
Housing Starts	thous\$	125.1	168.7	111.0	133.6	0	0	531.9	191.7	608.5	203.2	307.4	212.3	2593.4
Remodel.: Exist. Res.	thous\$	17.4	19.0	10.0	16.8	18.2	8.3	60.5	48.9	41.4	17.0	48.5	22.0	328.0
Remodel.: Non.-Res.	thous\$	103.3	13.5	128.0	252.5	9.6	108.0	25.1	60.5	14.7	44.5	141.5	106.0	1007.2
New Business Building	thous\$	67.0	0	120.0	0	0	19.2	0	208.0	0	0	19.0	4.7	437.9
New Apartment Units (includes duplexes)	thous\$	70.0	108.9	0	63.3	39.9	0	0	156.0	110.0	145.2	0	0	693.3
Other New Permits	thous\$	17.9	16.0	3.3	13.3	6.0	17.8	17.4	14.5	14.7	43.9	36.0	33.6	234.4
Mortgages Recorded	mil\$	2.7	1.7	1.8	1.5	1.7	2.4	3.8	2.7	2.6	2.3	1.8	2.2	27.2
<b>SALES</b>														
Total Retail Sales	mil\$	15.8	44.1	55.6	21.9	21.6	39.3	28.2	30.8	34.8	24.6	N/A	N/A	316.7
New Car Sales	number	77	64	50	66	75	74	71	72	89	79	81	102	900
New Truck Sales	number	22	32	51	52	55	46	56	44	57	57	50	45	567
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	22.6	24.0	121.4	90.8	75.3	77.0	77.8	90.5	62.5	74.6	104.6	93.5	914.6
Rainfall	inches	10.33	1.97	3.63	2.95	7.56	4.98	3.01	6.57	9.80	2.53	8.98	4.36	66.67

		Jan.	Feb.	Mar.	Apr.	1985								Most Recent
						May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	12 Months
<b>CHEROKEE COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	9.7	9.7	9.7	9.9	10.2	10.3	10.1	10.0	10.2	10.1	9.9	9.9	10.0
Unemployed	number	793	712	654	604	645	696	763	666	712	771	713	771	708
Unemployment Rate	percent	8.2	7.3	6.7	6.1	6.3	6.8	7.5	6.6	7.0	7.6	7.2	7.8	7.1
Employed	thous	8.9	9.0	9.1	9.3	9.5	9.6	9.4	9.4	9.5	9.4	9.2	9.2	9.3
<b>REAL ESTATE</b>														
Building Permits	number	1	3	2	4	8	1	5	6	2	5	1	0	38
Total Building Permits	thous\$	50.0	460.0	3.2	48.3	22.9	0.1	45.3	40.5	80.2	8.9	0.3	0	759.7
Housing Starts	thous\$	50.0	0	0	25.0	0	0	0	0	0	0	0	0	75.0
Remodel.: Exist. Res.	thous\$	0	7.5	3.2	23.3	11.8	0.1	2.0	25.5	5.2	8.9	0.3	0	87.8
Remodel.: Non.-Res.	thous\$	0	2.5	0	0	0	0	0.5	0	0	0	0	0	3.0
New Business Building	thous\$	0	450.0	0	0	0	0	0	0	75.0	0	0	0	525.0
New Apartment Units (includes duplexes)	thous\$	0	0	0	0	0	0	0	0	0	0	0	0	0
Other New Permits	thous\$	0	0	0	0	11.1	0	42.8	15.0	0	0	0	0	68.9
Mortgages Recorded	mil\$	7.0	1.4	1.8	2.1	1.2	0.9	1.5	2.1	2.1	1.2	0.7	1.4	23.4
<b>SALES</b>														
Total Retail Sales	mil\$	11.8	12.6	14.1	14.4	14.4	13.1	8.9	11.8	6.4	14.6	N/A	N/A	122.1
New Car Sales	number	26	30	41	35	44	43	57	33	64	34	23	N/A	430
New Truck Sales	number	22	15	25	16	27	26	32	33	21	27	12	N/A	256
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	15.6	26.5	15.1	30.4	25.5	23.2	9.2	24.9	25.3	25.7	29.8	35.9	287.1
Rainfall	inches	2.26	7.87	4.29	4.43	6.58	6.55	2.55	9.73	4.12	6.78	9.53	2.33	67.02
<b>CRAWFORD COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	16.3	16.4	16.7	16.9	17.2	17.3	17.2	17.0	17.3	17.2	17.0	16.8	16.9
Unemployed	number	1,436	1,320	1,206	1,001	982	972	958	943	891	948	1,060	1,123	1,070
Unemployment Rate	percent	8.8	8.0	7.2	5.9	5.7	5.6	5.6	5.6	5.1	5.5	6.2	6.7	6.3
Employed	thous	14.9	15.1	15.4	15.9	16.2	16.3	16.3	16.0	16.4	16.3	15.9	15.7	15.9
<b>REAL ESTATE</b>														
Building Permits	number	23	20	27	53	42	34	40	44	33	44	38	18	416
Total Building Permits	thous\$	279.5	73.7	153.2	634.9	679.6	789.3	453.9	552.5	378.6	495.7	190.0	402.2	5283.1
Housing Starts	thous\$	133.6	0	0	531.9	191.7	608.5	203.2	307.4	212.3	125.0	104.4	243.8	2661.8
Remodel.: Exist. Res.	thous\$	16.8	18.2	8.3	60.5	48.9	41.4	17.0	48.5	22.0	113.6	49.6	10.1	454.9
Remodel.: Non.-Res.	thous\$	252.5	9.6	108.0	25.1	60.5	14.7	44.5	141.5	106.0	41.2	19.2	64.7	887.5
New Business Building	thous\$	0	0	19.2	0	208.0	0	0	19.0	4.7	105.0	0	0	355.9
New Apartment Units (includes duplexes)	thous\$	63.3	39.9	0	0	156.0	110.0	145.2	0	0	80.1	0	82.2	676.7
Other New Permits	thous\$	13.3	6.0	17.8	17.4	14.5	14.7	43.9	36.0	33.6	30.7	16.8	1.4	246.1
Mortgages Recorded	mil\$	1.5	1.7	2.4	3.8	2.7	2.6	2.3	1.8	2.2	1.7	1.6	1.5	25.8
<b>SALES</b>														
Total Retail Sales	mil\$	21.9	21.6	39.3	28.2	30.8	34.8	24.6	35.5	23.9	30.1	N/A	N/A	290.7
New Car Sales	number	66	75	74	71	72	89	79	81	102	92	48	N/A	849
New Truck Sales	number	52	55	46	56	44	57	57	50	45	47	41	N/A	550
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	90.8	75.3	77.0	77.8	90.5	62.5	74.6	104.6	93.5	97.6	89.3	145.7	1079.2
Rainfall	inches	2.95	7.56	4.98	3.01	6.57	9.80	2.53	8.98	4.36	4.62	7.92	2.83	66.38

		1985			1986									Most Recent 12 Months
		Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	
<b>CHEROKEE COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	9.8	9.6	9.6	9.3	9.4	9.8	9.9	10.0	10.0	10.0	9.9	9.7	9.8
Unemployed	number	761	667	733	828	837	1,225	1,044	959	1,035	1,072	1,129	998	941
Unemployment Rate	percent	7.8	8.0	7.6	8.9	7.9	12.5	10.6	9.6	10.3	10.7	11.4	10.3	9.6
Employed	thous	9.0	8.9	8.9	8.4	8.5	8.5	8.8	9.0	9.0	8.9	8.8	8.7	8.8
<b>REAL ESTATE</b>														
Building Permits	number	5	1	0	1	6	3	4	7	2	0	7	2	38
Total Building Permits	thous\$	8.9	0.3	0	1.4	151.0	119.5	55.8	30.5	500.5	0	198.0	0.9	1066.8
Housing Starts	thous\$	0	0	0	0	0	0	0	0	0	0	37.0	0	37.0
Remodel.: Exist. Res.	thous\$	8.9	0.3	0	1.4	5.5	4.5	7.3	30.5	0.5	0	50.0	0.9	109.8
Remodel.: Non.-Res.	thous\$	0	0	0	0	115.0	0	48.5	0	0	0	0	0	163.5
New Business Building	thous\$	0	0	0	0	30.5	115.0	0	0	500.0	0	0	0	645.5
New Apartment Units (includes duplexes)	thous\$	0	0	0	0	0	0	0	0	0	0	0	0	0
Other New Permits	thous\$	0	0	0	0	0	0	0	0	0	0	111.0	0	111.0
Mortgages Recorded	mil\$	1.2	0.7	1.4	0.7	1.6	0.9	2.4	1.2	1.8	2.0	3.9	1.7	19.5
<b>SALES</b>														
Total Retail Sales	mil\$	14.6	11.4	13.5	7.6	19.3	9.5	10.6	10.0	11.4	8.7	N/A	N/A	116.6
New Car Sales	number	34	23	29	30	25	32	23	24	47	37	34	N/A	338
New Truck Sales	number	27	12	16	17	15	23	16	20	30	25	16	N/A	217
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	25.7	29.8	35.9	26.8	31.5	27.0	24.9	27.5	20.4	23.4	24.5	30.4	327.8
Rainfall	inches	6.78	9.53	2.33	0.01	1.68	1.67	6.03	3.70	4.20	1.02	3.06	10.95	50.96
<b>CRAWFORD COUNTY, KANSAS</b>														
<b>EMPLOYMENT</b>														
Total Labor Force	thous	17.2	16.9	16.8	16.3	16.6	16.5	16.8	17.0	16.9	16.8	16.5	16.9	16.8
Unemployed	number	921	986	1,136	1,354	1,400	1,356	1,092	1,021	1,063	1,087	1,096	1,092	1,134
Unemployment Rate	percent	5.3	5.8	6.7	8.3	8.4	8.2	6.5	6.0	6.3	6.5	6.7	6.5	6.8
Employed	thous	16.3	15.9	15.7	14.9	15.2	15.2	15.7	15.9	15.9	15.7	15.4	15.8	15.6
<b>REAL ESTATE</b>														
Building Permits	number	44	38	18	46	27	38	42	29	30	51	31	31	425
Total Building Permits	thous\$	495.7	190.0	402.2	950.5	62.6	629.0	341.5	662.3	451.6	89.6	246.9	40.1	4562.0
Housing Starts	thous\$	125.0	104.4	243.8	161.2	0	386.1	162.0	226.0	220.4	0	100.4	0	1729.3
Remodel.: Exist. Res.	thous\$	113.6	49.6	10.1	20.2	29.9	79.8	63.8	35.6	114.6	84.6	59.4	31.2	692.4
Remodel.: Non.-Res.	thous\$	41.2	19.2	64.7	22.3	0	14.0	7.0	37.1	89.6	5.0	63.9	8.7	372.7
New Business Building	thous\$	105.0	0	0	700.0	0	0	0	220.9	0	0	0	0	1025.9
New Apartment Units (includes duplexes)	thous\$	80.1	0	82.2	0	0	135.1	100.6	142.6	27.0	0	0	0	567.6
Other New Permits	thous\$	30.7	16.8	1.4	46.9	32.7	14.1	8.1	0	0	0	23.2	0.3	174.2
Mortgages Recorded	mil\$	1.7	1.6	1.5	1.3	1.9	2.3	1.6	4.1	2.6	2.0	2.7	2.2	25.5
<b>SALES</b>														
Total Retail Sales	mil\$	30.1	36.5	58.8	29.7	26.7	34.9	26.3	32.7	34.0	23.4	N/A	N/A	333.1
New Car Sales	number	81	102	92	48	45	86	65	73	90	76	62	N/A	756
New Truck Sales	number	47	41	36	52	36	36	52	58	64	34	35	N/A	491
<b>MISCELLANEOUS</b>														
Postal Receipts	thous\$	97.6	89.3	145.7	80.4	90.3	88.1	94.0	87.4	82.1	N/A	N/A	N/A	854.9
Rainfall	inches	4.62	7.92	2.83	0.03	2.30	1.63	4.15	4.68	3.82	1.02	5.35	16.24	54.59





PARSONS CHAMBER OF COMMERCE  
P.O. BOX 737, PARSONS, KANSAS 67357. (316) 421-6500

February 17, 1987

Senator Morris, Chairman  
Senate Transportation and Utilities Committee  
Public Hearing Senate Bill Number 137

Dear Senator Morris and Committee Members:

The Parsons Chamber of Commerce continues to strongly urge your support of Senate Bill number 137, which calls for the construction of some desperately needed hiway construction particularly through the Southeast Kansas area.

The Southeast Kansas area experienced even a further deterioration of its economy in 1986. Considering the "challenges" facing our citizens, the support and passage of a bill promoting new hiways is now more important than ever.

The Parsons Chamber of Commerce pledges its united support for this issue and now urge our legislators to continue their progressive attitude for upgrading our Kansas hiway system.

Sincerely,

Glen A. Scott  
President  
Parsons Chamber of Commerce

GS:zn

ATT. 2  
T&U 2/17/87

CITY OF PARSONS

STATEMENT

February 17, 1987

The construction of a modern highway through Southeast Kansas from Wichita to Joplin would address serious TRANSPORTATION and ECONOMIC DEVELOPMENT needs.

Circumstances make this the appropriate time to act.

The bond market is the most favorable it has been in years.

Fuel costs are lower and a tax increase would be less of a burden.

Surrounding states are also recognizing the need for additional highway revenue and giving serious consideration to gasoline tax increases.

Construction would provide economic stimulus of benefit to our depressed economy.

The City Commission of Parsons strongly supports decisive action by the state legislature to address the highway needs of Kansas in this current legislative session.

We support implementation of highway construction plans as quickly as possible, and also support the necessary tax increase on gasoline to finance the necessary bonds.

BOARD OF COMMISSIONERS  
LABETTE COUNTY  
OSWEGO, KANSAS 67356  
316/795-4522

LONIE R. ADDIS  
640 Iowa  
Oswego, Kansas 67356

WOODROW BURNETT  
Box 70  
Edna, Kansas 67342

J. D. BAUMGARDNER  
611 S. 32nd  
Parsons, Kansas 67357

February 17, 1987

Senator Bill Morris, Chairman  
Senate Transportation & Utilities Committee  
Public Hearing- SB 137  
Presented by: J. D. Baumgardner, Chairman  
Labette County Board of Commissioners

Dear Senator Morris and Committee Members:

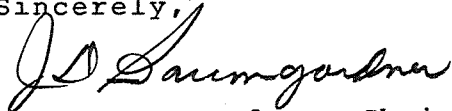
On behalf of the Board of Labette County Commissioners, I come before you today to voice our solidarity and continued support for Highways for Progress and SB 137, calling for construction of new highways in Kansas.

The economic well being of the State of Kansas depends on the continued growth and expansion of the economy. Southeast Kansas has long been denied its share of potential growth because of the lack of major highway transportation facilities. Only when all areas of the state are adequately served by modern transportation systems can all areas of the state contribute equally to the welfare of all citizens.

We as area leaders are here today to express our solidarity in support of the feasibility and economic impact studies recently made. We further express our support for the Super Two concept and the five cent gas tax as a method of financing the construction.

As Kansans, we are not naive as to the political process and constraints for effective legislative action on matters of this magnitude. Nevertheless, current negative economic trends require bold initiatives for Kansas to address our changing economic structure. Passage of SB 137 represents such a bold step. However, we firmly believe this action is a crucial factor to reach the long range economic recovery, stability and growth for Kansas.

Sincerely,



J. D. Baumgardner, Chairman  
Labette County Commission

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T&U 2/17/87



SENATOR MORRIS AND MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE:

I AM CLAYTON CONNELL FROM FREDONIA, I AM RETIRED FROM THE UNITED STATES~~M~~ POSTAL SERVICE, AFTER<sup>47</sup>~~48~~ YEARS SERVICE IN SEVERAL BRANCHES OF THE POSTAL SERVICE.

THANK YOU FOR THIS OPPORTUNITY~~4~~ TO APPEAR BEFORE YOUR COMMITTEE TO TESTIFY ON SENATE BILL#

WE HAVE A DELEGATION FROM FREDONIA HERE TODAY TO LEND SUPPORT FOR THIS HIGHWAY BILL. I WOULD LIKE TO INTRODUCE THEM AT THIS TIME: I HAVE BEEN INTERESTED IN GOOD HIGHWAYS FOR A VERY LONG TIME, A LONG NUMBER OF YEARS. I HAVE WORKED FOR HIGHWAY IMPROVMENTS ON MANY LEVELS THROUGH THE YEARS. I WAS INVOLVED WITH THE JORGENSEN STUDY SOME 20 YEARS AGO, THIS WAS A VERY GOOD STUDY AND THE FINAL REPORT WAS EXCELLENT, BUT BECAUSE OF DIFFERENT OPINIONS~~AS~~ TO THE EXACT ROUTE, THE CONSTRUCTION OF THE ROAD WAS LOST. I AM A MEMBER OF THE HIGHWAYS FOR PROGRESS, A COMMITTEE FORMED BY CONGRESSMAN BOB WHITTAKER. THERE IS NO PROBLEM AS TO THE LOCATION OF THE ROAD, WE ARE ALL UNITED ON THE ROUTE WHICH IS CHOSEN BY THE ENGINEERING STUDY GROUP. MOST CERTAINLY AN IMPROVED HIGHWAY FROM WICHITA TO JOPLIN IS BADLY NEEDED. THE PRESENT HIGHWAY, #96 HAS (ONE) OF THE HIGHEST ACCIDENT RATES IN THE STATE. IF YOU HAVE NEVER TRAVELED THIS HIGHWAY, YOU SHOULD TAKE A SUNDAY DRIVE, YOU ARE CERTAINLY IN FOR A SURPRISE.

THE ECONOMIC CONDITION OF SOUTHEAST KANSAS IS VERY POOR AT THIS TIME AND INDICATIONS ARE THAT IT IS NOT LIKELY TO IMPROVE UNLESS SOMETHING IS DONE TO STIMULATE THE ECONOMY IN THE AREA. WE BELIEVE THAT ONE OF THE MOST IMPORTANT AND POSITIVE STEPS WHICH CAN BE TAKEN AT THIS TIME, IS THE IMPROVEMENT OF THE HIGHWAYS IN THIS AREA. WITHOUT ADEQUATE HIGHWAYS FOR TRANSPORTATION, IT IS IMPOSSIBLE TO INTEREST BUSINESS AND INDUSTRY INTO ANY AREA.

I MUST MAKE IT CLEAR TO SENATOR MORRIS AND YOUR COMMITTEE, THAT WE DO NOT INTEND OR WISH TO BE SELFISH AND THINK THAT SOUTHEAST KANSAS IS THE ONLY AREA FOR WHICH WE SEEK SUPPORT. RATHER, WE SUPPORT YOUR TOTAL SENATE BILL FOR HIGHWAY CONSTRUCTION AND WE INDORSE THE CONSTRUCTION OF ALL HIGHWAYS OUT LINED IN YOUR BILL. WE RECENTLY HELD A MEETING WITH REPRESENTATIVES FROM WESTERN KANSAS IN FREDONIA. AT THIS MEETING WE ALL AGREED THAT WE WOULD WORK FOR THE TOTAL HIGHWAY PACKAGE, WE ARE STILL PLEDGED TO THE SUPPORT FOR THE PEOPLE IN THE REST OF THE STATE.

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PAGE 2

WE INDORSE YOUR PROPOSAL FOR FINANCING THE HIGHWAY IMPROVEMENTS. THE GAS TAX IS THE MOST FAIR TAX, (IN MY OPINION) FOR THE PAYMENT OF THE BONDS, IF YOU DRIVE THE HIGHWAYS, YOU PAY IF NO YOU ARE OBLIGATED.

RATE  
THE INTEREST FOR BONDS ARE AT THE LOWEST LEVEL FOR SOMETIME MAKING IT AN IDEAL TIME FOR THE ISSUANCE OF BONDS. HOWEVER, DELAY IN MOVING FORWARD THE PROGRAM CAN BE VERY COSTLY, A HIGHER INTEREST RATE WILL TAKE MILLIONS OF DOLLARS FROM FINANCING WHICH COULD BE USED FOR HIGHWAY CONSTRUCTION.

IN CLOSE 4, I WOULD LIKE TO EXPRESS TO YOU AND THE COMMITTEE OUR CONCERN IN DELAYING IMMEDIATE ACTION OF THIS SENATE BILL. DELAY BY THE LEGISLATURE WILL ONLY HELP TO KEEP OUR HIGHWAYS PROGRAM FROM BECOMMING A REALITY. MY FEELING IS, THAT WE DO NOT ACT ON THIS LEGISLATION NOW, THAN ALL OF OUR WORK IS DOWN THE DRAIN AGAIN, THANK+ YOU FOR THE PRIVILEGE OF APPEARING BEFORE YOU TODAY.

THE FOLLOWING PERSONS ARE APPEARING BEFORE THE COMMITTEE:

ROGER SHINN, MAYOR OF FREDONIA

CONNIE COLLINS, PRESIDENT OF CHAMBER

RICHARD CARTER, ADMINISTRATOR, FREDONIA REGIONAL HOSPITAL

FRED EISLE, CHAIRMAN, WILSON CO. COMMISSION

RITA RELPH, OWNER AND EDITOR, WILSON CO. CITIZEN

GEO PICKELL, ~~V~~ICE\_PRES, STATE BANK OF FREDONIA

ART MILLER, LOAN OFFICER, FIRST NATL. BANK OF FREDONIA

RETA GITHENS, CO. TREAS. WILSON CO.

FAYE WILLIAMS, BUSINESS WOMAN

TOM FLORESH, OWNER I.G.A. STORE, FREDONIA

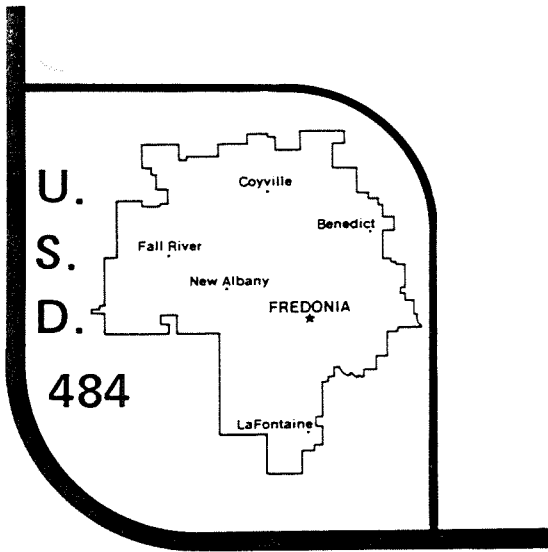
WICKS SCHOLCRAFT, OWNER SCHOLCRAFT LUMBER CO. FREDONIA

CHARLES NEWENSWANDER, TRANSPORTATION DIR. SCHOOL DIST #484

SUSAN TIMMONS, EXEC. DIR. CHAMBER OF COMMERCE

~~SUSAN TIMMONS, EXEC. DIR. FREDONIA CHAMBER OF COMMERCE~~

Jerry Hall, Farmer



**FREDONIA UNIFIED SCHOOL DISTRICT NO. 484**

**MAX V. WILSON, SUPERINTENDENT**

**FREDONIA, KANSAS 66736**

**SENATOR BILL MORRIS AND  
MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE**

Fredonia Unified School District #484 strongly supports Senate Bill 137 for highway construction in Kansas. We sincerely believe that a good, safe highway system is a must for the citizens of Kansas. In addition we believe that a highway system should be a high priority for economic development for the state of Kansas and would be a very valuable initiative in getting the Kansas economy moving again, especially for Southeast Kansas.

U.S.D. #484 is comprised of approximately 400 square miles and we are constantly traveling highways in Southeast Kansas, especially highway 96. Highway 96 does not have adequate shoulders, adequate passing zones and other safety measures that make it safe for school buses and other student travel. We urge you to support highway legislation during this session of the 1987 Legislature.

Sincerely,

Max V. Wilson  
Superintendent of Schools  
Fredonia U.S.D. #484

Chuck Neuenschwander  
Transportation Supervisor  
Fredonia U.S.D. #484

Statement by Dave Seaton, Winfield

To the Committee on Transportation and Utilities  
of the Kansas Senate

February 17, 1987

Thank you for this opportunity to appear in support of a major, statewide highway initiative, as represented by Senate Bill 137. I am a member of the coordinating council of Highways for Progress, which has strongly backed the Southeast Kansas road project. I am also one of Governor Hayden's appointees to a commission to make recommendations on a statewide project of new highway construction and its financing.

As a resident of Winfield and Cowley County, I fully support the supplemental improvements of U. S. 166 proposed by consultants to the Kansas Turnpike Authority. I emphasize the value of bypasses in or around Arkansas City and Winfield to ease the flow of over-the-road traffic between Wichita, Strother Field and Chautauqua County via U. S. 77 and 166. The governing bodies in both Winfield and Arkansas City, and the county commission, share this emphasis.

Along with Sedgwick County, Cowley County has been among the largest contributors in financing the economic impact study for the proposed Southeast Kansas Highway. I understand that study, done by experts from four universities, sets out the economic benefits of a four-lane road from Wichita to Joplin.

I call your attention to this finding.

Industries do not relocate along two-lane roads. As citizens of Southeast Kansas, we may be satisfied with improved two-lane highways for our own use. The industries and young people we seek to keep and attract may not. Indeed, two-lane improvements may merely bring a rearrangement of what we now have.

Rep. Bob Whittaker, in my opinion, has done a masterful job of building unity in his district in support of this project. I am 100 percent committed to this unity. But I would simply point out that Bob has frequently said that statistics show in the Fifth District people living in counties with access to four-lane highways earn \$1,000 a year - on the average - more than those who do not.

I have believed for many years that linking Southeast Kansas directly with the four-lane interstate highway system is the most important single transportation step that can be taken to improve the region's long-term economic prospects. I am not one who believes highway construction can make miracles. But the opportunity to realize the dream of bringing

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T&U 2/17/87

modern, four-lane road transportation to Southeast Kansas may now present itself.

That opportunity should be taken, if at all possible. At the very least, it should be fully considered.

Recently, we have heard much about low bond rates and low fuel prices. It is my impression these low rates and prices are relatively stable. A "window" for new highway construction in Kansas is open, and may be open for a period of months.

If that "window" begins to close, we will know it, and can act accordingly.

Therefore, I urge the members of this committee to adopt the approach set out by Governor Hayden in his State of the State message January 23. He called for a commission to deal with the various routes, methods of financing and local participation suggested in the series of studies authorized last year by the Legislature. He set a time frame of six months for the commission's work. He pledged, if necessary, to call a special session of the Legislature to consider and act upon the recommendations of this commission.

I find the governor's thinking sound. We are all in a hurry for better economic times. But we all know economic stagnation will not give way to simple political opportunity. A project of this magnitude, and the future commitment of resources it represents, deserves - and demands - careful, thorough consideration of its costs, benefits and financing from a statewide point of view.

Only the governor and his secretary of transportation are in the position to provide this kind of leadership. I have no doubt Governor Hayden is completely committed, politically and in every other way, to carrying out his pledge.

We now have an opportunity to put together a major highway program with major highway construction in the foreseeable future. We dare not destroy this opportunity by acting prematurely out of feelings of economic desperation - nor of political momentum alone.

If improving two-lane highway transportation in underserved regions will benefit the state's economy, then four-lane highway construction will benefit it more. If we are right that highways lead to progress, the additional cost of four-lane roads will be repaid many times over. Our children and grandchildren - hopefully from their front porches in rural Kansas - will thank us for having the vision to serve them well.

STATEMENT TO THE TRANSPORTATION AND UTILITIES COMMITTEE  
OF THE KANSAS SENATE

By: Rodger E. Steffen  
Winfield, Kansas  
February 17, 1987

I would like to take this opportunity to stress the importance of the "supplemental improvements" to US 166 and the extreme need for bypasses around Winfield and Arkansas City. Trucking access to Strother Field Airport and Industrial Park is limited due to restricted traffic flow in Arkansas City and Winfield. US 166 east of Arkansas City has several one lane bridges, a travesty in a modern highway system.

If indeed the goal of the legislature is to enhance economic development in Kansas, then let us evaluate existing industry and its needs. As of January, Strother Field employed 1500 people and had a payroll of \$35 million. This generates approximately \$1.8 million in state income tax revenue each year. General Electric is the field's largest employer.

Back in the 1960's, companies who were then being attracted to Strother Field were told that road improvements were planned and in fact under way, which was true. Unfortunately, construction stopped and Strother is now situated in the middle of an eight-mile stretch of beautiful four lane highway that leads directly to substandard two lane roads.

Parent companies represented at Strother generate yearly revenues in excess of \$50 billion! Add to that total companies who are represented in Winfield, such as Rubbermaid and Hallmark, and it is obvious that our foot is in the door of a huge pool of potential growth and development. When industry leaders in the Strother Field area are asked what restricts their growth the most, they respond that it is a lack of access to the market place. We must not get trapped into overlooking the needs of existing business in Kansas when designing a statewide highway system.

You can respond to the transportation needs of leaders and their industries by providing them with decent access in and out of the area. Access is especially vital to the Port of Catoosa, which would link not only the Strother Field area but a large portion of Central and Northwest Kansas to worldwide grain markets. The Winfield and Arkansas City bypasses are an integral part of a system that would tie the "Northwest Passageway" to the Port of Catoosa and the industrial markets of Southeastern United States. This is of vital importance in developing a practical statewide highway system.

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The City of Winfield has prepared a study on a "Westerly US 77 Bypass Around Winfield". The estimated cost is \$3.3 million. Combined with an Arkansas City bypass this would represent a huge savings over the \$19 million diagonal proposed by the consultants in their original report to the Kansas Turnpike Authority. You will be presented with a letter signed by representatives of every major governing body in Cowley County expressing their unified belief that the two-bypass system is needed and is their choice for a practical and economical solution of the county's biggest transportation problems.

In closing, let me remind you of the extreme value of nurturing existing business. They are going to provide the bulk of the growth and development in the State of Kansas. The citizens of the State of Kansas cannot afford a politically motivated highway that does not serve the interests of existing industry. This state desperately needs a system of highways that will encourage the expansion of existing business and industry as well as attract new ones.

Please do not neglect the needs of one of the most viable industrial regions of Kansas. The seeds have been planted for years: it is now time to give them the life support they need to thrive. I firmly believe that if the improvements I have mentioned are included in the overall package of highway improvements, the return on the investment will be many times the original cost.

Thank you for giving me this time to express my thoughts and concerns.

*Rodger E. Steffen*

STATEMENT REGARDING SENATE BILL NO. 137  
presented at a hearing of the  
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES  
by Arthur. J. Collins, Chairman,  
Northwest Passage Highway Coalition  
February 17, 1987

Senate Bill No. 137 has the full support of the Northwest Passage Highway Coalition. Our coalition represents the cities and towns along the proposed Highway K96 corridor from Wichita, to Hutchinson and Great Bend and on to the Hays/Russell area on Interstate Highway 70.

Our coalition strongly supports the improvement and construction of all of the highway projects proposed by SB 137. We do not limit our support to just the K96 corridor from Wichita to Hays. All of the projects covered in this bill are deserving. We believe we are being realistic when we say it is "all or none".

Our coalition believes we are also being realistic when we state we are willing to accept Super-Two highways as setforth in this bill. Naturally we all would like to have 4-lane highways; however, having studied the matter of financing over a period of years we know this is not possible.

We fully support the method of construction proposed in SB137. The use of an Independent Management Team should make it possible to build these roads within 5 years. We particularly like the concept that work would be done almost simultaneously along all these corridors; rather than the usual process of beginning at one end and progressing to the other end over a period of years. This will prove to be an economic advantage to the entire southern half of Kansas at a time when we need it most.

We caution you to make certain the Independent Management Team be given all of the powers necessary to carry out its objectives; for example, it will need the power of eminent domain. In order to remove the Independent Management Team as far as possible from governmental red-tape and restrictions, it possibly should be organized as a quasi-public corporation similiar to the Kansas Turnpike Authority.

Now let us turn our attention to the cost of these highways and the proposed methods to fund these costs. You will find an attachment to my statement hand-out headed Total Estimated Costs. The cost figures on this page come from the feasibility studies conducted by the Kansas Turnpike Authority during the past year with one exception--the Wichita Northeast Expressway. The figure for that project was provided by the engineering firm hired by the City of Wichita to design that project.



Please be aware that the cost figures contain a 20% contingency allowance. I believe you will agree this would cover a very large error in the estimates. In addition, the figures we will discuss contain a 6% annual inflation factor.

The fourth line from the bottom entitled Five Year Schedule, which includes the inflation factor, shows the total estimated costs to be \$791,300,000. Not included in this figure is the I-70/I-470 interchange project at Topeka. Last week I was given a cost figure for this project at \$11,000,000. This will increase the total to \$802,300,000.

SB137 proposes to finance this cost with a bond issue supported by a five-cent increase in the motor fuel tax. SB137 also proposes to remit one-cent of this five-cent increase back to local counties and cities which leaves four cents to support the bond issue. If you will turn to the following page of my handout, you will see that four-cents for 30-years at 7-1/2% will support total indebtedness of \$804,000,000--a close fit. However, I remind you of the 20% contingency allowance and the 5-year 6% inflation allowance.

During the past two weeks the Governor has questioned the adequacy of the funding under SB137. He has stated the program as proposed is heavily dependent upon projects currently in the Kansas Department of Transportation Five-Year Highway Improvement Program and that economic conditions may reduce or eliminate some funding sources upon which this program relies. The next page of my handout is addressed to this subject. I have personally reviewed the current KDOT Five-Year Program. I found, first, that the projects for fiscal year 1987 are already funded; secondly, projects for 1988 total \$1,242,000; and, thirdly, the projects for 1989 through 1991 which are tentative, total \$10,855,000. Surely, that figure could be allotted to the 20% contingency allowance which amounts to more than \$150,000,000.

One final item--we strongly support the proposed effective date for the increase in the fuel tax of July 1, 1987. Time is of the essence to the successful completion of the proposed construction programs. We are all well aware of the volatility of interest rates and inflation. We are currently seeing the interest rates at their lowest levels in over ten years. Today economists are talking about when interest rates will rise--not how much farther they will decline. In 1986 we had an annual inflation rate of 1.1%. In January of this year inflation increased 0.6% which equates to a 7.7% annual rate. As a banker with over 40 years in the business, I can testify that when bond prices start to fall, and as a result interest rates begin to increase, the market moves away from you very rapidly. You simply cannot run fast enough to catch it.

The bill which we have before us today, Senate Bill 137, is a good bill. We urge you to move it out of your committee with a favorable recommendation.

TOTAL ESTIMATED COSTS  
KANSAS HIGHWAY FEASIBILITY STUDIES  
January, 1987

PROJECT	LENGTH (Miles)	RECOMMENDED 2-LANE Some Bypasses <sup>1</sup>
Wichita - Joplin Highway	160	\$129,000,000
SEK Supplemental Improvements		
US 75	6	3,000,000
US 169	21	10,000,000
US 166	45	<u>88,000,000</u>
TOTAL SOUTHEAST KANSAS	232	\$230,000,000
Hays - Great Bend:		
Via I-70 & 281	64	\$ 21,700,000
Via Diagonal Alternate	( 48)	( 93,400,000)
Great Bend - Hutchinson	54	85,900,000
Hutchinson - Wichita <sup>2</sup>	31	<u>49,800,000</u>
TOTAL NORTHWEST PASSAGE	149	\$157,400,000
Via Diagonal Alternate	(133)	( 229,100,000)
Oklahoma Line - Bucklin	94	\$ 43,200,000
Bucklin - Wichita	87	<u>53,800,000</u>
TOTAL US 54	181	\$ 97,000,000
Colorado Line - Garden City	69	\$ 21,400,000
Garden City - Bucklin	98	<u>51,200,000</u>
TOTAL US 50/K154	<u>167</u>	<u>\$ 72,600,000</u>
GRAND TOTAL (1986 Dollars)	729	\$557,000,000
(With Diagonal Alternate)	(713)	( 628,600,000)
GRAND TOTAL (5-Year Schedule) <sup>3</sup>		\$706,000,000
(With Diagonal Alternate)		( 796,750,000)
GRAND TOTAL (10-Year Schedule) <sup>4</sup>		825,000,000
Wichita Northeast Expressway	10.5	\$ 68,000,000
(Not included in Feasibility Study)		
Five-Year Schedule <sup>3</sup>		86,100,000
Ten-Year Schedule <sup>4</sup>		<u>100,600,000</u>
Total All Proposed Projects	739.5	\$625,000,000
(With Diagonal Alternate)	(723.5)	( 696,000,000)
<b>Five Year Schedule<sup>3</sup></b>		<b>\$791,300,000</b>
(With Diagonal Alternate)		( 881,200,000)
Ten Year Schedule <sup>4</sup>		\$925,000,000
(With Diagonal Alternate)		(\$1,030,200,000)

<sup>1</sup>New bypasses are provided at:

- (a) SEK - Parsons, Crestline, Arkansas City, Sedan and Cedar Vale. They are not provided at Riverton/Galena and Cherryvale.
- (b) NW Passage - Hoisington, Sterling, Nickerson and Hutchinson. They are not provided at Great Bend.
- (c) US 54 - Meade, Minneola, Greensburg and Cunningham. They are not provided at Kingman, Pratt and Liberal.
- (d) US 50/K154 - Syracuse, Lakin, Cimarron and Ford. They are not provided at Garden City and Dodge City.

<sup>2</sup>Four-lane Highway

<sup>3</sup>Assumes 6 percent Annual Inflation Rate 1986 - 1992.

<sup>4</sup>Assumes 6 percent Annual Inflation Rate 1986 - 1997.

ATTACHMENT

I. Maximum amount of financing which can be retired, computed at 20 year, 25 year, and 30 year retirement schedule at interest cost factors identified.

20 years at 7-1/4%

<u>GAS TAX INCREASES</u>	<u>GAS TAX RECEIPTS</u>	<u>ESTIMATED MAXIMUM DEBT AMOUNT</u>
1¢	14,500,000	162,000,000
2¢	29,000,000	324,000,000
3¢	43,500,000	486,000,000
4¢	58,000,000	648,000,000
5¢	72,500,000	810,000,000

25 years at 7-1/2%

1¢	14,500,000	183,000,000
2¢	29,000,000	366,000,000
3¢	43,500,000	549,000,000
4¢	58,000,000	732,000,000
5¢	72,500,000	915,000,000

30 years at 7-1/2%

1¢	14,500,000	201,000,000
2¢	29,000,000	402,000,000
3¢	43,500,000	603,000,000
4¢	58,000,000	804,000,000
5¢	72,500,000	1,005,000,000

The above projections are preliminary and for comparison purposes. Definitive refinement must be accomplished for detailed estimating. Also all analyses must be aware that final interest rates "change" the gross amounts of indebtedness possible. Recent variation in the "Tax Exempt" market place are identified by the "Bond Buyers Index" for 20 municipal bonds.

<u>DATE</u>	<u>INDEX</u>
6-12-86	8.08
7-10-86	7.45
8-14-86	7.33
9-11-86	7.15
10-16-86	7.08
11-13-86	6.92
12-18-86	6.92
1-15-87	6.65
1-22-87	6.54

Change in the last 7 months up to and including January 22, 1987-----1.54%



February 1987

SUBJECT: Highway construction projects included in the Kansas Department of Transportation Five-Year Highway Improvement Program for fiscal years 1987 through 1991 and which are parts of those highways covered by Senate Bill No. 137.

The purpose of this paper is to show the dependence which the highway construction program proposed by Senate Bill No. 137 has upon those highway projects which are part of the Kansas Department of Transportation Five-Year Highway Improvement Program for fiscal years 1987 through 1991. The projects scheduled for fiscal years 1987 and 1988 are considered to be firmly committed. The projects for the fiscal years 1989 through 1991 are tentative at this time.

The source of these figures is a hand-out used by the Kansas Department of Transportation during public hearings held throughout Kansas during the summer of 1986.

1987

These projects are not detailed here as they are in most cases under construction and funding is fully committed at this time.

1988

			<u>Miles</u>	<u>Type of Work</u>	<u>Cost</u>
US 54	Meade	4L Div/2L NE to CA-ME Co L	14.4	Surface	559
	Sedgwick	Wichita-Gouverneur St. to Webb Rd	1.3	Surface	100
	Seward	Liberal-Pershing Ave. to Kansas Ave	.3	Surface	100
US 160	Cherokee	LB-CR Co L E to Jct US-69	20.4	Surface	372
	Labette	Parson-Labette Cr Br E to Leawood	.4	Surface	100
	Labette	0.6 Mi W LB-CK Co L E to LB-CK Co L	.6	Surface	11
					<u>1,242</u>

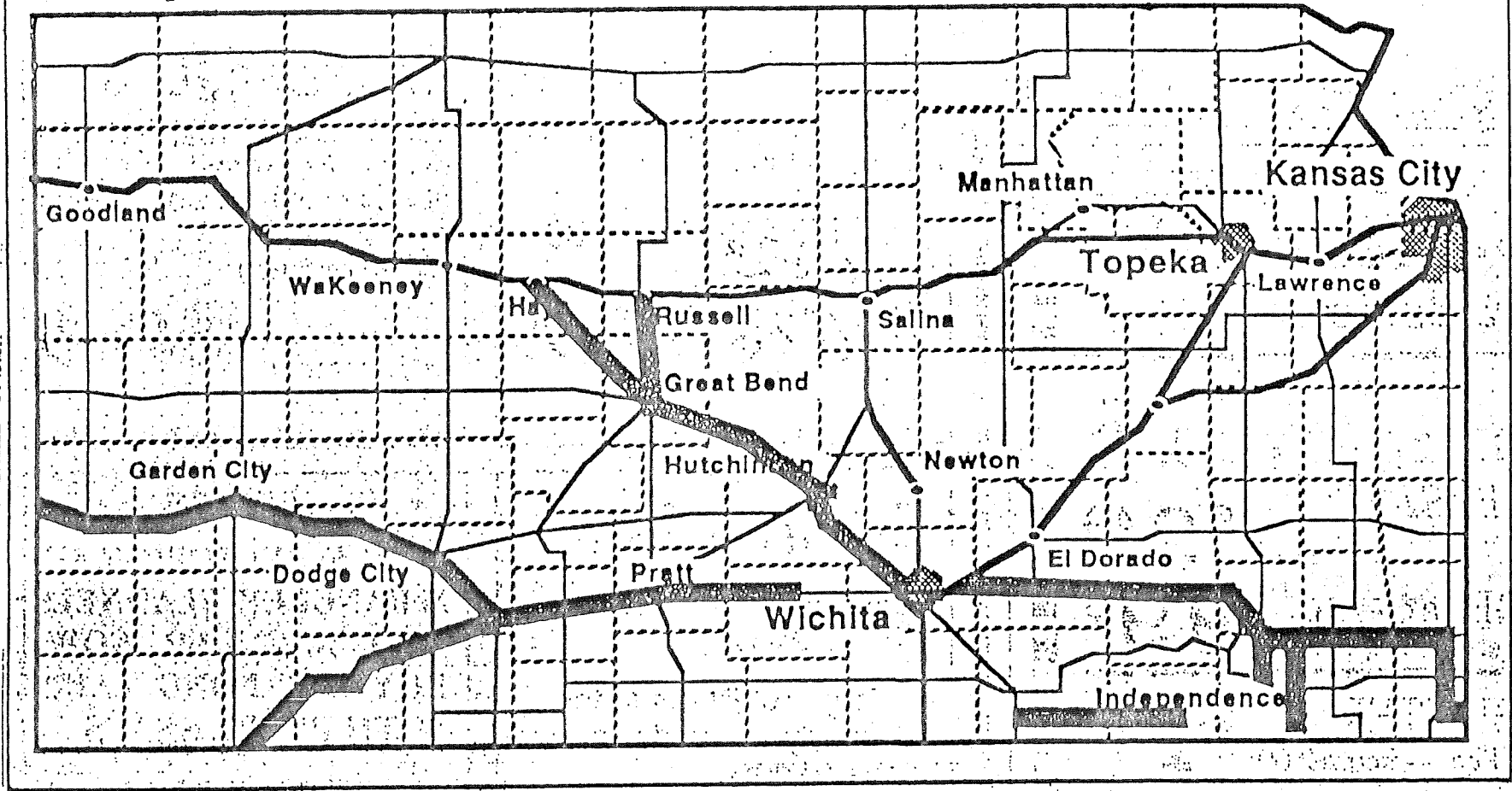
Tentative Projects

1989-1991

K26	Cherokee	Shoal Cr Br #038 1.3 Mi N of US-66		Bridge	1,511
US 54	Sedgwick	EB Cowskin Cr Br #130 12.27 Mi E K163		Bridge	964
	Sedgwick	WB Cowskin Cr Br #129 12.28 Mi E K163		Bridge	964
(K96)	Sedgwick	ECL Wichita E to BU-SG Co. L	2.3	Rehab.	3,498
US 69	Cherokee	Long Branch Cr #012 5.3 Mi N EJct K-96		Bridge	624
K96	Reno	Arkansas Rv Br #052 5.9 Mi SE RC-RN CL		Bridge	1,529
US160	Cherokee	Wolf Cr Br #022 12.4 Mi E Co L		Bridge	651
	Cherokee	Cow Cr Br #024 3.9 Mi E K7		Bridge	651
	Labette	Big Hill Cr Drg#016 3.85 Mi E MG-LB CL		Bridge	463
					<u>10,855</u>

Prepared By A. J. Collins

# Proposed Highway Construction



# U.S. inflation comes out of hibernation

Scripps-Howard News Service

WASHINGTON — Inflation is back, the government said Friday.

Wholesale prices, led by oil and gas, jumped 0.6 percent in January, the largest monthly increase since November 1985. If maintained for the rest of the year, the January increase could result in a wholesale inflation rate of 7.7 percent for 1987.

The new figures are an early indicator that retail prices for gasoline and home heating oil will rise in the coming months after a sharp decline in 1986.

Some analysts now say the overall inflation rate for 1987 could be more than 4 percent, the highest since the 8.9 percent inflation rate in 1981.

The increase in living costs has been 4 percent or lower every year since then, falling to only 1.1 percent in 1986.

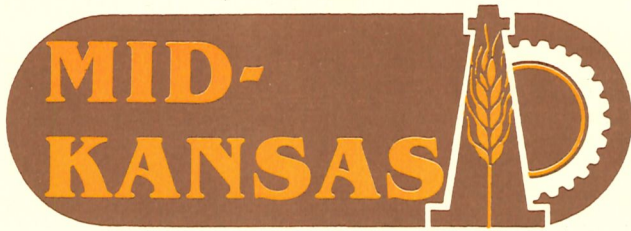
Last year's plunge in the inflation rate was directly attributable to a collapse in world oil prices — at one point, the price of crude had dropped from \$28 a barrel to less than \$10 a barrel.

Last fall, however, the Organization of Petroleum Exporting Countries agreed to stabilize prices by limiting production. Recently prices have risen to \$18.

Partly because of higher oil prices, Donald Straszheim, chief economist for Merrill Lynch in New York, expects the Consumer Price Index to be rising at a 4.5 percent rate by summer.

The Hutchinson News

February 14, 1987



**Economic Development Commission**

2015 Lakin • Great Bend, KS 67530 • (316) 792-1375

TESTIMONY

TO: Members of the Kansas Senate Transportation Committee

DATE: Feb. 17, 1987

Honorable Senator Morris and other Members of the Senate Transportation Committee:

I'm Leroy Lyon, Director of the Mid-Kansas Economic Development Commission which serves all of Barton County.

I am here today confirming widespread and solid support of Senate Bill 137 by a large number of local government and community organizations in Barton County. These include: The Mid-Kansas Economic Development Commission, the Great Bend and Hoisington Chambers of Commerce, the city governments of Great Bend, Hoisington and Ellinwood, as well as the Barton County Commission.

During last year's legislative session, we became vocally supportive of Senate Bills 693 and 492 both of which were eventually passed by large margins in both the House and Senate and signed by the Governor. We applaud you for his past action.

Senate Bill 137 being considered this session is a follow-up piece of legislation to what was initiated last year. Last year's bills authorized and directed the Kansas Turnpike Authority to study the feasibility of constructing turnpike projects or freeways in three specific corridors. That study has now been completed. The engineering firm has made its recommendations and now Senate Bill 137 is attempting to implement not only the engineering recommendations but also provides a means of financing the construction of the specific highways which were studied.

So we in Barton County support wholeheartedly Senate Bill 137 and urge it's passage by the 1987 Kansas Legislature.

Why do we support Senate Bill 137? Stated simply, it is our opinion that successful economic development in Kansas cannot be separated from the issue of adequate highway transportation to all corners of the state. Without a good, cost-efficient system of freeways and toll

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2/17/87

*Barton County Speaks For Itself!*



roads to facilitate goods, keeping our established manufactures is difficult. The task of attracting new businesses and having them invest capital and create new payrolls is likewise most difficult in rural areas where there are no four-lane or super two highways.

It's time to change our highway philosophy in Kansas. In the past we've concentrated on providing farm to market roads. Today we need to provide a system which allows the cities of commerce within Kansas to be linked together with a modern, cost-effective system of highways and this system must be tried directly to major cities of commerce throughout the United States.

At the present time, we have 11 cities in Kansas which are over 10,000 in population which are not linked with each other as they should be. These include; Pittsburg, Parsons, Coffeyville, Independence, Winfield, Arkansas City, Hutchinson, Great Bend, Dodge City, Garden City and Liberal. Together these cities account for about 10 percent of the state's total population.

Senate Bill 137 would recognize the importance of these cities as viable growth centers for continued development. Other smaller cities along the proposed routes would benefit economically as well.

Most important of all, we would have, at long last, a modern system of highways to connect most outlying rural areas and these 11 cities of commerce with Wichita, our major center of commercial activity.

It's time for us to readjust our thinking about Kansas highways. We must think of an improved highway system as an investment in economic development which will spur even more growth and economic stability. Highways which will generate an increased flow of traffic as the cities of commerce are linked together. We should not continue thinking of four-lane and super two highways only when heavy traffic flows warrant it.

We in Barton County are committed to the future of Kansas as we pursue our goals and objectives of improving the economy of our area and of the state. We only hope that you will pay attention to what our largest employer said in their letter of support. The Fuller Brush Company, with more than 500 employees and an annual \$7.5 million payroll, said: "The major drawback that we have is the logistics of moving raw materials to our facility and finished goods to our markets. The proposal of Senate Bill 137 will clearly alleviate some of the burden".

Therefore, gentlemen, we urge you to stamp your approval on SB 137.



Russell Area Chamber of Commerce  
326 Main  
Russell, Kansas 67665

TESTIMONY PRESENTED BEFORE THE SENATE COMMITTEE ON TRANSPORTATION  
AND UTILITIES

February 17, 1987

Mr. Chairman, members of the committee. I am Larry Rogers, member of the Russell Area Chamber of Commerce Highway Task Force. I'm here, not only representing the Russell area, but also to express our support and our involvement in the Northwest Passage Highway Coalition.

The City of Russell joined the coalition this past fall and we remain a strong supporter of legislation which would allow for an improved transportation system through Southeast, South Central, Southwest, and Northwest Kansas.

The members of this committee have the unenviable task of determining the fate of the proposed Northwest Passage. At the outset, I want to make it clear that Russell has a great deal of respect for our sister-city to the west. We have worked together on projects in the past and look forward to creating a better Northwest Kansas for all of us in the future.

I also have the greatest respect for my former colleague and friend, Senator Norvell. Although we have found ourselves on opposite sides of issues in the past, and do so once again, we have, as in the tradition of the legislature, always walked away friends.

The consulting firm of Howard, Needles, Tammen, & Bergendoff was commissioned by the legislature to conduct a feasibility study for various highway routes. The recommendations call for a route from Great Bend to Hays, via U.S. 281 North to Interstate 70, at Russell. This firm was hired because of their expertise in this area, and their study was done on the basis of what is the most cost-effective plan, using present alignments and right-of-ways. This consulting firm has an impeccable international reputation for transportation system planning and design. We find it hard to believe that Kansas tax dollars - several thousands of them - might have been wasted on a study that could now become obsolete.

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2/17/87

Any Northwest Passage, or any highway construction or reconstruction, for that matter, should give serious consideration to utilizing existing alignment. The State of Kansas has a highway system that provides access to every community. The need is not for additional miles of highway, but rather for improved highways that can adequately, safely, and economically accommodate the motoring public.

A new diagonal route direct from Great Bend to Hays has been considered as an alternative to reconstruction of existing alignment. Such a plan would be pure folly for the taxpayer. The cost of right-of-way acquisition would be tremendous. The consultant's have estimated that such a diagonal would require \$65 to \$75 million dollars more than the cost of reconstruction along present alignment. In excess of 2,000 acres of farm production would be lost by this new routing. But that is only the tip on the iceberg. Construction costs do not tell the whole story. Maintenance costs must be considered in any infrastructure plan.

If 48 miles of new highway were created, it would require about \$250,000 additional money for maintenance, using today's dollars. And that is a conservative estimate based on KDOT average maintenance costs per lane mile. This money would have to come from the taxpayer over and above what is presently needed.

The citizens of Russell strongly urge your support of Senate Bill 137, as it is currently written. We feel that any proposed route which would by-pass Russell would cause severe hardship on our area. A diagonal route, beginning at Hays would cause east-bound traffic to the southeast to by-pass Russell. In addition, west-bound traffic from the southeast would also by-pass Russell. A diagonal would isolate Russell, Gorham, Victoria from all southeast bound and northwest bound traffic. This isolation would hamper our current economic development efforts. Russell joins many small communities throughout Kansas in a fight for survival. The Hays community will still benefit from the highway routing as proposed; as will all of northwest Kansas. If the route is changed, all Kansas taxpayers will be the losers.

I thank the members of this committee for your time and attention this morning.

Testimony Presented

To

Senate Committee on Transportation Utilities

February 17, 1987

By:  
Jim Witt  
City Manager  
Dodge City, KS  
67801

ATT. 12  
2/17/87

I appreciate the opportunity to appear before you today on behalf of the City of Dodge City, the Dodge City Area Chamber of Commerce and the community as a whole. We fully support Senate Bill 137 and believe that the contents of the Bill are major steps towards insuring the construction of modern super 2 highways in, not only our region of this State, but others as well. These highways will provide increased economic opportunities for our citizens and also provide proper access to essential services. We wholly endorse the provisions of this bill which call for the completion of the highways to extend beyond Bucklin, Kansas on US 54, K154 and US 50. That, we believe, is a key component of this Bill.

It will provide the trucking industry and the beef processing firms that presently operate in our part of the State, the highways they need to grow and expand in order to continue to have a positive affect on our local economies. To develop a highway to Bucklin and stop at that point will not allow the citizens of our region to fully realize the economic benefits related to it's construction. Over 1,500 vehicles per day utilize K154 between Bucklin and Dodge City and over 4,100 vehicles per day utilize US 50 between Garden City and Dodge City. Twenty percent of this traffic is commercial traffic; much of it related to the beef processing industry. Senate Bill 137 does insure the construction of a modern super two highway on US 50, K154 and US 54 that would provide additional economic opportunities to our region of the State.

We also support the five cent per gallon increase in fuel taxes which would be utilized in the construction of the proposed

highways, as well as add 14 million dollars to the special City and County Highway Fund. These additional funds are desperately needed by local units of government in maintaining the present State and Federal highways within their jurisdictional boundaries. In Dodge City, we presently receive \$42,870.00 in State assistance for maintaining 34.3 lane miles of US 50, US 56, K154 and K129. The \$42,780.00 represents only 40% of the City's annual maintenance cost for maintaining the aforementioned lane miles. Also, the City of Dodge City itself has spent over \$285,000.00 on major construction projects and overlays on State and Federal highways in the past five years. Additional funds for local maintenance of State and Federal highways are sorely needed and we believe this is another key component of this bill.

In summary, we believe feel S.B. 137 addresses, in a very thorough manner, the need for modern highways in our State. We believe that the completion of the Bucklin to the Colorado border route on US 50 and the Bucklin to the Oklahoma border route on US 54 are essential components of this Bill or any other Bill which attempts to address the highway needs of our State. We also believe the 5 cent per gallon fuel tax is as fair and as equitable as any financing approach that could be utilized in this situation.

On behalf of the Dodge City Community, I would like once again to thank you for the opportunity to appear before you to present our viewpoint on an issue that we feel is essential to continued economic success of our Community and the Region as a whole.

KANSAS SENATE TRANSPORTATION COMMITTEE

February 17, 1987

9:00 o'clock a.m.

My name is Ward Loyd and I am Mayor of the City of Garden City. I am here to join with all from southwestern and western Kansas to speak on behalf of Senate Bill 137.

The Garden City Chamber and its Economic Development Long Range Plan put transportation as its number one priority. Transportation is our "life blood" in western Kansas. Getting the product we produce to market is of the utmost importance.

Of late our product has come more and more to be recognized to be beef. We know you have limited time this morning to consider a great amount of material, but we would direct your attention to the January, 1987 issue of National Cattlemen in which was contained a lengthy article about Garden City, labeled "Beeftown USA". We would suggest to you that those comments might be equally applicable to both Dodge City and Liberal.

I know many communities say highways are one of the most important parts of an economic development program. I could not agree more with that, but also add that in order to sustain and expand our economic base, we need improved means of transportation. That transportation is important in every community was recognized in the September, 1985 issue of Kansas Business News in which was discussed "What Future for Small

Towns?". While Garden City was not considered to be a small city in the study, it was reported that "the small cities have the most interesting implications. In order for a small city to grow, it must be situated on a major highway system." The article went on to note that Garden City has emerged as an agribusiness capital and stated:

Innovation and a growing agribusiness service and manufacturing sector are likely to stimulate even more growth in Garden City's future.

We fear for the deterioration of our roads, cutbacks in rail service, and the eventual loss of some air service. We need to make sure that we can be "reached" by the business and agricultural processors who want to service our area or buy our products.

We have a tremendous need to upgrade our roads to handle the present heavy traffic in our area. The movement of heavy trucks is what presently makes our area prosper, but that movement also "does in" our roads. A recent study done by District Six of the Kansas Department of Transportation determined that the truck traffic generated by the cattle and packing industry alone in our area amounted to 1,240 trucks per day over our roads. The study also notes that a heavily loaded truck is the equivalent of 900 automobiles, and that would translate--on the basis of trucks alone--to over 900,000 vehicles per day utilizing our road systems.

While we have a good system of "farm to market" roads in southwestern Kansas, what we need now are roads that enable us to get our product to other parts of the United States efficiently, safely and

quickly. The February 2, 1987 issue of Fortune magazine did a special report on "The Economy of the 1990s". Among other things contained in that report it was projected that the consumer's choice for main course in meals would be "Beef"! It further reported that the places to live, to prosper and grow would be the south--toward Dallas--and the west-southwest--Denver/Colorado Springs to Phoenix.

In our area we look to the west and to the south for our neighbors. The growth that Colorado has enjoyed can be complemented by their "forward looking" eastern neighbor. We need to strengthen our ties to the southwest and west, as they are a great growth area in the United States, and therefore, an important market for Kansas products.

I ask that you not forget the economic contributions our area makes to the state. Just as other areas contribute to Kansas, our strong industries of beef, grain, oil, gas and small manufacturers are an important factor in the Kansas economy.

Yes, we need this improved "super two" highway to enter the 21st century ahead of our neighboring states; but more importantly, we need these highways to stay alive. Sam Brownback, the Kansas Secretary of Agriculture, has eloquently summarized the situation we face in Western Kansas in an article entitled "Rural Problems Affect Cities Too" which appeared in the January, 1987 issue of Kansas Government Journal. Said Secretary Brownback:

We must act now to ease and reverse the out migration of people, opportunities, jobs and capital from rural Kansas. To do otherwise invites the continued decline and demise of much of Kansas as we know it.



We urge your support and adoption of Senate Bill 137 as the life-line to be extended to rural Kansas.

Thank you for your attention to my remarks and the opportunity to speak on behalf of western Kansas and Garden City.

## INDEX

1. "Garden City, Kansas, Beeftown USA". National Cattlemen, January, 1987.
2. "What Future for Small Towns?" Kansas Business News, September, 1985.
3. Kansas Department of Transportation, District Six, Statistics on Truck Traffic Generated by Cattle & Packing Industry.
4. "The Economy of the 1990s: What the Sober Spenders Will Buy". Fortune, February 2, 1987.
5. "The Economy of 1990: Where to Live--and Prosper". Fortune, February 2, 1987.
6. Garden City, Kansas, Geographical Location Map.
7. "Rural Problems Affect Cities Too", by Sam Brownback, Kansas Secretary of Agriculture. Kansas Government Journal, January, 1987.

# BEEFTOWN U.S.A.

GARDEN CITY, KANSAS...The young buffalo bull stands on a high sandhill and gazes across the horizon. For thousands of years the bull's ancestors stood on the hill and looked across the endless sea of sandhill prairie of southwest Kansas.

Today, unlike his forefathers the bull looks at a different scene. Instead of more buffalo and maybe an Indian hunter, to the south he sees circle after circle of irrigated corn ready for harvest.

The pioneers tried to tame the hills once before but many left with dirt and sand in their eyes during the 1930s. Now they are back with self-propelled sprinklers. To the west, the towers of the new Sunflower Electric coal power plant frame the horizon. To the south is a modern cattle feedlot. To the east are a new country club and a housing development carved out of the sandhills.

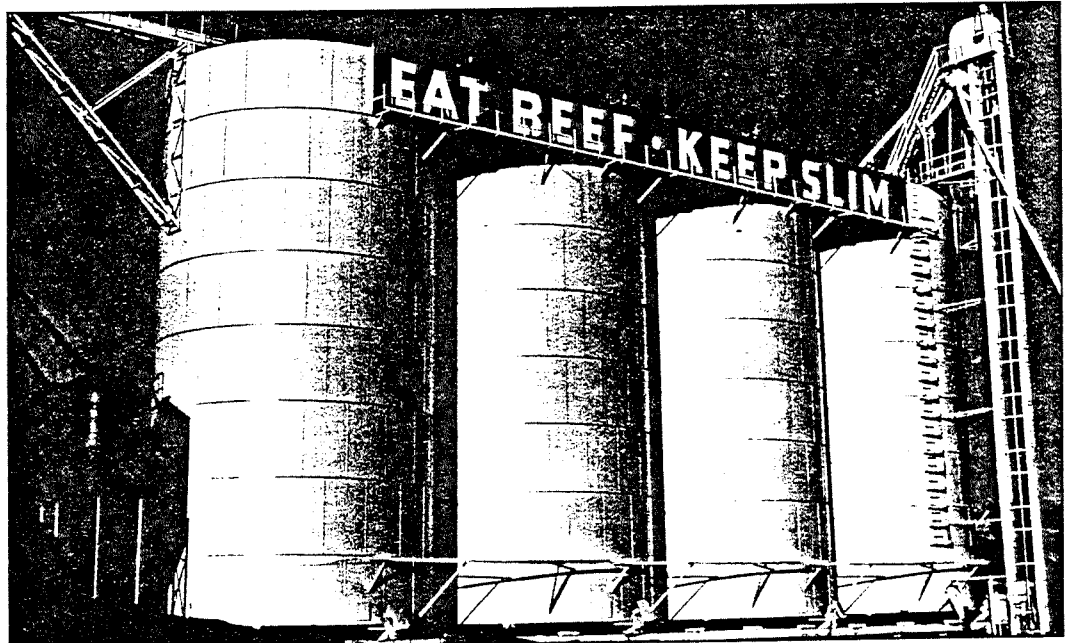
Finally, from his vantage point at the Finney County Buffalo refuge, the bull turns and looks to the north. The town of Garden City, Kan., stretches out from the Arkansas river. From a distance, it looks like any other of the numerous towns that dot the landscape of the High Plains.

Ah, but looks can be deceiving. Garden City is different.

During the 1980s its growth rivaled the gold rush towns. The population jumped 36 percent from 18,250 in 1980 to 24,800 in 1986. In Finney County, of which Garden City is the county seat, retail sales doubled in the same time period. The school system is expanding by 200 students a year.

Most small towns in rural America reflect the economic problems of agriculture. Garden City businessmen admit that, yes, the downturn in the farm economy has been felt, but they note that the city's economy is in pretty good shape.

What is the reason for the flowering of the city which early pioneers called the "Garden Spot of the West." It can be summed up in one word: Beef. Quite simply, the beef industry is the fuel that drives the economic motor of the city. Just as Detroit owes its economic livelihood to the automobile and Pittsburgh to steel, Garden City



Earl Brookover, a Garden City pioneer in irrigation and cattle feeding, left his foresight for all to see in a large sign that he put up at his feedlot in the 1950s. The sign and feedlot overlook Garden City.

owes its living to beef. Perhaps no other city in America is so directly tied to the beef industry. The city is right smack dab in the middle of cattle feeding country. Just consider the following statistics.

Within a 75 mile radius of Garden City is bunk capacity for 1,395 million cattle. Within 60 miles there are five packing plants, two near Garden City, with a combined daily slaughter of 20,000 cattle per day. The slaughter capacity is the equivalent of emptying a good sized feedlot every day.

Beef is big business in Garden City. Everyone you talk with mentions it. The town even has a celebration every year, Beef Empire Days, dedicated to the industry. The natives also mention the name of a person who is considered the beef industry pioneer of the city.

#### THE LEGEND

Earl Brookover was a legend in Garden City long before he died in 1985. When he moved back to western Kansas

in the late 1940s, after studying civil engineering in college and spending several years working with irrigation in South America and California, he brought with him ideas that would change Garden City and southwest Kansas forever.

Brookover, a quiet and soft-spoken man, saw a relatively simple agriculture in western Kansas. The agriculture in the area was mostly dryland wheat production, and cattle were grazed on native pastures. The cattle and grain were shipped out of the area and marketed at the large terminal centers in cities that were far away. Brookover saw other possibilities.

First, he took his irrigation knowledge, combined it with the generous water supplies of the underground Ogallala Aquifer, which stretches under a large section of the High Plains, and developed several irrigated farms on the productive land.

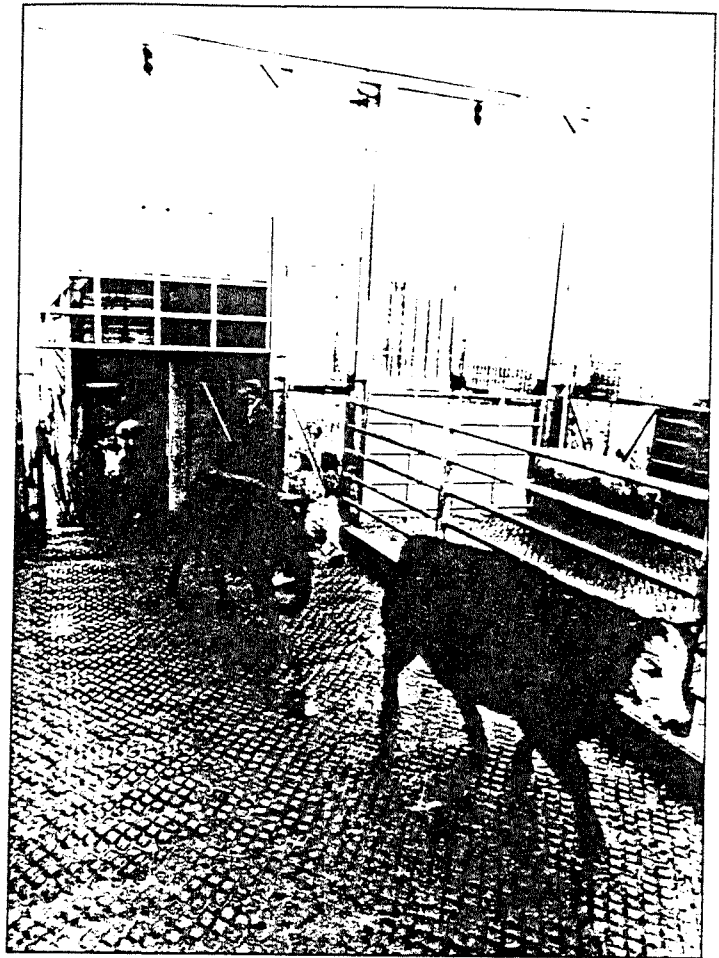
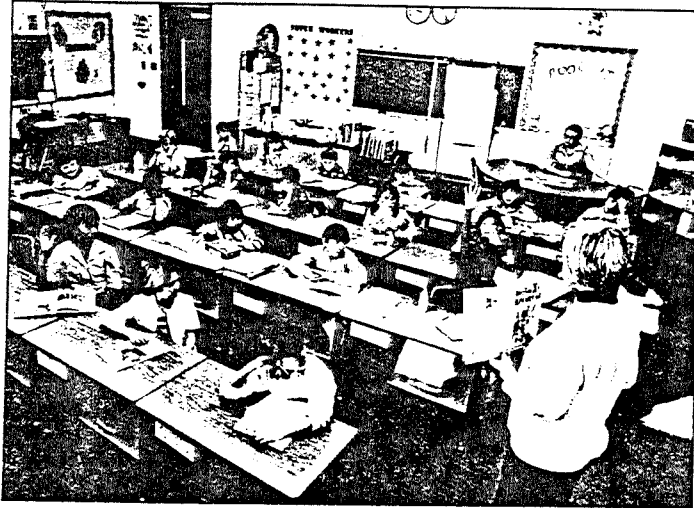
By Kendal Frazier, Vice President, Communications

*"Just as Detroit owes its economic livelihood to the automobile and Pittsburgh to steel, Garden City owes its living to beef."*



*Also a former IBP processing manager Earl Tingelhoff watched the plant change Garden City forever. (Right) The payroll of the IBP plant at Holcomb, a nearby city, dumps \$45 million*

*each year into the Garden City and surrounding economies. (Bottom) The second grade class at Edith Scheneman Elementary School reflects the changing population of Garden City.*



The irrigated farms produced the feedgrain, and the area already had the cattle. Brookover took the process one step further and in 1951 built a custom feedlot for 1,200 cattle.

According to M.P., "Jack" Reeve, a cattle feeder and lifetime Garden City resident, the custom feedlot represented a dramatic change from tradition.

"One of the first things Earl and others discovered was that the feedlot used a lot of grain and generated a lot of dollars," Reeve said. "Sometimes the customer cattle made money, sometimes they lost money, but the feedlot always made money."

It wasn't long before packers realized that it was more efficient to locate plants closer to the supply of cattle, and they eventually migrated to western Kansas. The Brookover lot eventually expanded to 40,000 head. Another 18,000-head lot, headed by son E.C., was built south of town.

Brookover's foresight was left for all to see in a large sign that was put up at the feedlot in the 1950s. It says, "Eat Beef, Keep Slim." The sign fits well with today's message about modern beef.

What made Brookover successful? "He never got in a rut, like the rest of us; he always steered out," answered long-time assistant Mary Hopkins. "His hobby was success and he had a terrific analytical mind."

While Brookover is best known for his exploits in irrigation and cattle feeding, he did something for the Kansas beef industry that people seldom talk about.

When commercial cattle feeding was emerging in Kansas, there was talk among some feeders about forming a separate cattle feeders' association in the state. The feeders as well as producers at that time belonged to a single association, the Kansas Livestock Association.

Brookover said "no" to a new feeders' association. He believed that one association would be stronger and do a better job of representing both feeders and cow-calf producers. His opinion was so well respected that he kept both segments together in one association. The feeders were eventually given their own identity within the association.

The feeders and cow-calf producers sometimes grumble at each other. They always have and always will. But when they grumble, they do it at the same meeting across the same table.

A few years ago a leader in the Kansas legislature was asked his opinion of KLA. He responded: "Damn powerful." Earl Brookover would have liked that response.

**THE PLANT**

Sept. 1, 1979 will be long remembered in the history of Garden City. On that day, Iowa Beef Processors, Inc., announced it would build a new beef plant west of town near the small town of Holcomb. Several months earlier, IBP had announced it would build a plant near Holcomb or Lamar, Colo. IBP chose the Holcomb site for, according to the press release, the "World's Largest Beef Packing Plant," because of the availability of cattle and water. The announcement was Christmas in September for Garden City.

Today the plant employs over 2,000 people. Around 5,500 cattle are slaughtered and processed each day. Its payroll dumps \$45 million each year into the Garden City and surrounding economies. About the same time, another packing plant was sold by Farmland Foods to Val-Agri, which is now Swift. That plant was expanded and went from 100 to 1,200 employees. Thus, over 3,000 manufacturing jobs have been added to the Garden City economy since 1979. You don't add that kind of money to a small rural community without having some kind of social-economic impact. The plant changed Garden City forever.

About the same time as the IBP plant was being built, newspapers headlined stories of people leaving Vietnam, Laos and Cambodia. They picked up their personal belongings, climbed in boats and set sail for freedom. Some of the boat people migrated through Houston, Kansas City, Wichita and ended up in Garden City. Many were single, young, mobile and looking for jobs that required no English skills. They found work at the new IBP plant.

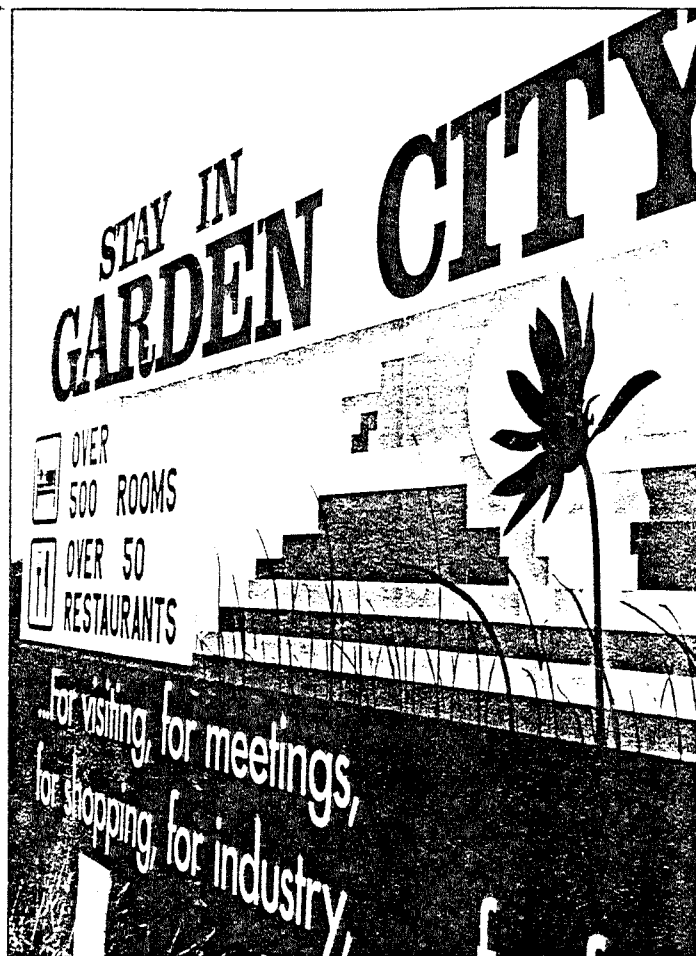
A significant percent of the IBP workforce is Oriental and Hispanic. Every sign in the plant is printed in three languages: Vietnamese, Spanish and English. The population of Garden City is about 10 percent Oriental and 20 percent Hispanic.

The Orientals are good employees, according to IBP officials. Some are starting to filter into the management structure of the plant.

The sudden influx of people put pressure on every service industry in town. For a while, because of a shortage of housing, some people even pitched tents in roadside parks.

The surge of new people put pressure on the Garden City law enforcement system. The crime rate went up.

Today the housing shortage is over, and the police force has been expanded. Nobody's living in campgrounds. Several Oriental businesses are located on Fulton Street which offer a variety of services for the Oriental population.



(Left) A large sign outside of Garden City welcomes visitors and new residents. (Above) Former School Board President Dennis Kleysteuber and five others constructed a new 35,000 head feedyard, Beebland, south of Garden City.

(Bottom right) Sam Tanner, as president of the Garden City PCA, leads one of the most financially sound PCAs in the nation. (Bottom left) Lee Reeve built an alcohol plant to complement his cattle feedlot.



If IBP ever enters the branded product market it will need a facility close to an existing slaughter and fabricating plant. Garden City would have to be considered. Finding the people to work in the plant would be no problem, according to former processing manager Keith Tingelhoff who was in Garden City when the plant was constructed in the early 1980s. "If this company ever builds a portion control plant here, it would have no trouble finding people to fill another 1,500 jobs," he said.

Another fallout of the expansion of packing facilities was the expansion of feedyard pen capacity. Nearly every feedlot in the area expanded and added pens. Custom feedyards average 1.5 employees for every 1,000 head of cattle. Thus, more pens means more jobs and more money added to the Garden City economy.

Even in a period of declining total cattle numbers, a new feedyard was built south of town.

#### THE LEADER

Dennis Kleysteuber has a big stake in the future of the beef industry in Garden City. He and five other people completed construction of a 35,000-head feedyard in March 1986.

The feedyard, named Beebland, was built with efficiency in mind for labor and energy.

"All the feed is mixed before it's loaded on trucks," Kleysteuber said. "The trucks use a drag chain delivery system. We have only two trucks for the entire yard. The alleys are a mile long, so the trucks don't waste time and energy turning around. The alleys and flow of cattle are designed to eliminate people as much as we can, so there is a free flow of cattle."

Beebland has 0.7 employees per thousand cattle compared to the 1.5 average. "We have to be more efficient, in order to be competitive," Kleysteuber said.

Kleysteuber is also on the Garden City school board. He served as president two years ago.

The Garden City school system, perhaps more than anything else, has felt the impact of the town's growth. Since 1980, the enrollment has increased by nearly 200 students each year. A new grade school was built in September 1986. Another will open in the fall of 1987. By 1992 the high school, originally built for 700 students, will have 1,500.

Last year, one of the grade schools had a classroom in which six languages were spoken. Kleysteuber admitted that language has been a problem for the newcomers to Garden City.

People who move to Garden City are at a disadvantage if they can't speak fluent English," he said. "But they don't take very long to adapt. It's surprising how many students who don't speak English one year, and are struggling in the classroom, are excelling in the classroom the next year as soon as they break the language barrier."

Increasing enrollments and new school buildings have meant higher taxes for property owners.

"People haven't been overjoyed about the higher taxes," Kleysteuber said. "But the increase in this school system has not been as high as in some others in the state. The expansion of businesses in the community has broadened the tax base."

The cattle feeder sees a bright future for the area. He noted that the water table of the Ogallala Aquifer south of town has stopped its decline and even come up a little the last few years.

"A lot of the rise in the water table has been a result of conservation methods," he said. "We are doing a better job of using the water. Several years ago, some people predicted that we would run out of water. It doesn't appear that will happen nearly as fast as people have predicted."

Kleysteuber said cattle feeding and irrigation had helped cushion the shock of declining farm prices in the Garden City area.

"We have been somewhat isolated from low commodity prices," he said.

No one is more thankful for that than the people who deal in the money.

#### THE BANKER

Sam Tanner, president of the Garden City Production Credit Association, knows he is in an enviable position. There are probably few PCA presidents who wouldn't trade places with him in a minute.

The Garden City PCA has \$70 million in agriculture loans to 540 members in 14 southwest Kansas counties. Around 40 percent of the loans are to cattlemen.

Tanner said there are several ways to measure the financial condition of a PCA, but any way you look at it, the Garden City PCA is in good shape.

"The PCA has 80 to 85 percent of the loans in the acceptable category," he said, "compared to 60 percent in many parts of the nation."

Tanner relates the health of the PCA back to the beef industry.

"First, grain sells for a 10 to 20 cents per bushel premium in this area," he said. "We are a feedgrain deficient area, and the demand from feedlots keeps the price higher. So the feedlot demand for grain helps the cash grain farmers."

Second, a lot of our customers are stocker and cattle feeding operators. They have the potential to generate more revenue. The money turns over quicker. Most of our cattle operations are generating cash flow."

Fanner predicts that cattle feeding will stay in Garden City for a long time.

"We have customers who are developing wheat varieties for use as a feed grain that will yield 90 to 100 bushels per acre," he said. "Wheat uses less water than corn or milo. The people around here are innovators. They are aggressive. They are always looking

for the edge. Cattle will be fed for many years to come around here."

**THE INNOVATORS**

The Reeve family has a reputation in Garden City of doing things just a little bit different. Chester "Chet" Reeve homesteaded land in the sandhills for cattle ranching.

In the late 1950s and early 1960s, son Jack, a veterinarian, bought cattle that nobody wanted in auctions. He'd straighten the cattle out, package them and send them to a commercial feedlot. Before long Jack expanded his

pens and started feeding cattle at home. In 1965 he heard about a ranch in Florida that was putting corn with a high moisture content into a trench silo. Reeve traveled to Florida for a first-hand look.

"The guy told me to just put the corn in the silo at 25 to 30 percent moisture and pack the hell out of it," Reeve said. "I went home and put up 20,000 bushels. The first time my banker saw the grain at the bottom of the pit, I thought he was going to have a heart attack. Two years later he loan-

ed lots of money to feeders who used high moisture grain."

In 1982 Jack and his son Lee made a quantum jump into the energy business. They opened an alcohol plant which produces two million gallons of alcohol each year. The alcohol is blended with gasoline at a 10/90 percent ratio and is often called gasohol.

The plant uses corn and milo to make the alcohol. The stillage produced in the process, a soft mash-type wet by-product, is fed to cattle in a 10,000-head feedlot next to the plant. The liquid by-product is pumped through the water system and the cattle drink it instead of water.

The Sunflower Electric plant is almost across the fence from the Reeve operation. The huge plant was overbuilt, and the construction cost was underestimated. Electric rates for users have sky-rocketed. Large users of electricity like the Reeves are scrambling for alternative sources of energy. Many have turned to wind or natural gas. The innovators don't stand still very long.

**T**he Reeves have added pens to the feedyard that hold 1,000 cattle. They plan to buy calves and, sometime during the feeding period, contract the cattle with a packer.

"Our cattle feeding philosophy is changing from the shoot-from-the-hip speculator approach to a food processor mentality," Lee said. "We are in the food business and we need to run our business that way."

The beef industry is changing. So are the Reeves.

**THE PEOPLE**

The people of Garden City will admit they have been blessed with an abundance of natural resources, productive land and water. They also say that the people of the community have a lot to do with the town's success story.

"A key ingredient in the growth is the attitude of the people," said Don Laird, executive director of the Garden City Chamber of Commerce. "The families that have been here the longest, the families or companies that have the money, don't resist change. In fact, they encourage it; they support it."

The people also realize the importance of the beef industry to the community, according to Rich McKee of the Kansas Livestock Association.

"Garden City people realize that cattle feeding is a mobile industry and that cattle will be fed where it is most efficient," McKee said.

"They don't take for granted that just because the beef industry is there today, it will be there tomorrow. They understand how they got the beef business—that is, by being more efficient. They also understand how they can lose it."

Beef is No. 1 in Garden City. The industry changed a community forever. If you walk down Main Street, you will hear a lot of languages spoken. There is one word, though, that everyone knows. In Garden City, beef breaks every language barrier.

*Photo credits: Pictures for this story by Dennis Lundgren and Vance Elmke.*

**"All it took was 5 minutes with my feed sheets—the trend was increased consumption. It's working or we wouldn't use it."**

**Kem Rogers**  
Morgan County Feeders, Fort Morgan, Colorado. 40,000 head on feed.

"I've known the salesman, Frank Hargett, for 15 years. Since he's been selling Deccox," he's been bringing me data and telling me who's been using it.

"I'd never had much outbreak of coccidiosis. It's not really a concern. But I recognized some of the names. I knew they'd know what they were talking about. So I called a couple of these guys.

"They said—'Aw—it's great—try it.' The one thing they did tell me—they got cattle on feed faster and saw a smoothing out of consumptions. So I tried it.

"Prior to adding Deccox, my consumptions were varying 4 to 6 pounds per day. I expected to see 'em level out when I started new cattle on Deccox. They did—but not quite as much as I thought they might.

"About 2 weeks later, Frank showed up and I challenged him. We sat down with my feed sheets and all it took was 5 minutes—overall consumption was up—a net increase of 2 lbs. a day more than 2 or 3 weeks previous.

"It doesn't take a hammer on my head—this is what I wanted. Now Frank tells people I'm using it and they're calling me—asking if they should use it. I say—sure!"

Deccox® (decoquinate) made a believer out of Kem Rogers. It'll make a believer out of you.

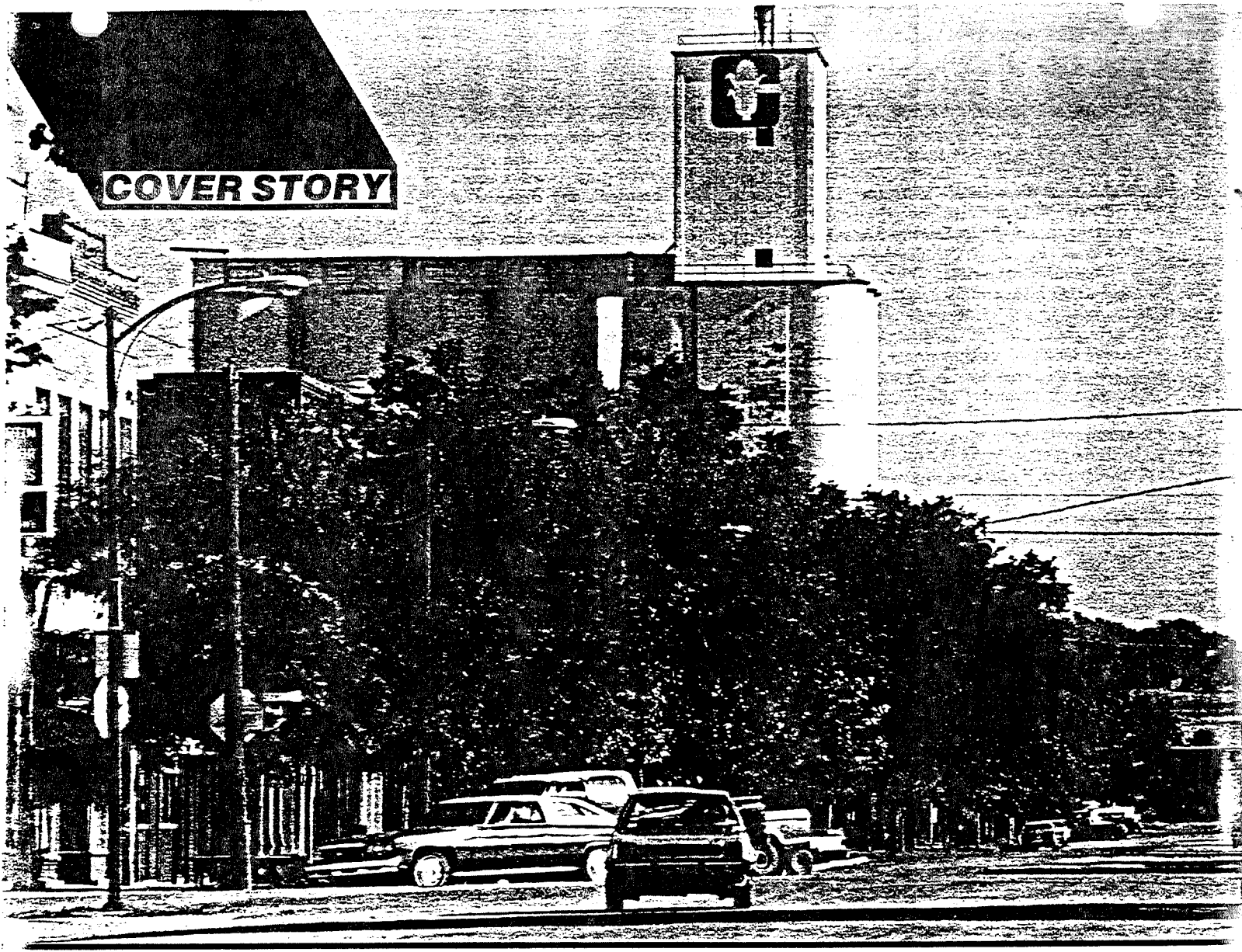
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**COVER STORY**



**FROM THE EDITOR**

**M**ore than 20 years ago, Roger Billings moved back home to Delphos, Kansas, after 25 years in the oil business in New York City. Before he left, he had a chance to ask banker David Rockefeller what he thought of the future of small towns.

Without hesitation, Rockefeller painted a rosy picture, pointing to reliable forecasts that population declines in rural areas would soon reverse as people sought recreation and opportunity in smaller communities. Rockefeller enthusiastically endorsed Billings' plan to join the State Bank of Delphos and to build a new drive-in bank as a clear signal that the bank had confidence in the town. Billings accepted Rockefeller's advice, served as bank president from 1962 to 1982, and still relishes his decision.

However, much of the optimism about small towns, which still is justified in many ways, has been tarnished by harsh conditions in agriculture and the new economics of travel where airports and interstate highways bring jobs to some communities and take them away from others.

In this issue of Kansas Business News, we'll explore the future of small towns from an academic perspective based on research done at Emporia State University and from the perspective of communities that have adjusted to these changing economic conditions: Hillsboro, Garden City, and Lenexa and Olathe.

Still another perspective is offered by J. Dale Peier of Fort Hays State University who explains why small Kansas towns cannot remain unchanged

in this month's small business column.

—Dan Bearth

Hillsboro: Small town with home-grown industrial base ..... 18



Garden City: Agribusiness capital ..... 20

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# WHAT FUTURE FOR SMALL TOWNS?

By F. E. HARTZLER,  
BARTLETT FINNEY,  
RAFFAELE DEVITO, and  
DAVID SIMPSON

**W**hy do cities grow? If a city or town doesn't grow, will it die? These are the kinds of questions that were the basis for our

study of the future of small towns in Kansas at the Center for Business and Economic Development at Emporia State University. This research is based upon the original research and work of Dr. F. E. Hartzler.

Four divisions were made of Kansas towns. Small towns were defined as towns with less than 2,500 population in 1940. Large towns were towns with a population of 2,500 to 10,000 in 1940.

Small cities were cities with a population of 10,000 to 50,000 in 1940, and large cities were cities with more than 50,000 population in 1940.

A further division was made in the case of small towns. Only towns that were both the major town in the county and the county seat were used. This selection was dictated by the nature of the census data. A similar restriction was placed on large towns.

Cities must serve some purpose, so it seemed desirable to use the number of workers in various industrial occupations to determine the reason for the growth or decline of the cities. Since the 1940 and 1980 censuses gave the best match, they were used for gathering data.

The industries selected were agriculture, energy, construction, manufacturing, transportation, wholesaling, retailing, finance, professional (which included legal, medical, educational, and managerial personnel), and government.

A city with a good balance of these occupations would serve as a trading center as well as legal, medical, financial, cultural, recreational, distribution, and educational centers for an area.

From changes in these occupations the future for the four groups of towns might be determined as well as a balance of industry for a progressive community.

In the first category of small towns were: St. Francis, Oberlin, Syracuse, Jetmore, Dighton, Meade, Ulysses, Osborne, Atwood, Hoxie, Smith-Center, La Crosse, Sharon Springs, Yates Center, Phillipsburg, Scott City, and Hugoton.

On average these counties lost 1,247 people or 28 percent of their population over a 40-year period. However, the major town in the county gained 656 people or 47 percent in the same period. (See Table 1.)

The number of persons employed in agriculture declined 596, while the total number employed increased 155. Increased employment in construction, manufacturing, retailing, and professional and managerial occupations suggests that the small towns became more effective centers of commerce and were nearly able to compensate for the loss of jobs in agriculture. Fourteen of the counties, but only one town, lost population.

Since this covers a 40-year time period, it seems likely that these towns will continue to exist and, possibly, to prosper for the foreseeable future.

This survival seems to have two causes. First, although the number of

(Continued)





## COVER STORY: SMALL TOWNS

farms and farmers have declined, the number of things and the value of things that farmers buy has increased, thus improving retail trade. Secondly, the employment of women has created more jobs and income.

The next group, large towns, consisted of: Garnett, Clay Center, Concordia, Anthony, Council Grove, Holton, Kingman, Beloit, Norton, Larned, Pratt, Belleville, Lyons, Goodland, and Colby.

An important point to keep in mind is that this data is for the county, but, because these were the largest towns in the county, the data is representative of the towns' progress over the time period of 40 years. In fact, because the smaller towns in the county may have lost trade over the period, the large towns growth may be slightly understated.

The county population average loss was 2,822, but the towns gained 646 in average population. Employment in agriculture decreased by 1,095, but non-agricultural employment increased 320. Employment increased in all other categories.

Thirteen of the 15 counties, but only three cities, lost population and these losses were quite small. The big increases in employment were in professional, retail, manufacturing, and construction.

Again, this growth can be accounted for by the increased number and kinds of services that an area needs in the modern world. (See Table 2.)

The next group was small cities. There's a change in the data base for this group as the employment numbers apply only to the city itself. The big differences will be agricultural employment, which will now include only the farmers living in the city.

The cities in this group were: Arkansas City, Atchison, Chanute, Coffeyville, El Dorado, Emporia, Fort Scott, Hutchinson, Independence, Lawrence, Leavenworth, Manhattan, Newton, Ottawa, Parsons, Pittsburg, and Salina.

In 1940, all of the cities were in the central or eastern part of the state. Johnson County didn't have a city between 10,000 and 50,000 in 1940.

The counties in this group increased

7,264, but the cities accounted for 6,943 of this increase. The major increases in employment were 1,206 in manufacturing, 691 in retailing, and a whopping 2,199 in professional. (See Table 3.)

The cities that increased in population were: Emporia, Lawrence, Leavenworth, Manhattan, and Salina. All but one of these cities were on a major east-west highway, and three were university towns.

The cities that lost population were Atchison, Coffeyville, Fort Scott, Independence, and Parsons, all in the southeast corner of the state and none on a major interstate highway.

Another group of five cities which required special analysis was a group of five western cities: Dodge City, Garden City, Great Bend, Hays, and Liberal. Their growth has been remarkable, even though the area was hard hit by the dust bowl conditions of the 1930s and some sort of growth spurt could've been expected.

The impressive changes in employment were in manufacturing, finance, and professional where the employ-

ment has more than doubled in terms of percentages. This is a unique group because the growth is probably due chiefly to increases in overall income created by agriculture. (See Table 4.)

The last group to be considered is large cities: Kansas City, Topeka, and Wichita.

The area with greatest increase in employment is professional, and the increase in this area is substantial. Recall, if you will, that this area includes doctors, lawyers, engineers, teachers, nurses, managers, and technical people. It's an inclusive category and is characterized by a high level of education. (See Table 5.)

The employment pattern for all cities is remarkably consistent, which suggests an underlying pattern for healthy development.

The important areas of employment for all cities are manufacturing, retailing, and the professional areas. We're, indeed, in the post-industrial period, even in Kansas.

And, the pattern seems to repeat itself. The primary areas of growth are manufacturing and professional over

**Table 1**  
**Small towns**

	Average population		Percent	
	1940	1980	1940	1980
Population county	5,587	4,340	100	100
Population city	1,375	2,031	25	47
Total employment	1,595	1,750	100	100
Agriculture	980	504	62	29
Energy (Mining)	14	41	1	2
Construction	58	114	4	7
Manufacturing	30	120	2	7
Transportation	72	138	5	8
Wholesaling	36	85	2	5
Retail	182	264	11	15
Finance	23	70	1	4
Recreation	10	8	1	1
Professional	136	345	9	19
Government	54	66	3	4

**Table 2**  
**Large Towns**

	Average population		Percent	
	1940	1980	1940	1980
County population	11,800	8,978	100	100
City population	3,654	4,300	31	48
Total employment	3,382	3,702	100	100
Agriculture	1,763	688	52	18
Energy (Mining)	39	99	1	3
Construction	144	273	4	7
Manufacturing	120	417	4	11
Transportation	212	262	6	7
Wholesaling	113	183	3	5
Retail	468	622	14	17
Finance	68	141	2	4
Recreation	29	15	1	1
Professional	318	871	9	24
Government	108	151	3	4

the period of 40 years. Retailing is still a major area of employment in a town or city, but its growth as a part of the labor force is declining.

The results of this study leaves us with a number of implications for the future population centers of Kansas.

#### Small towns (Less than 2,500 in 1940)

Many small towns, if they're located on a main transportation line, have a future. However, that future doesn't necessarily include growth. If the small town is also a county seat and the major town in the county, the

future of that population center is virtually assured.

#### Large towns (2,500 to 10,000 population in 1940)

Large towns will continue to draw new residents from the surrounding areas. These population centers, with their service and shopping facilities, tend to attract people away from the smaller towns that are neither county seats nor on a major highway.

#### Small cities (10,000 to 50,000 population in 1940)

The small cities have the most interesting implications. In order for a small city to grow, it must be situated on a major highway system. Growth may occur as a result of government, such as through funding of a university, military facility, or aid of this kind, or as a result of city leadership that's aggressive in economic development that may attract private investment.

Another important inference is that those small cities that have experienced growth due primarily to government projects may have been lulled into a false sense of economic  
(Continued)

**Table 3**  
Small cities

	Average population		Percent	
	1940	1980	1940	1980
County population	32,185	39,443	100	100
City population	14,571	21,515	45	55
Total employment	4,032	9,104	100	100
Agriculture	75	102	2	1
Energy (Mining)	91	74	2	1
Construction	269	532	7	6
Manufacturing	667	1,874	17	21
Transportation	648	638	16	7
Wholesaling	221	357	5	4
Retailing	1,038	1,730	26	19
Finance	184	512	5	6
Recreation	53	97	1	1
Professional	546	2,746	14	30
Government	240	442	6	5

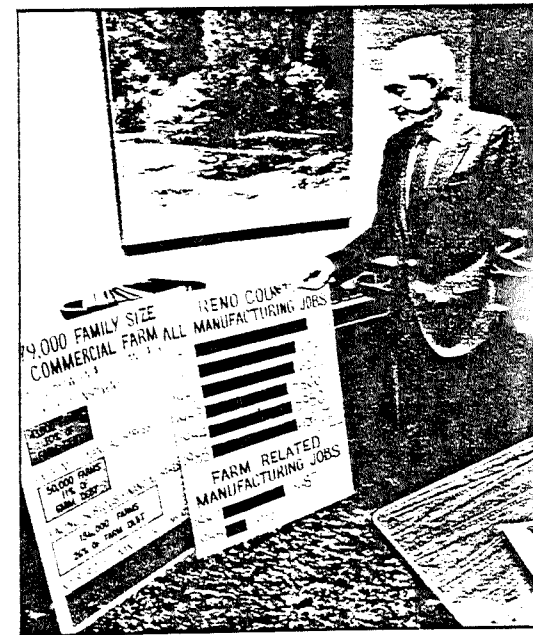
**Table 4**  
Small western cities

	Average population		Percent	
	1940	1980	1940	1980
County population	15,280	24,530	100	100
City population	6,922	16,815	45	69
Total employment	4,175	10,731	100	100
Agriculture	1,352*	268	32	2
Energy (Mining)	333	468	8	5
Construction	212	550	5	5
Manufacturing	230	1,504	6	14
Transportation	241	410	6	4
Wholesaling	183	469	4	4
Retailing	874	2,654	21	25
Finance	138	699	3	7
Recreation	39	109	1	1
Professional	437	3,181	10	30
Government	137	419	3	4

\* Includes county figures for farmers.

**Table 5**  
Large cities

	Average population		Percent	
	1940	1980	1940	1980
County population	126,543	151,264	100	100
City population	101,419	125,926	80	83
Total employment	27,330	47,677	100	100
Agriculture	222	316	1	1
Energy (Mining)	292	212	1	1
Construction	1,873	2,728	7	6
Manufacturing	4,171	9,153	15	19
Transportation	4,783	6,718	18	14
Wholesaling	1,817	2,683	7	6
Retailing	6,896	8,828	25	19
Finance	1,946	3,663	7	8
Recreation	345	438	1	1
Professional	3,220	10,897	12	23
Government	1,765	2,041	6	4



### FARM WOES COST JOBS

Richard Parker, president of Krause Plow Corporation in Hutchinson, points to the loss of farm-related manufacturing jobs in Reno County.

Krause sales are off 27 percent, but the company, founded in 1916 by Henry Krause, inventor of the one-way plow, has avoided problems by not borrowing to expand and not sacrificing new product development.



## COVER STORY: SMALL TOWNS

security. They haven't been as aggressive on the economic development front as some of the small cities which have had to fight for their existence and had to do so without the benefit of a government facility.

### Large cities (Over 50,000 population in 1940)

The implications concerning large cities is that their recent economic growth has resulted primarily from employment expansion in the professional fields.

When we analyze the employment shifts in all categories of towns and cities, we find that segments such as manufacturing, wholesaling, and finance have grown faster in the smaller population centers than in the larger cities.

In summary, it would appear that the future of small towns is assured if the towns are located on a major highway system, are the county seat, and are the major town in the county. As population centers, not all small towns will grow appreciably, but they'll continue to exist at some stable level and they'll not die.

As for the future of small and large cities, it's clear that future growth is directly related to the success of the economic development efforts directed toward the expansion of jobs in the professional and manufacturing segments.

## ABOUT THE AUTHORS

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# HILLSBORO SUPPORTS HOME GROWN INDUSTRY

**H**ome-grown businesses have helped Hillsboro maintain a healthy economy despite population losses and recent downturns in agriculture.

The 160-acre Industrial Park has six tenants employing a total of more than 150 people. Merie Schlehuber's Wildcat Resources is active in the oil and gas business. Roger Hofer brought in a window shutter company from Manhattan. Jake Klassen and Vernon Friesen started making trailers from farm equipment in 1970. Now Hillsboro Industries sells flatbed, livestock, and grain trailers nationwide. Richard and Joyce Barkman have been processing honey for 25 years.

Existing firms get top billing from Carol Wiebe, director of Hillsboro Development Corporation. "There are all kinds of incentives," she notes, "but we don't want to sell our soul." A hard-working, productive labor force is the biggest incentive for firms to locate here, she says.

Economic diversity is reflected on Main Street where most stores are home-owned, oftentimes by young people like Dooz Pankratz, 26, owner of Sunflower Office Products and president of the Chamber of Commerce. Irv Schoeder, one of three car

dealers in a town of less than 3,000 residents, draws customers from 50 miles away.

While losing out to Marion as a county seat, Tabor College is a major factor, as is Salem Hospital and two nursing homes that constitute Hillsboro's largest employers.

Community leaders unabashedly promote their town. Some 15,000 visitors are lured each year to the Hillsboro Arts and Crafts Fair. An all-school reunion a year ago rekindled emotional ties of former residents that organizers say could translate into increased business activity in the future.

One newcomer, Timothy Kuo, a hospital administrator from Taiwan, came to Hillsboro at the suggestion of the president of Bethel College in Newton. Kuo has invested in a motel and restaurant and plans to carry on an international trading business from his new home.

Hillsboro's emphasis on home-grown economic development has been a model for other small cities, and recently earned the city a Community Achievement Award from the Kansas Cavairy, a group of volunteers who support industrial development efforts of the Kansas Department of Economic Development. — Dan Bearth



Business leaders meet for an industry appreciation day luncheon for employees.

# GARDEN CITY LEADS WAY

Garden City began to emerge as an agribusiness capital more than 30 years ago.

In 1951, Earl Brookover noticed a feedlot in Arizona that had feedbunks built into the outside fences. This allowed cattle to be fed by truck or wagon instead of being scooped out by hand. Brookover mentioned it to his friend Harry Oswalt who built a machine to automatically unload silage. Since then, dozens of feedlots on the High Plains have been built on this pattern and Oswalt Industries has become a major manufacturer of feed equipment.

In 1959, Clarence Gigot let his son Terry hook up a newfangled center pivot irrigation system on some land

in the Sand Hills near Garden City. Gigot discovered he could grow 100-bushel corn on previously worthless land. Today, the Gigot family—five brothers and two sisters—lay claim to approximately 30,000 acres and 200 center pivot irrigation systems as part of a multi-million dollar agribusiness enterprise.

Cattle and corn were the ingredients that enticed large-scale meat packing plants to locate in the area. IBP's Finney County facility is the largest in the world. Others are located in Dodge City and Liberal.

Farms in Southwest Kansas are larger, more capital intensive, and more profitable than farms in any other part of the state, according to

a research study at Kansas State.

Water is a major concern, but more conservative irrigation practices and higher energy costs have already slowed the decline in underground aquifers.

"We'll probably run out of money to buy energy for our pumps before we run out of water," says M.P. "Jack" Reeve. Back in the 1960s, Reeve was instrumental in introducing the practice of grinding corn into silage. Now he converts 1,500 bushels a day into ethanol to be sold as a gasoline additive.

Innovation and a growing agribusiness service and manufacturing sector are likely to stimulate even more growth in Garden City's future.

1. IBP can process more than a million head of cattle a year in this plant near Holcomb.
2. Rapid population growth has kept downtown a busy retail center.
3. A new home sprouts in the Sand Hills, a sign of rural affluence unmatched in Kansas.
4. Jack Reeve says conservative irrigation will prolong water supplies.
5. Agribusiness firms like ACRA-Plant have fueled the growth of Garden City's economy.
6. A helicopter puts Terry Gigot in close contact with a circle of irrigated corn.

**District Six**  
**Truck Traffic Per Day Generated**  
**By**  
**Cattle Feed Lots**

Cattle on feed each day.

$$95\% \text{ Full } \times 1,121,800 = 1,065,710 \text{ head}$$

Pounds Grain & Roughage Fed each Day

$$25\# \times 1,065,710 = 26,642,750\#$$

Truck loads feed per day.

$$1,000 \text{ Bu./Truck } \times 56\#/\text{Bu.} = 56,000\#/\text{load}$$

$$26,642,750 \div 56,000 = \underline{476 \text{ Loads/day}}$$

Waste Generated (Manure)

$$40,000 \text{ head Cap. Lot} = 40,000 \text{ Ton/year}$$

$$1,121,800 \text{ head Cap.} = 1,121,800 \text{ Ton/year}$$

$$1,121,800 \div 25 \text{ Ton/load} = 44,872 \text{ Load/year}$$

$$44,872 \div 365 = \underline{123 \text{ Loads/day}}$$

Replacement Cattle

Lots rollover 3 times per year.

$$3 \times 1,065,710 = 3,197,130 \text{ Head/year}$$

$$3,197,130 \div 70 \text{ Head/load} = 45,673 \text{ Loads/year}$$

$$45,673 \div 365 = \underline{125 \text{ Loads/day}}$$

Prepared by: Kansas Dept. Transportation

**District Six**  
**Truck Traffic Per Day Generated**  
**By**  
**Packing Plants.**

Packing Plants Slaughter Approx. 80,000 Head/week  
Butcher Cattle.

$$80,000 \times 52 = 4,160,000 \text{ Head/year}$$

$$4,160,000 \div 365 = 11,400 \text{ Head/day}$$

$$11,400 \div 40 \text{ Head/load} = \underline{285 \text{ Loads/day}}$$

Dressed Beef (Boxed)

$$11,400 \div 80 \text{ Head/load} = \underline{142 \text{ Loads/day}}$$

By Product (Hides, Offal, etc.)

$$11,400 \div 200 \text{ Head/load} = \underline{57 \text{ Loads/day}}$$

Supplies (Boxes, etc.)

$$11,400 \div 350 \text{ Head/load} = \underline{32 \text{ Loads/day}}$$

**District Six**  
**Estimated Truck Traffic Generated**  
**By**  
**Cattle & Packing Industry**

<b>Feed (Grain &amp; Roughage)</b>	<b>476</b>
<b>Waste (Manure)</b>	<b>123</b>
<b>Replacement Cattle</b>	<b>125</b>
<b>Butcher Cattle</b>	<b>285</b>
<b>Boxed Beef</b>	<b>142</b>
<b>By Products</b>	<b>57</b>
<b>Supplies</b>	<b><u>32</u></b>
<b>Total</b>	<b>1,240 Trucks/day</b>

## District Six Packing Plants

Plant	Location	Approx. Slaughter/Week
1. Iowa Beef	Holcomb	25,000
2. Val Agra	Garden City	15,000
3. National Beef	Liberal	15,600
4. Excell	Dodge City	18,750
5. Hi Plains	Dodge City	<u>5,500</u>
	Total	79,850/Week

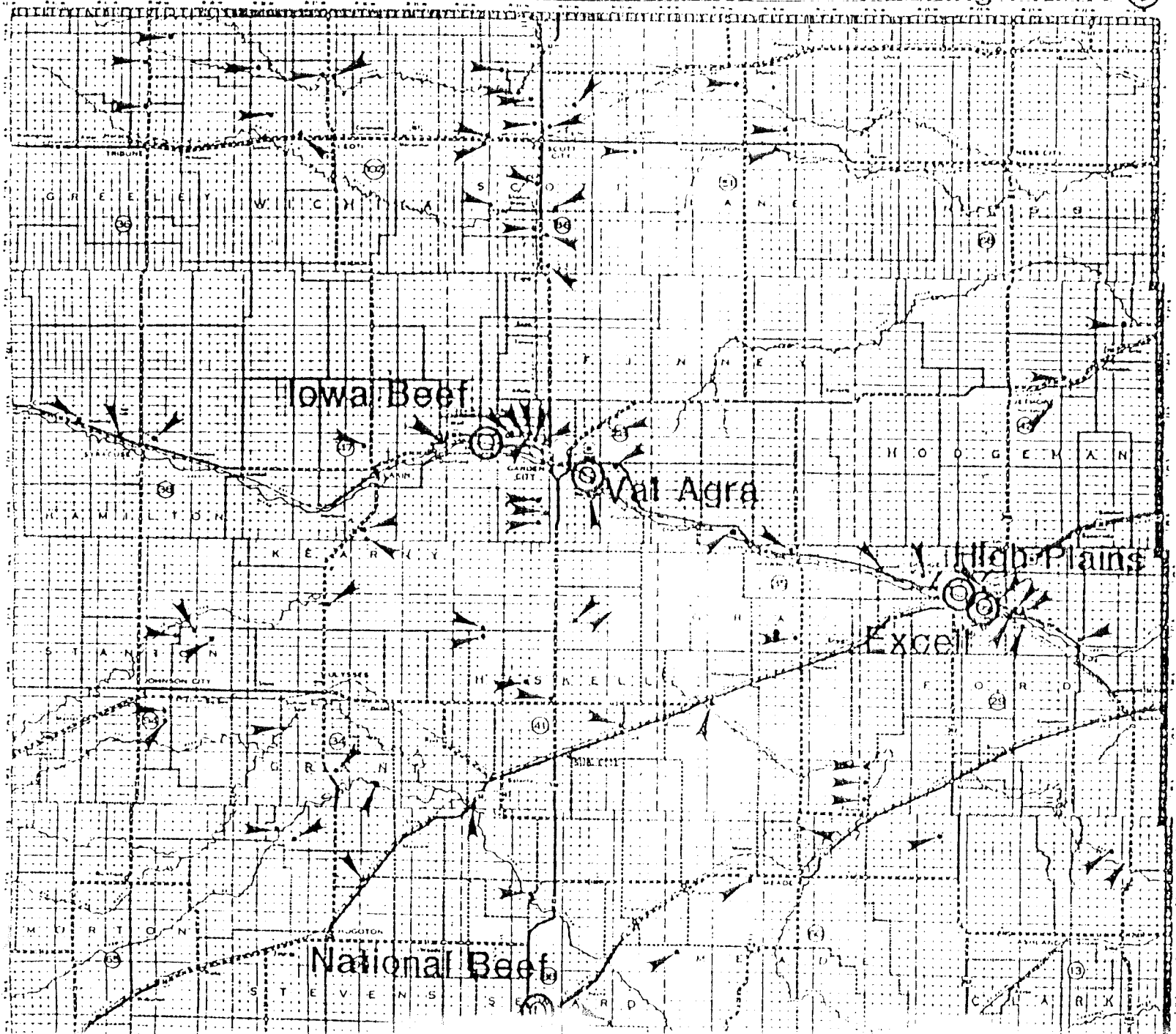


## Feedlots in District Six

County	No. Lots	Feeding Capacity
Clark	2	14,500
Finney	10	142,300
Ford	11	111,950
Grant	4	82,400
Gray	6	68,300
Greeley	3	32,000
Hamilton	3	30,200
Haskell	6	129,500
Hodgeman	1	21,000
Kearny	4	60,500
Lane	2	43,500
Meade	4	22,650
Morton	0	
Ness	0	
Scott	14	120,500
Seward	2	68,000
Stanton	5	39,100
Stevens	1	21,000
Wichita	<u>5</u>	<u>114,400</u>
Total	83	1,121,800

District Six has 52% of Lots  
and 65% of Capacity.

# SIXTH DISTRICT Cattle Feed Lots ➤ Packing Plants ⊙



# WHAT THE SOBER SPENDERS WILL BUY

As they reach their peak earning years, aging baby-boomers will have more money in their pockets but will spend it less freely. Who has the best chance of getting it? Consumer electronics manufacturers, drug companies, and many service enterprises.



*WHAT WILL buyers in the Nineties demand? In the following two articles, FORTUNE looks at the income trends, the changing tastes, and the likely*

*winners among goods and services, leading with a report by Alex Taylor III on promising markets for goods:*

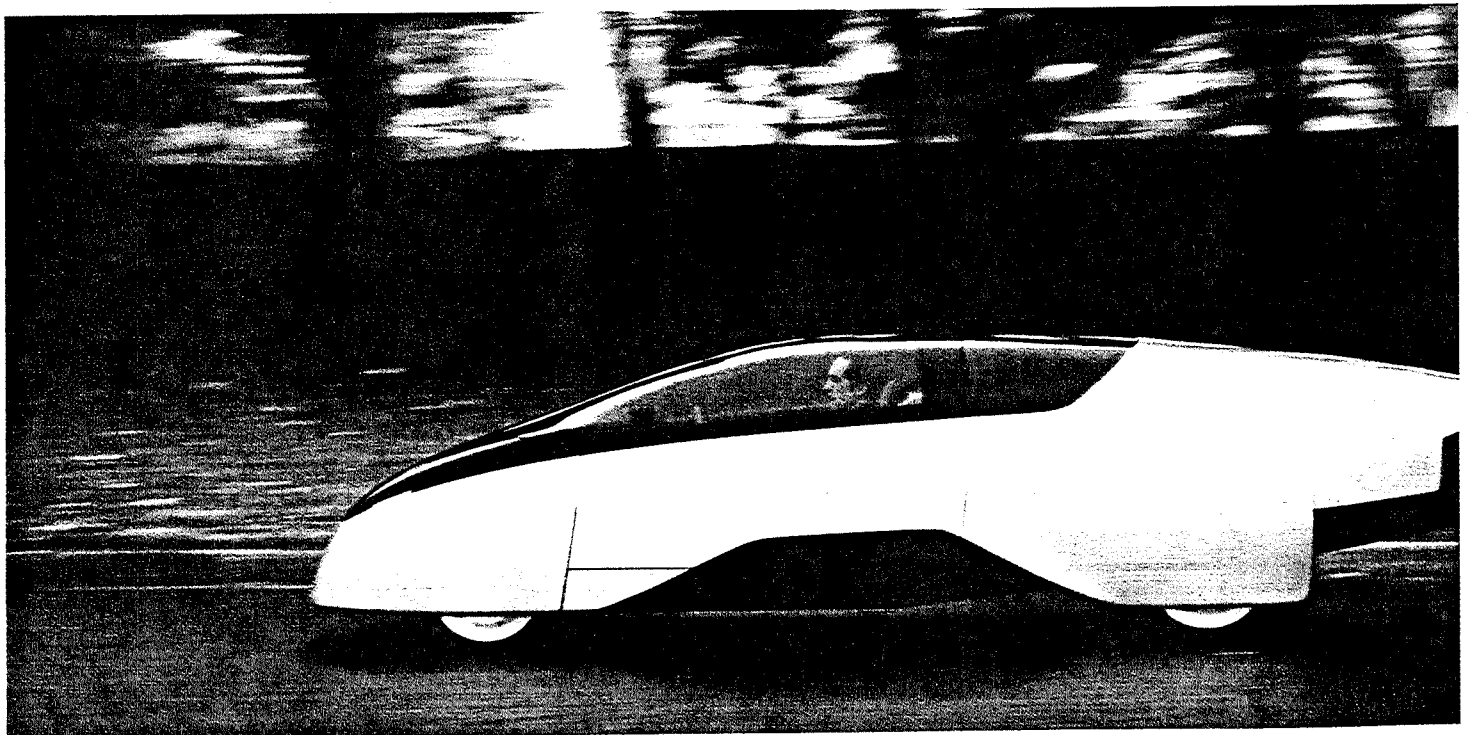
The Nineties sequel to that soap opera hit of the Seventies and Eighties, *The Young and the Restless*, might be titled *The Middle-Aged and the Sedentary*. Aging baby-boomers, temples graying and waists thickening,

will be the dominant consumer force—to the benefit of drug companies and the detriment of jeans makers. The population will increase more slowly than it has over the past two decades, curbing growth in homebuilding and creating fresh challenges for automakers and food marketers. But rising disposable income and technological improvements will create exuberant growth for makers of all kinds of electronics.

The great demographic change of the Nineties, the maturing of the baby boom, will alter the business landscape dramatically. Marketers will be fixated less on acquisitive yuppies than on settled homeowners. The number of households headed by men or

women between the ages of 35 and 54 will grow by about 50% by 2000 and will contain more than half the population—145 million people. By comparison, households headed by those under 35 will account for only 22%.

Because so many Americans will be in their prime earning years, the average household will be wealthier. Conference Board economist Fabian Linden, working with Labor Department statistics, forecasts big increases among middle- and upper-income households. While 15% now earn over \$50,000 a year in 1985 dollars, Linden expects 25% will do so by 2000. Households making \$35,000 to \$50,000 will rise from 16% to almost 18%. The lowest-rank-



**Tomorrow's fast seller?** Chevrolet designed the 150-mph Express to run on specially built superhighways and replace planes for intercity travel.

# THE ECONOMY OF THE 1990s

ing income group, households making less than \$15,000, will fall sharply, from 32% to 25%.

Not all that wealth will find its way into the marketplace. The growth of consumer spending will slow from an annual average 2.7% over the past seven years to about 2.5% through the Nineties, according to FORTUNE's forecast. People tend to save more as they get older, largely because they do not make first-time outlays for big-ticket items. The U.S. savings rate sank from 6.5% during most of the post-World War II years to 4% in 1986. It will move up to around 5% for the Nineties. What's more, the demographic trends dictate that fewer people will establish new households than in the recent past. Net household formations have dropped from 1.7 million a year in the 1970s to around 1.3 million recently and won't change much in the Nineties.

This slowdown will hurt sales of everything from drapes and couches to dishwashers—unless marketers find smart ways to induce people to replace what they own or to trade up. Kenneth Kaminski, a Whirlpool Corp. vice president, believes his company will find "little opportunity for continued growth in the U.S. market." Appliance makers are more at the mercy of demographics than, say, automakers: Few families need a second refrigerator or dishwasher. Whirlpool is looking for joint ventures overseas. It is also building smaller appliances because

new homes, reflecting rising costs and shrinking family sizes, have less space.

Technical breakthroughs could boost sales or create irresistible new products, such as microwave ovens that can be activated by a telephone call. Chief economist Stanley Feldman of Data Resources Inc. sees robotics systems doing housework within five to ten years. Says he: "We will have a robot that can be ordered by voice to pick up a dirty glass and take it to the sink. Once it is commercialized at the industrial level, cost reductions will come quite quickly." Others, mindful of troubled attempts to get robots to work on the factory floor, are skeptical.

Fewer new households means fewer new houses. Starts will continue to average around 1.75 million a year for the next several years; they will drop slightly to 1.65 million in the last part of the Nineties, even though mortgage rates should not rise noticeably. The decline will come in multifamily homebuilding; single-family starts, which have averaged 1.1 million recently, will rise to around 1.3 million by 1995. That's because of growing numbers of 25- to 44-year-olds, who are big buyers of such homes. And total spending on housing could increase a bit as buyers improve their acquisitions.

As always, food marketers' major challenge will be to help sales grow faster than population. Some foods out of favor in the

past decade could make a comeback—for example, beef. Consumers are tiring of bland chicken and fish, says Manhattan marketing consultant Faith Popcorn, and cattlemen are breeding leaner beef for the calorie- and cholesterol-conscious. The Nineties may also be the decade of sucrose polyester, a nonabsorbable fat that passes through the body without leaving any calories behind. Under development by Procter & Gamble since the Sixties, it could be used as a nonfattening base for mayonnaise and margarine.

The demographics are not favorable for automakers. DRI expects car sales will increase less than 1% a year, reaching 12.4 million at the turn of the century, compared with 11.5 million in 1986. Ford Motor Co. chief economist John Deaver is even more pessimistic. He predicts annual sales will be essentially flat through 1995.

General Motors is working on a two-seat commuter car in which the passenger sits directly behind the driver and—probably more remote—a car that cruises at 150 miles per hour. Manufacturers will also use highly flexible automated factories to efficiently turn out cars with short model runs. Foreign automakers are expected to capture up to 40% of the market by 1995, vs. 28% today. By 1990, Taiwan, Malaysia, and Brazil will be supplying cars to the U.S.

The Nineties should provide a pleasant jolt for makers of consumer electronics. Sales of personal computers are expected to take off. Technological improvements, lower prices, better software, and growing educational uses should drive the market at an average annual rate of nearly 21%. Telephone equipment sales should rise 20% a year, fired by such snazzy convenience items as cordless phones. If manufacturers succeed in marrying laser disks, computers, and video screens, as many people expect, home entertainment systems could be one of the most electric growth markets of all.

Pharmaceutical companies can count on boom times. Reasons: medical advances and more older people, who will pay up for special products such as cardiovascular drugs and buy large quantities of cheap generic drugs. The BLS forecasts a 7.4% annual growth rate for drugs to 1995, almost triple the rate of the late 1970s and early 1980s.

Ann Clurman of the market research firm Yankelovich Clancy Shulman says the consumer of the Nineties will be even more of a "strategic shopper": a busy person who understands the trade-offs among time, effort, and money. "People are going to want to buy

REPORTER ASSOCIATE Susan Caminiti

## A Trendspotter's Guide to the Tastes of the Nineties

Income shifts are easy to figure compared with changes in fashion. But the marketing alchemists who mix psychology, sociology, and crystal-ball gazing discern these emerging preferences.

CONSUMER CHOICES	1970s	1980s	1990s
MAIN COURSE	Beef	Chicken	Beef
FAST FOOD	Hamburger	Taco	Family cookin'
ELECTRONICS	VCR	Compact disk	Tiny TV
EXERCISE	Tennis	Aerobics	Walking
RELAXATION	Den	Family room	Media room
SHOPPING	Department store	Specialty store	Boutique
FOREIGN CAR	Japanese	Korean	Brazilian
ALCOHOL	Beer	Wine cooler	Cocktails
MUSIC	Disco	1960s rock	Big bands

quality goods that meet their needs and perform well," says Peter Morrison, director of the population research center at Rand Corp. "They simply won't have the time to take things to be repaired." Consumers may well demand more products that come with an extra measure of service, such as the roadside help now guaranteed to buyers of new Volvos if their cars break down.

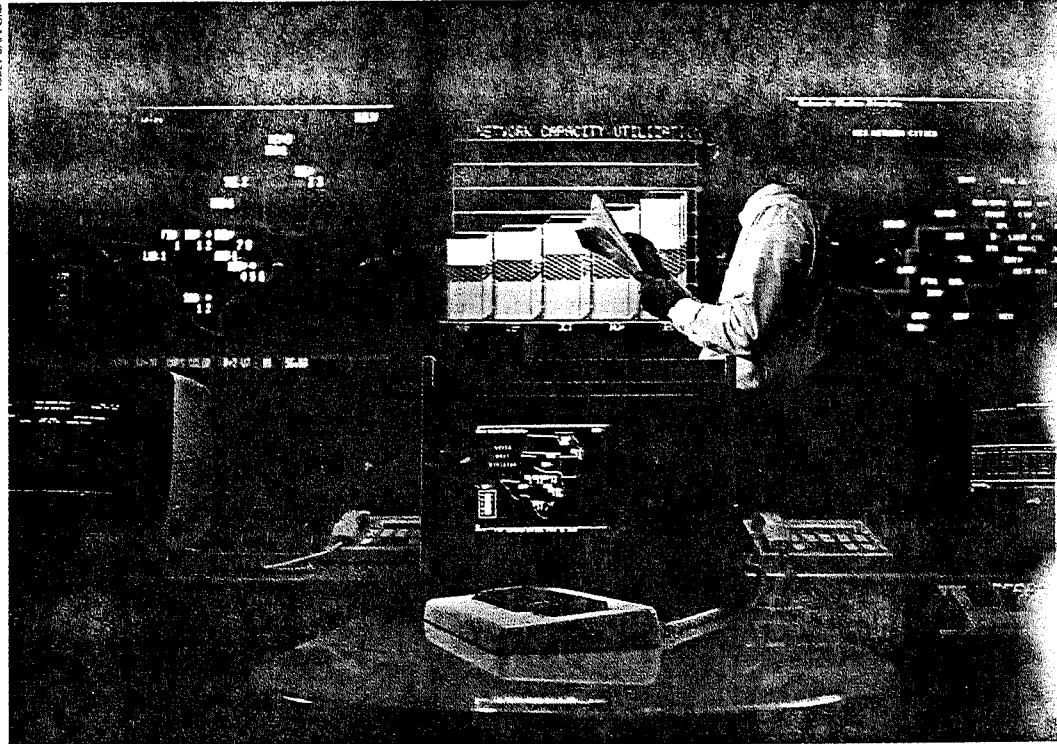
Department stores will continue to lose ground to specialty stores and boutiques unless they can smarten their surroundings and service, as some recently have. Says Judith Langer, a New York market research consultant: "Dissatisfaction with retail service is tremendous. You hear repeated complaints that 'no one knows their merchandise, no one knows where anything is, no one cares.'"

Consumer product companies will have to hone their early warning systems, because new products will be coming and going with breathtaking speed. Consultant Arnold Brown of Weiner Edrich Brown cites the "foreshortening of product life" caused by the desire for novelty, the decline of brand loyalty, and increasing competition. Faith Popcorn says that while everyone would like to develop a classic, such as Jell-O, that sells for 40 years, five or six years is a more realistic goal. She tells clients that if they have only just discovered a trend, it is already too late to capitalize on it. Developing a product takes at least 18 months; by then a competitor may have grabbed the market.

History does not repeat itself, but trends seem to run in cycles. Social historians expect that the cycle now taking shape will have many characteristics of the Fifties. They point to signs already around us: The return of debutante parties and touch dancing, crinolines and tuxedos, jukeboxes and convertible cars. Soon to follow, they say, are the comeback of the cocktail and big bands, and the advent of chain restaurants serving home-style dishes such as meat loaf with gravy.

But when trends come back, they return with a difference. Having lived through the social unrest of the late Sixties and early Seventies, followed by the economic shocks of the Seventies and early Eighties, Americans will bring new sensibilities to the Nineties. Predicts Yankelovich's Clurman: "Part of the focus on materialism is not in the Fifties sense—play your cards right and get ahead—but a desire to get it now because we are unsure of where we are headed. In the 1950s, we assumed we'd always have economic growth. The Nineties will see more tempered optimism."

TERRY SANFORD



**Keeping track:** MCI monitors a growing phone network from a center near Washington, D.C.

**S**ERVICES, including those provided by government, account for about 57% of GNP. Kenneth Labich gauges prospects for most of them (financial services, the most turbulent group of all, are the subject of the article that follows this one):

Already waxing because of rising consumer demand, service enterprises will get an added boost from changes in the way business operates. Ronald K. Shelp, a vice president at Celanese Corp. and author of an acclaimed study of the service economy, *Beyond Industrialization*, sees three principal factors at work. First is corporate restructuring; companies that have shucked entire divisions will seek outside help for everything from landscaping to public relations. Second, the rapid internationalization of U.S. business will spark demand for such services as communications and data processing. Third, says Shelp, privatization will present opportunities in services once supplied by federal, state, and local governments.

Among service industries likely to expand most rapidly in the 1990s:

► **COMMUNICATIONS:** The Bureau of Labor Statistics expects communications to grow faster than any other major service industry—an average 6.2% annually from 1984

REPORTER ASSOCIATE Nancy J. Perry

to 1995. William McGowan, chief executive of MCI Communications, says the increase in long-distance and international service will be especially sharp, with overseas calls rising 19% to 20% per year. Prices have tumbled since the AT&T breakup, he notes, and many corporations have installed elaborate international communications systems. Finally, more and more young people who grew up with telephones fixed to their ears are coming of age. Says McGowan: "Somebody recently told me that if you can find a personal letter, the Smithsonian would like to display it."

New technology using fiber optics and lasers will help drive costs down further. Cellular mobile phones will remain constrained by a shortage of available radio frequencies, but the use of mobile phones will nevertheless explode in the Nineties. James McCabe, a telecommunications analyst at Donaldson Lufkin & Jenrette, estimates that the number of users will grow from less than 1% of the population today to 10% to 15%.

► **BUSINESS SERVICES:** Corporations will need outside help to maintain and repair all manner of machines, especially data-processing equipment. As the use of computers soars in the 1990s, the business will expand rapidly. According to some estimates, U.S. companies already spend about \$13 billion

annually to keep their computers working; the amount will jump to as much as \$36 billion in 1992. Manufacturers dominate the business, but independent contractors are becoming more formidable.

Fast growth is also ahead in temporary-employment services. "It used to be that companies turned to us on a panic basis, when someone got ill or went on vacation," says Thomas Anton, executive vice president of Kelly Services Inc. "But now companies staff up to meet their normal requirements at a lower end of their business cycle and then hire temporary employees when things pick up." Temps also perform many more functions than typing letters or running a switchboard. Kelly employees, for example, are hired to conduct surveys, do comparison shopping, enter data in computers, assemble circuit boards, sell over the telephone, hand out food samples in supermarkets, and more.

There's even likely to be a market for management temps. Companies with pared-down staffs will tackle many new problems or programs by hiring hands-on management consultants—people who not only study problems and write recommendations, but also take on strategic tasks. "Ideas generated from management consulting are fine, but the big money is in taking those ideas and putting them into practice," says Duane Kullberg, chief executive of Arthur Andersen & Co., the accounting and consulting firm. Kullberg's company has long been involved in designing and installing automated office systems, and he believes that end of the business will grow at a 20% clip over the next decade.

The fast-growing child care business will be nurtured by corporate customers. As women continue to enter the work force and stay on the job as mothers, their employers are enlisting outsiders to help them. Kinder-Care Learning Centers Inc., the leading professional child care provider, with about 1,100 centers in the U.S. and Canada, has started to tap the market by setting up and running on-site centers for Disney, Cigna, and Pacific Mutual. President Richard Grassgreen expects to add new centers at a 10% to 15% annual rate to the year 2000.

► **HEALTH CARE:** The aging population will exacerbate the health care dilemma of the Eighties: how to meet growing demand for service without claiming a crushing proportion of national wealth. Many patients may forsake or be steered away from traditional high-cost hospital care. Hospitals are already weighing carefully whether or not to admit

particular patients, and discharging the ones they take as soon as possible to keep costs from outstripping their Medicare reimbursements. The alternative will be a variety of new health centers with lower overhead: surgery centers, urgent-care centers, Alzheimer's disease clinics, diagnostic centers, birthing centers, and the like.

Health professionals other than traditional physicians and surgeons are also coming into their own, and such practitioners as chiropractors, midwives, and physical therapists should enjoy good times. Stanley Feldman of Data Resources says that psychiatrists should prosper as well because the rapidly aging U.S. population is cer-

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tain to experience more mental problems.

Outpatient facilities such as health maintenance organizations are likely to proliferate. HMO enrollment in the U.S. jumped from ten million to 21 million between 1981 and 1985, and industry analysts predict as many as 35 million subscribers by 1995. Home health services and nursing homes should expand rapidly to serve the aging.

Though the number of teens will decline in the Nineties, they may need more medical attention. Dr. John Coury Jr., president of the American Medical Association, predicts that more physicians will focus on adolescent problems such as drug abuse, venereal disease, and pregnancy. The AMA has launched an intensive campaign to address teen health problems. Partly through the organization's efforts, halfway houses, clinics for adolescents, and in-school counseling and treatment facilities are likely to grow in number.

► **TRAVEL AND RECREATION:** Americans will be on the move for business and pleasure

more than ever, and the airlines should benefit. The baby-boomers got used to flying at an early age, and the growing number of affluent retirees will have the time and money to see new sights. Likely to flourish: several of the large carriers such as American, Northwest, and Texas Air, which have bought up smaller airlines and now have a sizable market share. UAL Inc., with its three-part travel empire of United Airlines, Hertz car rentals, and Westin hotels, is also well positioned. UAL late in 1986 agreed to buy the Hilton International hotel chain.

Travel agencies could also see a sharp upturn. Many are hurting because widespread fare cutting now has slashed their fees, which are based on ticket costs. But the airline industry, currently in the middle of a shakeout, will settle down before long, and prices are likely to rise on routes where competition has slackened and demand remains high.

Some forecasters are particularly bullish on the field of recreation and amusement. The BLS predicts a 4.5% annual growth rate in personal spending on everything from dance lessons to pool halls. Though pastimes such as walking will become more popular, the health and fitness mania will continue to spawn mirrored spas crammed with Nautilus machines and sweaty bodies.

Despite the service sector's furious growth, remarkably little research has been conducted in management techniques for service industries. For example, most experts assert that productivity growth in the services lags well behind that of manufacturing. But most of those experts also admit that measuring productivity in many services is an inexact science at best. Donald F. Blumberg, a management consultant specializing in services, cites the example of an appliance repairman who may spend a good deal of time waiting for the phone to ring. It may seem the fellow is totally unproductive, but Blumberg points out that he is performing the function of being on call, ready to do his job when needed: He also serves who sits and waits. It is, however, difficult to measure his effectiveness.

Lack of academic and expert attention to services could become a problem as the sector expands. The void will not be filled as long as nearly all U.S. business and management schools base their curriculums largely on solving problems faced by manufacturers. But with services likely to account for two-thirds or more of the U.S. economy by the end of the Nineties, that situation seems sure to change. **E**



# WHERE TO LIVE —AND PROSPER

The best bets are metropolitan areas with a big concentration of brains plus an array of amenities that attract creative people. Don't expect to work downtown. ■ by Gurney Breckenfeld



IN THE SEVENTIES the Sunbelt was considered the grand land of the future. It hasn't quite turned out that way, at least in the oil states of Texas, Okla-

homa, and Louisiana—illustrating how unpredictable events often tarnish prophecy.

The central message for job seekers in the Nineties: Go where there are large concentrations of brains, plus cultural amenities that attract bright and creative people. This prediction, too, could be flawed, but that seems unlikely because it is based on a new understanding of the processes that create jobs.

The magic combination for the Nineties can be found in portions of at least 20 states and is especially evident in 25 or so of the nation's metropolitan areas. The most promising spots of all seem likely to be near prestigious, research-oriented universities—magnets for brainpower such as Massachusetts Institute of Technology, Stanford, Carnegie-Mellon, Georgia Tech, Cal Tech, and the Universities of Michigan and Washington. Their prized faculties attract top-notch graduate students. Together they launch innovative companies, many of them—though not a majority—aimed at new high-tech realms. A significant number of such enterprises have already expanded fast enough to become a major source of job creation in the nation, with the period between start-up and takeoff averaging a mere five years. Indeed, some experts maintain that young, growing companies are already the leading source of new jobs.

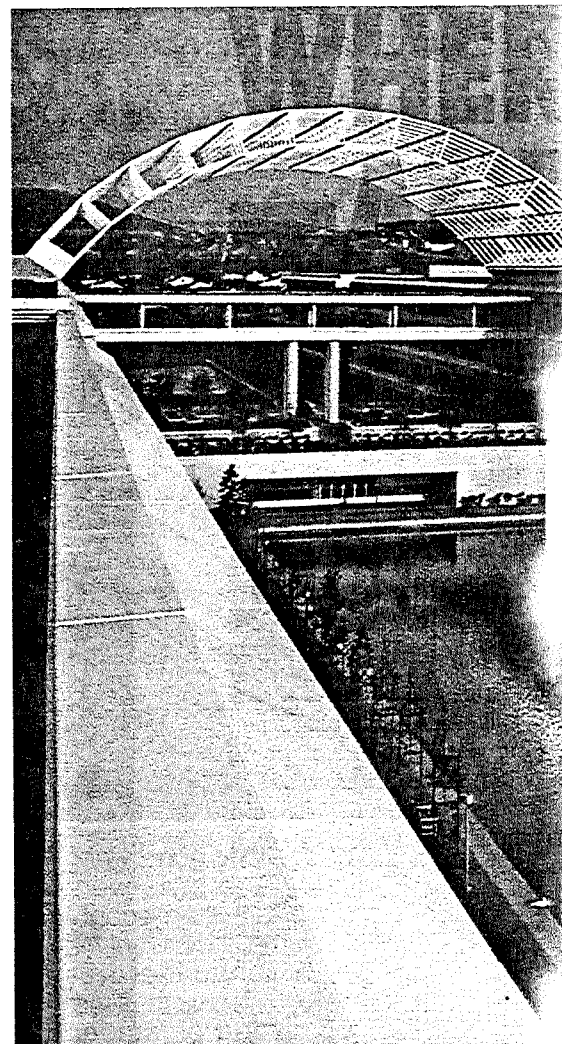
“Whole new industries spring up around university laboratories,” says David L. Birch, director of the Program on Neighborhood and Regional Change at MIT and the

REPORTER ASSOCIATE Douglas Steinberg

nation's leading authority on how jobs are created. “Immediate access to new ideas and innovation is what counts.” California's Silicon Valley, spawned by Stanford's engineering department some 40 years ago, is the classic example. More recent—and equally remarkable—is the record at “intelligence alley,” a neighborhood no more than two-thirds of a square mile in east Cambridge, Massachusetts, close to MIT's artificial-intelligence laboratory.

Twenty years ago the neighborhood was a grubby collection of rundown factories. Today it is a center for small enterprises devoted to artificial intelligence and computer software. These businesses occupy some 4.5 million square feet of new and rehabilitated office space. And they have created more jobs since 1980—about 20,000, says Birch—than the total job growth in 13 states, including Pennsylvania and Illinois. Birch has counted some 1,200 software companies in Massachusetts. Two-fifths of them were started since 1980; today the 1,200 employ about 24,000 people.

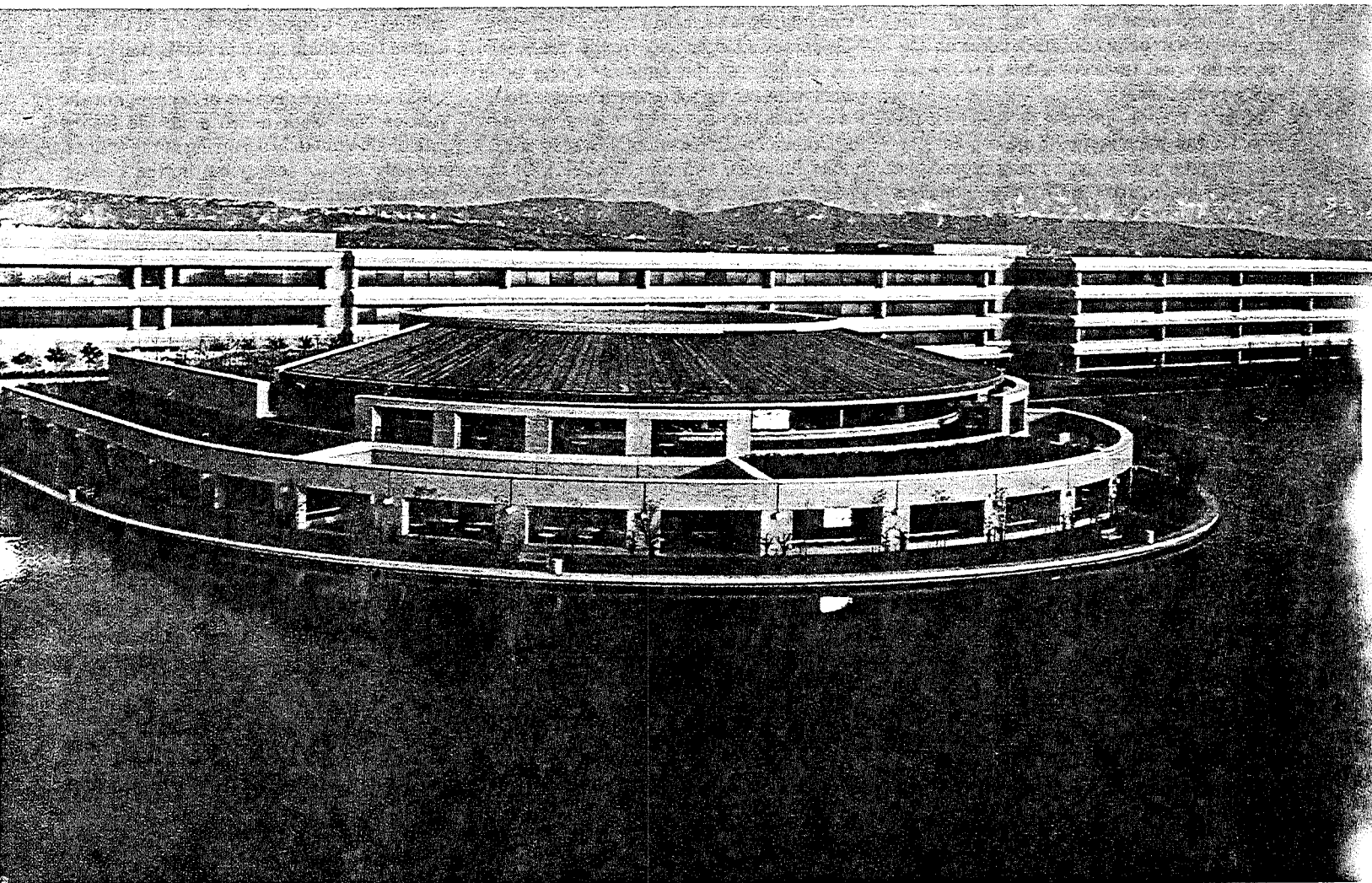
As those stunning figures suggest, the service economy responds to different forces than those that governed most corporate behavior from the 1950s to the early 1970s. Back then manufacturers were the big generators of jobs, and they prized low-cost labor, transportation, and raw materials. Friendly local governments, anxious to spur economic development to bolster the tax base, often dangled such lures as cheap or even free land, access roads, and subsidized capital via tax-exempt bonds. Some still do; witness the backflips done by local governments in Kentucky, Tennessee, Ohio, and Michigan to attract new Japanese and U.S. auto and auto parts plants. But this sort of bait is nearly irrelevant to the high-innovation enterprises that now provide much U.S.



**Escape to exurbia:** Pacific Bell has moved 5,000 employees 35 miles from San Francisco to its new administrative center in Contra Costa County's San Ramon Valley, until a decade ago mostly farm country.

job growth. Such companies need smart, highly educated employees, and a locale offering a style of life that will keep them from wanting to leave.

**T**HE QUEST for quality employees means that many high-cost areas fare better at job creation than low-cost places. Companies look at the efficiency of their prospective outlays, not the actual dollar cost. Consider the seven metropolitan areas where job growth promises to be brightest in the Nineties: Los Angeles, New York, Dallas, San Francisco, Washington, Atlanta, and Phoenix. Compared with smaller U.S. metropolitan areas, the seven have steep costs for such basics as land, labor, and housing. Most impose high state



and local tax burdens as well. In contrast, some metropolitan areas offering the nation's lowest costs of living—Terre Haute, Indiana; Gadsden, Alabama; and Albany, Georgia—are creating few new jobs.

Birch himself represents an example of the innovator's role. Besides teaching, he founded and heads a small Cambridge company named Cognetics Inc., which does economic and marketing consulting. Birch figures that his operating costs are about 30% higher in Cambridge than they would be in, say, Biloxi. But in Mississippi, he adds, "I couldn't get the quality people I need. Without them, I don't have a company." Birch's nine-person staff includes three people with master's degrees and two Phi Betes. Everyone, including secretaries, is a college graduate. "Quality costs, but quality pays," he says. Local tax burden? "It's insignificant. We don't have any hard assets."

Birch, 49, was trained as a physicist and an economist, but since 1969 he has spent most of his time as a statistician, tracking the tur-

bulent ups and downs of employment at businesses throughout the U.S. Drawing on Dun & Bradstreet credit files, he has put on computer tape a 17-year history of 15 million enterprises. The record is updated annually to show every location at which each concern conducts business, the number of employees there, and job gains or losses for each site.

**H**IS RESEARCH has uncovered one great constant: Every locality loses from 8% to 10% of its jobs each year, with surprisingly little change in the rate through boom times and recessions. Thus, to stay even, every locality must replace about half of its job base every five years. "All variation in net numbers of jobs is due to firms starting or growing," he explains.

That principle, an iconoclastic shocker when Birch first enunciated it a decade ago, today is winning acceptance among economists, sociologists, and demographers. For more than a decade now, most jobs have

been created because entrepreneurs went where they wanted to, then started businesses—currently at the rate of about 1.4 million a year for the entire nation. Within a few years about 5% of these new ventures begin to grow at a dramatic rate. This tiny segment provides the bulk of job increases.

Birch's forthcoming book, *Job Creation in America* (to be published by the Free Press), delineates what communities need to snare a significant amount of job growth. First of all, the place cannot be pint-size, isolated, or dominated by somnolent old wealth (as, for example, New Orleans is). Fledgling concerns must have easy access to a potpourri of specialists they cannot afford to hire full time, such as printers, art directors, and business-savvy lawyers and accountants—types found mainly in metropolitan areas. A major jet airport should be nearby. Lack of one probably will help consign Champaign-Urbana to continued small-town slumber despite the imposing presence there of the University of Illinois. Local government,



# THE ECONOMY OF THE 1990s

though not necessarily cheap, must offer something for the tax dollars it takes in: adequate education, trash collection, and fire and police protection.

Most of the job action in prospect for the Nineties will occur in the 37 metropolitan areas with populations that already exceed one million. Nineteen of the 37 are so populous and geographically extensive that the Office of Management and Budget classifies them as "consolidated" metropolitan statistical areas. Inside their borders lie "primary" metropolitan statistical areas, ranging from two to the 12 that make up the New York City area. Within such agglomerations, job prospects can vary wildly, even in adjacent cities. It is the trend, too, for large metropolises to expand rapidly at their exurban fringes while many old downtowns evolve into special-purpose centers for finance, tourism, conventions, and cultural activities.

Suburbs already have more office space than downtown areas and, in all but a few locales, more vacancies as well. Fresh development along the highways that loop around many large cities has imparted a new, low-density shape to much of urban America. Half of New Jersey's recent growth in private employment, for example, has been spread along highway corridors. Greater

Princeton, on some calculations, will become New Jersey's largest city by the mid-1990s.

A sampler of the outlook among other places with strong job growth prospects:

► **Los Angeles**, according to projections by the Commerce Department's Bureau of Economic Analysis, will top New York by the end of the Nineties as the nation's No. 1 job and population center. In recent years the area once derided as "seven suburbs in search of a city" has experienced a burst of downtown skyscraper construction and arguably has emerged as the West Coast's leading cultural center. In the Nineties much of the excitement seems likely to move a few miles southeast to Orange County, where the adjacent communities of Costa Mesa, Irvine, and Newport Beach already amount to the state's third-largest downtown area, measured by office and business-park space.

► **New York**, with Wall Street, Madison Avenue, and Broadway, can claim global preeminence in finance, advertising, and the arts. As Samuel M. Ehrenhalt, regional commissioner of the Bureau of Labor Statistics, observes: "If you like a dynamic, high-pressure environment that bombards you with stimuli, this is the place for you. But nothing comes easily here, so it's not for those who prefer a pasto-

ral lifestyle." Census data show that the population is climbing again in Manhattan (by an average rate of 0.7% a year from 1980 to 1985) after three decades of decline. For the greater New York metro area, the fastest rate of job growth is occurring at the fringes, not only in New Jersey but up the Hudson River as far as Poughkeepsie, and in Fairfield County, Connecticut.

► **Dallas**, with its diversified economy, has been far less afflicted by falling oil prices than Houston. Economic expansion—and job growth—has shifted to the northern outskirts around Plano and Richardson. So many new enterprises crowd along Interstate Highway 635, which girdles the city, that it has begun to resemble Boston's famous Route 128.

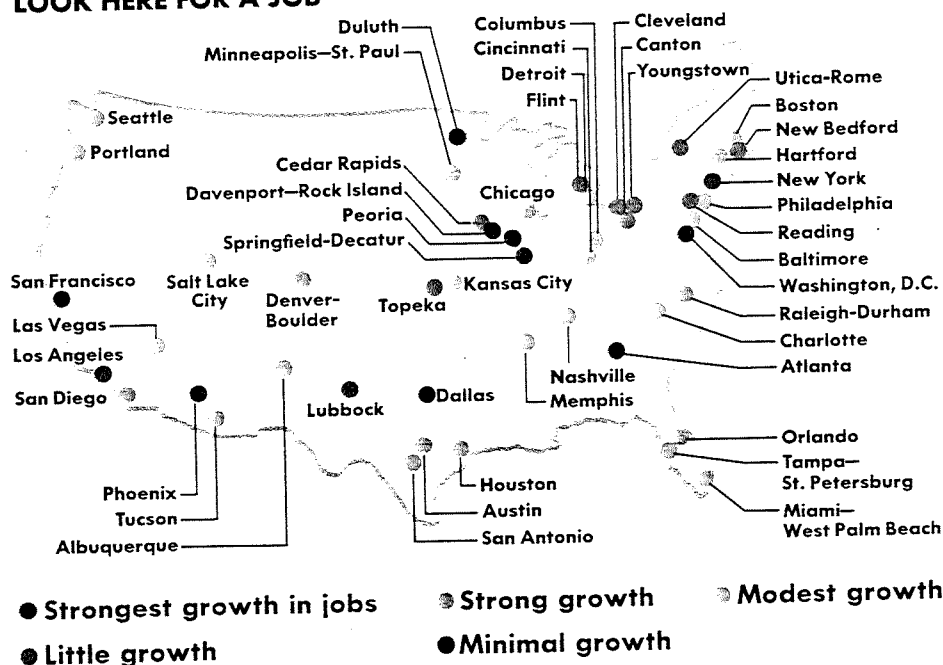
► **San Francisco**, as a business center, has slipped a lot in recent years. About 30,000 jobs in banking, finance, and manufacturing have disappeared from the city since 1980, most of them because such major companies as Pacific Bell, Bank of America, and Chevron shifted thousands of employees to suburban locations to cut costs, or because locally headquartered companies have been dismembered in mergers or acquisitions. Reflecting a climate increasingly hostile to business and to real estate developers in particular, San Francisco voters last fall imposed a severe, and permanent, limit on office construction. One midsize building would use up the yearly quota. Still, the city's total work force is rising, thanks to start-ups of small enterprises.

In the Nineties the major job growth in the ten-county metropolitan area will be outside San Francisco. Silicon Valley, victim of the Japanese blitz in semiconductors, is bedeviled by a 34% vacancy rate in its factory and research space, but remains loaded with innovative entrepreneurs. It should recover. East of San Francisco Bay, Walnut Creek, a drowsy country village 30 years ago, has been so overdeveloped that residents, rebelling at the resulting traffic jams, recently voted a moratorium on all but tiny commercial and residential real estate developments.

► **Houston**, despite hefty job losses in the oil slump, is the area likely to rebound as a job center in four or five years, thanks to entrepreneurs in such fields as medical technology and computer software.

► **Boston** is reaping the rewards of having the nation's largest concentration of educational institutions, which employ nearly 10% of its labor force. The area is loaded with young, fast-growing companies, many with university ties, in financial services, elec-

## LOOK HERE FOR A JOB



**Good and bad bets:** The 23 metropolitan areas where job growth is likely to be highest in the 1990s cluster near the nation's seacoast borders. Most low-growth spots are in the Midwest. Population increases will provide at least minimal growth in virtually all metropolitan areas.

# THE ECONOMY OF THE 1990s



**Brains beget jobs:** *Epitomizing the entrepreneurship that is the No. 1 source of U.S. job growth, job-creation authority David L. Birch launched his own company in "intelligence alley" in Cambridge, Massachusetts, behind him on the bank of the Charles River amid older buildings.*

tronics, computers, software, medical research, and consulting.

► **Atlanta** has been transformed by fringe growth, notably in Gwinnett County northeast of downtown, to an extent that surpasses almost every other large metro area. In 1980 downtown Atlanta was the unrivaled center for office jobs, but Perimeter Center and the Galleria Complex on Interstate Highway 285 have sprouted high-rise offices so fast that both places seem likely to outstrip the downtown area in total office space in the Nineties.

Two smaller areas, Austin, Texas (pop. 695,500 in 1985), and Raleigh-Durham, North Carolina (pop. 632,000), share extraordinary growth records and prospects. Austin's population rose by 30% from 1980 to 1985, and by Birch's calculations the area ranked No. 2 in the nation, after the area embracing Manchester and Nashua, New Hampshire, in its share of young enterprises with rapid job growth. Both Sunbelt areas enjoy close ties to universities, Austin to the University of Texas, and Raleigh-Durham to the University of North Carolina, Duke, and North Carolina State. The 28-year-old Research Triangle Park, a prototype for such enterprises, funnels development revenues to the three academic institutions and has drawn more than 50 major research labs to its pastoral 6,700-acre site, a ten-minute

drive from the Raleigh-Durham airport. American Airlines plans this year to make the airport its regional hub.

A few metropolitan areas can expect little or no job growth in the 1990s. Observes Birch: "It isn't that Erie, Flint, Duluth, Peoria, and rural Montana are forever destined for slow or no growth. But right now they are sorely underpopulated by the kinds of companies that will help them keep pace with the leaders." He predicts that such laggards will have rates of job increase only a third or a half as great as the front-runners.

**A**MONG the metropolitan areas that promise little or no managerial job growth during the next decade are most of the 68 that have been losing population since 1980. In Cleveland and Milwaukee, for instance, modest gains in service jobs are expected to be too small to offset industrial job losses.

Greater Pittsburgh may be a remarkable exception to this trend. Population shrank 3.5%, to 2.3 million, between 1980 and 1985 and is expected to dwindle a bit more in the Nineties. The city has lost 90,000 manufacturing jobs since 1980, about half in steel, and gained only 50,000 nonindustrial jobs. But Pittsburgh long ago began to rid itself of noxious coal soot in the air, to clean up its polluted rivers, and to transform downtown

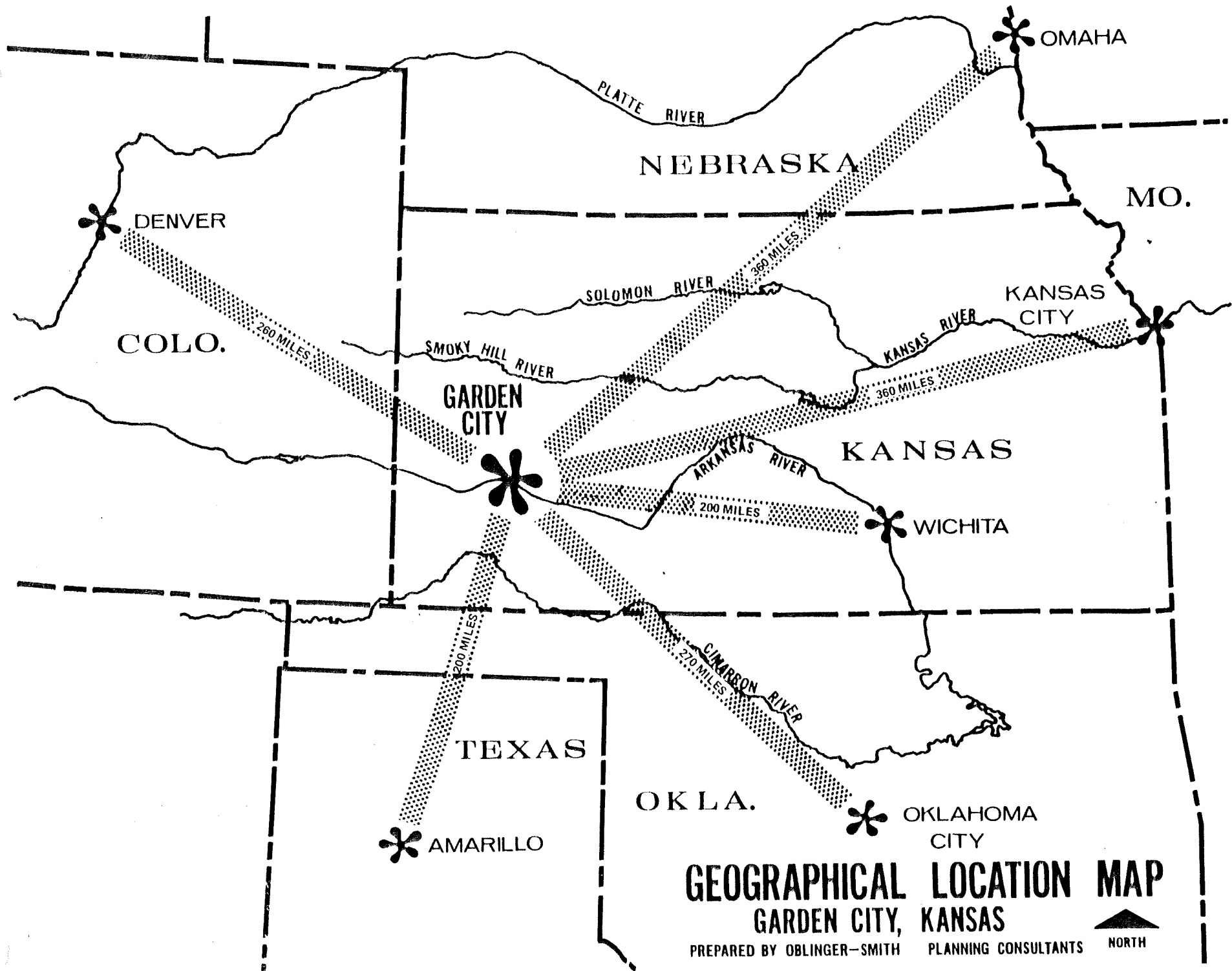
from an ugly jumble into a modern center of gleaming office skyscrapers. Lately it has metamorphosed into a major center for robotics, computer software, and artificial-intelligence research.

Snowy Buffalo, where the metropolitan population dropped by 4.4% from 1980 to 1985, the largest percentage point dip among metro regions with million-plus populations, has begun to show faint signs of revival. While manufacturing activity has dwindled, jobs in banking, insurance, and real estate have increased.

Buffalo has been significantly eclipsed by its largest suburb, Amherst, which lies ten miles north of downtown. For years a truck-farming community, Amherst has been dubbed "the boom town in the Rust Belt" as its population has swelled to 115,000, making it larger than Albany. Predictably, Amherst's commercial surge started after a new campus for the State University of New York at Buffalo was built there in the early 1970s. Since then Amherst has turned into an affluent suburban town, graced with light industry, high-tech corporations, and commercial office parks. Traffic on the main street is thicker than that in downtown Buffalo.

The Amherst campus was supposed to create a growth corridor between the suburb and the city, which were to be linked by a new light rail line. But Buffalonians insisted that most of the \$530-million line go underground instead of on the surface as planned. The line ran out of money (most of it federal) after 6.4 miles and stops at the Buffalo-Amherst border—a triumph of bungling. The corridor still hasn't seen much commercial development.

The geographical patterns of job growth in the Nineties look ominous for one large group, the mainly black and Hispanic underclass clustered in big cities. Across the nation, suburban fast-food outlets, hotels, retail stores, and assorted maintenance operations are experiencing shortages of low-paid employees. But many of those who could fill such jobs live too far away to reach them. Moreover, most suburbs resist any increase in subsidized housing for the poor, partly out of fear that rising crime rates will accompany it. Tomorrow's patterns of job growth, with their heavy focus on exurban fringes, mean that Americans have so far voted with their feet and their investment dollars to turn their backs on one of the nation's most pressing—and intractable—problems, the concentration of the underclass in the inner city. **E**



# Rural Problems Affect Cities Too

by Sam Brownback  
Kansas Secretary of Agriculture

One of Kansas' most beautiful sights is its great, golden sea of ripened grain.

Yet racing invisibly across that sea is a tidal wave of disaster caused by the continuing farm crisis and depressed oil economy. Unless these powerful forces of economic destruction can be stopped, I fear for our farmers, our rural communities, and the economic base of Kansas as a whole.

Empty storefronts, closed banks, the number of unemployed and deeply lined faces seen on almost any Kansas Main Street say it without words. Rural Kansas is in trouble. And the destructive force of the tidal wave caused by depressed agricultural and oil prices will not stop in the rural areas. Already its damage is being seen also in our urban centers and state tax revenues.

This state is built on its non-urban communities, with economic strengths tied closely to the land. More than 530 of Kansas' 627 cities have fewer than 2,500 residents. We must act now and convincingly to address the problems of rural Kansas.

Main Street looks different in many ways than it did even 10 years ago. The people

on Kansas Main Street are different. Fewer are farmers, their average age is older and there simply aren't as many of them.

Rural farm residents have decreased from 23.4 percent of the population in 1960 to only 7.3 percent in 1980. Twenty years ago only one county had more than 20 percent of its residents 65 or older. The situation nearly reversed in the intervening 20 years, with only 11 counties today having less than 15 percent over 65.

KU's Institute for Public Policy and Business Research projects that 44 rural Kansas counties will actually lose population by 1990. The only counties with projected growth tend to surround the state's urban areas, or, in one case, the area around Finney County which has gained in beef feeding and processing.

Another reason for the older look of the strollers on Main Street is the exodus of younger people to urban areas or other states because of the lack of job opportunities. Although figures are not available for all college students, it appears that some of the state's best students leave the state, both to attend college and to settle and work.

In a study of nearly 2,000 Kansas Na-

tional Merit semifinalists from the 1970s, Wichita Eagle Beacon writers Susan Freinkel and Al Polczynski found that nearly 60 percent of those exceptional scholars have left the state. Very few remained in their hometowns; nearly 90 percent moved to an urban area of Kansas or another state. The largest losses were from western Kansas, with the vast majority of its semifinalists never returning home except to visit.

The look of the businesses on Main Street also are different, both in number and prosperity. A study of the percentage change in sales from 1979 to 1985 by Kansas State University researchers resulted in some glum conclusions.

In "rural farm-dependent" counties, retail sales fell 22 percent from 1979-1985. Sales in other rural counties fell 14.1 percent during that time. Even in the urban counties, there was a 0.1 percent sales loss, leading to a statewide loss of retail sales of 7.5 percent.

According to the Kansas Department of Human Resources, most employment growth in rural communities was in retail trade and services, with 78 percent of all employees in the service industries. Those areas usually are not producers of new income for an area. Manufacturing, which brings in new money, declined 23.5 percent in rural Kansas between 1978 and 1983.

The bank on Main Street may look different than it did 10 years ago. Agricultural banks in particular are having tough times. Ten years ago bank closings were not frequent enough to be of concern. In 1985, 13 banks closed, and in 1966 another 14 closed, a post-Depression record.

Farm equipment dealerships, as might be expected, are seen less frequently on Main Street. According to the St. Louis-based National Farm and Power Equipment Dealer's Association, membership in its western organization composed of Kansas and western Missouri has dropped from 802 members 10 years ago to 536 today.

A clear picture of how changes in the farm economy affected a rural community comes from a study of Decatur County conducted by KSU professors Jan and Cornelia Flora and other faculty members. According to their study, as farm incomes declined in Decatur County, many businesses began to cut back operations. Jobs were lost and profits decreased, both in the farm-related and seemingly non-farm-related businesses on Main Street.

Sales of farm equipment in 1984 were at one-fourth the 1979 level. Car and truck sales fell 11 percent between 1982 and 1984. Construction declined, as did demand for heating and air conditioning units and their repair. Hardware, appliance, carpet and furniture stores had reduced sales and reduced numbers of employees. The newspaper lost advertising money and eliminated two part-time positions. Sales of men's clothing declined. Remaining

basically unaffected were grain elevators, because of increased storage; grocery sales, health care, drugstore business, and women's and children's clothing.

Partially because of the aging of the population, health care needs have not decreased in most rural area. Closings of rural hospitals have been infrequent, but many have changed their emphasis to such areas as long-term care because of decreased utilization of beds.

Decreased prosperity in rural communities lessens the chances of new health care professionals locating a new practice there. Even now, rural communities are less well served with regard to home health care, transportation for the elderly, meal programs for the elderly, adult day care of skilled nursing facilities.

Although the picture of Main Street seems bleak, it is not without hope. The financial situation in Kansas is not as severe as in many other farming-dependent states. One rural area which does not show the same signs of economic distress is the area around Dodge City and Garden City where large-scale beef feeding and processing has increased overall employment, population and business.

The projected percentage change in population of Kansas counties between 1980 and 1990 indicates that 61 counties will gain population and 44 will lose, given current conditions. Some of the largest projected gains are in the beef processing rural areas of southwest Kansas — 37.3 percent in Kearney County and 22 percent in Finney County.

To address the drastic needs of our rural communities, the Kansas Board of Agriculture is proposing the creation of Rural Initiatives Program as a joint project between the Board of Agriculture and Kansas State University. This program will be a one-stop-shop for rural communities to contact for intensive assistance in the areas of rural development and retention of existing businesses and services.

The Rural Initiatives Program will coordinate and deliver many services which currently exist to assist rural communities, but are not getting to their targeted audiences. This proposal for rural assistance is modeled after the FACTS (Farmer's Assistance, Counseling and Training Service) program that delivers intensive, coordinated services to financially distressed farmers.

We must act now to ease and reverse the outmigration of people, opportunities, jobs and capital from rural Kansas. To do otherwise invites the continued decline and demise of much of Kansas as we know it.

## Utility Deposit Interest at 6%

Under K.S.A. 12-822, municipal and privately-owned utilities are required to pay

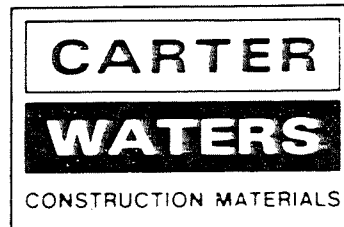
interest on the deposits required as security for the payment of bills. The minimum interest rate is to be determined annually by the Kansas Corporation Commission (KCC).

On December 23, 1986, the KCC issued an order requiring all municipal and private utilities to pay the minimum rate of six percent per annum on all utilities' service deposits for the calendar year 1987. This rate, according to the KCC, "properly reflects current economic conditions and the respective interest of customers and utilities."

The six percent minimum interest requirement for deposits on hand for the

calendar year 1987 follows a seven percent minimum for 1986 deposits. The first KCC ordered minimum, under the 1982 amendment to K.S.A. 12-822, set the rate at eight percent per year for deposits obtained during 1983.

In the recent order, the KCC noted: "Interested parties are reminded that annually, during the months of November and December, the interest rate paid on security deposits will be reviewed by the Commission, and any recommendation for retaining or changing the interest rate shall be submitted to the Commission no later than November 30 annually."

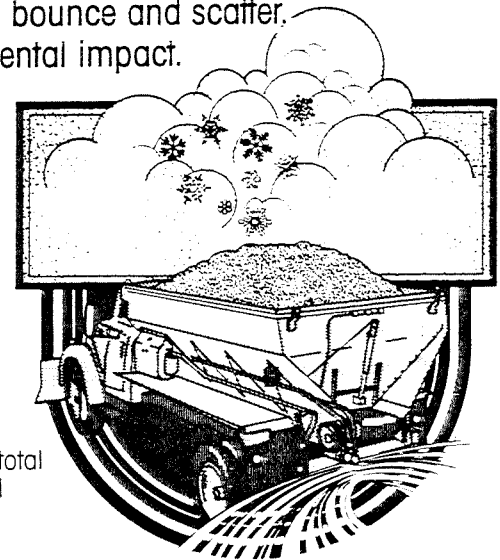


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NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_  
ZIP \_\_\_\_\_ PHONE \_\_\_\_\_

NATIONAL CARRIERS, INC.  
RANKING BY YEAR OF THE TOP 200 MOTOR CARRIERS  
AS PUBLISHED BY COMMERCIAL CAR JOURNAL

<u>RANK BY REVENUE</u>	<u>REVENUES</u>	<u>CALENDAR YEAR</u>	<u>RANK BY OPERATING INCOME</u>	<u>OPERATING RATIO</u>
109	52,714,000	1985	46	94.6
116	49,214,000	1984	48	93.0
125	45,751,000	1983	27	91.2
127	40,613,000	1982	18	92.1
152	42,185,000	1981	33	92.7

ATT. 14  
T&U 2/17/87

NATIONAL CARRIERS, INC.  
ACCIDENT STATISTICS

As reported by the National Safety Council:

The transportation industry has, on the average, 6.5 accidents for every million miles of operation.

National Carriers in 1986 had 3.25 accidents for every million miles of operation.

All accidents involving injury or losses exceeding \$4,200.00 are required by law to be reported to the Department of Transportation.

The national average of these type accidents is 2.75 per million miles of operation.

National Carriers in 1986 had .47 accidents per million miles of operation.

MAJOR ACCIDENT: Those accidents which involve bodily injury, collision, overturns or anything else where damages exceed \$4,200.00. These must be reported to the Department of Transportation.

1986: National Carriers had 18 major accidents - 15 of these 18 accidents occurred on two-lane highways, or 83%.

In the past five years, National Carriers has had eight accidents involving fatalities.

Seven, or 87%, of these fatalities occurred on two-lane highways.



National Carriers' trucks average 24 trips daily up and down Highway 54  
between Liberal and Wichita.

Effect of 24 trips daily:

24 trips  
X 215 miles

5,160 miles daily

5,160  
X 7 days per week

36,120 miles per week

36,120  
X 52 weeks per year

1,878,240 miles per year traveled between Liberal and Wichita

EFFECT OF FIVE-MINUTE DECREASE IN TRANSIT TIME:

24 trips per day  
X 5 minutes

120 minutes or two hours available for additional driving time

2 hours  
51 mph (speed allowed by D.O.T.)

102 additional miles available

102  
X 1.13 average revenue per mile

\$115.26 additional revenue per day

\$115.26  
X 7

\$806.82 additional revenue per week

\$806.82  
X 52 weeks per year

\$41,954.64 additional revenue per year