

Approved March 15, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Sen. Don Montgomery at
Chairperson

9:00 a.m./p.m. on March 14, 1989 in room 531-N of the Capitol.

All members were present except:

Sen. Gaines - Excused

Committee staff present:

Mike Heim, Legislative Research
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Sen. Don Sallee
Rep. Marvin Smith
Rep. Artie Lucas
DE Gantz, Holton Area Chamber of Commerce
Henry Gerhardt, Jackson County Commissioner
Keith Wagoner, Holton City Commission
Edward S. Dunn, Rural Water District No. 3
Harold Ireland, Holton Industrial Development Committee
Carl F. Nelson, Rural Water District No. 1
Edward Hrenchir, Hoyt (South Jackson County business)

The hearing began on HB 2023 concerning the financing of the Banner Creek reservoir project and authorizing the imposition of a countywide retailers' sales tax for such purpose. The Chairman called on Sen. Don Sallee to begin testimony in support of the bill. After expressing his support, Sen. Sallee introduced Rep. Marvin Smith for further testimony. (See Attachment I).

Rep. Artie Lucas testified next in support of the bill. He feels there is a need for the bill for the state water plan with the problems that are ahead with water, due to the drought. The bill would also allow Jackson County to expand economically.

The Chairman conveyed Rep. Dick Eckert's support of the bill as he was unable to appear.

DE Gantz, Holton Area Chamber of Commerce, was first of five conferees from Holton to testify in support of HB 2023. (See Attachment II.) The four others who followed Mr. Gantz are: Henry Gerhardt, Jackson County Commissioner, (See Attachment III); Keith Wagoner, Holton City Commission, (See Attachment IV); Edward S. Dunn, Rural Water District No. 3, (See Attachment V); and Harold Ireland, Holton Industrial Development Committee, (See Attachment VI). Due to the number of persons yet to testify, the Chairman declined questions for Brian McDaniel who had been introduced by Mr. Ireland for that purpose. The Chairman asked if anyone else wished to speak in favor of the bill. No one asking to speak in favor, the Chairman called on those opposed.

Carl F. Nelson, Rural Water District No. 1, testified in opposition to HB 2023 and in support of using alternate sources of water. (See Attachment VII).

The Chairman asked for an explanation of a map which had been put on display. Mr. McDaniel said it was intended as a visual aid when considering the testimony for the city of Holton. With regard to questions regarding the sales tax, Rep. Smith passed out copies of the breakdown of the sales tax. (See Attachment VIII.) Sen. Daniels asked how this bill fits in with the state water plan. Mr. McDaniel said his group has discussed it with Ken Kern of the Conservation Department.

Edward Hrenchir of Hoyt and representing south Jackson County business gave

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,
room 531-N, Statehouse, at 9:00 a.m./~~p.m.~~ on March 14, 1989.

final testimony in opposition to HB 2023. (See Attachment IX). Mr. Ireland stood to address Mr. Hrenchir's statements. Mr. Ireland said the projected cost of having water brought in would be expensive, and as to Southern Jackson County, that part of the county spends more money in Topeka, not Holton, but they are part of Jackson County and need to pull together with the whole county.

Sen. Allen asked Mr. Hrenchir if southern residents work in Holten. Mr. Hrenchir answered that there are those who do work there and use Holton's services. Sen. Allen then inquired as to the cost of bringing in water. Mr. Nelson said wholesale water districts are a popular solution because of the large volume of water which reduces charges. There being no further time, this concluded the hearing on SB 2023, and it was taken under advisement.

The minutes of March 2 were approved.

The meeting was adjourned.

Date: March 14, 1989

GUEST REGISTER

SENATE

LOCAL GOVERNMENT

NAME	ORGANIZATION	ADDRESS
Jay Linnel	Holton Chamber of Commerce	115 4 th
John Williams	City of Holton	430 Penn. Ave
Susan LeDoux	City of Holton	430 Penn
Thad Altan	Topeka C-5	Topeka
Henry Gerhardt	Jackson Co. Comm.	Whiting 16 6655
Harold Ireland	Industrial Development Com.	Holton
BRYAN MCDANIEL	INDUSTRIAL DEVELOPMENT	HOLTON
D. E. GANTZ	HOLTON CHAMBER	HOLTON
Keith Wagoner	Holton City Commission	Holton
Lawrence Robins	Delaware Watershed #10	Holton
Benedict & Fay	Land owner	Holton
William J. Bell	Banner Creek land owner	Holton
D. D. GRIFFITHS	BANNER Creek landowner	HOLTON
Edward Hrenchir	South Jackson Business	Hoyt Kans
CARL Nelson	RWD #1, Jackson County	Mayetta, KS
Henry Page	North Jackson Resident	R 3 Holton, KS
Marvin E. Smith	Rep Dist #50	123, WE 82nd Topeka
Brad Meigs	Holton Ind. Dev. Committee	Holton
Steve Lucas	Rep. Dist. #49	Highland
Woe Fuller	Senator Dist #1	Procy
Kenneth Thornton	Farmer	Whiting
Robert Easton Jr	"	Whiting, KS

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

March 14, 1989

TO: SENATE LOCAL GOVERNMENT COMMITTEE

RE: HB 2023

The primary sponsors of the Banner Creek Multi-Purpose Reservoir in Jackson County ask the legislative delegation to introduce legislation to validate an election held November 8, 1988. The reason for the necessity of this validation is brought about by the passage of a one-cent sales tax in Jackson County when the county already had in place a county-wide one-cent sales tax.

The testimony you are going to receive will be presented by five conferees stating reasons for the need of this source of water. They will try to answer questions you may have at the close of all the testimony.

Marvin E. Smith

Marvin E. Smith

Richard E. Eckert

Richard E. Eckert

Artie Lucas

Artie Lucas

Senate Local Gov't
3-14-89
Attachment I

HOLTON AREA CHAMBER OF COMMERCE

104 West Fifth
Holton, Kansas 66436
913-364-3963

To: The Kansas Senate
Local Government Committee

Mr. Chairman and members of the Local Government Committee:

My name is "DE" Gantz and I am the president of the Holton Area Chamber of Commerce.

My testimony is the first of five presentations to be made this morning requesting your approval of House Bill No. 2023. I will be followed by a county commissioner, a city commissioner, a member of the Board of Jackson County Rural Water District No. 3, and a spokesman for the Holton Industrial Development Committee.

The purpose of my testimony is to provide a brief history of why we are here today and a short description of the proposed reservoir's location.

On Nov. 8, 1988 a county-wide one cent sales tax proposal was submitted to the voters of Jackson County. The purpose of the sales tax was to provide the county's share of land acquisition, engineering, construction and maintenance costs associated with the Banner Creek Multipurpose Reservoir.

The county-wide sales tax was specified to remain in effect for up to five years. The sales tax was approved by the voters in Jackson County by a margin of 2,883 to 2,011.

The history of a reservoir project on Banner Creek goes back many years. In 1979, it was part of a plan proposed by the Federal Soil Conservation Service as a part of a flood protection plan.

In 1985, as a result of a comprehensive plan prepared by Keisling Planning Consultants of Olathe, and financed in part by a block grant from the Kansas Department of Economic Development, the City of Holton, along with county officials, began to accelerate efforts to provide a new water source for Holton.

In April 1988, a general plan for a multipurpose reservoir on Banner Creek was prepared under the authority of the Kansas Multipurpose Small Lakes Program Act by the Holton Area Chamber of Commerce with the assistance of

HOLTON HAS IT!

Senate Local Gov't
3-14-89
Attachment II

the Kansas State Conservation Commission, Federal Soil Conservation and the Delaware Watershed Office No. 10.

In May 1988, a letter of intent was prepared and forwarded to the Kansas State Conservation Commission requesting \$466,933 funding for this project by the City of Holton.

In December 1988, following the voters' approval of the sales tax increase, the sponsors first became aware that the new tax was in violation of state law. Because Jackson County already had a one cent sales tax in effect, the reservoir tax was illegal.

In January a resolution was prepared to request affirmative action by the legislature of the State of Kansas. The sponsors will address the resolutions in their testimony.

It should be recognized that, throughout the development of the multipurpose reservoir project, every effort was made to maximize federal funding. The total projected cost of the project is \$4.3 million; the federal government's share is \$2.4 million; the county's share is \$1.4 million; the Rural Water District No. 3 and the City of Holton's share is \$433,000.

The proposed reservoir is to be located just west of the city of Holton. Holton is located at the junction of U.S. Highway 75 and State Highway K16. The reservoir will be approximately 2 1/2 miles long and about 1/2 mile wide.

The Holton Area Chamber of Commerce strongly supports your affirmative action on House Bill No. 2023.

Thank you for your attention and time.

Senate Local Gov't

3-14-89

II-2

PHASE I
 PROPOSE SMALL LAKES PROGRAM
LETTER OF INTEREST

1. PROPOSED PROJECT NAME: (PLEASE TYPE ALL INFORMATION) : SCC-
 Elk Creek Multi Purpose Dam NO. 36 : FORM 6.
 : DEC. 85

MAIL TO: : 2. NAME AND ADDRESS OF SPONSOR: : 3. NAME AND ADDRESS OF
 Executive Director : City of Holton : AUTHORIZED REPRESENTATIVE:
 State Conservation Commission : 430 Penn. Ave. : C E Williams
 109 S.W. 9th, Room 300 : Holton, Kansas 66436 : Telephone: 913-364-2721
 Topeka, Kansas 66612

4. TYPE OF CONSTRUCTION: : 6. PROJECT CLASS
 a. New X b. Renovation _____ : Class I _____
 : Class II X
 5. PURPOSE OF PROPOSED PROJECT: : Class III _____
 a. Flood Control X b. Water Supply Storage X c. Recreation X
 7. LOCATION OF PROPOSED PROJECT:

NE/4 of the SE/4 of the section 8, of township 7, of range 15 EAST

8. PRIMARY PURPOSE OF PROPOSED PROJECT: : 9. SECONDARY PURPOSES OF PROPOSED PROJECT:
 Municipal and industrial water supply : Recreational opportunities
 for Holton and Jackson county.
 Flood control and erosion control.

10. STATEMENT OF URGENCY OF NEED:
 The City of Holton and Jackson County Rural Water District #3, during the summer months, are pumping water at their capacity in its present systems.
 By constructing multi-purpose structure #36 capacity will double for both the City of Holton and Jackson County Rural Water District #3 thus enabling growth for and in Holton and Jackson County.

11. COMMENTS:
 Because Holton and Jackson County are dependent upon agricultural and with agriculture being in a "slump" at present, we are greatly in need of assistance with this project.

12. STATEMENT OF INTEREST: The Sponsor is interested in determining if the above proposed project will qualify for state assistance from the Multipurpose Small Lakes Program.
 AUTHORIZED REPRESENTATIVE: KEITH B. Wagoner
 Typed Name Signature Keith B. Wagoner Date 4/21/86

NOTE: If the use of Small Cities Development Block Grant funds is anticipated, contact should be made at this time with the Kansas Department of Economic Development, 503 Kansas Avenue, Topeka, KS 66603.

Senate L.G.
 3-14-89
 II-3

SUBMIT THE ORIGINAL AND EIGHT COPIES OF THE COMPLETED LETTER OF INTEREST TO THE STATE CONSERVATION COMMISSION.

LETTER OF INTENT

Elk Creek Multipurpose Dam No. 36

MAIL TO: : 2. NAME AND ADDRESS OF SPONSOR: : 3. NAME AND ADDRESS OF AUTHORIZED REPRESENTATIVE:
Executive Director : City of Holton : C. E. Williams
State Conservation Commission : 430 Pennsylvania :
109 S.W. 9th, Room 300 : Holton, Kansas 66436 : Telephone: 913-364-2721
Topeka, Kansas 66612 :

4. TYPE OF CONSTRUCTION: : 6. PROJECT CLASS
a. New X b. Renovation _____ : Class I _____
: Class II X
5. PURPOSE OF PROPOSED PROJECT: : Class III _____
a. Flood Control X b. Water Supply Storage X c. Recreation X

7. LOCATION OF PROPOSED PROJECT (Attach maps)
NE/4 of the SE/4 of the section 8, of township 7, of range 15 EAST.

8. PRIMARY PURPOSE OF PROPOSED PROJECT: : 9. SECONDARY PURPOSES OF PROPOSED PROJECT:
Municipal and industrial water supply : Recreational opportunities.
for Holton and Jackson County. Also,
flood control and erosion control.

10. STATEMENT OF NEED.
The City of Holton and Jackson County Rural Water District #3, during the summer months, are pumping water at their capacity with the present systems. By constructing multipurpose structure #36, capacity will double for both the City of Holton and the Rural Water District, thus enabling for growth in Holton and Jackson County.

Purpose	Land Aquisition	Engineering	Construction	OTHER	TOTAL
a. Flood Control	\$ 1,365	\$ 114,372	\$ 714,940	\$ 12,524	\$ 843,201
b. Water Supply Storage	24,727	67,615	422,260	16,302	530,904
c. Recreation	1,124,092	193,298	1,408,841	206,375	2,932,606
d. TOTAL COST	\$ 1,150,184	\$ 375,285	\$ 2,546,041	\$ 235,201	\$ 4,306,711

12. REQUIRED LAND TREATMENT
Practices and estimated cost of installation. TOTAL \$ 87,500

13. TOTAL COST OF PROPOSED PROJECT:
Line 11d plus Line 12 TOTAL \$4,394,211

Source*	Amount	Purpose
Federal P.L. 566	\$ 2,400,727	Flood control and recreation.
City of Holton, Jackson County, Rural Water District No.3, Delaware Watershed Joint District No.10	1,509,015**	Water supply storage and recreation.
Landowners	17,500	Land treatment.
State of Kansas Multipurpose Small Lake	466,969	Water supply and land treatment.
TOTAL	\$ 4,394,211	

*CDBG Funds - Include proposal to meet national objective and eligible activity requirements, if applicable.

**See page 2.

15. FUNDS REQUESTED FROM THE STATE:

	Project cost	State Cost-Share Rate	State Funds Requested
a. Flood Control - Engineering	\$ 114,372.	0%	\$ 0.
Construction	714,940.	0%	0.
b. Water supply - Engineering	67,615.	67%	45,042.
Construction	422,260.	83%	351,927.
c. Recreation - Engineering	192,759.	0%	0.
Construction	704,421.	0%	0.
Land Rights	1,124,092	0%	0.
(1). Total Requested for Engineering, Construction and Land Rights			\$ 396,969.
(2). Total Requested for Land Treatment	87,500.	80%	\$ 70,000.
(3). TOTAL STATE FUNDS REQUESTED (Add lines (1) and (2))			\$ 466,969.

16. STATEMENT OF INTENT: The Sponsor hereby agrees to construct the proposed project when funding has been appropriated by the state and further attests to the fact that the proposed project data contained herein is true and correct to the best of our knowledge and belief and that the filing of the LETTER OF INTENT has been duly authorized by the Sponsor and Co-Sponsors of the proposed project.

DISTRICT OR MUNICIPALITY NAME	TYPED NAME AND TITLE	SIGNATURE	DATE SIGNED
City Of Holton, Kansas Sponsor	Mayor Willard D. Wilson	<i>Willard D. Wilson</i>	5-17-88

- Enclosures: 1. General Plan
 2. Maps

PLEASE COMPLETE THE FOLLOWING INFORMATION:

- General plan prepared by : Margaret Telthorst
 Employed by: Holton Area Chamber of Commerce Address 104 West 5th, Holton, 66436
- Land treatment data supplied by Bruce Yonke
 Employed by: Soil Conservation Service Address 926 West 6th, Holton, 66436
- Original data used in compiling the Letter of Intent is on file and can be reviewed at: 104 West 5th
or 125 West 4th, Holton, Kansas, 66436.

SEND ORIGINAL AND EIGHT COPIES TO THE STATE CONSERVATION COMMISSION

*In addition to the costs associated with the construction of this project, the City of Holton and the Rural Water District #3 will need to construct a water treatment facility in order to use the water for municipal, agricultural and industrial purposes. The estimate obtained by the Rural Water District #3 to adequately service these needs is an additional \$3,100,000.

Jackson County will also have additional costs associated with the maintenance of the recreational portion of the facility, estimated to be \$117,075. annually.

Senate L.G.
 3-14-89
 II-5



JACKSON COUNTY, KANSAS

HOLTON, KANSAS 66436

OFFICE OF:
COUNTY COMMISSIONERS

PHONE 364-2826 or 2891

HENRY GERHARDT, WHITING
FIRST DISTRICT COMMISSIONER

ROGER S. COVERDALE, HOLTON
SECOND DISTRICT COMMISSIONER

MELVIN D. WELLS, MAYETTA
THIRD DISTRICT COMMISSIONER

To: The Kansas Senate
Local Government Committee

Mr. Chairman and members of the committee:

My name is Henry Gerhardt. I am a Jackson County commissioner, currently serving as chairman of the commission.

After a number of years of discussion and several meetings pertaining to the Banner Creek Reservoir Project, interest in the project re-surfaced as a result of the present drought conditions.

When project sponsors met early last summer to discuss project financing, a county-wide 1 cent sales tax generated the most interest.

The Jackson County Commission, on Aug. 8, 1988, acted unanimously to place the question of a 1 cent sales tax on the ballot in the November election. Following that action, the sponsors held a series of public meetings, where the project and financing methods were reviewed. It appeared that the public found the sales tax the most acceptable option available.

The only other funding options were a levy or a bond issue. Because Jackson County already has one of the highest county levies in the state, it was felt that neither of those options were advisable. The results of the election were 2,833 for and 2,011 against. The 822-vote margin was seen as a clear expression of public sentiment.

I would also call to your attention that the 1st Commission District, which I serve in the north part of Jackson County, is served almost entirely by Water District No. 3. I can personally testify that there is a continuing need for water in that area.

*Senate Local Gov't
3-14-89
Attachment III*

Based on the strong public support for this sale tax, we feel it is our duty to come before you and respectfully request that you give the matter of validating this election your utmost consideration.

Thank you for your kind attention.

Senate L.G.

3-14-89

III-2

RESOLUTION NO. 89-1

(Amended 1-17-89)

RESOLUTION IN SUPPORT OF VALIDATION OF SALES TAX ELECTION

BET IT RESOLVED THAT:

Whereas, the citizens of Jackson County, and the City of Holton, which is located therein, are rapidly depleting their supply of usable fresh water, which has been accelerated by the current drouth conditions prevailing in said county; and

Whereas, it would be necessary for the future health, welfare, development and economic wellbeing of both the said county and said city that an adequate supply of usable water be made available; and

Whereas, the Delaware-Elk Creek Watershed District which was created by the United States Soil Conservation Department, has proposed the construction of a reservoir located in Jackson County, Kansas, and hereinafter referred to as "Banner Creek Reservoir"; and

Whereas it is necessary for the possible construction of said reservoir that certain county funds be made available for a cost share construction of said reservoir; and

Whereas, the said city of Holton did by Resolution No. 65, passed December 19, 1988, resolve that the said city would support in full any and all action taken by the Board of County Commissioners, Jackson County, Kansas, to validate the sales tax election; and

Whereas, a proper and duly noticed election was held on November 8, 1988, wherein the electorate of the said county voted 2,883 in favor to 2,011 against for the imposition of an additional one cent sales tax to be levied in the county; and

Whereas, the said Board of County Commissioners, Jackson County, Kansas, had previously passed a resolution directing that any monies received from this sales tax increase should be utilized for the purposes of constructing and maintaining the said reservoir; and


Whereas, after the passage by the electorate of the said county of the additional one cent sales tax, that the Department of Revenue and Taxation informed the Board of County Commissioners that because of a one cent sales tax having been added in 1982 that the said county could not add an additional one cent sales tax; and

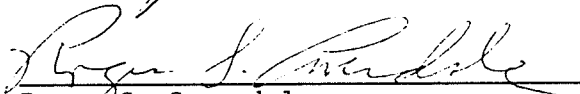
Whereas, the said county is without any other adequate remedy to raise sufficient funds with which to finance this direly needed reservoir.

THEREFORE, BY TO RESOLVED, that the Board of County Commissioners of Jackson County, Kansas, by unanimous vote made on the 5th day of January, 1989, specifically requesting that the Legislature of the State of Kansas pass legislation necessary to validate the election held November 8, 1988, so that said sales tax of one cent might be collected for the specific purpose of financing the construction of Banner Creek Reservoir. Said commissioners further resolve that in the event the said Legislature shall validate the said election that the Commissioners will agree that the tax so imposed shall be for a duration of five years only and shall be duly cancelled at the termination of five years only and shall be duly cancelled at the termination of said period.

In witness whereof, we have set our hand this 17th day of January, 1989.

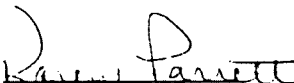
JACKSON COUNTY COMMISSIONERS


Henry Gerhardt, Chairman


Roger S. Coverdale


Melvin Wells

ATTEST:


Karen Parrrett
County Clerk

Senate Local Gov't
3-14-89
III-4

City of Holton
HOLTON, KANSAS

OFFICE OF

Telephones:

CITY HALL — 364-2721
POLICE STA. — 364-2174

To: Kansas Senate
Local Government Committee

Mr. Chairman and members of the committee:

Thank you for the opportunity to speak to you this morning. I am Keith Wagoner, the senior member of the Holton City Commission.

Holton is vitally concerned about the Banner Creek Multipurpose Reservoir as a source of municipal water supply.

At the present time, Holton's water needs are supplied by two wells located seven miles northeast of Holton. When the wells were drilled, the first in 1974 and the second in 1978, they produced 1,700 gallons per minute. Ten years later, the same wells were retested. As of that test, they produced 625 gallons per minute. That amounts to a 62 percent decrease, or 1,075 gallons per minute less in water production from our wells in the past 10 years.

Prairie Lake, a city-owned lake of 41 surface acres when full, was built in 1945 and has been a good source of water supply except in years of extreme drought. During the summer of 1980, a hot, dry summer as you will recall, some lowering of the lake level was experienced, but not enough to prohibit its use as a municipal water source. Last summer, the lake level dropped 57 inches; municipal usage of lake water has been discontinued. Further reduction in the water level could result in fish kill and other contamination, rendering that source of water unsuitable for municipal use. A voluntary program of restricted water usage was implemented city-wide last summer. Since then the city has adopted an ordinance to promote water conservation.

Holton has 1,785 metered water customers. In 1988 the city's average monthly water usage was 18,656,433 gallons. Ten large commercial and

*Senate Local Govt
3-14-89
Attachment III*

industrial users consumed 21.5 percent of that amount, an average of 4,018,450 gallons. A chart summarizing water usage is attached to this presentation.

One of the city's major concerns is adequate water for fire protection. A dwindling water supply only increases our concerns about a major catastrophe.

The Holton City Commission has pledged \$263,000 as the city's share of the total project cost. The commissioners have discussed other funding sources needed once the dam is built and water is impounded.

Holton's existing treatment plant has a treatment capacity of 1,000,000 gallons per day. Before municipal and agricultural water can be used from the Banner Creek Multipurpose Reservoir, a new treatment plant will be needed. Commission Resolution #63 pledges Holton's share of the county 1 cent sales tax revenue to needs that arise when this future water supply is made available. A copy of that resolution is attached.

The voters of Holton gave overwhelming approval to the sales tax question last November, voting 3 to 1 in favor of the proposal.

The Holton City Commission supports the action of the Jackson County Commission in its request to the Kansas Legislature as conveyed in House Bill #2023. A copy of Commission Resolution #65 is attached.

Thank you very much for your attention and the courtesy of allowing me to make this presentation on behalf of the City of Holton.

Senate L.G.
3-14-89
IV-2

SELECTED WATER USAGE STATISTICS FOR HOLTON, KANSAS
(all figures in gallons)

	<u>1980</u>	<u>1988</u>	<u>Increase over 1980</u>
Total Water Treated	169,864,000	223,877,200	54,013,200
Two Highest Months			
August	-----	21,889,800	
September	-----	20,406,100	
October	17,245,200	-----	3,168,200
December	21,882,500	-----	
Average Monthly Usage	14,155,333	18,656,433	4,501,100
Average Daily Usage	465,480	613,362	147,982 (31.8%)
Highest Daily Usage			
August 28	-----	964,500	
September 9	747,700	-----	216,800 (29%)

*Senate L.G.
3-14-89
IV - 3*

RESOLUTION #63

A RESOLUTION DETERMINING THE POLICY OF THE COMMISSIONERS OF THE CITY OF HOLTON, KANSAS, IN REGARDS TO ESTABLISHING A SPECIAL WATER FUND.

Be it Resolved by the Governing Body of the City of Holton, Kansas, as follows:

Section 1: That it is hereby determined to be the policy of the Commissioners of the City of Holton, Kansas:

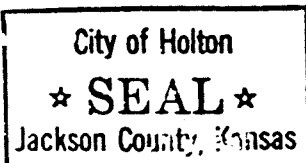
A. That hereby all revenues derived from the one-cent county sales tax passed November 8, 1988, shall be deposited in the special water fund established.

B. The purpose of this special water fund and the revenues deposited from the sales tax shall only be used for the purpose of future water projects.

Adopted by the Commission and signed by the Mayor this 17th day of October, 1988.

Willard D. Wilson
Mayor

Pat McHugh
City Clerk



Senate L.G.
3-14-89
IV-4

RESOLUTION #65

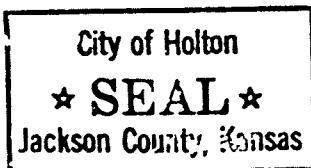
A RESOLUTION DETERMINING THE POLICY OF THE COMMISSIONERS OF THE CITY OF HOLTON, KANSAS IN REGARDS TO 1 CENT COUNTY SALES TAX IN JACKSON COUNTY.

BE IT RESOLVED that the City Commission of the City of Holton, Jackson County, Kansas, did on the 19 day of Dec., 1988, at its regularly scheduled meeting, vote unanimously to support the Jackson County Commission to request for special provisions in the local sales tax act to impose an additional ½ cent sales tax over and above the 1 percent maximum tax, and all revenues from the tax be used for future water resources in Jackson County, or any action the Jackson County Commission terms necessary to secure the validity of the sales tax issue as voted on by the people of Jackson County will be supported by the governing body of the City of Holton.

BE IT FURTHER RESOLVED THAT THE City Clerk of Holton, Kansas, shall forward a copy of this resolution to the Commissioners of Jackson County, Kansas adopted by the by the Commission and signed by the Mayor this 19th day of December 1988.

Willard D. Wilson
Mayor

Pat McEntar
City Clerk



Senate L.G.
3-14-89
IV-5

RURAL WATER DISTRICT NO. 3

JACKSON COUNTY, KANSAS

SERVING RURAL FAMILIES IN JACKSON AND JEFFERSON COUNTY, KANSAS



To: The Kansas Senate
Local Government Committee

Mr. Chairman and members of the committee:

My name is Edward S. Dunn. I am manager of Rural Water District No. 3, Jackson County, Kansas. Rural Water District No. 3 was organized in 1971 and, after initial construction, started pumping water to 285 customers in 1974. The district has constantly expanded since then. It has annexed over 13 separate areas since the original inception and is now serving five small towns in Jackson County -- the towns being Denison, Mayetta, Soldier, Circleville and Netawaka -- as well as supplying water to the USD 335, Jackson Heights school system in north Jackson County, and the USD 337, Royal Valley Junior High and Grade School in Mayetta. The district operates in the majority of Jackson County as well as parts of Brown, Nemaha, Jefferson and Atchison Counties.

Recently the district has also been approached by the City of Whiting, whose wells are going dry, about supplying water to that city. Another small water district, Rural Water District No. 2, near Delia, has expressed an interest in having our district serve them. However, this matter has not been fully developed because of the concern over our present water production capabilities.

In addition to this area, we also supply water to the entire Pottawatomie Indian Reservation, which encompasses 11 square miles. Not counting the customers in the five towns mentioned, the district currently serves 1,025 rural customers.

It is difficult to arrive at the precise economic impact of this water district on Jackson County and the surrounding areas. However, it is substantial. Many new homes have been built in rural areas because of water availability. Many farming operations have increased in size due to adequate water supplies.

The district's water sources consist of three wells located 3 miles north of

*Senate Local Gov't
3-14-89
Attachment V*

Holton. Each well's capacity has dropped over the last four years due to increased demand. The water district currently pumps 400,000 gallons a day; last year's usage was about 146,000,000 gallons.

The usage has increased each year. That increased usage is compounded by the current drought: we have had over 40 farm wells go dry, with sharply increased applications for water usage.

The district has been working jointly with the Delaware Watershed District No. 10 on this dam for approximately 15 years. The district requests of this committee a favorable vote on House Bill No. 2023.

Thank you for your consideration.

Senate L.G.
3-14-89
IV-2

David Adkins

Jim Birkbeck

D.E. Gantz

Frank Gilliland

Harold Ireland

Brad Mears

Bill Mercer

Bryan McDaniel

Clancy Norris

Ed McKenzie

David Schussler

To: Kansas Senate
Local Government Committee

Mr. Chairman; members of this committee:

My name is Harold Ireland. I am a member of the Holton Industrial Development Committee. I thank you for this opportunity to address this committee on an issue we feel is of great interest to everyone living in northeast Kansas.

Economic growth and industrial development is of vital interest to any community. Holton's Industrial Development Committee spends many hours to this end. One of our most intensive undertakings has concentrated on active support of the Banner Creek Multipurpose Reservoir.

Our research uncovered a Comprehensive Water and Sewer Study made in 1986 by Burgwin, Martin & Associates Consulting Engineers, for the City of Holton, in which they state: "Water is an item of primary concern in the development of any city and the amount of development which occurs will be proportional to the supply of water."

This was made very clear to us about 18 months ago when a major, out-of-state food processing company wanted to locate a new plant in this area of Kansas. Holton was targeted after several other sites were considered. Holton could supply adequate land for building, available housing, adequate electricity, and a work force that could fill the projected 250 skilled and unskilled jobs the company would create. As documented by the state's Department of Commerce, we lost this company because our water supply was insufficient to meet their demands.

In a related vein, we became very concerned when Oldham's Farm Sausage, Inc., which has a meat processing plant in Holton, was shut down twice last

Senate Local Gov't
3-14-89

Attachment VI

summer by the Food and Drug Administration because of the poor quality of water made available to the plant. During peak water usage periods, there was an inadequate water supply available for treatment. In such cases, the city would pump water simultaneously from city wells and the Holton city lake for treatment to meet the demand. The FDA would not accept the poor quality water, and closed the meat plant until the water was made useable.

This plant is of great economic importance to Holton and the area. Oldham's employs 120 full time workers with an annual payroll of \$1,986,000. The company spends approximately \$20,000 annually at area businesses. Last year alone, the company spent \$13,800,000 on hogs. Their need for 40,903,000 gallons annually of good water in adequate supply must be met if we hope to keep this company in operation here. It does us little good to recruit new business if we cannot supply their needs after they are established.

Our committee sincerely solicits your consideration and support of House Bill 2023. The citizens of Jackson County have come to realize that they cannot afford to wait any longer to solve shortages. They have spoken by ballot indicating their willingness to help pay for the construction of the Banner Creek Multipurpose Reservoir. The fulfillment of their wishes now depends on your support.

Again I wish to thank you for your interest and time allowed for this presentation. At this time we would welcome questions. I will now introduce you to Bryan McDaniel, chairman of the Holton Industrial Development Committee, who will direct your questions to resource people who are with us today.

Senate L. G.
3-14-89
VI-2

I. Source of public water supplies in Jackson County.

A. Rural Water Districts.

1. No. 1 supplies 540 rural customers and wholesales the entire supply for the City of Hoyt.
2. No. 3 has over 1500 rural customers and wholesales to the Cities of Denison, Circleville, Soldier, and Netawaka plus principle backup for Mayetta.
3. No. 2 is a very small district near Delia with their own wells.

B. Municipal supplies.

1. City of Holton.
2. City of Whiting.
3. City of Mayetta (largely inadequate - dependent on RWD No.3 for supply back-up).

II. Alternate sources of water being studied by the Engineering firm representing RWD 1 and RWD 3.

A. Delaware River - Perry Reservoir.

B. Missouri River.

C. Methodology - Wholesale Water District through the Kansas Attorney General's Department. Financed by the Farmer's Home Administration (USDA). Wholesale to all using entities of treated water.

III. Proposed Banner Creek Reservoir.

A. To be owned by Jackson County.

B. To be financed by an additional one cent sales tax above the limit set by the Kansas Legislature. Such tax to be County-wide.

C. Designed to provide an additional water source only to the City of Holton and RWD No. 3.

D. Deemed only to be a stop-gap measure by Mr. Ed Dunn, manager of RWD No. 3.

E. Also designed to provide two Public Recreation Areas very near Holton. Widely promoted as a source of business for City Merchants.

IV. Inequities.

A. Opponents of this proposal had no forum. Jackson County has but one newspaper. The publisher is the chairman of the Industrial Development Committee of The Holton Chamber of Commerce.

B. The proposed sales tax increase is County-wide and by law must be shared one-half with the Cities in the County. Thus two dollars are raised for each dollar dedicated to the project. The other one-half going to the Cities as a

3-14-89
Senate Local Gov't
Attachment VII

IV, B, (Cont.)

windfall. Hardly a bargain for the taxpayers.

C. No water is destined for the Southern part of Jackson County from this project. Yet it was treated by local media as a solution to County-wide water shortages.

V. Misrepresentation has brought us to the present point. Voters were not aware of the illegality of the increased tax. They were told that business competition would be equal as Shawnee County would also raise their sales tax - they defeated it. All voters were led to believe that the reservoir would solve their water problems - it will not.

Senate L.G.
3-14-89
VII-2

JA CO Ratios

	A	B	C	D	E	F
1	KANSAS DEPARTMENT OF REVENUE - PLANNING AND RESEARCH					
2						
3	FY 1988 DISTRIBUTION OF JACKSON COUNTY'S 1% SALES TAX					
4						
5		1st Half		2nd Half		Total
6	Cities	Ratio	Amount	Ratio	Amount	
7	Circleville	0.007025	1,865.09	0.007035	1,796.70	3,661.79
8	Delia	0.008382	2,225.37	0.008473	2,163.96	4,389.33
9	Denison	0.011596	3,078.66	0.010901	2,784.06	5,862.72
10	Holton	0.185118	49,147.61	0.179323	45,798.19	94,945.80
11	Hoyt	0.028934	7,681.79	0.028838	7,365.08	15,046.87
12	Mayetta	0.015382	4,083.82	0.014614	3,732.34	7,816.16
13	Netawaka	0.010608	2,816.35	0.010637	2,716.64	5,532.99
14	Soldier	0.006673	1,771.64	0.006702	1,711.66	3,483.29
15	Whiting	0.010965	2,911.14	0.010772	2,751.11	5,662.25
16	Jackson U	0.715317	189,911.94	0.722705	184,575.21	374,487.16
17	Co. Total		265,493.40		255,394.96	520,888.36

Senate Local Gov't
 3-14-89
 Attachment VIII

I. Sales Tax Increase

- A. Benefits should spread to entire area.
- B. Increase should encourage commercial growth.
- C. Studies should be done to show effect.

II. Proposal as Southern Jackson County sees it

- A. No benefit whatsoever to our area or 80% of the county either.
- B. Questionable value as a source of water for Holton. Should be cheaper sources available.
- C. As a recreation lake, Banner Creek would be an extreme duplicity. Its size would not attract away Perry and Tuttle Creek users used to the conveniences of government supported resevoirs.

III. Disadvantages of Tax Increase

- A. Commercial outlets, especially those dealing in large ticket items such as automobiles, furniture and repair services, would lose their competitive edge or equality. An increase in tax would leave us higher than all surrounding retail areas.
- B. It would discourage the commercial growth we need so badly to provide services locally for our citizens.

(continued on next page)

Senate Local Gov't
3-14-89
Attachment IV

- C. This also ties in to the fact that Jackson County has no programs to encourage business growth or entry in our area such as tax break incentives or low cost loans.

IV. Alternative Suggestions

- A. Impose a 1% City sales tax for Holton as it would be the only recipient of any, if any, financial benefit from the resevoir. This is Constitutional and would require no change in law as already written.
- B. Holton can seek a source of water such as new wells or river water piped in just as other areas have already done.
- C. The entire matter could be dropped as Holton has adequate water at this time. Growth studies will show that no major population growth is expected in the near future that would require significantly more water supply.

Senate L.G.
3-14-89
IX-2

Southern Jackson County Commercial Proprietors
against further tax increases without benefits
for the entire county.

1. CARS PO Box 303 Hoyt, Ks Edward Henchic
2. Rick's Oil PO Box 295 Hoyt Ks Rick Schutz
3. Mike's 66 4th + Highland Hoyt, Ks ~~Tom Amick~~
4. Auto BROKER'S INC 4th + Highland Hoyt, Ks Mike Cooper
5. Clara's Cafe Hoyt, Ks, Clara Wells
6. Caldwell's Grocery Hoyt Ks Mike Caldwell
7. Deere Electric Supply - Elmer & Leed
Hoyt Ks
8. Goediger Oil Co. Mayetta - Joy Koenig
9. Kenny's Antiques + USED Furniture 105 E Main Mayetta
Kennel White
10. Shields Tax Service Box 13
Bob Shields Mayetta Ks
11. Mixing (Commence store) Vernon Nelson
12. James Alan Mayetta Oil Co. Mayetta Ks
Senate L.G.
3-14-89
IX-3

Southern Jackson County Commercial Proprietors
against further tax increases without benefits
for the entire county.

1. C A R S
PO Box 303 Edward Hrenchir
Hoyt, Ks. 66440
2. Rick's Oil
PO Box 295 Rick Schutz
Hoyt, Ks. 66440
3. Mike's 66
4th & Highland Tom Smith
Hoyt, Ks. 66440
4. Auto Brokers Inc.
4th & Highland Mike Cooper
Hoyt, Ks. 66440
5. Clara's Cafe
4th & Highland Clara Wells
Hoyt, Ks. 66440
6. Calderwood's Grocery
Hwy 214 Mick Calderwood
Hoyt, KS. 66440
7. Deer Electric & Supply
Hoyt, Ks. 66440 Elmer R. Deer
8. Roediger Oil Co.
Mayetta, Ks. 66509 Roy Roediger
9. Kenny's Antiques & Used Furniture
105 E. Main Kenneth White
Mayetta, Ks. 66509
10. Shields Tire Service
Box 73 Bob Shields
Mayetta, Ks. 66509

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Senate L.G.
3-14-89
IX-4

Southern Jackson County Commercial Proprietors
against further tax increases without benefits
for the entire county.

(continued)

- | | | |
|-----|------------------------|---------------|
| 11. | <u>The Mixer</u> | |
| | Mayetta, Ks. 66509 | Velma Nelson |
| 12. | <u>Mayetta Oil Co.</u> | |
| | Mayetta, Ks. 66509 | James A. Grau |

Senate L.G.
3-14-89
IX-5