

Approved March 15, 1988
Date

MINUTES OF THE Senate COMMITTEE ON Local Government

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

9:13 a.m./~~p.m.~~ on March 3, 1988 in room 531-N of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Wilson E. Speer, General Counsel, Water District #1 of
Johnson County
Dorothea K. Riley, Gilmore & Bell, Overland Park, Ks.

The hearing on S.B. 669 was opened. The bill was requested to be introduced by Senator Burke, it concerns water supply and distribution districts; relating to annexation of territory in Johnson County.

The Chairman called on Wilson Speer, representing water district No. 1 of Johnson County.

Mr. Speer presented written testimony in support of S.B. 669. He stated this bill affects only rural water districts adjoining W.D. No. 1 of Johnson County (Attachment I). He presented an amendment to the bill and requested it be drafted into the bill (Attachment II).

Several questions were asked concerning the bond holders in the water district and if they would be protected if this legislation would be approved. The 2 percent protest petition was briefly discussed.

Dorothea K. Riley presented written testimony regarding the transfer of assets and the dissolution of the RWD (Attachment III).

Staff was instructed to draft the requested amendment to present to the committee at the March 4th meeting.

The hearing was closed on S.B. 669. The hearing on S.B. 695 was opened. The bill concerns property tax; relating to the cancellation or refund tax. The Chairman stated Senator Francisco had requested the bill be introduced. There were no conferees present to support or oppose the bill.

John Torbert, Kansas Assn. of Counties, Gerry Ray, Johnson County and Jim Kaup, League of Kansas Municipalities all stated they would not oppose the bill.

Staff briefed the committee on why the unanimous vote is included in some bills and he stated it stood the constitutional test in the incorporation of cities legislation.

The League would oppose the bill if incorporation of cities statutes were included.

Several members thought it was a local issue best handled there. Several members stated in counties with five commissioners, it does give a lot of control to any one member, and just by not attending they can control the decision.

Senator Daniels stated some good points had been addressed

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Local Government,
room 531-N, Statehouse, at 9:13 a.m./~~p.m.~~ on March 3, 1988.

in S.B. 695, if we pass it out the other counties would have a chance to testify for or against it in the house committee.

By consensus of the committee S.B.695 and S.B. 591 were rereferred back to the committee.

The next meeting will be on March 4, 1988. The meeting adjourned at 9:53 a.m.


Chairman, Senator Don Montgomery

WATER DISTRICT NO. 1 OF JOHNSON COUNTY



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TESTIMONY FOR
LOCAL GOVERNMENT COMMITTEE
ON
SENATE BILL 669

Wilson E. Speer
General Counsel
Water District No. 1 of Johnson County

SB 669

What is most significant about this bill is that it actually does not change existing law, but only expresses what existed before by implication. In order to avoid any risk of ambiguity to the existing section, KSA 19-3512(b), Bond Counsel recommended that the statute more clearly reflect that rural water district boards are dissolved when the rural water district consolidates with an urban water district under the existing provisions of KSA 19-3512(b). Bond Counsel's concern was that rural water district boards be exonerated from all responsibilities and continued existence once the district itself is dissolved through consolidation. In other words, the board itself should clearly not "be left dangling" with no district to govern. This would probably be true by statutory implication under existing law, but bond issues would be enhanced if any question arose about a rural water district board after consolidation. This would relieve the rural water district board from any other formalities such as required by KSA 82a-629, since the consolidation will already have been approved by the landowners.

This bill affects only rural water districts adjoining W.D. No. 1 of Johnson County since it is the only urban district ever created under KSA 19-3501, et seq. That law applies only in Miami, Franklin, Johnson and Wyandotte Counties, and none of the rural districts in those counties will be affected unless they border on the boundaries of W.D. No. 1 and agree to a consolidation.

The bill arose out of conferences between Rural Water District No. 2 and W.D. No. 1 of Johnson County. No consolidation has yet been agreed upon, but enactment will relieve rural water district board members of any concern about dissolution if they decide to proceed with consolidation, and will facilitate future bond sales of W.D. No. 1 of Johnson County if consolidation with any of the adjoining rural water districts take place.

(Attachment I) Local Go 3/3/88

Serving Northeast Johnson County

The bill does absolutely nothing to otherwise facilitate or encourage consolidations. Such consolidations remain strictly in the control of the adjoining rural water district boards and are accomplished only as a matter of agreement.

Board concurrence from Rural Water District No. 2 of Johnson County was obtained before its introduction.

WATER SUPPLY AND DISTRIBUTION DISTRICTS

K.S.A. 19-3512. Annexation of territory or extension of boundaries; procedure; election. (a) Subject to the provisions of K.S.A. 1986 Supp. 19-270, 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. 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 bonds 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.

Whenever the other water utility is a rural water district and the transfer, continued service and assumption of bonds and other obligations are entirely acquired and assumed by the water district organized hereunder, such rural water district shall, if the agreement and published notice thereof so provide, be dissolved upon the effective date of the transfer.

GILMORE & BELL

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March 3, 1988

Senate Committee on Local Government
Kansas Legislature

Re: Senate Bill No. 669

Senate Bill No. 669 amends K.S.A. 1987 Supp. 19-3512 to provide for optional statutory authority for the dissolution of rural water districts ("RWD") that are by agreement included within the boundaries of water districts organized under the provisions of K.S.A. 19-3501 et seq. ("District"). Such Districts may be organized only in Miami, Franklin, Johnson and Wyandotte counties. Current law provides that a RWD which adjoins a District may enter into an agreement with such District to provide for the extension of the boundaries of such District to include the area served by the RWD. Such agreement may provide for (a) the transfer of the RWD system to the District; (b) service to RWD customers by the District; and (c) assumption of RWD indebtedness by the District. The agreement must be approved by resolution of the governing bodies of both parties to the agreement. Notice of the approval of such agreement must be filed with the County Clerk and published in a newspaper of general circulation in the areas served by the RWD and the District. If, within 60 days after publication of such notice, a 2% protest petition is filed, the agreement shall not be effective until approved at a special election. Although such agreement may provide for the total transfer of assets, customers and liabilities of the RWD to the District, the RWD would continue to exist unless dissolved in accordance with K.S.A. 82a-629 which requires approval three-fourths of the landowners of the RWD. Until dissolution occurs, the RWD would continue to exist as a legal entity even though the RWD had no assets, provided no water service and had no liabilities.

Senate Bill No. 669 provides that if an agreement is entered into in accordance with K.S.A. 1987 Supp. 19-3512, and such agreement provides for the total transfer of RWD assets, continuation of customer service, and assumption of obligations by the District, the agreement may also provide for the dissolution of the RWD by operation of law. The amendment applies only to RWDs' and not to other entities which may enter into agreements under the provisions of K.S.A. 1987 Supp. 19-3512.

Dorothea K. Riley

(Attachment III) Local Go 3/3/88