

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Mark Parkinson at 9:00 a.m. on March 15, 1995, in Room 531-N of the Capitol.

All members were present except:

Committee staff present: Mike Heim, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Representative Tom Sloan  
Dennis Schwartz, Kansas Rural Water Association  
Harry Herington, League of Kansas Municipalities  
John Hennessy, Public Wholesale Water Supply  
District No. 13

Others attending: See attached list

**HB 2087--Concerning highways; relating to the costs of relocating certain water lines.**

Ms. Kiernan explained that this bill amends the section that requires that when a utility owns property on a state highway, it has to pay for movement of the utility. The bill would apply to any rural water district and provides that if the water district has 90 percent or more of its water lines on private rights-of-way it would not have to pay KDOT for moving the lines.

Representative Tom Sloan testified in support of the bill. (Attachment 1)

Senator Feleciano stated that philosophically, from a public policy standpoint, the bill should apply to all utilities. Senator Gooch suggested that the bill also be made applicable to cities who own water lines. The Chairman asked why the bill applies only in cases where 90 percent of the lines are on private rights-of-way. Representative Sloan responded this percentage was used to insure that rural water districts would act responsibly when planning its lines.

Dennis Schwartz, Kansas Rural Water Association, testified in support of **HB 2087**. (Attachment 2)

In response to Senator Gooch's question regarding the inclusion of city water lines, Mr. Schwartz said that cities almost never locate lines in private easements, therefore, including them in this bill would not affect cities much. He emphasized that this bill would spread the cost to the same beneficiaries that benefit from the road improvement.

Harry Herington, League of Kansas Municipalities, testified in support of including municipalities in the bill. He expressed the willingness of the League to research the number of cities owning water lines. The Chairman felt this could be postponed until next year's session.

Senator Reynolds made a motion to report **HB 2087** favorable for passage, Senator Tillotson seconded, and the motion carried.

**HB 2403--Concerning water supply and distribution districts; relating to the powers thereof.**

Ms. Kiernan explained that this bill amends the public wholesale water supply district law to include any political subdivision of any adjacent state under the definition of public agency. It would allow the public water utilities in adjacent states to Kansas to have voting powers on the governing of the wholesale water supply district.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT, Room 531-N Statehouse, at 9:00 a.m. on March 15, 1995.

Representative Sloan testified in support of **HB 2403**. (Attachment 3)

Dennis Schwartz, Kansas Rural Water Association, followed with testimony in support. (Attachment 4)

Senator Feleciano began a discussion as to why the State of Kansas would want to give other states a vote in Kansas. Mr. Schwartz responded that many times it takes the participation of all districts to make a district economically feasible, therefore, in fairness, all districts should have voting power in the governing body. Senator Ranson commented that if the system works now, she questioned the necessity of giving other states a vote in Kansas.

John Hennessy, Public Wholesale Water Supply District No. 13, testified in support of the bill. (Attachment 5)

In reply to Senator Ranson's comment, Mr. Hennessy said a representative from all areas in the district is needed in developing the water rates, and if they are going to purchase water, they should have a voice in what the rate would be. If Kansas has a vote, the adjacent state should also have a voice. At present, it is costly to get a rate established because of the legal fees involved, but with this bill, legal help will not be needed because all will have a vote.

Senator Downey stated her feeling that in the spirit of cooperation, this bill is an attempt to solve a problem in a regional way, therefore, it should be assumed that those involved would not request a bill that would not be beneficial to them.

Senator Reynolds asked Mr. Hennessy if he would have a problem with making this bill apply to his water district only. Mr. Hennessy answered that he would not, however, he feels it would be beneficial for the districts in the entire state.

It was the consensus of the committee to hold **HB 2403** to allow further time for study.

Attention was turned to **HB 2166**, heard yesterday, involving cities of the 3rd class publishing financial reports annually instead quarterly.

Senator Gooch made a motion to report **HB 2166** favorable for passage, Senator Ranson seconded, and the motion carried.

Discussion began on **HB 2063**, also heard yesterday, regarding lease-purchase agreements for community colleges. Senator Ramirez suggested reinserting the 3% provision. Senator Ranson felt the bill should be returned to its original form, allowing community colleges to be treated the same as unified school districts. Mr. Heim this could be accomplished by striking new Section 1.

Senator Ramirez made a motion to amend **HB 2063** by striking new Section 1, Senator Ranson seconded and the motion carried.

The Chairman explained that this motion brings the bill back the original concept of the bill which brings community colleges under the same statute as for cities and school districts. Short committee discussion followed, and Senator Langworthy stated that perhaps the committee should kill the bill.

Senator Ranson made a motion to report **HB 2063** favorable for passage as amended, Senator Gooch seconded, and the motion carried with Senator Feleciano voting, "No."

The Chairman announced that consideration of the several repealer bills by Representative Tomlinson will take place Friday or, if necessary, next week.

The minutes of March 7, 9 and 14 were approved.

The meeting was adjourned at 9:55 a.m.

The next meeting is scheduled for March 16, 1995.



TOM SLOAN  
 REPRESENTATIVE, 45TH DISTRICT  
 DOUGLAS COUNTY

STATE CAPITOL BUILDING  
 ROOM 446-N  
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TOPEKA

HOUSE OF  
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
 MEMBER: AGRICULTURE  
 LOCAL GOVERNMENT  
 ENERGY & NATURAL RESOURCES

## Testimony on HB 2087

### Reimbursing RWD's for Relocating Water Lines

Mr. Chairman, Members of the Committee:

**HB 2087** is a simple bill that expands existing state law to correct an injustice and remove an unreasonable financial burden. Currently, when the Kansas Department of Transportation funds a highway construction project rural water districts are reimbursed for the cost of relocating water lines on private easements, but not those which cross highways (public rights-of-way).

This bill would require KDOT to reimburse rural water districts for the expense of moving existing lines which cross public rights-of-way, **IF** 90 percent of the district's lines (excluding road crossings) are on private easements. Thus, this bill will reimburse only those RWD's which demonstrate sound management and fiscal policies by locating their lines on private rights-of-way.

Rural water districts generally are small (under 500 patrons), do not have taxing authority, and solely rely on the sale of water and meters for their revenue. The cost of moving or lowering water lines often creates severe financial problems for the districts. In addition, when a district has financial difficulties, KDOT currently has no way to assist the district. **HB 2087** will enable KDOT-funded projects to continue on schedule, remove a financial inequity and burden from rural water districts, and have a minimal impact on KDOT's budget.

For example, one district with 350 patrons incurred more than \$50,000 of non-reimbursable expenses because their lines crossed highways or highway construction routes over ten times in a two square mile area. The district moved its lines, often several times as the highway construction plans changed. The district is not unique in experiencing a financial hardship while complying with KDOT plans.

I urge the committee to recommend **HB 2087** favorably for passage and stop burdening rural water districts and their patrons for cooperating with state funded KDOT construction projects. The House approved HB 2087, 121-3.

*Senate Local Gov't  
 3-15-95  
 Attachment 1*



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WATER  
*association*

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P.O. Box 226 • Seneca, KS 66538 • 913/336-3760 • FAX 913/336-2751

COMMENTS ON  
HOUSE BILL No. 2087  
BEFORE THE SENATE LOCAL GOVERNMENT COMMITTEE  
March 15, 1995

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present comments on House Bill No. 2087. I am Dennis Schwartz, a member of the Board of Directors of the Kansas Rural Water Association. I am also Manager of Rural Water District No. 8, Shawnee County.

The Kansas Rural Water Association supports House Bill No. 2087. Rural water districts in Kansas are non-profit entities, dedicated to serving public health and safety. Many rural water districts in Kansas are being dramatically impacted financially because of costs to relocate waterlines which cross highways. In some cases, rate increases are necessary to finance these relocations. The Kansas Rural Water Association's survey on all districts as of January 1994 shows that the 283 rural water districts in Kansas owed \$90.201 million; these districts had \$29.038 million cash. Relatively few districts have surplus cash.


The Kansas Rural Water Association has always encouraged all rural water districts to install waterlines or any other facilities on private easements. We know that most of these districts even further try to avoid any possible conflict with potential future highway modification projects when improvements are known in advance of installation of pipelines. The Association does not believe it is appropriate that the systems be reimbursed if the relocation involves pipeline installed parallel to right-of-way and not on private easement.

House Bill 2087 provides relief to the financial burden that is being placed on many rural water districts because of the extraordinarily high costs of relocating highway crossings. The crossings are integral connections within the public water systems. The rural water districts had no choice but to cross the right of way either to provide service to additional areas of the district or to individual users. The rural water districts have no control where highway construction will occur. We know that there are many locations where the districts have tried to coordinate their line locations with proposed highway improvements, only to have to pay to relocate these crossings a year or two later because of changes in the highway design. Because of the non-profit nature of the rural water districts, this results in a financial burden that many are simply not prepared to assume. We know that many districts have been and will be impacted because of the numerous highway projects in progress or which are proposed. We hope you will appreciate the small user base that these systems have to pay for replacement of facilities which are in perfectly good condition, other than they need to be relocated because of highway improvement projects.

The Kansas Rural Water Association is aware that many rural water districts do not have sufficient cash reserves to complete relocations required by KDOT so that highway projects can proceed.

We know of no other utility which is so adversely affected and so inadequately prepared to sustain these costs. The Kansas Rural Water Association encourages favorable support for House Bill No. 2087.

Respectfully submitted,

  
Dennis Schwartz  
Director

Senate Local Gov 4  
3-15-95  
Attachment 2

TOM SLOAN  
 REPRESENTATIVE, 45TH DISTRICT  
 DOUGLAS COUNTY

STATE CAPITOL BUILDING  
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TOPEKA

HOUSE OF  
 REPRESENTATIVES

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 MEMBER: AGRICULTURE  
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 ENERGY & NATURAL RESOURCES

## Testimony on HB 2403

### Regarding Public Wholesale Water District Governance

Mr. Chairman, Members of the Committee:

HB 2403 corrects an administrative problem involving Public Wholesale Water Supply Districts. Under other statutory authorization Public Wholesale Water Supply Districts may sell water to municipalities, rural water districts, and government entities. However, only Kansas based wholesale customers can participate in the governance of the Wholesale Water Supply Districts.

Currently none of the six or seven Public Wholesale Water Supply Districts serve entities outside Kansas. However, as other conferees will testify, two new forming Districts might serve small towns along the Kansas borders with Missouri and Oklahoma.

It is important that all participating entities have a voice in setting water rates, entering into construction and other contracts, and generally representing the interests of their customers in the establishment of policies and procedures which direct the Public Wholesale Water District. HB 2403 provides the authority by which all entities served by a Public Wholesale Water District may participate in its governance.

I urge the Committee to recommend HB 2403 favorably for passage. HB 2403 passed the House 122 - 3.

*Senate Local Gov't  
 3-15-95  
 Attachment 3*





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COMMENTS ON  
HOUSE BILL No. 2403  
BEFORE THE SENATE LOCAL GOVERNMENT COMMITTEE  
March 15, 1995

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present comments on House Bill No. 2403. I am Dennis Schwartz. I am a director of the Kansas Rural Water Association, Member of the Kansas Water Authority and also the Manager for Shawnee County Rural Water District No. 8 serving the area in southeast Shawnee County.

The Kansas Rural Water Association supports House Bill No. 2403. We support the regionalization of public water systems in Kansas whenever such projects provide benefits that otherwise cannot be achieved when systems function independently. HB 2403 will provide that water utilities outside of the State of Kansas have similar status of Kansas water utilities which choose to be members of Public Wholesale Water Supply Districts.

The Kansas Rural Water Association is aware of two Public Wholesale Water Districts which will potentially provide water to entities outside of Kansas; these are Public Wholesale Water Supply District No. 13 based in Linn County and another district in the very southeastern corner of Kansas which could possibly provide water to as many as five entities in Oklahoma.

We believe it is in the best interests of these newly developing systems to serve those entities which can be feasibly served. In at least two instances, we find that entities that wish to participate as members of Public Wholesale Water Supply Districts are located in adjoining states. HB 2403 ensures that out-of-state water utilities such as cities or rural water districts, will be allowed representation on the governing bodies of Public Wholesale Water Supply Districts based in Kansas. We believe it is essential that each participate have a voice in issues which directly affect the operation and management of the Public Wholesale Water Supply District.

The Kansas Rural Water Association encourages your favorable support for HB 2403.

Respectfully submitted,

Dennis Schwartz  
Director

Senate Local Gov't  
3-15-95  
Attachment 4

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 13

John Hennessy, Chairman  
RR #1, Box 41A  
Fulton, Kansas 66738

COMMENTS ON SENATE BILL 2403  
BEFORE THE SENATE LOCAL GOVERNMENT COMMITTEE  
MARCH 15, 1995

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present comments on Senate Bill 2403. I am John Hennessy, Chairman of Public Wholesale Water Supply District #13 proposing to serve water to eleven entities, two of which are in Missouri.

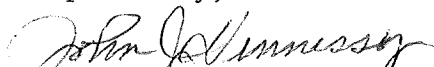
Public Wholesale Water Supply District #13 is a legal entity, made up of RWD's and small cities, banded together to solve a common water problem in a cost effective manner. Each entity has equal representation and an equal vote on all matters, especially establishing water rates charged. The PWWSO does not control or interfere with the individual RWD or City governmental structure. Each entity is represented by a designated individual from their City or RWD. This representative is their only connection to the PWWSO board.

The two Missouri entities, under present law, are not allowed to be voting members. Under the Public Wholesale concept, all members should have equal vote and responsibility. Out of state members cannot hold office, cannot control rates, etc. They can only purchase water. PWWSO #13 was not aware of this restriction when we organized and have always intended to treat all members equal. This restriction weakens the viability of this PWWSO and it's service to Kansas residents.

Senate Bill 2403 corrects the oversight which restricts non-Kansas entities from being voting members of PWWSO #13.

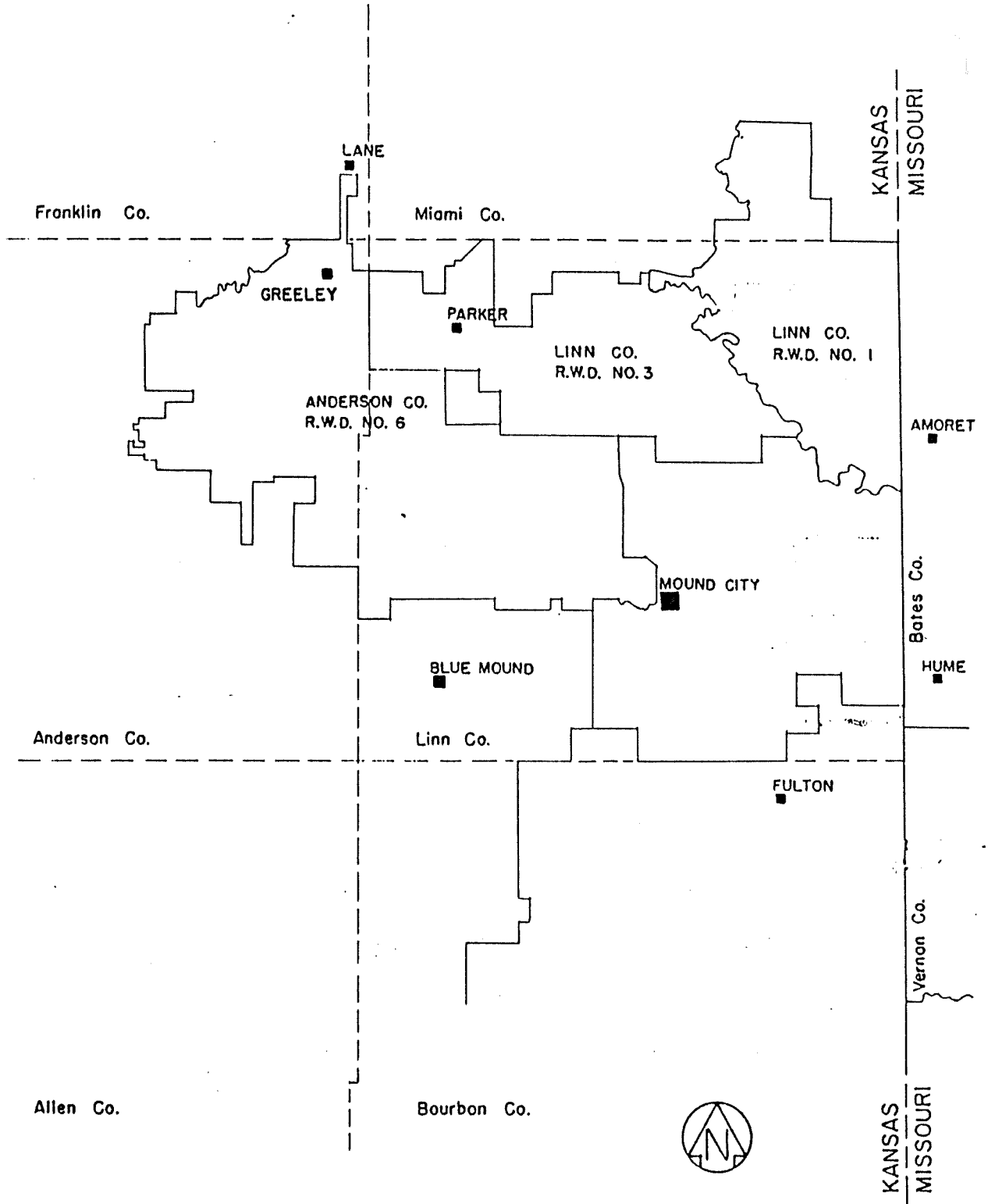
PWWSO #13 encourages favorable support for Senate Bill 2403.

Respectfully,

  
John Hennessy, Chairman

Senate Local Gov't  
3-15-95  
Attachment 5





Marais des Cygnes Basin PWWSD No. 13  
Service Area

Figure 1