

Approved February 23, 1988
Date

MINUTES OF THE Senate COMMITTEE ON Local Government

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

9:08 a.m./~~p.m.~~ on February 17, 1988 in room 531-N of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Senator Paul "Bud" Burke, 9th District
Senator Audrey Langworthy, 7th District
Eileen Koutelas, Water District #1 of Johnson County

The chairman called on Senator Burke.

Senator Burke presented a proposed bill, he requested the committee consider introducing it. The bill concerns water supply and distribution districts; relating to annexation of territory (Attachment I). Senator Burke responded to questions relating to the authority of water districts.

Senator Gaines moved that the committee introduce the bill.
Senator Ehrlich seconded the motion. The motion carried.

The chairman opened the hearing on S.B. 583 - concerning water supply and distribution districts; relating to the powers of rural districts. He called on Senator Langworthy.

Senator Langworthy stated the bill was introduced at the request of water district #1 of Johnson County. She introduced Eileen Koutelas, representing the water district.

Ms. Koutelas stated S.B. 583 address a potential problem that exists by limiting the sale of wholesale water to surplus water. S.B. 583 eliminates reference to surplus water. (Attachment II)

Written testimony presented by the Kansas Department of Health and Environment was distributed by staff. Staff was called on to clarify the reference to consolidation of water districts mentioned in the Department of Health and Environment. He stated S.B. 583 does not address consolidation of water districts. (Attachment III)

Senator Gaines moved to report S.B. 583 favorable. Senator Langworthy seconded the motion. The motion carried.

Senator Langworthy will carry the bill.

Senator Gaines moved to adopt the minutes of February 10-11.
Senator Salisbury seconded the motion. The motion carried.

The next meeting will be at 9:00 a.m., February 18, 1988.
The meeting adjourned at 9:56.



Senator Don Montgomery

PROPOSED SENATE BILL NO. _____

By Committee on Local Government

AN ACT concerning water supply and distribution districts; relating to annexation of territory; amending K.S.A. 1987 Supp. 19-3512 and repealing the existing section.

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

Section 1. K.S.A. 1987 Supp. 19-3512 is hereby amended to read as follows: 19-3512. (a) Subject to the provisions of K.S.A. 1986 1987 Supp. 19-270, and amendments thereto, any water district, formed under provisions of this act and owning or maintaining a water system, may annex adjoining territory for the purpose of supplying and distributing water in such territory upon the presentation to its board of a petition signed by the owners of 51% of the land in the area sought to be added to such water district. Such petition shall contain a description of the territory proposed to be annexed, by sections, or subdivisions of sections, according to the government survey or by metes and bounds. The board may annex the territory described if it finds the annexation will be of benefit to the district. Copies of all annexation resolutions and petitions shall be filed in the office of the county clerk and in the office of the register of deeds of all counties in which a portion of such district lies.

(b) The board of any water district organized hereunder and the board or governing body of any other water utility, as defined by K.S.A. 19-3501, and amendments thereto, which adjoins such district are hereby authorized and empowered to enter into an agreement providing for the extension of the boundaries of such water district to include part or all of another water utility or area served by the other water utility. Such agreement may provide, but not necessarily be limited to, the terms and conditions for: (1) The transfer of control and ownership of such

other water utility's water supply and distribution system, including all property, equipment, records, reports and funds, to the water district; (2) the continued service to customers of such system by such district; and (3) the assumption of all or part of the revenue bond liability and any other outstanding obligations of such other water utility.

The water district board and the governing body of such other water utility shall each adopt a resolution approving such agreement, and a copy of such agreement shall be filed for public inspection in the office of the county clerk of each county in which a portion or all of the area served by such district or such other water utility lies. The water district board shall cause notice of the approval of the agreement to extend the boundaries of such district and the offices in which it has been filed to be published once in a newspaper or newspapers of general circulation in the areas served by such district and such other water utility. Such notice shall state that the proposed extension shall be made unless there is presented to the water district board or the governing body of such other water utility a protest petition as hereinafter provided. No protest may be presented by any stockholder of any such other water utility which has approved such agreement.

If, within 60 days after publication of such notice, there is presented either to the water district board or to the governing body of any such other water utility a written protest against the proposed extension signed by qualified electors of the water district or of the area served by any such other water utility, respectively, equal to 2% of the qualified electors who voted at the last preceding general election, the board or the governing body of the other water utility shall present such proposed extension to the qualified electors of the water district or of such other water utility at a special election called and held in the same manner provided by K.S.A. 19-3507a and 19-3508, and amendments thereto. The boundary extension shall not be made unless approved by a majority of the qualified

electors voting thereon at the election hereinbefore required.

(c) Whenever the water district enters an agreement pursuant to subsection (b) with a rural water district and such agreement provides for the: (1) Total transfer of the rural water district's water supply and distribution system; (2) continuation of service to all customers of the rural water district; and (3) assumption of all revenue bond liability and any other outstanding obligations of the rural water district, the agreement also may provide for the dissolution of the rural water district.

Sec. 2. K.S.A. 1987 Supp. 19-3512 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

TESTIMONY FOR
THE LOCAL GOVERNMENT COMMITTEE
ON
SENATE BILL 583

Eileen Koutelas
Director, Community Relations
Water District No. 1 of Johnson County

As Director of Community Relations for Water District No. 1 of Johnson County, I will testify for passage of SB 583, concerning the sale of surplus water as well as rates and charges for wholesale customers.

Water District No. 1 of Johnson County currently wholesales water to two neighboring water utilities -- Rural Water District No. 3, and the City of Olathe. Water District No. 1 is the only water provider to Rural Water District No. 3, and serves as a supplementary water provider to the City of Olathe.

The wording of K.S.A. 19-3509 currently limits the sale of water to surplus water to utilities and entities outside district boundaries.

We support Senate Bill 583 that eliminates reference to surplus water, and recommend that wording be adopted to provide for the sale of water to water utilities and political subdivisions in the State of Kansas.

A potential problem exists by limiting the sale of wholesale water to surplus water. In the event that Water District No. 1 of Johnson County is forced to go on an odd-even watering schedule, as we did for two weeks last summer, we technically do not have a surplus of water. Thus, we could be forced to interrupt wholesale water supplies to the other water districts we serve. This action would be disastrous for any water district that relies on us as their sole water supplier, for they would be without water.

It is critical that wholesale water customers are assured of an adequate water supply at all times. Senate Bill 583 would accomplish this.

Senate Bill 583 also addresses rates and charges for wholesale customers. Currently, water utilities that purchase water from Water District No. 1 of Johnson County are required to pay "a reasonable price" for such water, as provided by K.S.A. 1987 Supp. 19-3515. Senate Bill 583 allows Water District No. 1 of Johnson County to assess reasonable rates and charges for the enlargement of the water supply system attributable to the demand for water supplied outside the District boundaries.

Substantial costs are frequently incurred to enlarge the water supply system to meet increased water demands and assure an adequate water supply to utilities outside District boundaries. Provision should be made to allow the District to set reasonable rates and charges to recover the cost of capital improvements to the water system necessary to make water available outside the District.

STATE OF KANSAS



DEPARTMENT OF HEALTH AND ENVIRONMENT

*Forbes Field
Topeka, Kansas 66620-0001
Phone (913) 296-1500*

Mike Hayden, *Governor*

Stanley C. Grant, Ph.D., *Secretary*
Gary K. Hulett, Ph.D., *Under Secretary*

Written Testimony Presented to
Senate Local Government Committee

by

The Kansas Department of Health and Environment

Senate Bill 583

Mr. Chairman and members of the Committee:

Senate Bill 583 expands the authority of water district boards in Wyandotte, Johnson, Miami, and Franklin counties to provide water to areas located outside district boundaries. This bill will make possible consolidation of water districts or will allow systems with marginal sources of water supply to contract for purchase of water from a district with reliable source.

We support Senate Bill 583 and urge your approval.

(ATTACHMENT III) Local Go 2/17/88

February 17, 1988