

Approved March 2, 1990  
Date

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by REPRESENTATIVE ROBERT D. MILLER  
Chairperson

1:38 a.m./p.m. on FEBRUARY 21, 1990 in room 521-S of the Capitol

All members were present except:  
Representative Graeber, excused

Committee staff present:

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

Conferees appearing before the committee:

Representative Bill Wisdom  
Richard Walsh, Chairman of the Board of College Trustees, Kansas City  
Richard Shannon, Board Member of Wyandotte County Tax League  
Norman Schoneman, resident of Kansas City, Kansas  
Ernie Mosher, League of Kansas Municipalities  
Beverly Bradley, Kansas Association of Counties  
Jim Kaup, League of Kansas Municipalities  
Dave Malone of Cooper Malone McClalin, Inc., Wichita, Kansas  
Ben Bush, Chairman of Board of Public Wholesale Water Supply Dist.  
#12

Chairman Miller appointed a subcommittee for HB 2835 (prison).  
They are Representative Carl Holmes as chairman; Representative Clyde  
Graeber and Representative Dick Reinhardt as members.

The Chairman called for hearing on HB 2881.

HB 2881 - Act concerning bonds; requiring an election prior to issuance  
of certain general obligation, general improvement or special  
obligation bonds.

Chairman Miller recognized Representative Bill Wisdom, Wyandotte  
County, sponsor of HB 2881. Representative Wisdom gave a brief  
overview of the bill and stated that he might have amendments at a  
later date. Discussion followed.

Chairman Miller recognized Richard Walsh, Kansas City, Kansas, Chairman  
of the Board of College Trustees. He testified in support of HB 2881.  
(No written testimony) Discussion followed.

Chairman Miller recognized Richard Shannon, Board Member of Wyandotte  
County Tax League, who testified in support of HB 2881 and stated  
citizens in Kansas are becoming alarmed and concerned that local  
government officials are using the taxpayer as a pawn to finance  
private projects for friends and associates of the politicians.  
(Attachment I)

Chairman Miller recognized Norman Schoneman who resides in Kansas  
City, Kansas. Mr. Schoneman testified in support of HB 2881. (No  
written testimony)

Chairman Miller recognized Ernie Mosher, League of Kansas  
Municipalities, who appeared in opposition to HB 2881 which would  
mandate a referendum be held on every city or county general obligation  
bond issue. Mr. Mosher stated that HB 2881 is a generic approach,  
which would amend implication statutes. (Attachment II) Discussion  
followed.

Representative Patrick requested of Mr. Mosher and staff to furnish

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

room 521-S Statehouse, at 1:38 a.m./p.m. on FEBRUARY 21, 1990

a list of all the bonds statutes and whether or not the bonds can be issued requiring an election or not an election. Staff stated they had an interim study on general obligation bonds in 1984 in terms of debt limits and there were over 100 statutes. Staff stated they could do a computer search. Discussion followed.

Chairman Miller recognized Beverly Bradley, Kansas Association of Counties, who testified in opposition to HB 2881 stating there are statutory requirements for referendums on certain bond issues. (Attachment III)

The Chairman called the Committee's attention to written testimony submitted by Alan Sims, assistant to the City Manager, representing the city of Overland Park, in opposition to HB 2881. (Attachment IV)

The Chairman closed the hearing on HB 2881.

Chairman Miller called for hearings on HB 2982.

HB 2982 - Act concerning cities; relating to the abatement of nuisances.

Chairman Miller recognized Jim Kaup, League of Kansas Municipalities, who testified in support of HB 2982. Current law allows cities to remove vehicle nuisances from private property, it does not allow for final disposition of the vehicle. Mr. Kaup stated that this is an environmental cleanup legislation. (Attachment V) Discussion followed.

Vice-chairman Brown closed the hearings on HB 2982.

Vice-chairman Brown called for hearings on HB 2983.

HB 2983 - Act concerning certain public wholesale water supply districts; relating to bonds.

Vice-chairman Brown stated that HB 2983 was requested by Representative Wells.

Vice-chairman Brown recognized Dave Malone, Cooper Malone McClain, Inc. of Wichita, representing both public wholesale water districts #11 and #12 as financial advisors. This bill will give them a cheaper financing mechanism and expand provisions for District No. 11 and 12. Mr. Malone submitted testimony he had prepared on Preliminary Financing Alternatives. (Attachment VI) Discussion followed.

Chairman Miller recognized Ben Bush, Chairman of Board of Public Wholesale Water Supply District #12, who testified in support of HB 2983. (No written testimony) Discussion followed.

The Chairman closed the hearing on HB 2983.

Chairman Miller called the Committee's attention to HB 2823 (concerning the collection of delinquent property taxes).

A motion was made by Representative Holmes to pass HB 2823; seconded by Vice-chairman Brown. Discussion followed. Representative Patrick stated that the bill 1) will not save any legal fees; 2) it is unconstitutional and unfair; and 3) won't accomplish what it was set out to do. A substitute motion was made by Representative Patrick to table HB 2823; seconded by Representative Lane. Motion carried.

The meeting was adjourned.



MR. CHAIRMAN AND COMMITTEE MEMBERS

CITIZENS IN KANSAS ARE BECOMING ALARMED AND CONCERNED THAT LOCAL GOVERNMENT OFFICIALS ARE USING THE TAXPAYER AS A PAWN TO FINANCE PRIVATE PROJECTS FOR FRIENDS AND ASSOCIATES OF THE POLITICIANS.

IN 1988, WYANDOTTE COUNTY COMMISSIONERS TRIED TO GET THE LOCAL CITIZENS TO PASS A BOND ISSUE FOR A NEW JAIL - A NEW COURTHOUSE - AND A RACE TRACK. IT WAS OVERWHELMING DEFEATED BECAUSE ALTHOUGH THE VOTERS INDICATED THEY WANTED AND NEEDED THE JAIL, THE COMMISSIONERS WERE TRYING TO TIE A COURTHOUSE AND A RACE TRACK TO THE PROPOSAL.

BY MANDATE OF THE FEDERAL COURT ULTIMATELY, THE JAIL WAS CONSTRUCTED/BUT NOT THE COURTHOUSE NOR THE HORSE RACE TRACK. A RACE TRACK HAS BEEN COMPLETED BUT BY PRIVATE FINANCING AND NOT WITH TAXPAYERS FUNDS.

ON THE DAY OF THE <sup>1988</sup> ELECTION THE COUNTY COMMISSIONERS AUTHORIZED A 5 MILLION GENERAL OBLIGATION BOND ISSUE TO FINANCE AN AMPHITHEATRE FOR A CALIFORNIA ENTERTAINMENT SYNDICATE. THE TAXPAYERS HAVE TO FURNISH THE GROUND MAINTENANCE, PARKING AND FIRE AND POLICE PROTECTION. FOR EVERY \$20 TICKET SOLD, THE COUNTY GETS ONLY 15c. THE PERSON DESIGNATED AS MANAGER OF THE PROJECT WAS A FINANCIAL SUPPORTER OF THE COMMISSIONERS AND WAS GIVEN A 12 YEAR CONTRACT AT \$60,000 PER YEAR.

THE TWO COUNTY COMMISSIONERS RUNNING FOR RELECTION WERE SOUNDLY DEFEATED BY THE VOTERS. HOWEVER DURING THE LAST FEW DAYS REMAINING IN OFFICE THE COMMISSIONERS <sup>ATTEMPTED TO</sup> APPROVE ANOTHER GENERAL OBLIGATION BOND PROJECT FOR A FRIEND, MR. NEIGHBORS, A TEAMSTER OFFICIAL IN MISSOURI TO BUILD A RETIREMENT HIGH-RISE AND SHOPPING CENTER IN RURAL WYANDOTTE COUNTY.

LS  
3-21-90  
Attach. I

HOWEVER, THEY RAN OUT OF TIME TO COMPLETE THIS SPECIAL PROJECT.

THE THIRD COUNTY COMMISSIONER WAS RECENTLY TRIED IN FEDERAL COURT FOR TAKING KICKBACKS AND IS SERVING TIME IN THE FEDERAL PENITENTIARY IN DETROIT.

RECENT AMENDMENTS OF THE KANSAS STATUTES HAVE GIVEN TOO MUCH AUTHORITY AND POWER TO LOCAL OFFICIALS.

FOR INSTANCE, KSA 19-4102 PROVIDES THAT THE COUNTY COMMISSIONERS CAN BY-PASS THE VOTERS BY APPOINTING A COMMITTEE OF THEIR FRIENDS AND ASSOCIATES TO ACT UNDER THE TITLE OF "ECONOMIC DEVELOPMENT" AND THEN THIS COMMITTEE CAN OBLIGATE THE TAXPAYER TO FINANCE ALMOST ANY PROJECT WITH TAXPAYERS MONEY THROUGH GENERAL OBLIGATION BONDS.

*Richard Stouvenor  
Board Member  
as you do the County Tax  
League*



**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  
Re: HB 2881--Mandatory Bond Referendums  
From: E.A. Mosher, Executive Director  
Date: February 21, 1990

On behalf of the League and its member cities, I appear in opposition of HB 2881, which would mandate a referendum be held on every city or county general obligation bond issue. Our convention-adopted "Statement of Municipal Policy" provides that: "We oppose a general extension of mandatory referendums on municipal bond issues." The State Legislative Committee of the League took unanimous action to vigorously oppose the passage of HB 2881.

As members of this Committee know, we have many different statutes which authorize the issuance of municipal bonds, for a variety of public purposes. While many types of general obligation bonds are now subject to a mandatory referendum, there is no universal rule. It depends upon the provisions of the law under which the bonds are issued. HB 2881 is a generic approach, which would amend by implication numerous statutes.

We would suggest that if it is considered appropriate public policy to mandate voter approval for certain specified purposes, or for certain amounts, or for certain terms, or for certain governmental units, then this should be done on a case-by-case basis. What we have now in Kansas is admittedly a complicated situation to the outside observer, since there are no uniform rules. That doesn't mean it's wrong. We now have a body of law, enacted over a period of time, with legislative decisions made as deemed appropriate for the purposes and conditions as to whether a referendum is required, not required, or required only when petitioned for. Perhaps some of those statutes should be changed, but not by a blanket, universal rule.

We urge that HB 2881 be killed.

*LY*  
*2-21-90*  
*Attach II*

President: Irene B. French, Mayor, Merriam \* Vice President: Frances J. Garcia, Mayor, Hutchinson \* Directors: Ed Eilert, Mayor, Overland Park \* Harry Felker, Mayor, Topeka \* Greg Ferris, Councilmember, Wichita \* Idella Frickey, Mayor, Oberlin \* William J. Goering, City Clerk/Administrator, McPherson \* Judith C. Hollnsworth, Mayor, Humbolt \* Jesse Jackson, Mayor, Chanute \* Stan Martin, City Attorney, Abilene \* Richard U. Nienstedt, City Manager, Concordia \* Judy M. Sargent, City Manager, Russell \* Joseph E. Steineger, Mayor, Kansas City \* Bonnie Talley, Mayor, Garden City \* Executive Director: E.A. Mosher



"Service to County Government"

212 S.W. 7th Street  
Topeka, Kansas 66603  
(913) 233-2271  
FAX (913) 233-4830

**EXECUTIVE BOARD**

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Gary Hayzlett  
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(316) 375-2731

Harry "Skip" Jones III  
Smith County Treasurer  
(913) 282-6838

Roy Patton  
Harvey County Weed Director  
(316) 283-1890

Thomas "Tom" Pickford, P.E.  
Shawnee County Engineer  
(913) 291-4132

**NACo Representative**  
Joe McClure  
Wabaunsee County Commissioner  
(913) 499-5284

**Executive Director**  
John T. Torbert

February 21, 1990

To: Representative R. D. Miller, Chairman  
Members House Local Government Committee

From: Bev Bradley, Legislative Coordinator  
Kansas Association of Counties

Subject: HB 2881 Mandatory Bond Elections

The Kansas Association of Counties opposes HB 2881. Currently there are statutory requirements for referendums on certain bond issues. To make one blanket requirement for mandatory referendums seems to us to be an overkill. Each particular type of bonding and the regulations for that type are evident in the statutes. We would hope that HB 2881 is reported unfavorably.

TSBH2881

*LS*  
*2-21-90*  
*Attach. III*



TESTIMONY BEFORE HOUSE LOCAL GOVERNMENT COMMITTEE  
FEBRUARY 21, 1990

Good morning, Chairman Miller, Vice Chair Brown and members of the House Local Government Committee. My name is Alan Sims, Assistant to the City Manager, representing the City of Overland Park. I appear before you today in opposition to HB 2881.

HB 2881 would require any city or county, prior to issuing general obligation, general improvement, or special obligation bonds to have the issue approved by the voters.

There are several reasons for our opposition to HB 2881. If enacted into law, HB 2881 would severely restrict present local government ability to proceed with infrastructure improvements and infringe upon the constitutional home rule authority of cities to issue bonds. It has always been our contention that the role of the state should be to encourage and promote the exercise of authority and assumption of responsibility by the locally elected, locally responsible governing bodies.

*LS*  
*2-21-90*  
*Attach. IV*



The City of Overland Park has traditionally issued its bonds in the spring or early summer, and therefore if this legislation is passed a special election would be required. For special elections, the city budgets \$750 per precinct, 70 precincts, for a total cost of \$52,500. This referendum requirement would substantially increase the cost to issue these bonds.

Finally, \$5 million in general obligation bonds were issued in 1989, and \$6.2 million in 1988, for a total of \$11.2 million. Of that total, 85 percent (\$9,569,062) were for special assessments. If HB 2881 is passed, bonds issued for special assessments would have to be first approved by the voters. We submit to you that measures such as HB 2881 are unnecessary.

Thank you for the opportunity to appear before you today.



**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: Jim Kaup, General Counsel  
 Re: **HB 2982: Disposal of Motor Vehicles as Public Nuisances**  
 Date: February 21, 1990

The League requested this Committee's introduction of HB 2982 in order to address a simple problem faced by most cities in Kansas--while current statutory law provides the means for cities to ultimately dispose of motor vehicles abandoned on public property, current state law does not provide the means for ultimate disposal of motor vehicles that are junked or abandoned on private property and declared to be public nuisances. These vehicles create health and safety dangers for the public, as well as lower the value of surrounding properties.

**Nuisance Abatement and City Home Rule.** Cities in Kansas do have the power to abate public health and safety nuisances by the exercise of the police power. Most cities do have ordinances for the abatement of public nuisances on private property which provide for the bringing of a complaint, notice and hearing for the property owner and abatement of the nuisance. However, the abatement of motor vehicle nuisances on private property creates special problems for cities. Kansas law requires anyone who dismantles, disassembles, or recycles an abandoned vehicle to have a certificate of title to establish ownership (K.S.A. 1989 Supp. 8-135). Cities cannot use Home Rule to require either the vehicle owner or the state to transfer title of a vehicle, abated as a nuisance, to the city because such authority needs to be found under state law, directing the appropriate state officer to transfer the vehicle title. Because of this "gap" in existing state law, once a city abates a motor vehicle nuisance (i.e. removes the vehicle from the premises) the city must store the vehicle for an indefinite period of time. In short, while current law allows cities to remove vehicle nuisances from private property, it does not allow for final disposition of the vehicle. Consequently, cities are sometimes reluctant to abate motor vehicle related nuisances.

**HB 2982.** The solution to this problem offered by HB 2982 is to amend the current nuisance abatement statute (K.S.A. 1989 Supp. 12-1617e) by providing that the same procedure cities now must follow when disposing of motor vehicles abandoned upon public property can also be used when removing vehicles, as nuisances, from private property. That procedure, Supp. 8-1102 (a)(2), has been included with this testimony. HB 2982 would thereby allow title to an abandoned vehicle to pass when it has been (1) declared as a public nuisance, (2) impounded by the city for at least 30 days, (3) certified mail notice has been given to the vehicle owner and any lienholder that he or she has 15 days to claim the vehicle and pay the removal and storage charges and (4) upon failure to so claim and pay the vehicle will be sold at public auction. Under the provisions of HB 2982, if this procedure is followed the state will then transfer title to the vehicle to the purchaser at public auction, or to the city if no bid is received at the auction.

The League respectfully asks for your favorable consideration of HB 2982.

*RL*  
 2-21-90  
 Attach. II

President: Irene B. French, Mayor, Merriam \* Vice President: Frances J. Garcia, Mayor, Hutchinson \* Directors: Ed Ellert, Mayor, Overland Park \* Harry Felker, Mayor, Topeka \* Greg Ferris, Councilmember, Wichita \* Idella Frickey, Mayor, Oberlin \* William J. Goering, City Clerk/Administrator, McPherson \* Judith C. Hollinsworth, Mayor, Humbolt \* Jesse Jackson, Mayor, Chanute \* Stan Martin, City Attorney, Abilene \* Richard U. Nienstedt, City Manager, Concordia \* Judy M. Sargent, City Manager, Russell \* Joseph E. Steineger, Mayor, Kansas City \* Bonnie Talley, Mayor, Garden City \* Executive Director: E.A. Mosher

**K.S.A. 1989 Supp. 8-1102 (a)(2):**

**8-1102.** Motor vehicle abandoned on public highway or property open to use by public; public agency may impound; disposition; motor vehicle abandoned on private property; criminal trespass; impounding and disposition of vehicle.

(2) Any motor vehicle which has been impounded as provided in this section for 30 days or more shall be disposed of in the following manner: If such motor vehicle has displayed thereon a registration plate issued by the division of vehicles and has been registered with the division, the public agency or its designated agent shall mail a notice by certified mail to the registered owner thereof, addressed to the address as shown on the certificate of registration, and to the lienholder, if any, of record in the county in which the title shows the owner resides, if registered in this state, stating that if the owner or lienholder does not claim such motor vehicle and pay the removal and storage charges incurred by such public agency on it within 15 days from the date of the mailing of the notice, that it will be sold at public auction to the highest bidder for cash. The public agency shall use reasonable diligence in determining the title owner, or if from a nontitle state, the registered owner, of the vehicle, and shall inquire by mail of the office of the register of deeds of the county in which the title shows the owner resides, if registered in this state, as to whether there are any lienholders of record.

After 15 days from date of mailing notice, the public agency or designated agent shall publish a notice once a week for two consecutive weeks in a newspaper of general circulation in the county where such motor vehicle was abandoned and left, which notice shall describe the motor vehicle by name of maker, model, serial number, and owner, if known, and stating that it has been impounded by the public agency and that it will be sold at public

auction to the highest bidder for cash if the owner thereof does not claim it within 10 days of the date of the second publication of the notice and pay the removal and storage charges, and publication costs incurred by the public agency. If the motor vehicle does not display a registration plate issued by the division of vehicles and is not registered with the division, the public agency or designated agent after 30 days from the date of impoundment, may publish a notice in a newspaper of general circulation in the county where such motor vehicle was abandoned and left, which notice shall describe the motor vehicle by name of maker, model, color and serial number and shall state that it has been impounded by said public agency and will be sold at public auction to the highest bidder for cash, if the owner thereof does not claim it within 10 days of the date of the second publication of the notice and pay the removal and storage charges incurred by the public agency.

When any public agency or its designated agent has complied with the provisions of this section with respect to an abandoned motor vehicle and the owner thereof does not claim it within the time stated in the notice and pay the removal and storage charges and publication costs incurred by the public agency on such motor vehicle, the public agency or its designated agent may sell the motor vehicle at public auction to the highest bidder for cash.

STATE OF KANSAS  
PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 11

PRELIMINARY FINANCING ALTERNATIVES

In reviewing the engineering feasibility study, I would like to cover several of the financing alternatives that I feel can be made available to the District. Presently the District has the statutory authority for the issuance of revenue bonds only. As we did for Public Wholesale Water Supply District No. 4 (Big Hill), I am confident that the statutes can be changed to allow you to issue general obligation bonds. I am including three financing alternatives for your review and would add that I have already began the procedure for seeking a statutory change on your behalf. The District would reserve the right to use any type of permanent financing at a future time and you would not be obligated to use the general obligation bond authority.

Three financing alternative are evaluated in this preliminary study, (1) conventional revenue bonds, (2) Farmers Home Administration revenue bonds, and (3) conventional general obligation bonds. I have taken into consideration some assumptions as follows:

- (a) The project cost is \$12,185,000.
- (b) Kansas Small Lakes Program Grant could be obtained in the total amount of \$1,900,000 for each alternative.
- (c) Dingle-Johnson Grant funds could be obtained in the total amount of \$160,000 for each alternative.
- (d) Community Development Block Grants (CDBG) could be obtained in the total amount of \$600,000 for each alternative.
- (e) The amount to be financed is \$9,525,000 for each alternative.
- (f) Each alternative would pay interest only for the first two years.
- (g) The conventional revenue bonds and conventional general obligation bonds are a 20 year term.
- (h) The Farmers Home Administration revenue bond issue is a 40 year term.
- (i) The conventional revenue bond issue and the Farmers Home Administration revenue bond issue will have a coverage requirements of 110%.
- (j) The conventional general obligation bond issue will have no coverage requirement.
- (k) The estimated annual minimum allocation for the wholesale district is 306,000,000 gallons per year for the first two years.
- (l) After the first two years the total water usage for the wholesale district would increase by 25% to 382,500,000 gallons per year.

<u>Item</u>	Conventional Revenue <u>Bonds</u>	FmHA Revenue <u>Bonds</u>	General Obligation <u>Bonds</u>
Annual Interest Only Payment	\$683,945.00	\$666,750.00	\$627,952.50
Coverage Requirement	68,395.00	66,675.00	0.00
Annual Debt Service Requirement	752,340.00	733,425.00	627,952.50
New Water Plant O & M	<u>336,600.00</u>	<u>336,600.00</u>	<u>336,600.00</u>
Total	\$1,088,940.00	\$1,070,025.00	\$964,552.50
Cost per 1000 gallon	\$3.56	\$3.50	\$3.15

Let us assume that after the second year the total water usage for the wholesale district would increase by 25% over the total yearly minimum. We would then begin paying principal as well as interest. The following summarizes each alternative:

Annual Principal and Interest Payment	\$966,901.00	\$722,003.00	\$925,750.00
Coverage Requirement	96,690.00	0.00	0.00
Annual Debt Service Requirement	1,063,591.00	794,203.00	925,750.00
New Water Plant O & M	<u>420,750.00</u>	<u>420,750.00</u>	<u>420,750.00</u>
Total	\$1,484,341.00	\$1,214,953.00	\$1,346,500.00
Cost per 1000 gallons	\$3.88	\$3.18	\$3.52
Total Debt Service Over the Life of Issue	\$18,772,100.00	\$28,769,610.00	\$17,919,397.50

STATE OF KANSAS  
PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 12

PRELIMINARY FINANCING ALTERNATIVES

Three financing alternatives are evaluated in this preliminary study, (1) conventional revenue bonds, (2) Farmers Home Administration revenue bonds, and (3) conventional general obligation bonds. I have taken into consideration some assumptions as follows:

- (a) The project cost is \$4,485,000.
- (b) Community Development Block Grants (CDBG) could be obtained in the total amount of \$900,000 for each alternative.
- (c) The amount to be financed is \$3,585,000 for each alternative.
- (d) Each alternative would pay interest only for the first two years.
- (e) The conventional revenue bonds and conventional general obligation bonds are a 20 year term.
- (f) The Farmers Home Administration revenue bond issue is a 40 year term.
- (g) The conventional revenue bond issue and the Farmers Home Administration revenue bond issue will have a coverage requirement of 110%.
- (h) The conventional general obligation bond issue will have no coverage requirement.
- (i) The estimated annual minimum allocation for the wholesale district is 163,500,000 gallons per year for the first two years.
- (j) After the first two years the total water usage for the wholesale district would increase by 25% to 204,375,000 gallons per year.

<u>Item</u>	Conventional Revenue <u>Bonds</u>	FmHA Revenue <u>Bonds</u>	General Obligation <u>Bonds</u>
Annual Interest Only Payment	\$257,450	\$250,950	\$236,360
Coverage Requirement	25,745	25,095	0
Annual Debt Service Requirement	283,195	276,045	236,360
New Water Plant O & M	163,500	163,500	163,500
Water Purchase for New Plant	<u>25,800</u>	<u>25,800</u>	<u>25,800</u>
Total	\$472,495	\$465,345	\$425,660
Cost per 1000 gallons	\$2.89	\$2.85	\$2.60

Let us assume that after the second year the total water usage for the wholesale district would increase by 25% over the total yearly minimum. We would then begin paying principal as well as interest. The following summarizes each alternative:

<u>Item</u>	Conventional Revenue <u>Bonds</u>	FmHA Revenue <u>Bonds</u>	General Obligation <u>Bonds</u>
Annual Principal and Interest Payment	\$364,100	\$271,710	\$348,500
Coverage Requirement	36,410	27,171	0
Annual Debt Service Requirement	400,510	298,881	348,500
New Water Plant O & M	204,375	204,375	204,375
Water Purchase for New Plant	<u>32,700</u>	<u>32,700</u>	<u>32,700</u>
Total	\$637,585	\$535,956	\$585,575
Cost per 1,000	\$3.12	\$2.62	\$2.87
Total Debt Service Over the Life of the Issue	\$7,068,650	\$10,826,710	\$6,745,800

6-4