

Approved April 8, 1989
Date

MINUTES OF THE House COMMITTEE ON Local Government

The meeting was called to order by Representative Robert D. "Bob" Miller at
Chairperson

3:00 a/m./p.m. on April 5, 1989 in room 521-S of the Capitol.

All members were present except:

Representative Baker, absent
Representatives Gomez, Sawyer, & Williams, excused

Committee staff present:

Mike Heim, Legislative Research Dept.
Theresa Kiernan, Revisor of Statutes' Office
Connie Smith, Committee Secretary

Conferees appearing before the committee:

E. A. Mosher, League of Kansas Municipalities

Chairman Miller called for hearings on SB 361.

SB 361 - An act concerning municipal utilities; providing financing for
municipal water systems in drought emergency

Mike Heim, staff, gave an overview of SB 361.

Discussion followed.

Chairman Miller called on E. A. Mosher, League of Kansas Municipalities, to
testify as a proponent. Mr. Mosher stated the purpose of SB 361 is to
provide a financing mechanism by which a city could immediately respond
to a critical water supply problem resulting from a drought emergency.
(Attach. I) Discussion followed.

A motion was made by Representative Bowden to pass SB 361 favorably;
seconded by Representative Samuelson. The motion carried.

A motion was made by Representative Johnson to approve the minutes of
March 22, 23, and 28; seconded by Representative Graeber. The motion
carried.

Meeting adjourned at 3:21 p.m.



**League
of Kansas
Municipalities**

**Municipal
Legislative
Testimony**

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

TO: House Committee on Local Government
 FROM: E.A. Mosher, Executive Director
 RE: SB 361 - Financing Municipal Water System Emergencies
 DATE: April 5, 1989

SB 361 and SB 362 are companion bills, introduced by the Senate Committee on Ways and Means at the request of the League. Both bills passed the senate on March 31, by a vote to 39-0. SB 362, authorizing the Kansas Development Finance Authority to provide long-term debt financing assistance for public water suppliers, was referred to the House Committee on Appropriations. SB 361 relates to short-term financing of municipal water systems. To our knowledge, they are the only two bills before the 1989 Legislature relating to the practical problems of public water suppliers facing prospective drought conditions.

Under the present provision of K.S.A. 10-1116a, as amended by SB 361, the governing body of a city owning and operating a water system may declare a "extraordinary emergency" and issue no-fund warrants to finance the water system improvements or services covered by the emergency. Under present law, the no-fund warrants may not exceed 25% of the revenue received from the sale of water during the previous year, and must be retired within 3 years. Under the bill, the governing body could declare a "drought emergency". Upon this action, the amount of the warrants for water system improvements could be up to 50% of the annual revenue, and would be subject to retirement within 5 years. In summary, the amount of no fund warrants when a drought emergency is declared would be increased from 25% to 50% of the previous year's revenue, and the term for retiring the warrants would be extended from 3 years to 5 years.

The purpose of SB 361 is simply to provide a financing mechanism by which a city could immediately respond to a critical water supply problem resulting from a drought emergency.

Attached to this statement is a listing of the 91 communities which are currently considered "drought vulnerable" by KDHE and the Kansas Water office. The list includes 68 cities. Many of them are quite small and do not maintain reserve funds to meet an emergency.

A Governor's Drought Response Team has been organized to assist communities in meeting drought conditions, including the emergency hauling of drinking water. State agencies, like KDHE, are ready to provide immediate technical assistance. However, there are no state moneys appropriated to meet immediate, critical water supply problems. SB 361 is designed to permit cities to borrow revenue for an immediate response. Hopefully, the additional authority will never have to be used.

SB 361 offers only a short term solution to a city confronting a water supply problem requiring a substantial capital investment. For example, a typical city of 500-600 population could borrow only about \$20,000 under SB 361, which may finance one water well. SB 362 is intended to facilitate the long term financing of major improvements, using the Kansas Development Financing Authority.

*President: Douglas S. Wright, Mayor, Topeka * Vice President: Irene B. French, Mayor, Merriam * Past President: Carl Dean Holmes, Mayor, Plains
 * Directors: Margo Boulanger, Mayor, Sedan * Nancy R. Denning, Commissioner, Manhattan * Ed Eilert, Mayor, Overland Park * Greg Ferris, Councilmember, Wichita * Frances J. Garcia, Commissioner, Hutchinson * William J. Goering, City Clerk/Administrator, McPherson * Jesse Jackson, Commissioner, Chanute * Richard U. Nienstedt, City Manager, Concordia * David E. Retter, City Attorney, Concordia * Judy M. Sargent, City Manager, Russell * Joseph E. Steineger, Mayor, Kansas City * Bonnie Talley, Commissioner, Garden City * Executive Director: E.A. Mosher*

*4-5-89
 Attach I*

Drought Vulnerable Communities

April 3, 1989

The public water supply systems of 91 Kansas communities are considered "Drought Vulnerable" by KDHE and the Kansas Water Office. The listing includes 68 city system and 23 rural water districts (RWD) and other non-city systems. The listing below is by KDHE district.

Southcentral and Southwest Districts

Cedar Point
Arkansas City
Augusta
Valley Center
Liberal
Marion RWD 1, Lehigh
Barber RWD 1, Medicine Lodge
Sedgwick RWD 2, Valley Center

Southeast District

Blue Mound
Greeley
LaCygne
Mound City
Pleasanton
Parker
Gridley
Fort Scott
Bronson
West Mineral
Yates Center
Allen
Hamilton
Lebo
LeRoy
Madison
Virgil
Waverly
Cedar Vale
Severy
Fulton
Mulberry

Prescott
Uniontown
Caney
Chautauqua
Elk City
Grenola
Longton
Moline
Peru
Sedan
Anderson RWD 2, Westphalia
Anderson RWD 4, Westphalia
Coffey RWD 3, Waverly
Bourbon RWD 4, Bronson
Tulakes Home Development, Chanute
Cherokee RWD 1, Crestline
Crawford RWD 6, McCune
Crawford RWD 1, Mulberry
Crawford RWD 3, Mulberry
Woodson RWD 1, Neosho Falls
Crawford RWD 5, Pittsburg

Northcentral District

Council Grove
Concordia
Clyde
Scandia
Abilene
Galva
Gypsum
Tescott
Saline RWD 2, Gypsum

Northwest District

Downs
Bison
Ellinwood
Hill City
Phillipsburg
Gove
Russell RWD 1, Russell
Rooks RWD 1, Stockton

Northeast District

Bonner Springs
Easton

Alma
Harveyville

Effingham
Gardner
Leavenworth
Louisburg
McLouth
Olathe
Richmond
Williamsburg
Kansas City

Morrill
Quenemo
Sabetha
Summerfield
Leavenworth RWD 7, Basehor
Johnson RWD 1, DeSoto
Douglas RWD 5, Lawrence
Kansas City Water Company, Prairie
Village