

Approved April 10, 1992
Date

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by REPRESENTATIVE M. J. JOHNSON at
Chairperson

1:38 XX a.m./p.m. on MARCH 31, 1992 in room 521-S of the Capitol.

All members were present ~~except~~

Committee staff present:

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

Conferees appearing before the committee:

Chair called for discussion or action on the following bills:

SB 714 - Remittance of money to state treasurers for municipal judge training fund.

Staff gave a review of SB 714.

Chair called for discussion on SB 714 and said there were no opponents to the bill.

Vice-Chair Gomez moved to place SB 714 on the consent calendar and it was seconded by Representative Holmes. The motion carried.

SB 455 - Benefit districts for fire protection; governing bodies.

Staff gave a review of SB 455.

Chair said this bill was requested by Senator Gerald Karr and there were no opponents to the bill. Chair called for discussion on the bill.

Representative Harder moved to pass SB 455 favorably. The motion was seconded by Representative Sluiter and the motion carried.

HB 3187 - Planning & zoning; unexpended township zoning money transferred to county.

Staff gave a review of HB 3187.

Chair asked Representative Brown if she had checked on this. Representative Brown said she had checked with Barbara Butts, Division of Council Report, and said they can possibly do this anyway but there is concern about it and suggested passing the bill. Chair asked for further discussion.

Representative Hendrix moved to place HB 3187 on the consent calendar. The motion was seconded by Representative Bradford and the motion carried.

The Chair called on Vice-Chair Gomez to give the subcommittee's report on HB 2897. The subcommittee was composed of Vice-Chair Gomez as Chairman; and Representatives Hayzlett and Wempe as members.

HB 2897 - Removal of traffic signals; approval of cities required.

Vice-Chair Gomez said the subcommittee met along with Representative Mollenkamp and the Department of Transportation to discuss HB 2897. He said they didn't have a report recommending anything favorable or unfavorable and they will leave it to the will of the committee. There is a potential way to help these cities in that some of the lights in question

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were near a state highway so that you can designate them as connecting links, and take the authority away on connecting links and the end affect of that would be to transfer some of this authority to the city. We are not sure if that would work, but it is a potential way that is less broad than the bill and would have less of an impact and would have a targeting effect. He said they did discuss liability which was Representative Brown's question.

Vice-Chair Gomez said he did inadvertently recall that in Topeka several years ago on south 75 where Frito Lay Plant is located there is a light there that didn't use to be, and the city wanted it, I think. I know the residents wanted it for fear of bad traffic accidents. When the light was installed, it didn't meet the standards.

Chair asked for further discussion.

Representative Hayzlett said he could understand the Department of Transportation's desires not wanting to bend on the rules and regulations. As evidenced by Rep. Gomez, there are deviations made and fears are there on liability and they should share those fears if they are making deviations such as that. I think what we are asking in this bill is a real common sense approach. He said he could not understand why the Department of Transportation would not just upgrade the lights and let it go at that.

Chair asked for further discussion or to entertain a motion.

Representative Hayzlett moved to pass HB 2897 favorably. The motion was seconded by Representative Mollenkamp.

Chair called for discussion.

Representative Brown offered a substitute motion to table HB 2897. Chair informed Representative Brown substitutes are not allowed. Representative Brown spoke against the motion and said she would certainly not want the cities to have the authority to prohibit the Department of Transportation from doing anything without also having the clause that they then will accept the liability, if they go against the wishes of the DOT.

Representatives Wempe, Macy, and Harder spoke in opposition to HB 2897 and said cities ought to be consulted but expressed concern that it would be possible for a community under duress from the citizenry, to involve themselves in a liability situation that really they don't want or can't handle.

Representative Hendrix and Bradford expressed concern that some of the issue was a matter of local control and also spoke on the matter of liability. They both supported the measure.

Representative Brown suggested localizing the bill to deal with the problem and not make it a statewide policy for any city.

Chair asked Representative Hayzlett if he would like to amend his motion to localize it. Representative Hayzlett made a motion to localize HB 2897. Chair asked if anyone objected. There were no objections.

Vice-Chair Gomez suggested that Representative Hayzlett give staff the latitude to add to his motion to find the technically correct section. Representative Hayzlett added this to his motion.

Chair asked for further discussion. The motion carried to pass HB 2897 as amended.

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Chair said we had received two bills back that had been previously passed out of committee but they hung around on the calendar so we would like to get them back out on the calendar. They are HB 3049 and HB 2851.

She said she had an amendment for the weed bill so she would take up HB 3049, smoke detector act, first. HB 3049 was passed as amended by committee on March 2, 1992.

A motion was made by Representative Brown to pass HB 3049 favorably. The motion was seconded by Representative Macy. The motion carried.

HB 2851 - Cities; notice procedure prior to mowing weeds.

Staff explained the proposed amendment. On page 2, following line 9, by inserting a new paragraph as follows: If there is a change in the record owner of title to property subsequent to the giving of notice pursuant to this subsection, the city may not recover any costs or levy an assessment for the costs incurred by the cutting or destruction of weeds on such property unless the new record owner of title to such property is provided notice as required by this section. Chair said she was going to offer this amendment on the house floor and it would answer the concern that Representative Brown raised on the new owners not getting a notice. This would take care of that situation.

Representative Watson moved to offer the amendment that the Chair suggested. The motion was seconded by Representative Gomez. The motion carried.

Chair entertained a motion to pass the bill as amended.

Representative Watson moved to pass HB 2851 as amended. The motion was seconded by Representative Boston and the motion carried.

SB 186 - County roads and bridges, filing of project cost estimates.

Staff gave a review of SB 186.

Chair called for discussion on SB 186.

Representative Hendrix said he had an amendment which defines what an emergency is and how the various governmental entities can respond to it. It is taken from a similar provision for the state. (Attachment 1)

Representative Brown asked staff if counties don't have designated county engineers or public work directors if that is automatically covered in the statutes. Staff said the staff person is the acting county engineer.

Representative Hendrix made a motion to his amendment and expanded it to include project engineers. The motion was seconded by Representative Gomez. The motion carried.

Chair asked for further discussion.

Representative Brown offered a technical amendment to delete the requirements for filing sworn statements and change it from county engineer's office to county clerk's office. She felt that it would be beneficial to have the estimates of the cost to be filed in the office of the county engineer and/or county clerk and leave the option where it is filed up to that particular county. Chair asked if the contractors are in agreement. Representative Brown said they were in agreement. The motion was seconded by Representative Macy. Chair called for further discussion. Chair entertained a vote. The motion carried for Representative Brown's amendment.

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Representative Brown said filing monthly statements would be an additional paper work burden and made a motion to delete the monthly requirement statement and put in quarterly rather than monthly. The motion was seconded by Representative Benlon.

Chair called for discussion on the motion. Representative Stephens thought she remembered there was a thirty day deadline and wanted to know if it would conflict with that. Representative Brown said she didn't do anything to that, she changed the requirement for the monthly filing. Staff said one deals with filing specifications and one keeps track of the expenses. Chair asked for further discussion on the amendment. Chair was in doubt so asked for a show of hands. The motion passed.

Representative Macy offered a couple of amendments that she didn't think would be controversial on page 1, in line 23, change "surface" to "pave" which would clarify the description of the work being done. On the next line change the word "repair" to "reconstruct". The motion was seconded by Vice-Chair Gomez. Chair called for discussion on the motion. Chair asked if these were acceptable to the contractors. Representative Macy said she had no idea and said this was an amendment that would make it clearer in discussing the kinds of work they are supposed to do. Chair asked Bob Totten to respond. Mr. Totten said the reason they don't agree with this is because if you want to use chip and seal or anything that is reconstructable, it tightens it down to make it paving for concrete or blacktop. It is not addressing the other surfacing requirements which possibly could be necessary in different counties. Vice-Chair Gomez asked which nails it down the original bill or the amendment? Mr. Totten responded and said Judy's makes it more restrictive. Chair called for a vote on the amendment. The motion failed.

Vice-Chair Gomez moved to take the Department of Transportation out of it. Take the state out of it. It was seconded by Representative Minor. No discussion. The motion carried.

Representative Brown wanted to discuss 30 day notice advance. In listening to the testimony and going through it several times and all the letters that were received and the way she read and listened to the contractors, they were primarily interested in knowing the cost of the projects and the accounting systems. A recent letter said that the public would know in advance and what it costs the county to do the work. She said she had some problems with that because to her they are now shifting the thinking. John Doe Public is not going to run down to the county clerks office and try and figure out what is happening 30 days in advance, so really the 30 days in advance requirement is primarily for the contractors to know in advance of what the work is going to cost and that is somewhat contrary to what she understood their wanting to know. She understood they were wanting to be helpful and know how counties were doing their work estimates and made a motion to delete that requirement for 30 days in advance. That is a tremendous burden on the counties and cities to try to get everything down thirty days in advance before they do projects. The motion was seconded by Representative Benlon. Chair said she disagreed as she had a lot of concerned taxpayers in their county and she thinks this is going along with what current law is and opening up the records a little more to see how our money is being spent.

Discussion followed. Representatives Benlon and Sluiter spoker in favor of the motion and Representatives Hendrix and Cornfield spoke against.

Vice-Chair Gomez called for the question.

Chair entertained a motion to vote for Representative Brown's amendment. Motion failed for Representative Brown's amendment.

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Representative Holmes made a motion to strike Section 3, the city section. The motion was seconded by Representative Sluiter. The Chair called for discussion on the motion. Representative Brown spoke against the amendment.

Representative Holmes said the reason he made this motion was all the changes have been made in the county portions and none of the city portions. So they have not been treated the same. Chair called for a vote on the amendment. Motion carried for Holmes' amendment.

Representative Thompson moved to strike on page 2 the end of line 20 after "counties having a population of at least 50,000". He said we are eliminating all these other groups, all we have is a handful of counties. If we are going to have this bill, we should have it statewide. The motion was seconded by Representative Hendrix. Chair asked for discussion on the motion. Chair called for a voice vote. The Chair was in doubt and the Chair called for a show of hands and the motion failed.

Representative Cornfield moved to change the wording in K.S.A. 19-214 to say that any expenditure over x amount of dollars has to be let out for bid and not just contract it. The motion failed for a lack of a second.

Representative Sluiter said there seems to be a great deal of confusion about what this does and what we should be doing and what we are attempting to do. I think we should consider tabling it and studying it. The motion was seconded by Representative Minor. The Chair asked for discussion on the motion. No discussion. Question was called for. Chair called for a voice vote. Chair called for a show of hands. The motion passed to table SB 186.

Copies of letters received after the hearing on March 24, 1992, are as follows: Smoky Hill, Inc., Salina; Ritchie Corporation, Wichita, Kansas; Venture Corporation, Great Bend, Ks.; Brown & Brown, Inc., Salina, Ks.; and United States Fidelity and Guaranty Company, Wichita, Ks. (Attachment 2)

A motion was made by Representative Sluiter to approve the minutes of March 24 and March 26, 1992. It was seconded by Representative Harder and the motion carried.

The meeting was adjourned.

Proposed Amendment to Senate Bill No. 186
(As Am by Senate Committee of the Whole)

On page 1, in line 17, by striking "The" and inserting "(a) Except as provided by subsection (b), the"; following line 37, by inserting a new subsection as follows:

"(b) The provisions of subsection (a) shall not apply in cases of an emergency. An emergency shall exist when, in the judgment of the county engineer, a situation requires immediate delivery of supplies, materials or equipment or the immediate performance of work or services in order to protect property or the health and safety of any person from a clear and present danger.";

Also on page 1, in line 38, before "The", by inserting "(c)"; in line 41, by striking "Nothing" and inserting "(a) Except as provided in subsection (b), nothing";

On page 2, following line 19, by inserting a new subsection as follows:

"(b) The provisions of subsection (a) shall not apply in cases of an emergency. An emergency shall exist when, in the judgment of the county engineer, a situation requires immediate delivery of supplies, materials or equipment or the immediate performance of work or services in order to protect property or the health and safety of any person from a clear and present danger.";

Also on page 2, in line 20, before "The", by inserting "(c)";

LY
3-31-92
attach. 1



SMOKY HILL, INC.

GENERAL CONTRACTORS



645 E. CRAWFORD

SALINA, KANSAS 67401

Equal Opportunity Employer

PHONE 913 825-1224

FAX 913 825-7416

March 29, 1992

Representative Mary Jane Johnson
Statehouse
Topeka, Kansas

Dear Representative Johnson:

I am writing about Senate bill 186.

As a contractor I have been concerned about the apparently increasing amount of construction work done by counties. The provisions of House bill 186 would allow more accurate evaluation of the cost of work done by county forces.

I understand that counties are concerned about possible extra costs of paperwork should the bill become law. I compare this to our reaction of several years ago when our bank and bonding companies insisted that we do more accurate and complete recordkeeping. We thought the burden would be too great, but with the advent of computers it was little extra effort and has been of great benefit.

We have worked with Saline County in a review of their costs to construct different projects. To their credit we note that they had an extensive computer record keeping system, but they have discovered that it was not properly organized to summarize the costs of different projects. They are now in the process of correcting that situation, which is exactly what this bill would require.

I also understand that the counties hesitate to make advance estimates of projects. As a contractor I cannot conceive of a management system that did not start with a cost estimate, and I submit that such a cost estimate is a reasonable and necessary part of any such management function.

I request your favorable consideration of Senate bill 186.

Yours truly,

Richard E. Brown
President, Smoky Hill, Inc.

LY
3-31-92
attach-2



March 27, 1992

Representative Mary Jane Johnson
State Capitol
Topeka, KS 66612

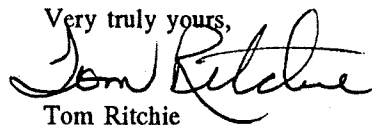
Dear Representative Johnson:

I am writing to express my support of Senate Bill 186 which I believe would strongly encourage local county engineers to utilize construction capacity readily available in the taxpaying private sector. While it wouldn't prohibit government contracting, it would at least require a county engineer to provide detailed preliminary cost estimates and accurate cost records utilizing generally accepted accounting principles on any construction work costing more than \$50,000 to be done with his county's labor force.

Without proper cost estimates and accounting records, the county engineer literally answers to no one! It is rare that county books and records utilize accounting practices which reflect either the true direct cost of construction work or the overhead necessary to support that direct cost--but county engineers will often point to these same inadequate records and claim that "they can do it for so much less money with their own forces". Taxpayer funds (provided in part from taxes paid by contractors whose opportunity has been displaced) are often used to acquire equipment and labor resources which are generally utilized only a fraction of the time that even the most inefficient of contractors would consider prudent. To make matters even worse, projects constructed with county forces usually take far longer to construct than if done by a private contractor; and, if the job is botched (which has happened far more often than will ever be admitted), there is no one to be responsible for guaranteeing the work. Instead, the project simply gets done again "later", having squandered both taxpayer's time and money.

In nearly every case where a county agency has undertaken construction work directly, there is some member of the taxpaying private sector who has been denied some portion of his opportunity to earn a living. S.B. 186 would, at the very least, require that the county engineer prepare a proper estimate of cost for work that he (or she) feels would best be constructed with county forces and require that the actual expenditures be properly accounted for so that those who are paying the bills will have the opportunity to examine meaningful records. S.B. 186 would encourage county engineers to maintain sensible capital equipment budgets and employment levels. If this encouragement caused more "contracting out" to the private sector, then taxpaying private construction companies would get the opportunity to compete for work that they specialize in--and the public would get a suitable guarantee on both project completion times and the quality of workmanship.

Senate Bill 186 is a good bill and I strongly urge you to support it!

Very truly yours,

Tom Ritchie
President
Ritchie Corporation

2020 N. Amidon • Post Office Box 4048
Wichita, Kansas 67204
316-838-9301
FAX 316-832-1343

VENTURE CORPORATION

—MEMBER—



Highway

Municipal

Construction

POST OFFICE BOX 1486

SOUTH U. S. 281 HIGHWAY

PHONE 316/792-5921 FAX 316/792-7155

GREAT BEND, KANSAS 67530

March 26, 1992

Mary Jane Johnson
State Capital Room 272-W
Topeka ,KS 66612

RE: Senate Bill 186

Dear Representative

Very soon you will hear testimony on the above bill. This bill basically requires counties (and possibly Cities & KDOT) to develop an estimate & cost accounting for their road projects. This requirement of a government entity would be no more than when every business on main street America does naturally. It seems inconceivable this is not required presently. This procedure would verify if their in house cost was below, equal to, or above normal competitive bid prices.

Let me assure you, with 30 years estimating, & equipment & project cost accounting, the added paper work is negligible, particularly with computers. Tremendous savings can be generated by knowing the various costs involved, thereby allowing management to change procedures, suppliers, subcontracting etc.

It would appear, in these times, with property tax increases, any savings generated by pinpointing cost would be refreshing & politically expedient.

Very truly yours,
VENTURE CORPORATION

Orville Spray Jr.
President

OS/bh



Representative Mary Jane Johnson
State Capitol
Topeka, KS 66612

Dear Representative Johnson:

I am writing to express my support of Senate Bill 186 which I believe would strongly encourage local county engineers to utilize construction capacity readily available in the taxpaying private sector. While it wouldn't prohibit government contracting, it would at least require a county engineer to provide detailed preliminary cost estimates and accurate cost records utilizing generally accepted accounting principles on any construction work costing more than \$50,000 to be done with his county's labor force.

Without proper cost estimates and accounting records, the county engineer literally answers to no one! It is rare that county books and records utilize accounting practices which reflect either the true direct cost of construction work or the overhead necessary to support that direct cost---but county engineers will often point to these same inadequate records and claim that "they can do it for so much less money with their own forces". Taxpayer funds (provided in part from taxes paid by contractors whose opportunity has been displaced) are often used to acquire equipment and labor resources which are generally utilized only a fraction of the time that even the most inefficient of contractors would consider prudent. To make matters even worse, projects constructed with county forces usually take far longer to construct than if done by a private contractor; and, if the job is botched (which has happened far more often than will ever be admitted), there is no one to be responsible for guaranteeing the work. Instead, the project simply gets done again "later", having squandered both taxpayer's time and money.

In nearly every case where a county agency has undertaken construction work directly, there is some member of the taxpaying private sector who has been denied some portion of his opportunity to earn a living. S.B. 186 would, at the very least, require that the county engineer prepare a proper estimate of cost for work that he (or she) feels would best be constructed with county forces and require that the actual expenditures be properly accounted for so that those who are paying the bills will have the opportunity to examine meaningful records. S.B. 186 would encourage county engineers to maintain sensible capital equipment budgets and employment levels. If this encouragement caused more "contracting out" to the private sector, then taxpaying private construction companies would get the opportunity to compete for work that they specialize in---and the public would get a suitable guarantee on both project completion times and the quality of workmanship.

Senate Bill 186 is a good bill and I strongly urge you to support it!

Very truly yours,

A handwritten signature in blue ink that reads 'Tom Ritchie'.

Tom Ritchie
President
Ritchie Corporation

2020 N. Amidon • Post Office Box 4048
Wichita, Kansas 67204
316-838-9301
FAX 316-832-1343

2-4

VENTURE CORPORATION

—MEMBER—



Highway

Municipal

Construction

POST OFFICE BOX 1486

SOUTH U. S. 281 HIGHWAY

PHONE 316/792-5921 FAX 316/792-7155

GREAT BEND, KANSAS 67530

March 26, 1992

Mary Jane Johnson
State Capital Room 272-W
Topeka ,KS 66612

RE: Senate Bill 186

Dear Representative

Very soon you will hear testimony on the above bill. This bill basically requires counties (and possibly Cities & KDOT) to develop an estimate & cost accounting for their road projects. This requirement of a government entity would be no more than when every business on main street America does naturally. It seems inconceivable this is not required presently. This procedure would verify if their in house cost was below, equal to, or above normal competitive bid prices.

Let me assure you, with 30 years estimating, & equipment & project cost accounting, the added paper work is negligible, particularly with computers. Tremendous savings can be generated by knowing the various costs involved, thereby allowing management to change procedures, suppliers, subcontracting etc.

It would appear, in these times, with property tax increases, any savings generated by pinpointing cost would be refreshing & politically expedient.

Very truly yours,
VENTURE CORPORATION

Orville Spray Jr.
President

OS/bh

2-5

124 INDIANA



TELEPHONE (913) 827-4439

FAX# (913) 825-2457

BROWN & BROWN, INC.

Contractors

P.O. BOX 2000 • SALINA, KANSAS 67402-2000

March 30, 1992

Members of House Local Government Committee
c/o Rep. Mary Jane Johnson, Chairperson
State Capital
Topeka, KS 66666

Dear Committee Members:

It is our understanding that your committee will be taking action on Senate Bill 186 which requires counties to make project estimates and account for costs when using county work forces. We are writing to encourage you to not only pass the bill, but also to restore language which details the costs which must be included (see enclosed draft of the bill), eliminate the 50,000 population minimum and restore the \$10,000 cost limit.

Kansas counties spend a tremendous amount of money on roads. We do not know how much counties spend but we do know that they raise over \$85,000,000 per year in Special Road and Bridge Fund taxes. In addition, fuel tax revenues, general funds and sales tax revenues are spent on roads. The lack of a meaningful cost accounting system to track these expenditures is grossly irresponsible.

Practically every private contractor of any size keeps a job cost accounting system. They keep the system not because they are required to by law, but they do so in order to manage their own business. If they do not have a cost accounting system, few will stay in business very long. How can a county manage its budget without such a system?

A recent study by a certified public accounting firm revealed that a relatively large county which had a cost accounting system was not able to identify a \$440,000 difference in its equipment costs charged to projects compared to actual costs. They identified one project where the county had estimated a cost of \$35,000 and the actual cost, as determined by the CPA firm, was \$97,000. Numerous deficiencies were cited and the CPA firm concluded "Many of the weaknesses are significant enough on their own to cause the information generated by the job cost system to be misstated. Significant modifications of the system are needed to make the job cost accounting system a meaningful tool for management of the Department."

We understand that there is opposition to the bill because it

will cost too much. Most contractors will tell you that they can not afford not to have a cost accounting system. We believe that most counties administer larger budgets than most contractors yet do not have an effective cost accounting system.

The public will benefit in several ways if counties are required to have meaningful cost accounting system:

1. Taxpayers will know that counties know what there costs are.
2. County officials will be able to compare their job costs to their estimates.
3. If contractor bids are compared to county estimates and actual costs, county officials will be able to make informed decisions on the lowest cost to the county. If a county can do a project cheaper than a contractor, the savings will be obvious.

We strongly urge you to pass Senate Bill 186 with the above modifications. Taxpayers deserve proper accounting of their funds.

Very Truly Yours,
Brown & Brown, Inc.

by 

Michael D. Brown
Sec.-Treas.

SENATE BILL No. 186

By Committee on Economic Development

2-13

AN ACT relating to county roads and bridges; requiring the filing of project cost estimates and reports; amending K.S.A. 68-520 and 68-1116 and repealing the existing sections.

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

Section 1. K.S.A. 68-520 is hereby amended to read as follows:

68-520. The board of county commissioners may, in constructing, surfacing, repairing or maintaining the county roads, may let contracts for all or any part of ~~such~~ the work, or ~~said~~ the board may buy the materials and contract all or any part of the labor, or may purchase or rent machinery and other equipment, and employ labor, under the direction of the county engineer ~~Provided, That,~~ except that not less than 30 days before beginning to construct, surface or repair any road by ~~day labor~~ with employees of the county, the cost of which exceeds \$10,000, the approved plans and specifications and an estimate of the cost ~~must~~ shall be filed in the office of the county clerk for public inspection. On all ~~day labor work~~ labor performed by employees of the county, the engineer shall keep an accurate itemized account of the ~~expenditures for labor, materials and work performed hourly equipment costs and~~ direct costs, including labor, field supervisors, materials and other costs specifically identified with the project, including the payroll related costs such as payroll taxes, fringe benefits such as health insurance and retirement plans; indirect costs, including rent, utilities, depreciation, repairs and other costs related to facilities or equipment used for the project, indirect labor, fringe benefits and payroll taxes for indirect labor, quality control costs, small tools and general construction supplies and insurance; and overhead applied, including an allocable share of administrative expenses. The county engineer shall file a sworn statement of the ~~same project expenditures costs~~ in the office of the county clerk at the end of each month, and a final statement when the work is completed. The county engineer's statements of costs shall be in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. All costs incurred by the county for constructing, surfacing, repairing or maintaining county roads in which the work is performed by county employees, shall be accounted for in an Internal Service Fund in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. ~~shall conform to generally accepted accounting principles as promulgated by the national committee on governmental accounting and the American institute of certified public accountants and adopted by rules and regulations of the municipal accounting board.~~

Section 2. K.S.A. 68-1116 is hereby amended to read as follows:

68-1116. Nothing in this act shall prohibit the board from buying materials and contracting all or any part of the labor or purchasing or renting equipment to do the work by ~~day labor~~ using employees of the county, under direction of the county engineer. No less than 30 days prior to beginning the construction or repair of any bridge or culvert ~~work by day labor~~, the cost of which exceeds \$10,000, using employees of the county, the approved plans and specifications and the county

engineer's estimates of the cost ~~must~~ shall be filed in the county clerk's office, and ~~the said~~ for public inspection. On all labor performed by employees of the county, the county engineer shall keep an accurate itemized account of ~~all~~ expenditures ~~for labor and materials and work performed hourly~~ equipment ~~costs~~ the direct costs, including labor, field supervisors, materials and other costs specifically identified with the project, including the payroll related costs such as payroll taxes, fringe benefits such as health insurance and retirement plans; indirect costs, including rent, utilities, depreciation, repairs and other costs related to facilities or equipment used for the project, indirect labor, fringe benefits and payroll taxes for indirect labor, quality control costs, small tools and general construction supplies and insurance; and overhead applied, including an allocable share of administrative expenses. The county engineer shall file a signed statement of the same in the office of the county clerk at the end of each month and a final statement when the work is completed. The provisions of this section shall not apply to any work the estimated cost of which exceeds fifty-thousand dollars (\$50,000). The county engineer's statements of costs shall be in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. All costs incurred by the county for constructing, surfacing, repairing or maintaining county roads in which the work is performed by county employees, shall be accounted for in an Internal Service Fund in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. ~~shall conform to generally accepted accounting principles as promulgated by the national committee on governmental accounting and the American institute of certified public accountants and adopted by rules and regulations of the municipal accounting board.~~

Section 3. K.S.A. 68-520 and 68-1116 are hereby repealed.

Section 4. This act shall take effect and be in force from and after its publication in the Kansas register.



UNITED STATES FIDELITY AND GUARANTY COMPANY
FIDELITY AND GUARANTY LIFE INSURANCE COMPANY



8080 EAST CENTRAL
P.O. BOX 2913
WICHITA, KANSAS 67201
TELEPHONE: 316/634-4500
FAX: 316/634-4604

DONALD R. WILSON
GENERAL MANAGER

March 30, 1992

Representative Mary Jane Johnson
Statehouse
Topeka, KS 66612

Dear Representative Johnson:

I understand the House Local Government Committee is considering Senate Bill 186. This bill would require added accountability for our county engineering departments.

This is a very important issue for our contractors and would create efficiency and economy in our local governments. I urge you to support this bill when it comes to a vote. I know you are aware of the needs to save money in these tough times and this is another way to do it.

I appreciate your concern over this issue. If you have any questions, please let me know.

Sincerely,

Michael D. Foran

MDF/syb