

Approved

Ivan Sand
Date 3-17-88

MINUTES OF THE House COMMITTEE ON Local Government

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

1:30 ~~A.M.~~/p.m. on March 16, 1988 in room 521-S of the Capitol.

All members were present except:
Representative Dean, absent

Committee staff present:
Mike Heim, Legislative Research Dept.
Bill Edds, Revisor of Statutes' Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
Gerry Ray, Johnson County Commissioners
Marla Howard, City of Wichita
Ernie Mosher, League of Kansas Municipalities

The minutes of March 3, 1988, were approved.

Gerry Ray testified in favor of SB 466, stating that this is a single bill which applies only to Johnson County for improving the Hillsdale Lake. She also stated that this area would be used by many more people, if improved.

Mike Heim gave an overview of SB 486.

Marla Howard testified in favor of SB 486, stating that the city of Wichita believes that this legislation is fair and equitable to everyone. She also stated that SB 486, if enacted, would allow cities to charge a benefit fee based on the amount of outstanding specials remaining on the improvement and to spread that fee just like a special assessment. (Attachment 1)

Ernie Mosher testified in favor of SB 486, stating that this bill would relieve the special assessments for property owners within the district for the remaining term of the special assessment.

The meeting adjourned.

THE CITY OF WICHITA



OFFICE OF THE CITY MANAGER
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TO: CHAIRMAN SAND AND MEMBERS OF THE
HOUSE LOCAL GOVERNMENT COMMITTEE

FROM: MARLA J. HOWARD, PUBLIC AFFAIRS OFFICER

DATE: MARCH 16, 1988

RE: SB 486, BENEFIT FEES FOR PUBLIC IMPROVEMENTS

Mr. Chairman and Members of the Committee:

I am Marla Howard and, on behalf of the City of Wichita, I appreciate this opportunity to appear before you today in support of Senate Bill 486.

SB 486, concerning benefit fees for public improvements, was introduced by legislators from Sedgwick County on behalf of the City of Wichita. On several recent occasions, the Wichita City Council has received petitions for water and/or sewer improvements under K.S.A. 12-6a01 from more than 50 percent of the owners and/or land area in a benefit district. The petitioners are typically developers seeking to develop a particular tract of land that requires water and sewer lines. When constructed from a main line, these water or sewer lines usually run adjacent to other undeveloped property. Owners of this property would normally be included in the benefit district; however, these owners often appear before the City Council protesting against the inclusion of their property in a benefit district and objecting to paying the related special assessments. The objections are usually on the basis that the assessment would place an unfair burden upon them because the land is undeveloped, they have no immediate plans to development it, and, therefore, have no immediate need for the improvements to serve their property.

The City Council is then placed in a dilemma with no easy solution. In such situations, the City Council can by law go ahead and spread the specials against all property within the benefit

Attachment 1

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district, thus including the protesting land owners. Or the City Council can reduce the benefit district to just those properties included in the petition. The first option assesses landowners for improvements they may not need at the time. However, the second option allows the property left out of the benefit district to later be developed and benefit from the improvements without paying for them, at the expense of the property retained in the benefit district. The result is that these properties all benefit from the same improvement(s), with some owners paying for the improvement(s) and some not. The City of Wichita does not believe that either situation is equitable to its residents.

Although a city can currently charge a one-time improvement hook up fee, and some do, this still does not resolve the problem. It is not usually practical to require a property owner to pay a fee all at one time that would equal the amount paid by the other property owners through special assessment, so you are left with the option of charging a lesser amount to the detriment of the other property owners; and that amount can still be prohibitive as a one-time charge.

SB 486, if enacted, would allow cities to charge a benefit fee based on the amount of outstanding specials remaining on the improvement and to spread that fee just like a special assessment. This would allow the property owner to pay on a monthly basis instead of a larger fee all at one time, and to only pay for that period of time that they actually benefit from the improvement. In addition, the benefit fee charged would be applied to the remaining principal and interest on the bonds for the improvement(s) in question, thus reducing the assessments against the other property owners in the benefit district. For example, say a water main is installed and financed by 10 year bonds and one or more property owners are within the originally-proposed benefit district but do not require the improvement at that time. Five years later that property is developed and connected to the water main. The property owner at that time would pay the special assessment for the remaining five years of the issue, with all assessments for that issue reduced accordingly.

The City of Wichita believes that this legislation is fair and equitable to everyone. The property owners would not be required to pay for improvements until they begin using them and you do not have situations where some owners are paying for improvements while others are not. The City of Wichita respectfully requests your favorable consideration of Senate Bill 486.